

## SIX 1.5°C Climate Equity Flag – Framework

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### 1. Preamble

- 1 The SIX 1.5°C Climate Equity Flag (the **Flag**) indicates an independent third-party review of the companies’ future greenhouse gas (**GHG**) emissions trajectory. It allows investors to identify issuers (the **Issuers**) whose shares are listed on SIX Swiss Exchange AG (**SIX**) and have adopted a credible transition plan (reviewed by an independent third-party) that aligns with the international goal of limiting global warming to 1.5°C above pre-industrial levels and have taken measures to implement it.
- 2 Issuers eligible for the Flag meet a set of requirements confirmed in an assessment report (the **Assessment Report**) by an independent third-party reviewer approved by SIX (the **Approved Reviewer**).
- 3 The Issuers holding the Flag, the link to the Assessment Report and the Approved Reviewers (including links to their methodology and review process applied by them) will be published on the website of SIX. The Assessment

Report and certain additional information will be made transparent on the website of the Issuer.

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## **2. Issuer**

### **2.1. Grant of the Flag**

- 4 Issuers listed on SIX may apply for the Flag by sending the application to SIX Swiss Exchange Issuer Relations ([iir@six-group.com](mailto:iir@six-group.com)) (SIX IR).
- 5 The duly signed application must include:
- (a) a duly signed Assessment Report of an Approved Reviewer pursuant to paras 50 et seqq. no older than one month as of the date of application;
  - (b) indication of the page number where the Approved Reviewer confirms that the Issuer meets all requirements pursuant to para. 14 et seqq. and the page number where the Approved Reviewer confirms that the Assessment Report meets all disclosure requirements according to para. 51;
  - (c) the duly signed Issuer's Declaration of Consent pursuant to paras 20 et seqq. and Annex 1.
- 6 Upon receipt of the application, SIX IR performs a formal review to verify whether the Assessment Report:
- (a) has been issued by an Approved Reviewer;
  - (b) confirms that the Issuer meets all requirements pursuant to paras 14 et seqq.; and
  - (c) confirms that it contains all items required pursuant to para. 51 according to the methodology guidelines pursuant to para. 52.
- 7 The review of SIX is a mere formal review. SIX IR is not required to engage in any further investigation. However, SIX IR may request further information from the Issuer at any time.
- 8 The grant of the Flag may be subject to further requirements or conditions and the issuance is in the full discretion of SIX IR. The Issuer will be informed by SIX IR regarding the decision on the application by email.
- 9 If the Flag is granted, SIX indicates on its website that the Issuer holds the Flag, including a link to the website of the Issuer where the Assessment Report is published.
- 10 The Issuer may use the Flag, in accordance with the Issuer's Declaration of Consent (paras 20 et seqq.) and within the limits of all applicable laws and regulations, in its internal and external communication for one year from the date of the SIX IR's decision to grant the Flag, or, in the case of renewal, from the date on which the renewal period starts.

- 11 The Issuer may reapply for the Flag within one year to retain the Flag. Such application for renewal must be submitted within eleven months following the grant of the Flag. If the Issuer fails to renew the Flag, it is prohibited from using the Flag after its expiration.
- 12 SIX does not apply any fees for the initial issuance of the Flag. For each renewal of the Flag, a fee in the amount of CHF 5,000 (excl. VAT) applies.
- 13 SIX is authorized to revoke the right of the Issuer to use the Flag at any time with immediate effect for any reason, inter alia, if the requirements for the grant of the Flag are no longer met, if the Issuer breaches any of its obligations under the Issuer's Declaration of Consent pursuant to paras 20 et seqq., or if its conduct may adversely affect the reputation of the Flag or SIX. Revocation by SIX does not give rise to compensation or indemnification.

## 2.2. Requirements for the Flag

- 14 To obtain the Flag, compliance of Issuer with the following requirements must be confirmed by the Approved Reviewer in the Assessment Report:

<b>1. Transition Plan</b>	<b>The Issuer must have a 1.5°C aligned, credible net-zero plan (the Transition Plan), which at a minimum requires:</b> <ol style="list-style-type: none"><li>1. GHG-emissions reduction targets of the Issuer align with Recognized (sub-)sectoral 1.5°C pathways that correspond to the Issuer's mix of activities;</li><li>2. GHG-emissions reduction targets of fossil-fuel activities align with Recognized (sub-)sectoral 1.5°C pathways;</li><li>3. The Transition Plan provides specific (short-, medium-, and long-term) GHG-emissions reduction targets;</li><li>4. The Transition Plan details associated actions, addresses the implied financing needs, and is embedded in the overall business strategy;</li><li>5. Sound governance and procedures are in place to enact change;</li><li>6. Short-term actions are being undertaken; and</li><li>7. Implementation of the plan is not overoptimistic.</li></ol>
<b>2. Disclosures</b>	<b>The Issuer must disclose climate-related performance metrics</b> as listed in para. 19. Disclosures must be accessible via the Issuers' website. Previous disclosures must remain accessible.
<b>3. External qualitative review</b>	<b>An Approved Reviewer must confirm that the Issuer meets all aforementioned requirements.</b> The approved reviewer is chosen directly by the Issuer.  <b>An Approved Reviewer must publish an Assessment Report</b> in accordance with paras 48 et seqq. below

