

EthiFinance

double materiality group



Beyond the pitch: EthiFinance reveals the ESG scores of European football clubs

As sports fans, we love comparing the performances of our favourite football teams both on and off the field. Today, EthiFinance is taking a closer look at the ESG scores of four European football clubs.

Did your team make the cut ?

The valuation of football clubs has traditionally focused on factors such as their on-field success, stadium capacity & broadcasting revenues. However, in recent years, there has been an **increasing recognition of the importance of ESG factors in the valuation of football clubs just like any other corporate.**

Team Selection

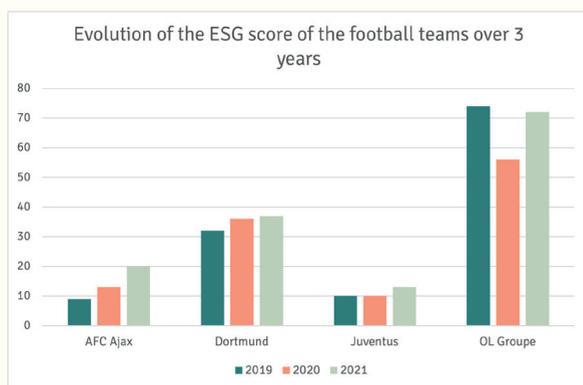
At EthiFinance, although we may lack expertise in football, we possess substantial experience in evaluating and rating a wide variety of public and private assets, both in terms of Credit and ESG. Among those, **we provide unsolicited ESG coverage of 2,300 European listed equities.**

Our ESG coverage focuses on European listed companies with a free float of at least 75% and a market cap between €150 million and €10 billion. As such we capture four football clubs in our public universe:

- **AFC Ajax:** AJAX (Euronext Amsterdam),
- **Borussia Dortmund:** BVB (XETRA),
- **Juventus:** JUVE (Borsa Italiana),
- **Olympique Lyonnais:** OL Groupe (ENXTPA: OLG)

So if your favourite team didn't make the cut, they're either privately owned, not listed in Europe, or do not qualify on market cap or free float. But don't worry, there's always next season!

Team Tactics



We take our role as an ESG rating agency seriously and strive to make our methodology understandable to all stakeholders. Our ESG rating approach includes four primary categories: Governance, Social, Environment, and External Stakeholders, with a penalty for Controversies. Additionally, we provide Economic data, European green taxonomy, and Company's response as raw data.

To ensure accuracy, we collect and scrutinize public information on a company's performance over the last three years. Our analysts engage in dialogue with the company to fill in any gaps or clarify the data. Before publishing the data, we ensure that the information is consistent and standardized.

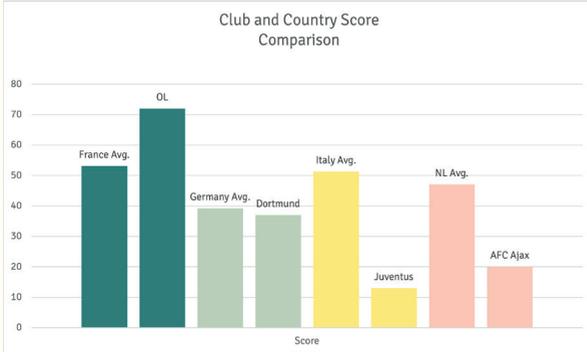
For companies that fall below the Non-Financial Reporting Directive thresholds¹, certain indicators are considered "bonus" ratings. These Companies receive points for providing the information, but are not penalized if they don't. **However, for larger companies, any missing data point in a specific category will result in an automatic red card or a score of zero.** We don't assume or guess any data, and to ensure accuracy, we provide a questionnaire to all rated entities to identify any missing data or inaccuracies.

We recognize that the **lack of data might not necessarily be due to a reluctance to disclose but may result from other factors such as, time constraints or a lack of awareness of the criteria or regulatory requirement.** We believe in promoting discus-

¹ Fewer than 500 employees and either turnover less than 40€M or total assets under than 20€M

sions surrounding ESG issues, especially with small and mid-cap companies, even if they are understaffed or have competing priorities.

Team Standings



When it comes to actual ESG scores, **Olympique Lyonnais leads the pack with a total base score of 72/100**. This can largely be attributed to their strong commitment to transparency and the availability of data on their websites and publications. It is worth noting that the discrepancy between scores of different corporates is not a criticism, but rather a

reflection of the varying degrees of data disclosure. Groupe OL also benefits from their participation in dialogue with Ethifinance.

