

Making the most out of Swiss Climate Disclosure Frameworks

7TH SUSTAINABLE INVESTOR SUMMIT
29 FEBRUARY 2024, ZURICH



The Countdown Clock to 1.5°C is Ticking Louder Than Ever



Remaining 2°C budget of MSCI ACWI IMI companies: 205 Gt of CO₂e

Remaining 1.5°C budget of MSCI ACWI IMI companies: 33.4 Gt of CO₂e

Projected annual emissions of MSCI ACWI IMI companies in 2023: 12.4 Gt of CO₂e

Companies in the MSCI ACWI IMI have emitted a combined 85.6 Gt of CO₂e since the Paris Agreement in December 2015

32

Months left to limit warming to 1.5°C

Time remaining until listed companies deplete the emissions budget for limiting global temperature rise this century to 1.5°C above preindustrial levels

198

Months left to keep warming well below 2°C

Time remaining until listed companies deplete the emissions budget for keeping global temperature rise this century well below 2°C above preindustrial levels

Agenda

1.
Swiss Climate-
related disclosure
frameworks

2.
Deep-dive:
Footprinting metrics
across frameworks

3.
Extending breadth and
increasing granularity
in disclosures

4.
From reporting to
360° integration

5.
Q&A

Selected Swiss (Climate) Disclosure Frameworks*

Ordinance on Climate Disclosures:

- In Nov 2022, the Federal Council adopted the ordinance on climate disclosures for large Swiss companies. This came into force on 1 January 2024.
- Climate issues need to be considered under a double materiality perspective, reference to the **TCFD recommendations** (*version of June 2017 and the Annex version of October 2021*)

Regulation



Swiss Climate Scores:

- Originally published in June 2022, The Swiss climate scores establish best-practice transparency on the Paris-alignment of financial investments
- In Dec 2023, the Swiss Federal Council were **enhanced with further optional metrics**

Voluntary Framework



ASIP ESG Reporting

- In Dec 2022, ASIP created incentives for pension funds to realize **comparable and consistent ESG reporting**. Came into force on 1 January 2023
- Key figures **overlap with the Swiss Climate Scores**

Voluntary Framework



2. Deep-dive: Footprinting Metrics across Disclosure Frameworks

ATTRIBUTING CHANGES OVER TIME

What climate metrics shall I use to track my carbon footprint?

Measure

Each climate metric answers a slightly different question:

Financed emissions = emissions “owned” by the portfolio:
 How much GHG emissions am I financing? [t CO2e]

Financed emissions intensity (FEI) = weighted emissions /
 EVIC: How much GHG emissions am I financing per dollar
 invested? [t CO2e / USD]

Weighted average carbon intensity (WACI) = weighted
 emissions / Sales: How carbon intense are the business
 models of the companies that I am invested in? [t CO2e / USD]

Carbon Footprint		Portfolio	Benchmark	Active
Allocation Base	EVIC			
Financed Carbon Emissions tons CO2e / USD M invested Investor Allocation: EVIC	Scope 1+2	161.7	70.6	129.1%
	Scope 3 – upstream	348.4	150.7	131.3%
	Scope 3 – downstream	514.8	344.6	49.4%
Total Financed Carbon Emissions tons CO2e Investor Allocation: EVIC	Scope 1+2	161,698.9	70,568.6	129.1%
	Scope 3 – upstream	348,390.5	150,654.4	131.3%
	Scope 3 – downstream	514,807.6	344,584.2	49.4%
Financed Carbon Intensity tons CO2e / USD M sales Investor Allocation: EVIC	Scope 1+2	151.9	134.5	12.9%
	Scope 3 – upstream	327.2	287.0	14.0%
	Scope 3 – downstream	483.5	656.4	-26.3%
Weighted Average Carbon Intensity				
Corporate constituents tons CO2e / USD M sales	Scope 1+2	146.8	95.0	54.5%
	Scope 3 – upstream	309.8	276.4	12.1%
	Scope 3 – downstream	453.0	465.5	-2.7%



As of January 24, 2024
 Source: [MSCI Climate Risk Report](#)