- 15 Points 1–3 of the Transition Plan (para. 14) detail the baseline requirements for the top-down "target-alignment assessment".<sup>1</sup> Point 2 is added with a view to prevent companies from compensating inadequate progress on reducing fossil-fuel activities with over-performance on other activities. Points 3–7

<sup>1</sup> While there is currently no internationally recognized methodology, the reference points on top-down assessments aim to reflect the emerging consensus among widely used methodologies and standards. Reference is made, most notably, to the Climate Bonds Initiative (CBI), the Science Based Target initiative (SBTi), the UN Race to Zero Starting Line Criteria, and the TCFD Guidance on Metrics, Targets and Transition Plans.

detail the baseline requirements for the bottom-up "target achievement credibility assessment"<sup>2</sup>, which encompasses a readiness assessment (points 3-5), a progress assessment (point 6), and a feasibility assessment (point 7).

16 The disclosure of climate-related performance metrics in accordance with para. 20 serves to facilitate a comprehensive understanding of the Assessment Report.<sup>3</sup>

17 Definitions:

<b>Recognized (sub-)sectoral 1.5°C pathway</b>	<p><b>Recognized (sub-)sectoral 1.5°C pathways</b> are GHG-emissions pathways for (sub-)sectors that, at a minimum<sup>4</sup>,</p> <ul style="list-style-type: none"> <li>(i) are in line with the scientific consensus (IPCC) on climate science</li> <li>(ii) are in line with a 50% reduction in global GHG emissions by 2030 compared to 2019;</li> <li>(iii) are in line with limiting global warming to 1.5°C with an at least 50% probability, with no or limited overshoot, recognizing that this requires halting of deforestation and phasing down and out all fossil fuels;</li> <li>(iv) are compatible with reaching global net zero GHG emissions by 2050;</li> <li>(v) cover all sources of GHG emissions from the full value chain and activities, including scope 1, scope 2 and, if significant, scope 3;</li> <li>(vi) reflect a fair (sub-)sectoral distribution of the remaining global carbon budget consistent with limiting global warming to 1.5°C; and</li> <li>(vii) follow a sub-industry level approach for high-emitting sectors.</li> </ul>
<b>Fossil-fuel activity</b>	<p><b>Fossil-fuel activity</b> is an activity "directly linked with the exploration and production of fossil fuels and ... [with] financing such production ... The scope of activities includes the whole value chain, ranging from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade (in line with EU SFDR regulation 2019/2088).<sup>5</sup></p>
<b>Renewable energy</b>	<p><b>Renewable energy</b> is a type of energy that comes from natural sources or processes that are constantly replenished. The most popular types are wind energy, solar energy, geothermal power, hydropower energy, and biomass.<sup>6</sup></p>
<b>Significant scope 3</b>	<p><b>Significant scope 3</b> (or material scope 3) is determined in accordance with the most recent guidelines specified in the SBTi Corporate Net-Zero Standard.</p>

## 2.3. Disclosure

18 The Issuer shall publish the Assessment Report on its website and send the weblink, as well as any subsequent changes to it, immediately to SIX IR.

<sup>2</sup> While there is currently no internationally recognized methodology, the reference points on bottom-down assessments aim to reflect the emerging consensus among widely used methodologies and standards. Reference is made, most notably, to the Carbon Disclosure Project Assessing Low-Carbon Transition (CDP ACT Initiative), Climate Bonds Initiative (CBI), and the UN Race to Zero Starting Line Criteria.

<sup>3</sup> Reporting on transition plans may be required under domestic regulations. Reference is made, most notably, to the Swiss Ordinance on Climate Disclosures and the EU Corporate Sustainability Reporting Directive (CSRD).

<sup>4</sup> While there are currently no internationally recognized (sub-)sectoral pathways, the reference points aim to reflect the emerging consensus on plausible (sub-)sectoral pathways. Reference is made, most notably, to the UN Race to Zero Starting Line Criteria. Point (vii) is specifically adapted from the Swiss Climate Scores. In cases where specific (sub-)sectoral pathways remain undefined or unclear, the utilization of generic pathways is permissible.

<sup>5</sup> See reference in Federal Council, Swiss Climate Scores Update (8 December 2023), p. 6.

<sup>6</sup> See reference in Federal Council, Swiss Climate Scores Update (8 December 2023), p. 6.

