Europe’s Climate Leaders 2023

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Methodology of “Europe’s Climate Leaders 2023”

For the third year, the Financial Times and Statista compiled a list of “Europe’s Climate Leaders”. It comprises companies across Europe that achieved the greatest reduction in their core emissions intensity between 2016 and 2021 – that is, their Scope 1 and 2 greenhouse gas emissions in relation to revenue – and made further climate-related commitments (such as collaboration with CDP\(^1\) and SBTi\(^2\) (Science Based Targets initiative), and transparency on Scope 3 emissions). Last year’s methodology, which was based solely on the reduction in core emissions intensity, was expanded by additional criteria, and an overall score was calculated. Details on the scoring criteria are shown in the following graphic:

<table>
<thead>
<tr>
<th>Scoring criteria</th>
<th>80 points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compound Annual Reduction Rate (CARR)</strong></td>
<td></td>
</tr>
<tr>
<td>• Annualised reduction of emissions intensity of core emissions</td>
<td></td>
</tr>
<tr>
<td>• Emissions intensity: core emissions (Scope 1 + Scope 2) in relation to revenue</td>
<td></td>
</tr>
<tr>
<td>• Observation period: 2016 - 2021</td>
<td></td>
</tr>
<tr>
<td>• A CARR of more than 3% is mandatory</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional criteria</th>
<th>20 points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Forward-looking engagement regarding emissions reduction Collaboration with the CDP</td>
<td></td>
</tr>
<tr>
<td>• CDP rating of at least B: yes / no</td>
<td></td>
</tr>
<tr>
<td>• CDP rating of at least A: yes / no</td>
<td></td>
</tr>
<tr>
<td>Collaboration with the Science Based Targets initiative (SBTi)</td>
<td></td>
</tr>
<tr>
<td>• Commitment: yes / no</td>
<td></td>
</tr>
<tr>
<td>• Targets Set: yes / no</td>
<td></td>
</tr>
<tr>
<td>• Target classification 1.5°C: yes / no</td>
<td></td>
</tr>
<tr>
<td>• Commitment to net zero: yes / no</td>
<td></td>
</tr>
<tr>
<td>2. Transparency of Scope 3 reporting</td>
<td></td>
</tr>
<tr>
<td>• Reported Scope 3 emissions: yes / no</td>
<td></td>
</tr>
<tr>
<td>• More than five Scope 3 categories are included: yes / no</td>
<td></td>
</tr>
<tr>
<td>3. Carbon offsets</td>
<td></td>
</tr>
<tr>
<td>• Reported at least partial compensation of emissions: yes / no</td>
<td></td>
</tr>
</tbody>
</table>

The ranking was created in a two-step process:
1) Application and research phase
2) Data analysis and scoring phase

On the following pages, the two phases are described in more detail.

\(^1\)CDP (formerly Climate Disclosure Project) is the most prominent “rating agency” for emission reporting and reductions, set up as a non-profit organisation in 2000.

\(^2\)SBTi is a partnership between CDP, UN Global Compact, World Resources Institute (WRI) and World Wide Fund (WWF) and helps companies setting the right targets to contribute to a stop in climate warming, with temperature increase well-below 2°C and below 1.5°C as ambitious target.
Step 1: Application and research phase

Admission criteria

To be considered for Europe’s Climate Leaders 2023, a company had to meet the following criteria:

- The company is headquartered in one of 33 European countries
- The company had revenues of at least €40 million in 2021
- The company reports emissions data independently
- The company published Scope 1 and Scope 2 emissions for 2016 and 2021
- In case a CDP rating was available, the score has to be at least B.

1 All companies from the following countries were eligible to participate: Austria, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, UK. For the purpose of this analysis, the operating headquarters are considered.
2 Non-euro countries: currency value equivalent according to year-end 2016 and 2021.
3 For banks and insurance companies that do not report revenues, net banking income or total income were used instead of revenue.
4 In case the reporting period did not correspond to the calendar year, the reporting period which had most months in the stated year was considered.
5 For companies with emissions of over 2 million tonnes CO2-equivalent in 2021, a CDP rating of at least A- was mandatory.

