

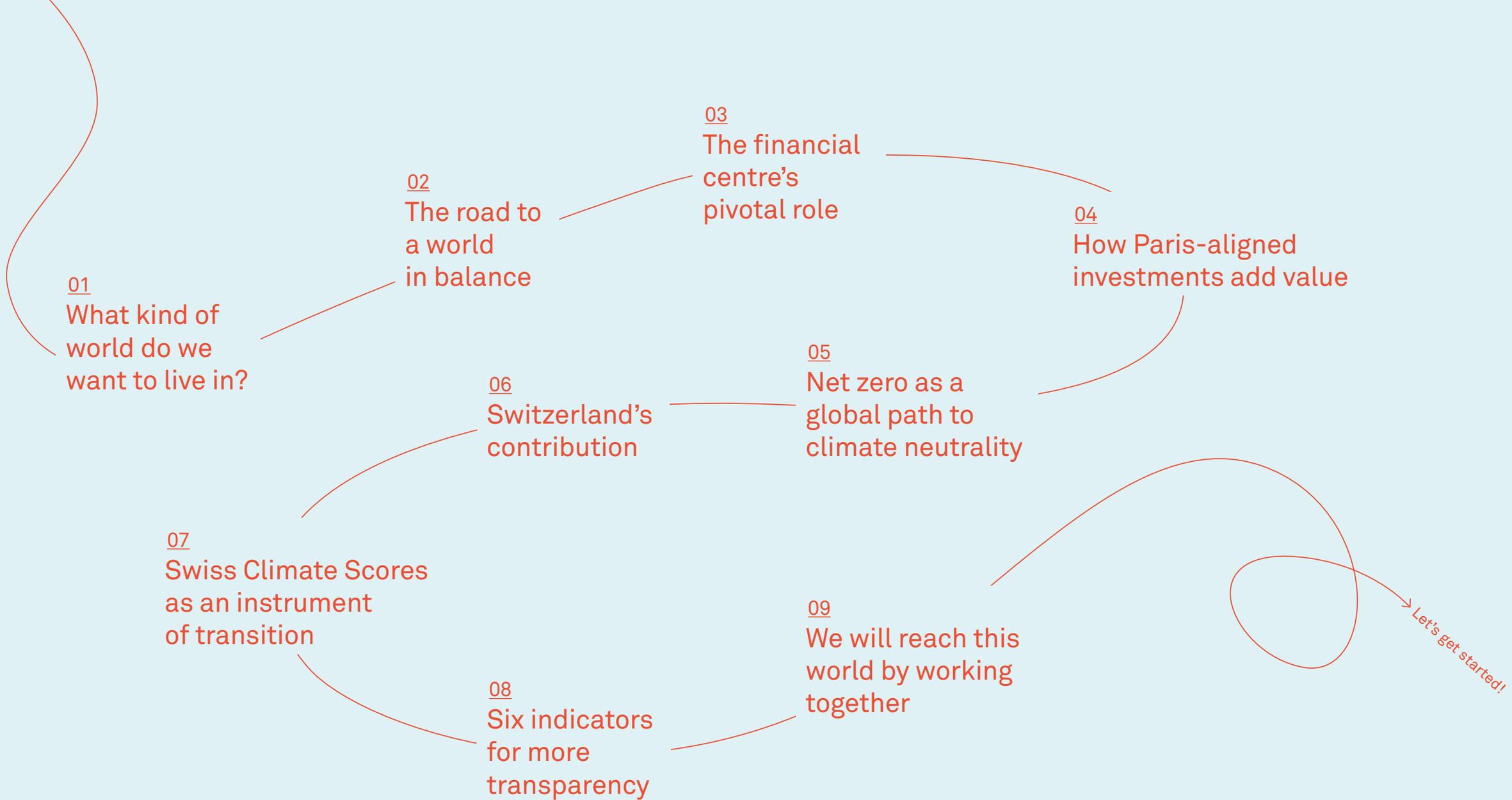
Swiss Climate Scores

Swiss Bankers Association
Asset Management Association Switzerland
Swiss Sustainable Finance