- 19 Under the same weblink, the Issuer shall publish all Assessment Reports of the last ten years in which it published an Assessment Report during the entire period it holds the Flag.
- 20 The Issuer is further required to disclosure the following key information on its website:

Category	Data points	Comments
<b>FINANCIALS</b>		
	1. Report on <b>total revenues</b>	▪ Indicate financial year
	2. Report on <b>total investments</b>	▪ Report name of auditor
	3. Report on <b>total profits</b>	▪ Indicate reporting standards
<b>CLIMATE</b>		
	4. Report current <b>annual absolute GHG emissions</b>	▪ Scope 1, scope 2, Scope 3, and total
	5. Report current <b>intensity of GHG emissions</b>	▪ Include breakdown of Scope 3 and explain rationale
		▪ Indicate if scope 3 data is incomplete.
	6. Report on <b>energy mix</b>	
	7. Report on usage of <b>negative-emissions solutions to remove GHG emissions</b>	
	8. Report on short, medium, and long-term <b>emissions targets</b> of net-zero plan	▪ If applicable, report separately emissions-reduction targets and emissions-removal targets.
	9. Report on associated <b>action plan and financing plan</b>	▪ Report separately scope 1, scope 2, Scope 3, and total
	10. Report on <b>short-term actions</b> undertaken to implement the net-zero plan	▪ Quantify targets
	11. Report on <b>progress, setbacks, and changes</b> relating to both interim and long-term targets of net-zero plan	▪ If applicable, indicate certification institution (e.g., SBTi).
	12. Report on <b>certification status</b> of net-zero plan	
	13. Report <b>implied temperature rise</b> of net-zero plan	▪ Optional. <sup>7</sup>
	14. Report <b>expected average future annual GHG emissions reduction</b> until 2050 (emissions-reduction outlook)	▪ Provide expected value and confidence interval of 66%
	15. Report <b>expected average future GHG emissions intensity reduction</b> until 2050 (efficiency-gain outlook)	
<b>CORPORATE GOVERNANCE</b>		
	16. Report on whether company has set <b>sustainability targets for vendors and suppliers</b>	▪ Climate-related targets.
	17. Report on inclusion of sustainability-related metrics in the <b>executive incentive plan</b>	▪ In particular, indicate whether executives are incentivized to achieve decarbonization targets
	18. Report on <b>sustainability governance</b> in organization	▪ In particular, indicate if board-level responsibility, if board committee, if sufficient expertise at board/management level, if shareholders have a say on emissions targets.
	19. Report on alignment of <b>external engagement activities and policies</b> with limiting global warming to 1.5°C.	▪ Yes/No. ▪ Lobbying, events, membership in associations, etc. ▪ Reference is made to UN Race to Zero Starting Line Criterion 'Persuade'
<b>METHODOLOGY</b>		

<sup>7</sup> 'Global Warming Alignment' is an optional indicator in the Swiss Climate Scores.

20. Report on used **carbon accounting approach** for measuring, calculating, and estimating GHG emissions

▪ *GHG Protocol, GCCA Sustainability Guidelines, etc.*

## 2.4. Issuer's Declaration of Consent

- 21 In its declaration of consent (the **Issuer's Declaration of Consent**), the Issuer must agree with the following terms.
- 22 The Issuer agrees to publish, during the entire period it holds the Flag, on its website (i) the Assessment Report, (ii) all Assessment Reports of the last ten years in which it published an Assessment Report and (iii) certain key information as per para. 20 on its website, and (iv) immediately send the respective weblink as well as any changes to it to SIX IR.
- 23 The Issuer further agrees that (i) SIX indicates on its website that the Issuer holds the Flag, including a link to the Assessment Report(s) and (ii) that SIX may publicly mention the Issuer and use their logo for information or marketing purposes related to the 1.5°C Flag.
- 24 The Flag may only be used by the Issuer for the purpose of informing about the fact that it holds the Flag.
- 25 Namely, the Issuer must not create the impression that the Flag signals sustainable/green business activity or investment in general, or impact investment in particular, nor that SIX has performed an independent investigation in the review or in the information disclosed.
- 26 The Issuer abstains at all times from any false or misleading advertising or communication directly or indirectly referring to the Flag, the review by the Approved Reviewer or the formal review by SIX. The Issuer uses the Flag within the limits of all applicable laws and regulations.
- 27 The Issuer is required to immediately report to SIX IR any information that may raise doubts about the accuracy of an Assessment Report published or that may have the potential to have an adverse effect on the Flag. Examples of reasons that may give rise to such a duty to notify SIX IR include (i) manifestly false or materially inaccurate statements regarding the Issuer in the assessment report, (ii) any significant issues that may compromise the independence or reliability of the Approved Reviewer.
- 28 The Issuer agrees that the Approved Reviewer is authorized to share with SIX any information obtained in connection with the review which concern the grant or proper use of the Flag.
- 29 The Issuer acknowledges that SIX is authorized to revoke the right of the Issuer to use the Flag any time with immediate effect for any reason, e.g. if the requirements for the grant of the Flag are no longer met, if the Issuer breaches any of its obligations under the Issuer's Declaration of Consent or if its conduct may adversely affect the reputation of SIX. Revocation by SIX does not give rise to compensation or indemnification of the Issuer.

