

ESG Performance Score: corporate sustainability in 3D

Gaining unique insight from analysis of impacts, risks, and strategy

Scope's ESG Performance Score captures the three dimensions of a company's sustainability by combining impact and risk assessment with strategy analysis in a newly comprehensive approach applicable to any firm, large or small.

Companies, in response to investor and regulatory pressure to maximise long-term value, have long looked at the ESG impacts of their activities or the ESG-related risks to their business – or both. What is lacking is an all-round assessment of not just the double materiality of impacts and risks but also the systems and strategies that companies have in place to mitigate the impacts and manage the risks.

Scope's **ESG Performance Score** is the answer.

Our original approach to assessing corporate ESG performance is centered on the three dimensions of impact, risk and strategy. The advantages of our 3D analysis are clear in this new study of the sustainability performance of Germany's DAX40 companies (**Figures 1, 2, 3**).

Visit the [ESG Performance Score](#) home page. Get a free [preliminary ESG Impact Score](#) as an introduction to ESG Performance Score.

A holistic view of corporate sustainability in step with ESG regulations

Companies gain two key benefits from analysis of both ESG-linked impacts and risks and strategies for addressing them. First, they show stakeholders how they are creating value sustainably. Secondly, they align with ESG disclosure requirements such as the EU's Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR).

Figure 1: Top five DAX40 companies ranked by Scope's ESG Performance Score

Ranking	Company	Primary industry	Score				Earth
			Impact	ESG risk	Strategy	Final weighted	
1	Deutsche Telekom	Telecommunications	87,0	80,0	71,6	81,1	
2	Deutsche Börse	Financial exchanges	70,4	75,0	63,8	70,9	
3	Infineon	Semiconductors	66,7	75,0	66,2	69,9	
4	Allianz	Insurance	66,6	70,0	64,0	67,5	
5	Beiersdorf	Household, personal products	54,1	80,0	63,4	66,3	

Source: Scope Group

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Sound risk management crucial component of top-scoring DAX companies

To showcase our comprehensive, company-specific assessments, we assessed companies in Germany's DAX40 benchmark index and ranked them by core sustainability indicators.

Ranking provides objective measure of absolute performance

The ESG Performance Score ranking provides a clear and objective measure of each company's sustainability performance, rather than a relative comparison among peers. Our assessments of impact, risk, and mitigation leads to a final "Earth Score" ranging from "Transformative" for the best performing companies through "Positive", "Neutral", "Limited" and "Poor" for the worst.

A **Transformative** score reflects the most favorable grade, indicating leadership in ESG practices and a commitment to driving positive change. Conversely, a **Poor** score represents the least favorable grade, signifying substantial negative impacts with minimal mitigation efforts.

Figure 2: Next five best-ranked DAX40 companies by ESG Performance Score

Ranking	Company	Primary industry	Score				Earth
			Impact	ESG risk	Strategy	Final weighted	
6	Siemens Healthineers	Medical equipment & supplies	62,5	80,0	46,4	66,3	
7	SAP	Software, IT services	50,4	75,0	73,0	64,7	
8	Munich Re	Reinsurance	55,2	80,0	44,0	62,9	
9	Siemens	Electrical components, equipment	54,1	70,0	62,4	62,1	
10	Sartorius	Medical equipment, supplies	55,7	75,0	43,3	60,9	

Source: Group

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Good risk management, ambitious mitigation at top-ranked firms

Risk management, comprehensive mitigation plans central to high ESG Performance scores

Top-ranked companies tend to exhibit strong performance in one or more of the following dimensions:

- **Better performance on material impacts:** having fewer footprints and more adequate impact management practices.
- **Better risk management given business model:** having no or minor ESG-linked controversies, with dedicated teams to monitor and oversee ESG risks, adopting a sustainability-embedded risk management system, actively engaging with suppliers to ensure sustainability practices, offering sustainable solutions and investing in sustainability R&D.
- **Comprehensive and ambitious strategy:** implementing programs and setting significant quantitative reduction targets to mitigate their impacts, with a strong likelihood of achieving these objectives.
- **Transparency and Reporting:** including more detailed and quantitative information on environmental footprints and reduction targets.

Case studies: Deutsche Telekom, Beiersdorf

To provide a fuller picture of the DAX companies' individual performance, here are two case studies of the better-performing corporations based on our ESG performance criteria.

