

Climate Transition Assessment Description For The SIX 1.5°C Climate Equity Flag

Aug. 22, 2024

This report does not constitute a rating action

Overview

- A Climate Transition Assessment (CTA) is our qualitative opinion of how consistent with a
 low carbon, climate resilient future we expect an entity's economic activities will be once
 the planned transition changes are realized and potential material implementation risks
 are considered.
- CTAs are used to assess alignment of companies with the SIX 1.5°C Climate Equity Flag Framework and to determine if companies meet the requirements for the SIX 1.5°C Climate Equity Flag.
- The SIX 1.5°C Climate Equity Flag Framework is aligned with the World Federation of Exchanges Green Equity Principles guidelines.

The SIX 1.5°C Climate Equity Flag's objective is to recognize companies with ambitious and credible climate transition plans. SIX intends for companies that receive the Flag to demonstrate not only alignment with global goals in their climate targets, but also robust implementation actions and strategies. The SIX 1.5°C Climate Equity Flag Framework follows the World Federation of Exchanges Green Equity Principles guidelines.

CTAs are our opinion of how consistent an entity's economic activities are with a low carbon, climate resilient future. The first analytical component in our assessment as defined by the CTA Analytical Approach: Climate Transition Assessment (CTA AA) is to consider the climate risks and benefits of the entity's current activities. The second part of our assessment is to undertake a similar analysis of an entity's activities once its planned climate transition changes are realized and potential material implementation risks are considered. We express our opinion using Shades of Green ranging from Red to Dark Green as defined in "Analytical Approach: Shades of Green Assessments".

We offer a CTA Green Equity add-on, which is an opinion as to whether there is alignment with the Green Equity Principles used by various stock exchanges. The CTA Green Equity add-on is our assessment for companies wishing to pursue the SIX 1.5°C Climate Equity Flag.

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The add-on leverages the same underlying analysis that we use in our CTA. We use our analysis of the consistency of activities with a low carbon, climate resilient future to determine what qualifies as green.

Our review considers whether the financial data and information disclosed by the company meets the defined thresholds embedded in the framework. Our review relies on the information presented by the company and we do not provide any assurance of this data, including what the company discloses, for any taxonomy alignment.

SIX 1.5°C Climate Equity Flag

For companies seeking the SIX 1.5°C Climate Equity Flag, we use our Shades of Green applied to the most recently reported revenue, capital expenditure (capex), and operating expenditure (opex) for a full financial year using the approach to assessing financials described in the CTA AA.

We associate activities assigned a Dark, Medium, or Light green shade to be an aligned activity as defined by SIX. We do not consider activities assigned a Yellow, Orange, or Red shade to be aligned. Once the Shades of Green method has been applied, we determine if the following thresholds are met:

- More than 50% of the company's annual revenues come from 1.5°C aligned activities (Expected total annual revenues must be used for pre-revenue companies).
- More than 50% of the company's annual investments (the sum of capex and opex) are deployed into 1.5°C aligned activities.

As part of the SIX 1.5°C Climate Equity Flag, we assess the total percentage of revenues and investments from fossil fuel activities and renewable energy activities. We comment on activities that have no role in a low carbon, climate resilient future.

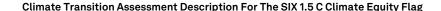
Through the CTA, we assess the ambition of a company's climate targets and the credibility of its transition plan. We review the ambition of goals relative to sector emissions reduction pathways as well as the strength of transition implementation strategy, including action steps, financing plans, and governance procedures as defined in our CTA AA. For the SIX 1.5°C Climate Equity Flag, we ensure this assessment considers the specific requirements of the Flag related to these topics.

Transparency on the company's climate-related performance metrics is considered in our review. We consider the entity's stated metrics that are relevant to its climate transition as defined in our CTA AA. . For the SIX 1.5°C Climate Equity Flag, our report includes additional detail on whether the company meets all SIX requirements related to specific disclosures, data reporting standards, and data assurance.

Information on alignment as determined by our assessment is submitted to SIX Swiss Exchange Issuer Relations along with the company-provided information.

Alignment with the SIX 1.5°C Climate Equity Flag requirements are re-confirmed on an annual basis via an updated CTA, pursuant to the company's request.

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