- 30 The Issuer shall confirm that all disputes with SIX in connection with the Flag shall be resolved by the Courts in Zurich, Switzerland. The relationship between SIX and the Issuer shall be governed by Swiss substantive law (to the exclusion of the conflict of laws provisions and the United Nations Convention on Contracts for the International Sale of Goods (CISG) dated 11 April 1980).
- 31 The Issuer acknowledges that SIX may amend the terms and conditions of the Flag from time to time. Any amendments by SIX of the terms and conditions of the Flag are effective within 20 trading days following their publication and/or communication to the Issuers.

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### **3. Review**

#### **3.1. Approved Reviewer**

- 32 Applications for Approved Reviewers must be sent to SIX Swiss Exchange Issuer Relations ([iir@six-group.com](mailto:iir@six-group.com)) (SIX IR).
- 33 The duly signed application must include:
- (a) a duly signed statement of application providing information on the enterprise, name, address and area of operation;
  - (b) evidence of availability of the necessary expertise, through employment of at least one specialist who has the skills, training and experience necessary for issuing the Assessment Report, including expertise in inside-out materiality and sustainability taxonomies, the names of all specialists involved in the establishment of Assessment Reports, as well as the CV, professional education and professional experience of the key specialists responsible for the methodology and/or the establishment of Assessment Reports;
  - (c) indication of a specialist of the Approved Reviewer as a contact person who is responsible to SIX IR for matters concerning the relationship of the Approved Reviewer;
  - (d) proof of the applicant complying with the ICMA External Review Guidelines, the IESBA Code, ISO 17021, or the ICMA/IRSG Code of Conduct for ESG Ratings and Data Products Providers (in their respective valid versions);
  - (e) the duly signed Reviewer's Declaration of Consent as per paras 39 et seq. and Annex 2;
  - (f) a reference to the methodology, review process, independence and conflict-of-interest policy, as well as code of conduct published on the Reviewers' website.
- 34 SIX IR may request additional information, documents and evidence, as appropriate.
- 35 SIX IR will review the application on the basis of the documents submitted. Approval may be subject to further requirements or conditions and is fully at the discretion of SIX.

- 36 SIX may revoke the approval as an Approved Reviewer at any time with immediate effect for any reason, inter alia, if the requirements for the approval are no longer met, if the Approved Reviewer has breached any of its obligations under the declaration of consent as per paras 39 et seqq., or if the conduct of the Approved Reviewer may adversely affect the reputation of the Flag or SIX. Revocation by SIX does not give rise to compensation or indemnification of the Issuer.
- 37 The engagement for the establishment of the Assessment Report is exclusively between the Approved Reviewer and the Issuer.
- 38 SIX publishes on its website a list of Approved Reviewers (including links to their methodologies, review processes, independence and conflict-of-interest policies, and codes of conduct), and contact details including the names of the specialists engaged in Assessment Reports and the contact person.

### 3.2. Reviewer's Declaration of consent

- 39 In its declaration of consent (the **Reviewer's Declaration of Consent**), the Approved Reviewer must agree to the following terms.
- 40 The Approved Reviewer agrees to:
- (a) continually meet the requirement of availability of the necessary expertise, through employment of at least one specialist who has the skills, training and experience necessary for issuing the Assessment Report, and continuously train its specialists;
  - (b) continually complies with the ICMA External Review Guidelines, including the standards of independent from the Issuer's advisor and appropriate procedures to ensure independence, the IESBA Code, ISO 17021, or the ICMA/IRSG Code of Conduct for ESG Ratings and Data Products Providers (in their respective valid versions);
  - (c) be fully transparent about its methodologies, independence and conflict-of-interest policy as well as its review process, and make the corresponding documentation available on its website;
  - (d) provide SIX IR with all necessary information regarding its review, processes or organization upon request;
  - (e) immediately report to SIX IR any changes concerning the following information: (i) the enterprise (e.g. its name or address); (ii) the indicated contact person; (iii) the specialists engaged in Assessment Reports (e.g. the termination of the employment contract); (iv) any other circumstances potentially affecting the Approved reviewer or review process, including information on compliance with the ICMA External Review Guidelines, the IESBA Code, ISO 17021, or the ICMA/IRSG Code of Conduct for ESG Ratings and Data Products Providers (in their respective valid versions);
  - (f) To the extent not prohibited by applicable laws or regulations, immediately inform SIX IR about observations which may raise doubt about the accuracy



of an Assessment Report published that may have the potential to have an adverse effect on the Flag;