Carbon Footprint Metrics across international and Swiss reporting frameworks*

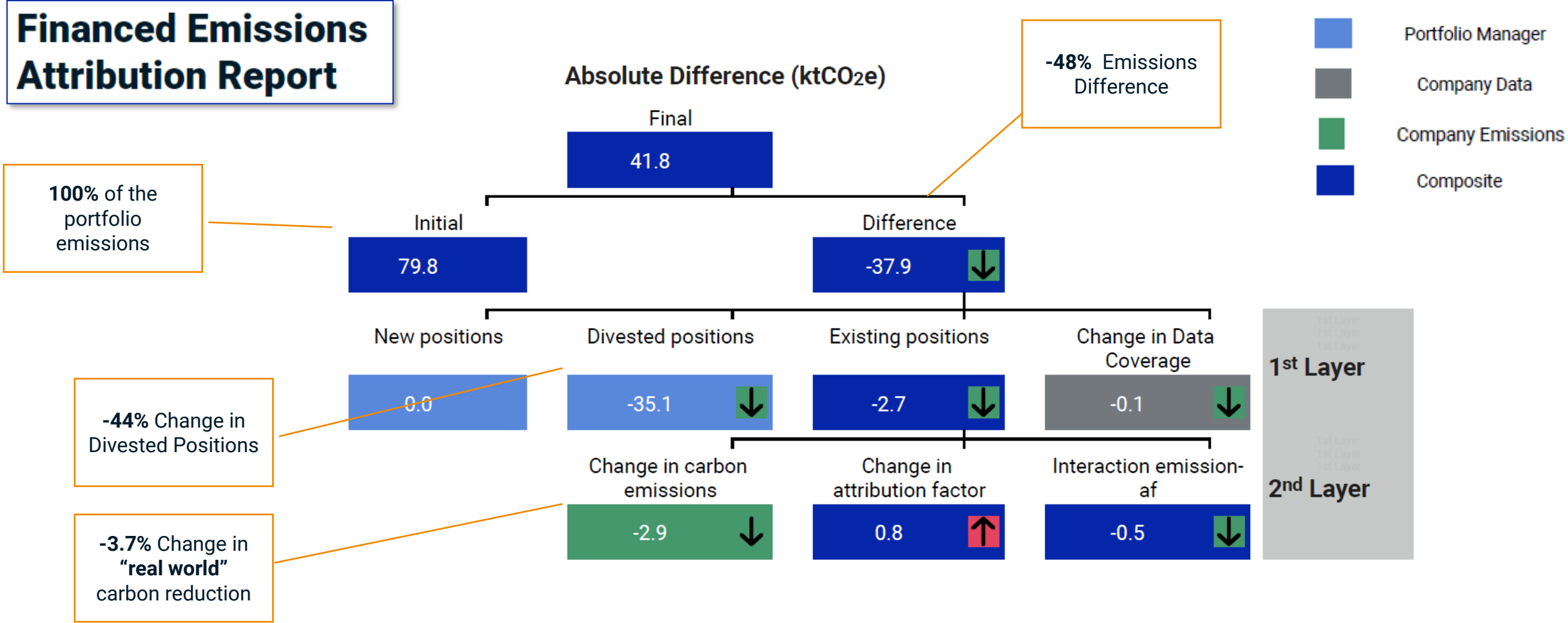
		International Initiatives				Swiss Frameworks*	
	Metrics	PCAF	TCFD/IFRS S2	GFANZ	IIGCC-PAII	Swiss Climate Scores	ASIP
Corporate	Financed emissions (tCO2e)	✓	Attributed by EVIC Attributed by Market Cap	✓	✓		
	Financed emissions intensity (tCO2e/USD million invested)	✓	Attributed by Market Cap	✓	✓	✓	✓
	Weighted average carbon intensity - corporate (tCO2e/USD million sales)	✓	✓			✓	✓
	Production-based intensity (tCO2e/unit of production)	✓		✓			
Sovereign	Weighted average carbon intensity - sovereign (tCO2e/USD million GDP)						✓
Real Estate	Carbon Intensity (kg CO2 per m2 energy reference area or leasable area)						✓



* List is non-exhaustive; Source; MSCI ESG Research as of 17 February 2024

Dig-deeper on financed emissions and bring clarity to drivers of portfolio emission changes over time