Juventus, one of Italy's most successful clubs, had a score of 13 while Borussia Dortmund scored 37, still far from Olympique Lyonnais. AFC Ajax scored 20, indicating a seemingly lower level of transparency or disclosure. Clearly, some clubs are more forthcoming with information than others, and this is reflected in their respective scores.

The Press

At Ethifinance, we don't just conduct annual reviews of the assets we rate. **We also keep a close eye on any potential headlines or controversies that may arise**, including those involving football clubs. This means that ESG scores can change based on new information that becomes available.

ACTIVE CONTROVERSIES (1)										
Title	Theme	Sub-theme	Severity Level	Date of first event	Last Event Title	Date of last event	Status	Summary	Company's response	
Ajax director Overmars quits over messages' to female colleague										
ACTIVE CONTROVERSIES (1)										
Women's OL: During her pregnancy, a player had not been paid in full. FIFA condemns the club to pay the entirety of the player's salary plus damages.	Social	Discrimination	2 - Non significant	17/01/2023	Women's OL: During her pregnancy, a player had not been paid in full.	17/01/2023	CLOSED			
ACTIVE CONTROVERSIES (1)										
Juventus is under investigation for false corporate communications, false market communications, obstructing the exercise of public oversight authorities, market rigging and using invoices for non-existent transactions.	Governance	Accounting fraud	4 - High	24/10/2022	Now evidence could lead to additional charges	23/02/2023	ONGOING			NONE

As Juventus fans may know, **the club was recently docked 15 points** in the Serie A league table due to financial irregularities and false accounting. However, **this penalty has been suspended pending a new trial** ordered by Italy's top sports body. The case has now been referred back to the Italian football federation's appeals court. The outcome of this trial may have an impact on their ESG score. Had there been no controversies hampering the name, **their score would have been 28/100**.

Neither have Ajax and OL been immune to controversies that have impacted their scores. In fact, they've had one story each affecting or continuing to affect their scores at the moment.

The Referees

Just like football games, ESG and impact investments are subject to various regulations, and we are prepared to tackle them head-on. We welcome current discussions on regulatory frameworks for ESG rating companies, as well as asset managers and corporate disclosures.

With our transparent methodology and commitment to dialogue, we are confident we can dribble through any regulatory changes. In fact, we believe that regulations should act as the referee on the field for ESG ratings and corporate disclosures as long as it remains as simple as explaining the offside rule.

We're excited about the proposed regulations, and look forward to continuing to uphold high standards in the industry.

To sum up, while ESG factors provide an additional level of analysis for asset managers, shareholders, and company executives to make decisions, they should be viewed as one tool among others, and not the only criteria for making choices on football club affiliations. It's important to remember that the ESG scores are just one aspect of a football club's overall performance, and should be taken into consideration along with other factors such as on-field success, fan engagement, and financial stability.

At EthiFinance, we understand the importance of a holistic approach to decision-making, which is why we offer more than just the ESG ratings described.

Apart from the aforementioned coverage, EthiFinance's wider organization offers a variety of services. To remain within the football realm, we have supplied credit evaluations to football club lenders, scrutinized high-yield bonds issued by football clubs; media divisions, and provided ESG assessments for privately owned sports-related assets and leagues.

Whether you are a corporate or an asset owner, we can provide a customized approach to your decision-making process and reporting.

Key Takeaways

- **ESG factors provide an additional level of analysis** for asset managers, shareholders, and company executives to make decisions.
- Ethifinance's methodology can be applied to **evaluate and rate public and private assets**, both in terms of Credit and ESG.
- **The lack of data might not necessarily be due to a reluctance to disclose**, and promoting discussions surrounding ESG issues with companies can be beneficial.
- ESG scores can change based on new information that becomes available, and **it's essential to keep track of any potential headlines or controversies** that may arise.
- **Regulations should act as the referee on the field for ESG ratings** and corporate disclosures, and Ethifinance is confident it can dribble through any regulatory changes.

Please feel free to reach out to us if you have any inquiries regarding our group, methodologies, detailed scores of the clubs mentioned above, or if you are interested in gaining more knowledge about ESG ratings and regulations in general.

Our team would be delighted to have a conversation with you, and it doesn't have to be limited to football!

[Request a demo](#)

EthiFinance

EthiFinance is an innovative European rating, research & advisory group serving sustainable development & finance.

The Group provides investors, companies and organizations with solutions to the challenges of financing as well as environmental and societal transformation.

Key data:

Offices: Paris, Lyon, Madrid, Granada and Hannover
More than 160 employees and 350 clients