- 41 The Approved Reviewer further agrees with the publication of the Assessment Report by the Issuer.
- 42 The Approved Reviewer confirms that its established review procedures enable it to obtain all relevant information necessary for it to perform its evaluation of a company's fulfillment of all the requirements of the Flag.
- 43 The Approved Reviewer agrees to reject or terminate a review engagement if the company does not provide all essential information.
- 44 By the end of each calendar year, the Approved Reviewer must provide to SIX IR a list of all specialists involved with the establishment of Assessment Reports, including the indication of the contact person, as well as related amendments to the list.
- 45 The Approved Reviewer is entitled to refer to its status as an Approved Reviewer concerning the Flag in its advertising or marketing materials. This right expires with immediate effect if SIX revokes the status as Approved Reviewer or if the Approved Reviewer withdraws its status.
- 46 The Approved Reviewer acknowledges that SIX is authorized to revoke the approval at any time with immediate effect for any reason, e.g. in case of an alleged breach of the Reviewer's Declaration of Consent, if the Approved Reviewer gives sufficient reason to assume that it no longer fulfils the respective requirements for exercising its activities or if its conduct may adversely affect the reputation of the Flag or SIX. Revocation by SIX does not give rise to compensation or indemnification.
- 47 The Approved Reviewer agrees to being listed as such on the website of SIX. On request of the Approved Reviewer, it may be removed from the list of Approved Reviewers.
- 48 The Approved Reviewer confirms that all disputes with SIX in connection with its activity as an Approved Reviewer shall be resolved by the courts in Zurich, Switzerland. The relationship between SIX and the Approved Reviewer shall be governed by Swiss substantive law (to the exclusion of the conflict of laws provisions and the United Nations Convention on Contracts for the International Sale of Goods (CISG) dated 11 April 1980).
- 49 The Approved Reviewer acknowledges that SIX may amend the terms of the review and the approval of the Approved Reviewer from time to time. Any amendments by SIX of the terms are effective within 20 trading days following their publication.

### 3.3. Assessment Report

50 In the Assessment Report, the Approved Reviewer confirms that (i) the Issuer meets all requirements pursuant to paras 14 et seqq. and (ii) the Assessment Report covers the information pursuant to para. 51 in accordance with the methodology guideline as per para. 52.

51 The Assessment Report must include the following information:

Category	Data points	Comments
FINANCIALS		
	1. Report current <b>total and percentage of revenues from fossil-fuel activities</b>	<ul style="list-style-type: none"><li>▪ Separately report on 'coal' and 'other fossil fuels.'</li><li>▪ Expected revenues must be used for pre-revenue companies.</li></ul>
	2. Report current <b>total and percentage of investments into fossil-fuel activities</b>	
	3. Report current <b>total and percentage of revenues from renewable-energy activities</b>	
	4. Report current <b>total and percentage of investments into renewable-energy activities</b>	
IMPACT METRICS AND CORPORATE GOVERNANCE		
	5. Report on <b>activities that have no role</b> in a net-zero economy and/or in an ideal low-carbon, climate-resilient future	<ul style="list-style-type: none"><li>▪ Highlight and explain when an activity has a role in a 'net-zero economy' but not in an 'ideal low-carbon, climate-resilient future'</li></ul>
	6. Evaluate whether the <b>plan aligns with Recognized (sub-)sectoral 1.5 °C pathways</b>	<ul style="list-style-type: none"><li>▪ If applicable, evaluate separately emissions(-reduction) targets and emissions-removal targets.</li></ul>
	7. Evaluate whether <b>plan for fossil-fuel activities aligns with Recognized (sub-)sectoral 1.5°C pathways</b>	<ul style="list-style-type: none"><li>▪ Indicate if certification issued by a third-party institution is relied upon</li></ul>
	8. Evaluate short, medium, and long-term <b>emissions targets</b> of plan	<ul style="list-style-type: none"><li>▪ If applicable, evaluate separately emissions(-reduction) targets and emissions-removal targets.</li></ul>
	9. Evaluate associated <b>action plan and financing plan</b> , in particular, on consistency with the targets	<ul style="list-style-type: none"><li>▪ Evaluate separately scope 1, scope 2, Scope 3, and total</li></ul>
	10. Evaluate whether plan is <b>embedded in overall business strategy</b>	<ul style="list-style-type: none"><li>▪ Highlight if action plan involves selling off or winding down high-emissions activities.</li></ul>
	11. Evaluate whether <b>sound governance and procedures</b> are in place to monitor progress on, and deliver against, the plan	<ul style="list-style-type: none"><li>▪ In particular, consider whether responsibility, and accountability at board level to supervise implementation; and whether clear metrics and KPIs are defined to measure and manage progress.</li></ul>
	12. Evaluate whether <b>short-term actions</b> are being undertaken	<ul style="list-style-type: none"><li>▪ Consider current progress against emissions targets, action plan, and funding plan</li></ul>
	13. Report and evaluate any identified potential concerns about the Issuer's <b>ability to implement</b> its plan	<ul style="list-style-type: none"><li>▪ Highlight factors that you identified which have the potential to decisively impede the future delivery.</li></ul>
	14. Report and evaluate any identified potential concerns about the implementation's dependency on, and control over, actions by <b>up- and downstream players</b> along the value chain	<ul style="list-style-type: none"><li>▪ In particular, consider historical progress/delivery across value chain, whether short-term business decisions conflict with long-term climate targets, whether (non-)delivery in the past is indicative of future performance, whether plan builds on proven and easy-to-scale-up technology, and whether plan requires substantial changes in consumer or investor behavior.</li></ul>
	15. Report and evaluate any identified potential concerns about the implementation's dependency on <b>external developments</b> more generally	
	16. Evaluate whether <b>implementation of the overall plan is overoptimistic</b>	

