

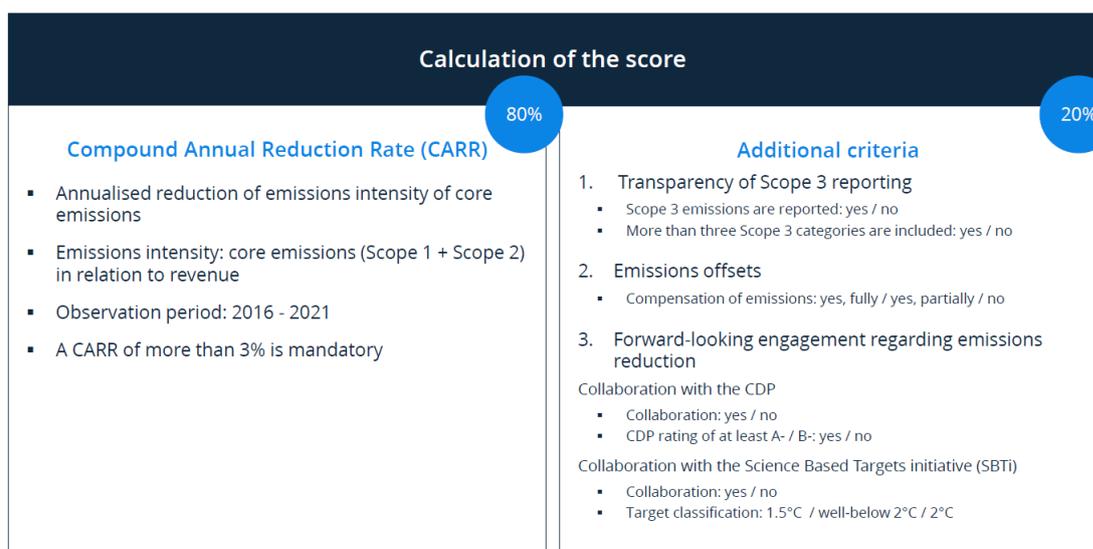
# Europe's Climate Leaders 2023

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## Methodology of “Europe’s Climate Leaders 2023”

For the third year, the Financial Times and Statista will compile a list of “Europe’s Climate Leaders”. It will comprise 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 and SBTi, and transparency on Scope 3 emissions). Last year’s methodology, which was based solely on reduction in core emissions intensity, will be expanded by additional criteria, as set out in the following graphic:



The ranking will be 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.

## Step 1: Application and research phase

### Admission criteria

To be considered for Europe's Climate Leaders 2023, a company must meet the following criteria:

- The company is headquartered in one of 33 European countries<sup>1</sup>
- The company had revenue of at least €40 million in 2021<sup>2,3</sup>
- The company reports emissions data independently
- The company published the following emissions data:  
emissions for Scope 1 and Scope 2 for the years 2016 and 2021<sup>4</sup>
- In case a CDP rating is available, the score has to be at least B-<sup>5</sup>

<sup>1</sup> All companies from the following countries are 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.

<sup>2</sup> Non-euro countries: currency value equivalent according to year-end 2016 and 2021.

<sup>3</sup> For banks and insurance companies that do not report revenues, total income or interest income will be used instead of revenue.

<sup>4</sup> In case the reporting period does not correspond to the calendar year, the reporting period which has most months in the stated year will be considered.

<sup>5</sup> For companies with emissions of over 2 million tonnes CO<sub>2</sub>-equivalent in 2021, a CDP rating of at least A- is mandatory.

### Application and Research

Companies can 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 will invite them via email to submit their emissions and revenue data via a website created by Statista and the Financial Times. The application phase runs from November 3<sup>rd</sup> to December 22<sup>nd</sup> 2022.

In addition, Statista will scrutinise publicly available data on approximately 2,000 European companies. The main sources of data are financial and non-financial reports as well as CDP's<sup>1</sup> database. Following the research phase, a second survey will be 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) will be considered. As there is a high degree of freedom for reporting Scope 3 emissions, these will not be considered when calculating the reduction in emissions intensity. However, transparency on Scope 3 emissions will be an additional criterion in arriving at a company's score. If location-based and market-based values have been reported for Scope 2 emissions in both years, then the market-based calculation will be 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) will be calculated. The emissions intensity is defined as core emissions (Scope 1 and Scope 2 emissions in tonnes of CO<sub>2</sub>-equivalent) per million euros revenue. For companies reporting their revenue in currencies other than the euro, the CARR will be calculated with the reporting currency.

The compound annual reduction of emissions intensity is calculated with the following formula:

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

The CARR will account for 80% of the overall score.

### Scoring

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

#### Transparency of Scope 3 reporting

Reporting of Scope 3 emissions

- Scope 3 emissions are reported: yes / no
- More than three scope 3 categories are included: yes / no

#### Emissions offsets

- Compensation of emissions: yes, fully / yes, partially / no

#### Forward-looking engagement regarding emissions reduction

Collaboration with CDP

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

Collaboration with Science Based Targets initiative (SBTi)

- Collaboration: yes / no
- Target classification: 1.5°C / well below 2°C / 2°C

The additional criteria will account for 20% of the overall score. The Financial Times and Statista reserve the right to amend the additional criteria based on data availability.

The companies with the best overall score will be included in the list “Europe’s Climate Leaders 2023”, although the editors reserve the right to exclude companies whose broader environmental record — on non-GHG pollution, for example, or deforestation — is sufficiently disputed to undermine any claim to be a “climate leader”.

## Note

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