June 2022

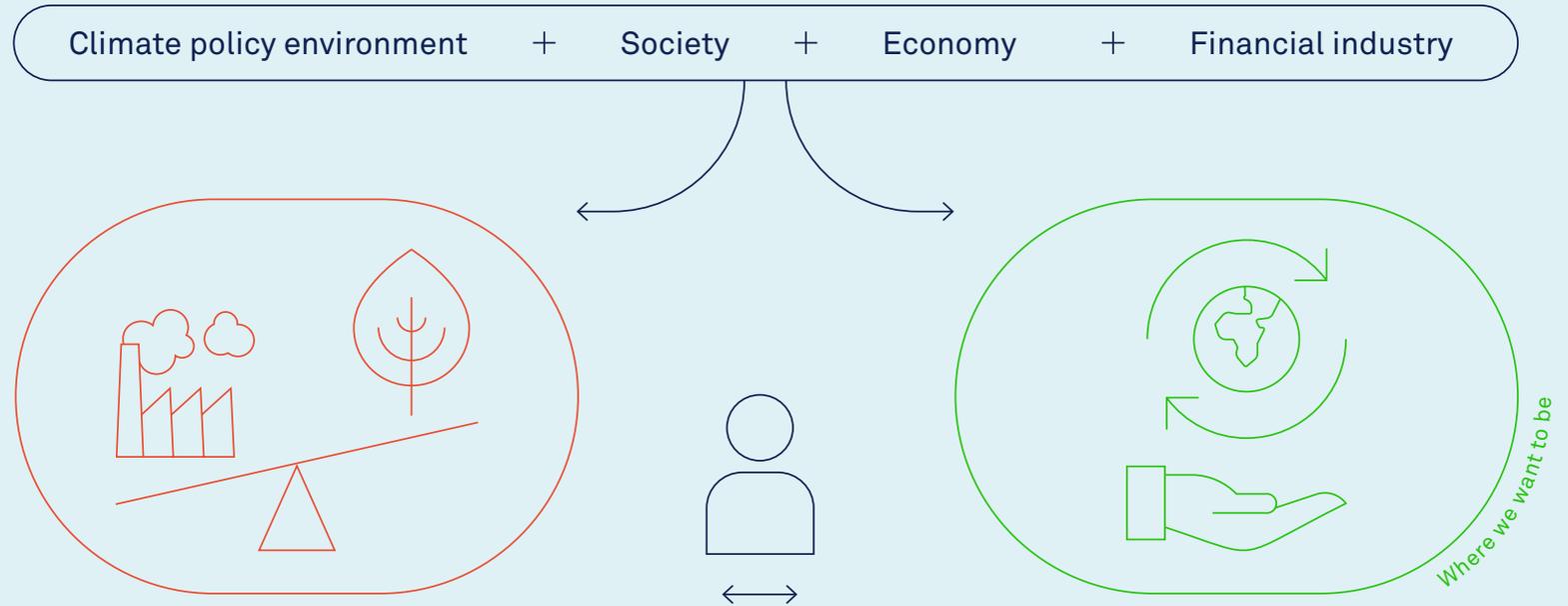
This document has been compiled jointly by the three associations to explain how the Swiss Climate Scores fit into the current climate debate.





01 What kind of world do we want to live in?

Climate policy frameworks and a range of factors affecting society, the economy and the financial industry influence the world we live in.



World out of balance

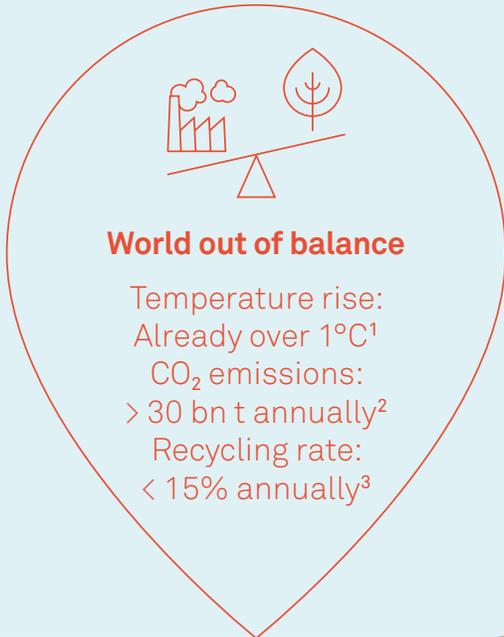
- Uncontrolled CO₂ emissions amplifying rise in temperatures
- Air and environmental pollution caused by industry and society
- Waste of non-renewable resources