## METHODOLOGY

17. Indicate and justify the used <b>carbon accounting approach</b> for measuring, calculating, and estimating GHG emissions	▪ Explain and justify appropriateness
18. Indicate if <b>scope 3 is 'significant'</b> in the near term	▪ Yes/No. If no, indicate why.
19. If scope 3 is significant, indicate if <b>scope 3 assessment</b> is based on the company's disclosed GHG-emissions data and GHG-emissions targets	▪ Yes/No. If no, demonstrate that alternative evidence supports an accurate assessment of scope 3 alignment.
20. Indicate and explain the used <b>approach for assessing the (top-down) 1.5°C alignment of targets</b> of the net-zero plan	▪ If multiple (sub-)sectoral pathways are used, confirm consistency of underlying assumptions.
21. Indicate the used <b>(sub-)sectoral pathways</b>	▪ Demonstrate that (sub-)sectoral emissions pathways are in line with the criteria of Recognized (sub-)sectoral 1.5°C pathways.
22. Indicate <b>key assumptions and expectations</b> of future events underlying the allocation of the global carbon budget for the construction of (sub-)sectoral pathways.	▪ Indicate whether the used (sub-)sectoral pathways are accepted by climate experts.
23. Indicate and explain the used <b>approach for assessing the (bottom-up) target-achievement credibility</b> of the net-zero plan	▪ Provide link to methodology. ▪ Indicate whether review relies on external standard (e.g., ACT Initiative) or proprietary methodology. ▪ Highlight and justify if a generic pathway is used.
24. Indicate aspects in the used approach that can reasonably be expected to <b>surprise a non-expert</b>	

## DATA

25. If scope 3 is significant, indicate if <b>scope 3 data is complete</b>	▪ Yes/No. If no, provide justifying reasons for incompleteness.
26. Indicate if the Issuer discloses non-financial data in compliance with <b>voluntary and/or regulatory non-financial reporting standard(s)</b>	▪ Yes/No. If yes, mention standards (e.g., GRI, TCFD, TNFD, IFRS ISSB, CO 964ff, Swiss Climate Ordinance, EU CSRD)
27. Indicate if the Issuer's <b>disclosures on the transition plan</b> are in accordance with relevant TCFD Guidance	▪ Yes/No. If no, demonstrate that the data is nonetheless sufficient for evaluating the fulfilment of all requirements of the Flag. ▪ In particular the TCFD Guidance on Metrics, Targets and Transition Plans
28. Indicate <b>time period of data collection</b> for the data required by the Issuer	
29. Confirm <b>assurance of financial data</b> required by the Issuer	▪ Indicate date of assurance, name of assurer, and specify type of assurance
30. Indicate if <b>non-financial data</b> required by the Issuer has been assured	▪ Yes/No. If yes, indicate time period of data points, name of assurer, and specify type of assurance
31. Confirm that, according to best knowledge of the Issuer, <b>no material events</b> have occurred since the time period of the data collection	

## REVIEW

32. Specify <b>type of review</b>	▪ Review types include independent opinion, limited assurance, reasonable assurance
33. Confirm <b>completeness</b> of the information required by the Issuer	
34. Confirm that your <b>assessment report meets all requirements of the Flag</b>	
35. Confirm that the Issuer has provided <b>sufficient information to evaluate fulfilment of all requirements of the Flag</b>	
36. Confirm that the <b>Issuer meets all requirements of the Flag</b>	
37. Indicate <b>contact details</b> for the assessment	