Application and Research

Companies had the possibility to be included on the list by applying online or by having the necessary data publicly available.

Statista has compiled a list of several thousand European companies and invited them via email to submit their emissions and revenue data via a website created by Statista and the Financial Times. The application phase ran from November 3rd to December 22nd, 2022.

In addition, Statista scrutinized publicly available data on approximately 2,000 European companies. The main sources of data were financial and non-financial reports as well as CDP’s database. Following the research phase, a second survey was sent out to all relevant companies to give them the opportunity to validate their data.

To ensure that the data is comparable, only emissions reported following the emissions categories of the Greenhouse Gas Protocol (Scopes 1, 2 and 3) were considered. As there is a high degree of freedom for reporting Scope 3 emissions, these were not considered when calculating the reduction in emissions intensity. However, transparency on Scope 3 emissions was an additional criterion. If location-based and market-based values have been reported for Scope 2 emissions in both years, then the market-based calculation was used in the analysis (as it reflects the choices a company has made regarding its electricity suppliers).
Step 2: Data analysis and scoring phase

Calculation of compound annual reduction rate

For all companies meeting the inclusion criteria, the year-over-year reduction in emissions intensity (compound annual reduction rate) was calculated. The emissions intensity is defined as core emissions (Scope 1 and Scope 2 emissions in tonnes of CO2-equivalent) per million euros revenue. For companies reporting their revenue in currencies other than the euro, the CARR was calculated with the reporting currency. The compound annual reduction of emissions intensity was calculated with the following formula:

$$1- \left( \frac{\text{Emissions intensity 2021}}{\text{Emissions intensity 2016}} \right)^{\frac{1}{2021-2016}}$$

Additional criteria

For all companies with a CARR of at least 3%, the score for the additional criteria was calculated. The additional criteria are the following:

Forward-looking engagement regarding emissions reduction

Collaboration with CDP
- CDP rating of at least B-: yes / no
- CDP rating of at least A-: yes / no

Collaboration with Science Based Targets initiative (SBTi)
- Commitment: yes / no
- Targets Set: yes / no
- Target classification 1.5°C: yes / no
- Commitment to net zero: yes / no

Transparency of Scope 3 reporting
- Scope 3 emissions are reported: yes / no
- More than five scope 3 categories are included: yes / no

Carbon offsets
- At least partial compensation of emissions: yes / no

Overall score

An overall score was calculated for all companies with a CARR of at least 3%. The CARR accounted for up to 80 points: A CARR of 3% was awarded with 50 points and additional 30 points were awarded dependent on the value of the CARR. The additional criteria accounted for up to 20 points. Consequently, a maximum overall score of 100 was possible for a CARR of 100% and a "yes" for all the different additional criteria. The top 500 companies with the best overall score are included in the list “Europe's Climate Leaders 2023”. Companies whose broader GHG-related record or broader environmental record - e.g. oil exploration, non-GHG pollution or deforestation - is sufficiently disputed to undermine any claim to be a “climate leader” were excluded from the list.
Note

The selection of the companies and the definition of the evaluation criteria were carried out according to independent journalistic criteria of The Financial Times and Statista. The evaluation was carried out by the statistics and market research company Statista. The Financial Times and Statista make no claim to the completeness of the companies examined.

The ranking is comprised exclusively of companies that are eligible regarding the criteria described in this document. A position in the ranking is a positive recognition based on the information provided in the validation survey and research of publicly available data at the time. The research and the analysis phase ran from September 2022 to February 2023. The ranking is the result of an elaborate process and due to the interval of data collection, data which was published during that time might not have been considered. Furthermore data which was published after that time and events following February 28, 2023, were not included in the metrics. As such, the results of this ranking should not be used as the sole source of information for future deliberations. The information provided in this ranking should be considered in conjunction with other available information.

The quality of companies that are not included in the ranking is not disputed.