

SIX 1.5 °C CLIMATE EQUITY FLAG

REVIEW PROCESS

STATUS:
Version 2.0

PUBLIC

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1 INTRODUCTION

1.1 BACKGROUND

Developed by the SIX Swiss Exchange AG, the SIX 1.5 °C Climate Equity Flag helps Swiss-listed companies demonstrate how they can be expected to remain a contributor towards limiting global warming to 1.5 °C as per the Paris Agreement. This is because an approved external sustainability expert has concluded that continued implementation of the emissions plan for the company's entire value chain emissions is credible.

SGS is an SIX-approved reviewer authorised to assess a company's alignment with the SIX 1.5 °C Climate Equity Flag requirements.

This review is a qualitative, forward-looking validation exercise to express an opinion on the plausibility of alignment to the requirements. For the avoidance of doubt, this service is not an audit, assurance, or verification exercise. The review relies on data provided by the company and additional work relating to assurance to ensure the accuracy of data submitted by the company can be included as a value-added service.

While the review does not include an opinion on other environmental (e.g. biodiversity) or social risks, SGS may highlight significant risks specific to the sector, geography, supply chain or asset type based on our analysis.

This document outlines the review process used to provide an assessment of a company's alignment with the requirements of the SIX 1.5 °C Climate Equity Flag. This should be read in conjunction with our **SIX 1.5 °C CLIMATE EQUITY FLAG REVIEW METHODOLOGY** document.

1.2 ABOUT SGS

SGS is the world's leading testing, inspection and certification company. We are recognised as the global benchmark for sustainability, quality and integrity. Our 99,600 employees operate a network of 2,600 offices and laboratories around the world.

Our Sustainability Solutions help customers improve their environmental, social and governance (ESG) performance and reduce risks while increasing their value to society.

2 OUR APPROACH

2.1 OVERVIEW

Our review evaluates the degree to which a company's emissions strategy aligns with the criteria specified in the SIX 1.5 °C Climate Equity Flag requirements, as analysed by SGS. The assessment consists of two elements: **Impact** and **Disclosures**.

Firstly, we review the impact of the company’s climate transition plan through four key assessment sub-areas:

1. Soundness of greenhouse gas (GHG) accounting and estimation approaches
2. Alignment of the company’s GHG and fossil-fuel targets and transition plans with science-based methodologies
3. Strength of governance and track record to achieve plans
4. Credibility and feasibility of actions and financing plans

Secondly, we assess the completeness and quality of the company’s disclosures of their climate-related performance metrics based on SIX’s 1.5 °C Climate Equity Flag requirements.

Based on our assessment, the company will receive an individual rating for each component: Impact and Disclosures. SGS will form a conclusive opinion based on the combination of the two scores. This reflects our opinion on the degree to which a company’s emissions strategy aligns with the criteria specified in the SIX 1.5 °C Climate Equity Flag requirements. The final assessment will be presented on a four-tier scale that reflects our opinion of the company’s efforts and plans for transitioning to a low-carbon future.

As a result of the review, a company can be found to align or not align with the requirements. If the latter, SGS will conclude that the company does not align with the requirements, resulting in a negative opinion. In such a case, SGS will provide detailed documentation explaining the reasons for the negative conclusion.

Conversely, if the company aligns with the requirements, it will be given a positive opinion and assigned one of three possible tiers. Each tier corresponds to a different level of maturity in the company’s efforts toward contributing to a 1.5 °C-aligned future. The definition of each tier is explained in the table below.

Opinion	Score	Definition
Positive	Tier 1: Pioneer	The corporation has a 1.5 °C-aligned, credible climate transition plan based on scientific consensus and can demonstrate a leading-edge governance structure and track record to achieve these targets. The organisation’s disclosures in the assessment report reference public disclosures and have been verified by a third party.
	Tier 2: Mature	The corporation has a 1.5 °C-aligned, credible climate transition plan based on scientific consensus and is able to demonstrate a strong governance structure and track record to achieve these targets. The organisation’s disclosures in the assessment report reference public disclosures.
	Tier 3: Emergent	The corporation has a 1.5 °C-aligned, credible climate transition plan based on scientific consensus and is able to demonstrate a sufficient governance structure and track record to achieve these targets. The organisation’s disclosures in the assessment report are complete.
Negative	Tier 4: Not Aligned	The corporation does not meet at least one SIX 1.5 °C Climate Equity Flag requirement.

Table 1: Tiered Assessment Output

The review is valid for one year. A re-assessment will be carried out when the SIX 1.5 °C Climate Equity Flag is renewed.

DISCLAIMER

SGS S.A.

We, SGS S.A. ("SGS"), adopt quantitative and qualitative approaches to analyse and evaluate the process for the external review. We adhere to the highest quality standards customary in responsibility research worldwide. In addition, we create an assessment report on the security instruments based on the data from the issuer ("Data").

The Bases of Our Opinion

This assessment report provides an independent opinion on the sustainability credentials and requirements of the relevant security, rendered upon the data available to SGS by the issuer. SGS hereby represents that we do not either test, inspect, or verify the accuracy of the Data or conduct any audits onsite. SGS has no responsibility to ensure the Data's accuracy, reliability, or validity and, to the fullest extent permitted by laws, disclaim all liability arising from the statements based on the inaccuracy, unreliability, and invalidity of the Data made available to us. The issuer shall be fully responsible for ensuring the Data's accuracy, reliability, and validity and issuing it in compliance with relevant policies, laws, and regulations.

No Representation on Investment Advice

This assessment report does not address any financial and investment risks, including but not limited to credit risk, liquidity risk, market risk, political risk, or volatility risk.

The assessment report is not investment advice and shall not constitute an offer, solicitation to offer, or recommendation of any investment product or opportunity. The opinions delivered in the assessment report are neither a guarantee, assurance nor warranty for the financial performance of the security. SGS is not liable for any induced consequence for financial damages, loss of profits, loss of opportunity, or damage to reputation arising from any investment decision or commercial transaction connected to using this assessment report either directly or indirectly.

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RELEASED DATE

14 April 2025

SGS Business Assurance