38. Indicate names of **key specialists** engaged in the assessment

52 The following methodological guidelines apply:

1.	The assessment report must not be overloaded with information. The disclosures should be kept simple, avoiding jargon and technical language whenever possible.
2.	Key assumptions and expectations of future events must be clearly articulated.
3.	<b>Data</b>
3.1.	The data must reflect the current state of the Issuer.
3.2.	The financial data must be based on the latest audited financial statements. <sup>8</sup>
3.3.	The financial data must be assured by a financial audit firm for public interest entities (as defined in the Auditor Oversight Act, AOA) licensed by the Federal Audit Oversight Authority or by a foreign audit oversight authority recognized by the Federal Council. <sup>9</sup>
3.4.	Investments must separately show OPEX, CAPEX, and the total.
3.5.	Historical data must be included if the data is readily available.
4.	<b>GHG Emissions</b>
4.1.	GHG emissions must encompass all major sources of greenhouse gas (GHG) emissions related to an economy activity. Where appropriate, the metric CO <sub>2</sub> equivalent must be used. GHG emissions must capture relevant emissions from the Issuer itself, directly (Scope 1) and indirectly (Scope 2), and from activities along its supply chain, both upstream and downstream (Scope 3).
4.2.	GHG-emissions data and GHG-emissions targets must include scope 1, scope 2 and, if significant, scope 3.
4.3.	In instances where justifiable reasons prevent reporting of complete scope 3 data and where alternative evidence is available for the assessment, the issuer's transparency obligation for scope 3 emissions may be waived by the reviewer. Such reasons may include limited access to supplier data, low quality of supplier data (inaccuracy, inconsistency), excessive cost burden relative to company size, company is in early-stage development, and climate-transition pure-play company.
4.4.	Accounting of GHG emissions in scope 1, scope 2, and scope 3 must follow a reputable international framework (e.g., GHG Protocol, GCCA Sustainability Guidelines). The standard must be clearly indicated and justified.
4.5.	When GHG emissions are not measured by physical instruments, GHG emissions must be estimated/calculated by relying upon emission factors from a reputable methodology/standard (e.g., GHG Protocol, UN IPCC, US EPA, GCCA Sustainability Guidelines) in order to convert an activity into GHG emissions. The source must be clearly indicated and justified.
4.6.	Only reductions that occur within the Issuer's operations and value chain count towards emissions-reduction targets. In particular, GHG-emissions removals via negative-emissions solutions, carbon credits, carbon offsets, and avoided emissions do not count as reductions of GHG emissions.

<sup>8</sup> Please note that Swiss law, and/or SIX Listing Rules issued by SIX Exchange Regulation may soon require external assurance for non-financial data.

<sup>9</sup> The list of recognized foreign audit authorities is provided in Annex 2 of Auditor Oversight Ordinance (AOO).

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**4. Disclaimer**

- 53 The Flag exclusively refers to the fact that a review by an Approved Reviewer regarding the compliance with certain requirements has been performed.
- 54 The Flag is intended to support the identification of companies listed on SIX that have adopted a credible transition plan (reviewed by an independent third party) that aligns with the international goal of limiting global warming to 1.5°C above pre-industrial levels and have taken measures to implement it. The Flag does not provide any form of advice, and SIX disclaims responsibility for any action taken in reliance thereon.
- 55 SIX does not perform any own investigation into the accuracy of the statements and disclosures of the Issuer, the review as well as the Assessment Report.
- 56 Neither may the Flag or any other communication of SIX be understood as confirming the accuracy of the reviewer's report and conclusions or any communication of the Issuer.
- 57 SIX denies any responsibility or liability for the accuracy of the Approved Reviewer's report and conclusions or any communication of the Issuer.
- 58 In making an investment decision, investors must rely on their own investigation.
- 59 The Flag does not constitute an offer, or solicitation to make an offer, nor advertising of a financial product in the sense of art. 68 of the Swiss Financial Services Act nor investment advice or a recommendation of a financial instrument.

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**Annex 1: Issuer's Declaration of Consent**

1. The Issuer agrees to publish, during the entire period it holds the Flag, on its website (i) the Assessment Report, (ii) all Assessment Reports of the last ten years in which it issued an Assessment Report and (iii) certain key information as further specified by SIX on its website, and (iv) immediately send the respective link as well as any changes to it to SIX IR.
2. The Issuer further agrees that SIX indicates on its website that the Issuer holds the Flag, including a link to the Assessment Report(s) and that SIX may publicly mention the Issuer for information or marketing purposes.
3. The Flag may only be used by the Issuer for the purpose of informing about the fact that it holds the Flag.
4. Namely, the Issuer must not create the impression that the Flag signals sustainable/green business activity or investment in general or impact investment in particular, nor that SIX has performed an independent investigation in the review or in the information disclosed.
5. The Issuer abstains at all times from any false or misleading advertising or communication directly or indirectly referring to the Flag, the review by the Approved Reviewer or the formal review by SIX. The Issuer uses the Flag within the limits of all applicable laws and regulations.
6. The Issuer is required to immediately report to SIX IR any information that may raise doubts about the accuracy of the Assessment Report that may have the potential to materially affect the Flag. Examples of reasons that may give rise to such a duty to notify SIX IR include (i) manifestly false or materially inaccurate statements regarding the Issuer in the assessment report, (ii) any significant issues that may compromise the independence or reliability of the Approved Reviewer.
7. The Issuer agrees that the Approved Reviewer is authorized to share with SIX any information obtained in connection with the review which concern the grant or proper use of the Flag.
8. The Issuer acknowledges that SIX is authorized to revoke the right of the Issuer to use the Flag any time with immediate effect for any reason, e.g. if the requirements for the grant of the Flag are no longer met, if the Issuer breaches any of its obligations under the Issuer's Declaration of Consent or if its conduct may adversely affect the reputation of SIX. Revocation by SIX does not give rise to compensation or indemnification of the Issuer.
9. The Issuer confirms that all disputes with SIX in connection with the Flag shall be resolved by the courts in Zurich, Switzerland. The relationship between SIX and the Issuer shall be governed by Swiss substantive law (to the exclusion of the conflict of laws provisions and the United Nations Convention on Contracts for the International Sale of Goods (CISG) dated 11 April 1980).

