

England triumph in Carbon World Cup

London, 29 June 2018:

Footballing victory in the World Cup may be a distant memory for England, but when it comes to carbon emissions, the Three Lions are leading the field. This is according to new research published today by *Engaged Tracking*, who are specialists in environmentally-conscious investing and tracking carbon emissions. The rankings are based on how effectively countries have been able to get their listed companies to disclose their carbon emissions.

The 2018 Carbon World Cup rankings show that:

- **England holds the highest rate of carbon emissions disclosure from companies** listed in the country, ranking ahead of 28 other countries¹ including well-known environmentally conscious nations such as Sweden and Switzerland
- **England's performance also far outstrips traditional World Cup rivals**, including former champions Germany and 2018 hosts Russia
- **European Union rules concerning climate change have failed to create a standard rate of carbon emission disclosure among member states**, with a great degree of disparity between Croatia, Poland and other EU states

Figure 1: Carbon emissions disclosure by 2018 World Cup participants

Rank	Country	Rank	Country
1	England	16	Peru
2	Iceland	17	Mexico
3	Portugal	18	Russian Federation
4	Sweden	19	Poland
5	Denmark	20	Argentina
6	Australia	21	Saudi Arabia
7	Spain	22	Tunisia
8	Switzerland	23	Nigeria
9	Germany	24	Serbia
10	France	25	Panama
11	Brazil	26	Senegal
12	South Korea	27	Egypt
13	Japan	28	Croatia
14	Belgium	29	Morocco
15	Colombia		

¹ Three countries (Peru, Uruguay, Costa Rica) are not included in the rankings as their data was too limited to accurately analyse.

Now, more than ever, companies are under pressure to demonstrate their green credentials and are, therefore, encouraged by governments to disclose their carbon emissions. This research shows that companies in England have thrived under this pressure and embraced the practice of disclosing their emissions.

Environmental policy has been at the forefront of the debate surrounding Brexit with Michael Gove claiming that “Brexit, with the right decisions, can enhance our natural environment”. Despite this, it is unclear what the true impact of Brexit will be on a sustainable business framework in England.

Engaged Tracking’s research shows that a culture of transparency has been cemented among companies in England since 2010 - with the Three Lions substantially out-performing other EU nations in this area at least. This should reassure those concerned about the future of environmental policy and the sustainable business framework in England.

Jonathan Harris, Chief Analyst of Engaged Tracking, commented:

“We might not win in Moscow this year, but when it comes to carbon emissions, England are already World Cup champions.

“Companies in England have become global torch-bearers for disclosing carbon emissions since 2010. This is thanks to a genuine recognition by companies of their responsibility to protect the environment. There is always room for improvement, and therefore we urge companies in England to build upon these fantastic results.

“As we leave the European Union, we must ensure that England’s cutting-edge culture of environmental transparency is cherished and improved upon.”

Lloyds’ Banking Group has seen a reduction in carbon emissions by more than 20% between 2009 and 2014. This is no coincidence, with disclosure being a critical element in the wider battle to tackle climate change. The company recently launched a £2bn scheme to provide discounted finance to clients investing in a lower carbon future, placing the company at the forefront of the green revolution.

AstraZeneca has also provided exemplary levels of carbon emissions disclosure since 2010. This has contributed to a 3% reduction in the company’s energy consumption and a 7% reduction in its operational carbon emissions footprint in 2017 alone.

National Grid has gone a step further, targeting 80% of its top 250 suppliers to disclose their own emissions by 2020. National Grid’s CFO, Andrew Bonfield, has described its commitment to a sustainable business framework as “a win-win for the world we live in and the bottom line”.

Engaged Tracking recognises four categories of disclosure [2]. Outside of category four which means that no data has been publicly disclosed, the quality of disclosure ranges from Category 1, which means that the data is complete and it has been analysed by a third party, to Category 3 where the data is incomplete and not assured by a 3rd party.

Figure 2

Category	Public Data?	Complete Data?	3 rd Party Assurance?
1	Yes	Yes	Yes
2	Yes	Yes	No
3	Yes	No	No
4	No	N/A	N/A

For the purposes of this ranking, the quality of the disclosure is not considered, meaning that categories 1, 2 and 3 disclosures are not differentiated. The focus is solely upon whether the companies disclose any information not on the quality of the data they provide.

Not all companies are included in the research as they must hold a market cap of more than £60 million and be listed in the country being analysed.

Based on these conditions, several adjustments were made to the results to ensure their validity by controlling for:

- Industry & sector make-up
- Legal system
- Economic status
- Amount of companies reporting in 2010
- Companies that have had previous contact with the Carbon Disclosure Project²
- Companies' return on equity
- Companies' free-float market value
- Companies' performance as an average between 2010 and 2017.

Through adjusting for these factors, the research uncovers the countries' that are most effective in getting their listed companies to disclose their carbon emissions. This requires not only a strong regulatory framework but a green ethos shared between government and business with this being exemplified in England.

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About Engaged Tracking

Engaged Tracking represents a new approach to sustainable and ESG investing. We are mission-driven specialists who believe impact investing is most effective when it is simple, transparent and measurable. We believe in creating a clear link between corporate sustainability performance and capital allocation through our indexes.

Our mission is to accelerate the transition to a lower carbon, more circular and sustainable economy. As investors align their strategies to the new realities of a low-carbon economy it will be crucial to remain vigilant in their efforts to understand and proactively manage emerging climate related issues.

We publicly rank the world's largest listed companies according to their Scope 1, 2 and 3 greenhouse gas emissions each year. Our public Engaged Tracking (ET) Carbon Rankings reward carbon efficiency and penalise non-disclosure. The rankings provide a data-driven corporate engagement platform to enable investors to track corporate carbon disclosure and performance across their investments in a transparent way.

² The Carbon Disclosure Project encourages companies to disclose their emissions, but their focus is on larger companies in developed countries and not smaller companies in less developed countries. Therefore, this disparity must be accounted for, to ensure the study accurately reflects the effectiveness of governments to encourage disclosure from companies.