We must set a course for the future today

World in balance

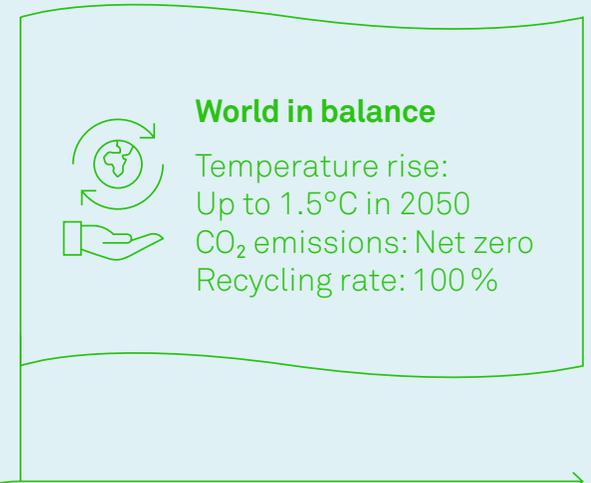
- Transition to a net-zero emissions society with a maximum temperature rise of 1.5°C
- Sustainable economy supported by (sustainability) innovations
- Use of renewable resources

02 The road to a world in balance



It needs:

- ✓ **Companies** to develop new products and reduce emissions
- ✓ **Investments** in technology and innovation
- ✓ Greater **transparency** and **incentives to change**