10. The Issuer acknowledges that SIX may amend the terms and conditions of the Flag from time to time. Any amendments by SIX of the terms and conditions of the Flag are effective within 20 trading days following their publication.

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Date and place

\_\_\_\_\_  
Name(s)  
(authorized signature(s) of the Issuer)

\_\_\_\_\_  
Date and place

\_\_\_\_\_  
Name(s)  
(authorized signature(s) of the Issuer)

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**Annex 2: Reviewer's Declaration of Consent**

1. The undersigned reviewer agrees to:
  - (a) continually meet the requirement of availability of the necessary expertise, through employment of at least one specialist who has the skills, training and experience necessary for issuing the Assessment Report, and continuously train its specialists;
  - (b) continually complies with the ICMA External Review Guidelines, including the standards of independent from the Issuer's advisor and appropriate procedures to ensure independence, the IESBA Code, ISO 17021, or the ICMA/IRSG Code of Conduct for ESG Ratings and Data Products Providers (December 2023, as amended from time to time);
  - (c) be fully transparent about its methodologies, independence and conflict-of-interest policy as well as its review process and make the corresponding documentation available on its website;
  - (d) provide SIX IR with all necessary information regarding its review, processes or organization upon request;
  - (e) immediately report to SIX IR any changes concerning the following information: (i) the enterprise (e.g. its name or address); (ii) the indicated contact person; (iii) the specialists engaged in Assessment Reports (e.g. the termination of the employment contract); (iv) any other circumstances potentially affecting the Approved reviewer or review process including information on compliance with the ICMA External Review Guidelines, the IESBA Code, ISO 17021, or the ICMA/IRSG Code of Conduct for ESG Ratings and Data Products Providers (December 2023, as amended from time to time));
  - (f) To the extent not prohibited by applicable laws or regulations, immediately inform SIX IR about observations which may raise doubt about the accuracy of an Assessment Report published that may have the potential to have an adverse effect on the Flag;
2. The Approved Reviewer further agrees with the publication of the Assessment Report by the Issuer.
3. The Approved Reviewer confirms that its established review procedures enables it to obtain all essential information for it to perform its evaluation of a company's fulfillment of all the requirements of the Flag.
4. The Approved Reviewer agrees to reject or terminate a review engagement if the company does not provide all essential information.
5. By the end of each calendar year, the Approved Reviewer must provide to SIX IR a list of all specialists involved with the establishment of Assessment Reports, including the indication of the contact person, as well as related amendments to the list.
6. The Approved Reviewer acknowledges that it is entitled to refer to its status as an Approved Reviewer concerning the Flag in its advertising or marketing



materials, and that this right expires with immediate effect if SIX revokes the status as Approved Reviewer or if the Approved Reviewer withdraws its status.

7. The Approved Reviewer acknowledges that SIX is authorized to revoke the approval at any time with immediate effect for any reason, e.g. in case of an alleged breach of the Reviewer's Declaration of Consent, if the Approved Reviewer gives sufficient reason to assume that it no longer fulfils the respective requirements for exercising its activities or if its conduct may adversely affect the reputation of the Flag or SIX. Revocation by SIX does not give rise to compensation or indemnification.
8. The Approved Reviewer agrees to being listed as such on the website of SIX. On request of the Approved Reviewer, it may be removed from the list of Approved Reviewers.
9. The Approved Reviewer confirms that all disputes with SIX in connection with its activity as an Approved Reviewer shall be resolved by courts in Zurich, Switzerland. The relationship between SIX and the Approved Reviewer shall be governed by Swiss substantive law (to the exclusion of the conflict of laws provisions and the United Nations Convention on Contracts for the International Sale of Goods (CISG) dated 11 April 1980).
10. The Approved Reviewer acknowledges that SIX may amend the terms of the review and the approval of the Approved Reviewer from time to time. Any amendments by SIX of the terms are effective within 20 trading days following their publication.

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Company name

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Date and place

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Name(s)  
(authorized signature(s) of reviewer)

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Date and place

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Name(s)  
(authorized signature(s) of reviewer)