Case studies illustrate how Performance Score works

Case study #1: Deutsche Telekom AG

Deutsche Telekom performs exceptionally on all three dimensions: material impacts, risk management, and strategy as the only company with a Transformative score in the DAX 40:

Telecoms operator scores well across impact, risk and strategy

- **Low carbon footprint:** The telecommunication company has a relatively low carbon footprint while sourcing almost 100% of their energy mix from renewables (compared with 43% of SAP and 70% of Infineon) and recycling nearly 100% of their waste.
- **Inclusive workplace:** Deutsche Telekom adopts diversity and inclusive policies that employ people with disabilities who account for 7% of the Germany-based workforce, while maintaining a good representative of women on its management and supervisory boards 38% and 45%, respectively.
- **Focused risk management:** The company takes management of sustainability risks seriously by virtue of having the board chairperson supervising group-wide corporate responsibility. The company closely monitors of suppliers, and embeds sustainability into risk-management systems.
- **Ambitious targets:** Deutsche Telekom aims for a 90% reduction in scope-1, scope-2, and scope-3 GHG emissions by 2040, while planning 100% circularity for technology and devices in 2030.

Earth score: 81.1 (Transformative). Deutsche Telekom is the best performing company in the DAX40, and the only one to reach our Transformative score. They earn the highest position in the DAX 40 companies thanks to their low-impact business accompanied by strong risk management and mitigation strategies.

Case study #2: Beiersdorf AG

Beiersdorf has outstanding risk management, strong mitigation plans to reduce its impacts with workplace policies in line with its German peers. It ranked five among DAX40 companies.

Strong risk management a feature at Beiersdorf

- **Uses renewable energy, recycles waste:** Beiersdorf has a neutral score for its GHG footprint due to the relatively low carbon intensity of the business and efforts to rely on renewables, responsible for 42% of its energy mix. The consumer goods manufacturer scores highly for waste management with a recycling rate of 55%
- **More mixed governance, social metrics:** The firm has a good representation of women in its executive and supervisory boards though the company's performance on other metrics such as water consumption, occupational health, or workplace inclusion policies are less impressive. However, consumer-good peers such as Henkel are not necessarily better.
- **Strong risk management:** For risk management Beiersdorf scores the maximum attainable given their business model. The company has cross-functional committees to oversee climate topics, conducts supplier auditing, and integrates sustainability in its palm-oil and soya-bean supply chains with deforestation-free objectives.
- **Ambitious mitigation:** Beiersdorf has a 70% reduction target for scope-1 and scope-2 GHG emissions, with a net-zero commitment by 2050 for all three emissions categories. The company has clear quantitative targets to improve performance on waste management, biodiversity, water consumption, with other programs to enhance workforce diversity and occupational safety.

Earth score: 66.3 (Positive). Beiersdorf has a neutral GHG impact performance, and strong mitigating strategies to alleviate suboptimal areas. Given that, it is their strong risk management and sustainability innovation that earns them a spot in the DAX40 top five.

Figure 3: The DAX40 companies ranked 11-20 by ESG Performance Score

Ranking	Company	Primary industry	Score				Earth
			Impact	ESG risk	Strategy	Final weighted	
11	Mercedes-Benz Group	Automobiles	55,8	60,0	72,4	60,8	
12	Henkel	Household and personal products	48,9	70,0	66,0	60,8	
13	Porsche	Automobiles	55,2	65,0	60,6	60,2	
14	Merck	Biotechnology & pharmaceuticals	50,6	75,0	49,3	60,1	
15	Commerzbank	Commercial bank	59,0	75,0	31,5	59,9	
16	E.ON	Multi-utilities	46,1	70,0	64,6	59,4	
17	Symrise	Chemicals	52,3	65,0	58,0	58,5	
18	Deutsche Bnk	Banking, brokerage	54,4	65,0	50,0	57,8	
19	Siemens Energy	Electrical components, equipment	48,7	70,0	49,4	57,3	
20	Hannover Re	Reinsurance	40,5	75,0	55,0	57,2	

Source: Scope Group

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Fill out the [ESG Performance Score](#) questionnaire

Read [Handelsblatt's article](#) on the ESG performance of DAX40 companies

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