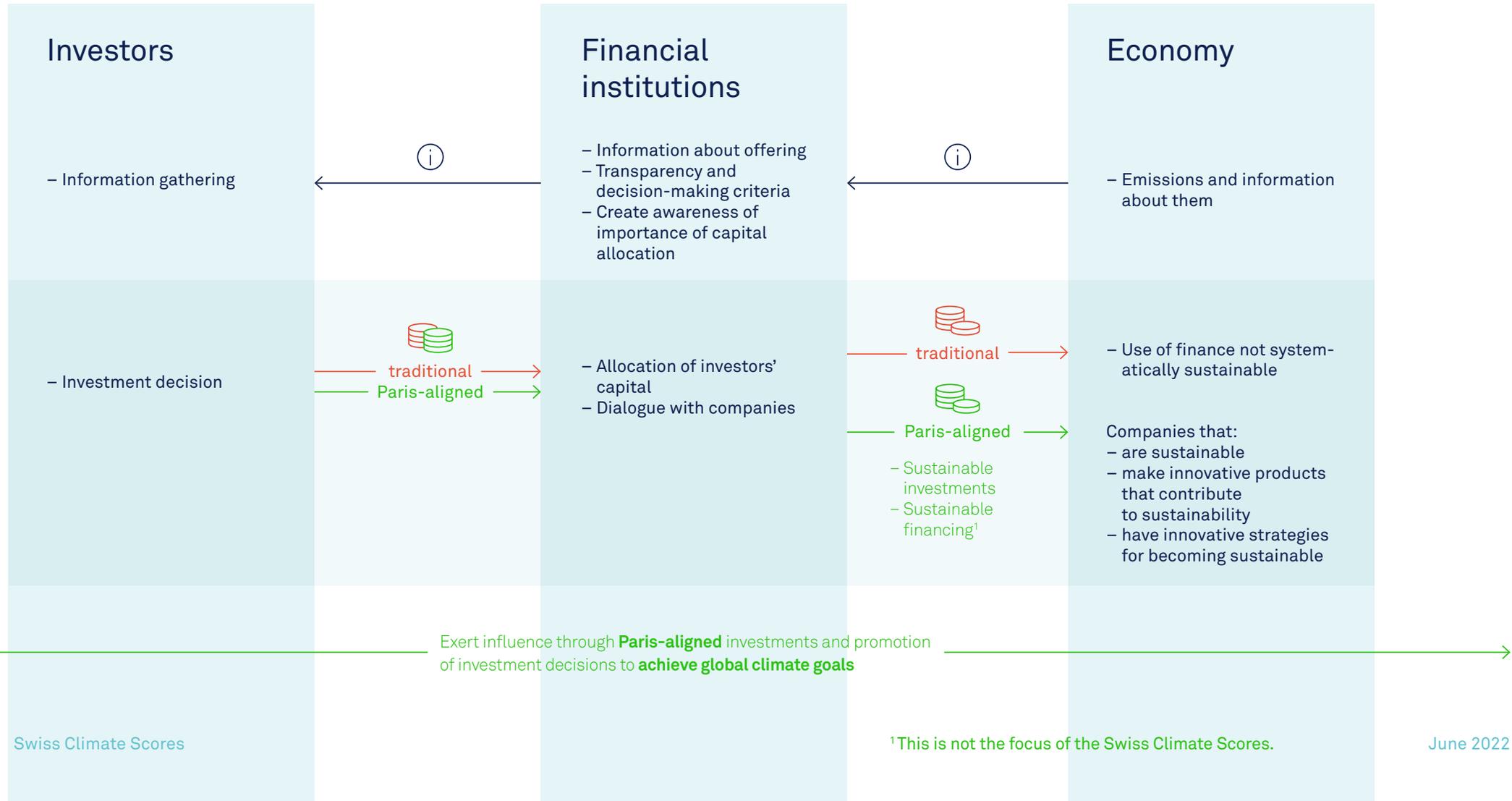


¹ World Meteorological Organization (2021):
State of the Global Climate 2020

² Global Carbon Project (2021)

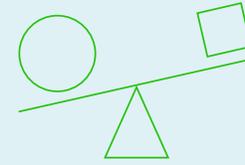
³ The Worldbank

03 The financial centre's pivotal role: between investors and the economy



04 Why do investments need to be aligned with the Paris goals?

By making Paris-aligned investment decisions, investors can **add value** for themselves and the world.



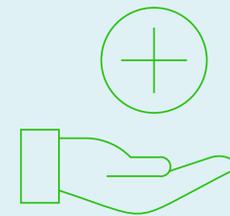
Reduce risks and exploit opportunities

For sustainable financial performance



Take account of values

For responsible action



Contribute to positive change

For the environment, society and the economy

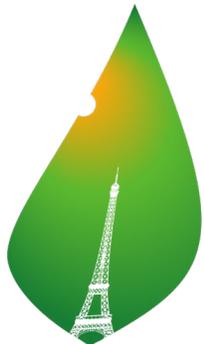
05 Paris-aligned investments – net zero as a global path to climate neutrality



International agreements, initiatives and standards will help us to make the transition to climate neutrality ...

Agreements

2015 Paris Agreement on climate change



PARIS2015

Initiatives



1992 The United Nations Environment Programme Finance Initiative Promoting sustainability principles in financial institutions



2005 Principles for Responsible Investment Sustainability principles for the world's biggest institutional investors



2015 Science Based Targets initiative Emission reduction targets in line with climate science



2019 UN Principles for Responsible Banking Uniform ESG strategies and practices for participating banks



2020 Race to Zero Framework for market participants to achieve net zero



2021 Glasgow Financial Alliance for Net Zero Financial institutions accelerating the transition to a global net-zero economy

Standards / frameworks



1997 Global Reporting Initiative Standard for communicating organisational impact on ESG



2001 GHG Protocol Corporate Accounting and Reporting Standard Requirements and guidelines for a greenhouse gas emissions inventory



2015 Task Force on Climate-related Financial Disclosures Recommendations on disclosure of climate-related information



2021 Taskforce on Nature-related Financial Disclosure Disclosure framework for reporting on nature-related risks

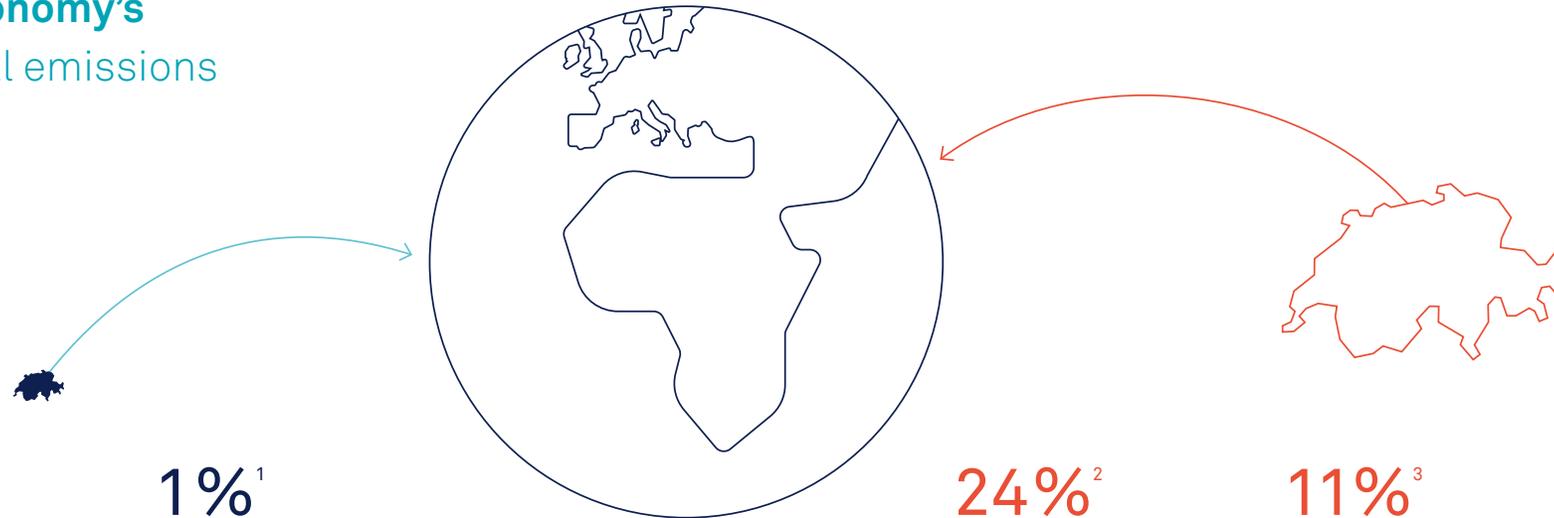
... but what role is **Switzerland** playing?



06 Switzerland's financial centre and its contribution to Paris-aligned investments

... but **Switzerland's financial centre can make a crucial contribution to positive change.**

The **Swiss economy's** share of global emissions is limited ...



0,1%¹
of **emissions globally** are caused in Switzerland

1%¹
of **emissions in Europe** are caused in Switzerland

24%²
of cross-border wealth **management** is carried out in Switzerland

11%³
Swiss market share of the **European asset management sector**

3%³
Swiss market share of the **global asset management sector**

¹ Cf. Investment and financing needed for Switzerland to reach net zero by 2050 (2021)

² Cf. Swiss Banking Trends (2021)

³ Cf. Swiss Asset Management Study 2021 (2021)

07 The Swiss Climate Scores support the transition to a sustainable world

As a basis for decisions and actions, it is crucial to have **transparency** about finance flows and **best-practice approaches** to the Paris alignment of investments...

... and the federal government, financial sector, associations, NGOs and experts are working to achieve this.



The Swiss Climate Scores enable comparisons for financial investments using six indicators and are based on widely recognised standards.

They are geared to the obligations under the Paris Agreement, with the following objectives:

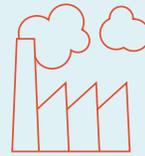
- ✓ Net-zero greenhouse gas emissions by 2050
- ✓ Limiting the rise in global temperatures to 1.5°C

08 Transparency on Paris alignment in six areas

The Swiss Climate Scores measure the CURRENT environmental impact while taking account of the FUTURE transition towards net zero.

Value added:

- ✔ **Customers** obtain transparency about how far their financial product is aligned with the Paris goals – creating awareness and a basis for decision-making.
- ✔ **Financial institutions** have a common framework to guide them and actively contribute to transparency on Paris alignment.
- ✔ **Companies** can set themselves apart and add value for investors, society and the environment.



01 Greenhouse Gas Emissions
Greenhouse gas emissions intensity and footprint of portfolio.



02 Exposure to fossil fuel activities
Share of companies in portfolio with activities in coal and other fossil fuels.



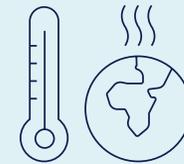
03 Credible climate stewardship
Share of companies currently under active climate engagement. Climate votes supported. Membership of a climate engagement initiative.



04 Verified commitments to net zero
Share of companies in portfolio with verified commitments to net-zero and credible interim targets.



05 Management to net-zero
Investment strategy with a goal to reduce the carbon emissions of its underlying investments. Verified commitment to net-zero.



06 Global warming potential¹
The level of global warming that would occur if the global economy acted with the same ambition as the companies in the portfolio intend to act.

● CURRENT
● FUTURE

09 We will reach this world through the interplay of various actors and countries

With the Swiss Climate Scores, Switzerland is taking on a pioneering role in terms of creating transparency with regard to Paris-aligned finance flows.



Heading towards a climate-neutral future.