Financed Emissions Attribution Report



Source: MSCI ESG Research as of January 24, 2024 for illustrative purposes. For more information: [MSCI Financed Emission Attribution Report](#) and <https://www.msci.com/research-and-insights/framework-for-attributing-changes-in-portfolio-carbon-footprint>

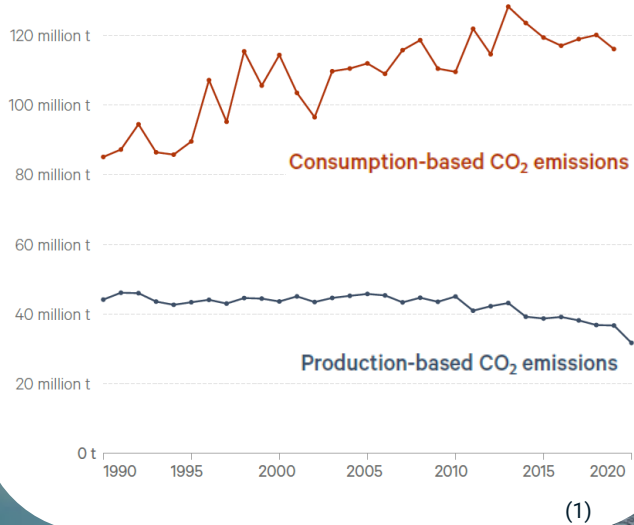
3. Extending breadth and increasing granularity in disclosures



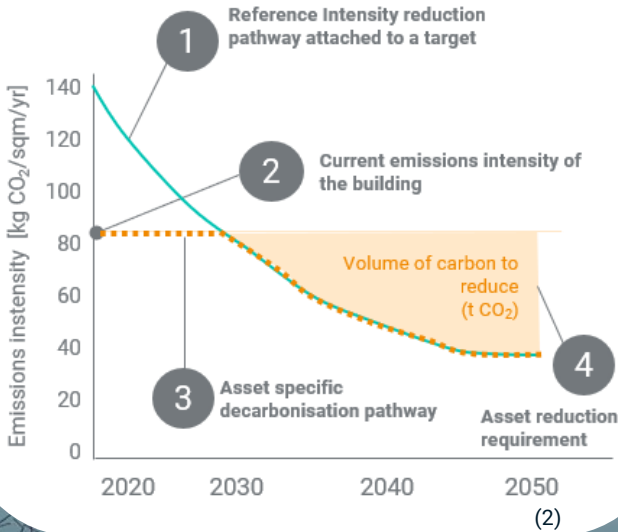
Extending the Breadth of Disclosures

How do I increase the range of asset classes covered in my climate disclosures?

Sovereign Bonds



Real Assets



Private Positions

6,358 funds with 50% or more assets covered

	Funds	Capitalization (\$bn)
Equity	5,729	\$4,618.3
Venture Capital	2,664	\$887.3
Buyout	1,918	\$2,767.9
Other categories	1,147	\$963.2
Debt	666	\$641.9
Other categories	632	\$794.4

(3)

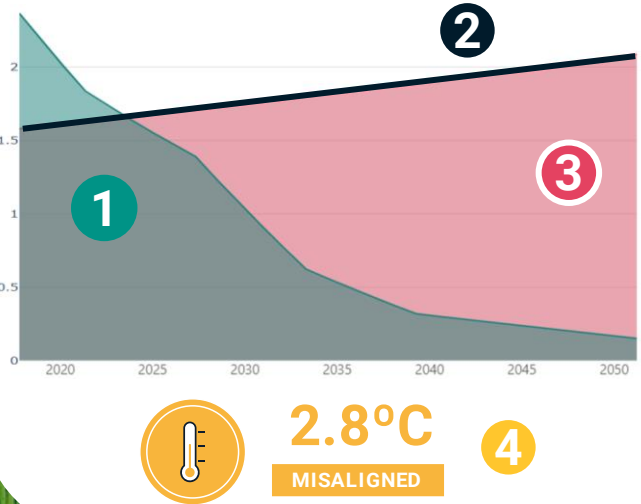
Increasing the Granularity of Disclosures

What Scope 3 data can be used for climate disclosures?



(1)

Can I use Implied Temperature Rise to address double materiality?



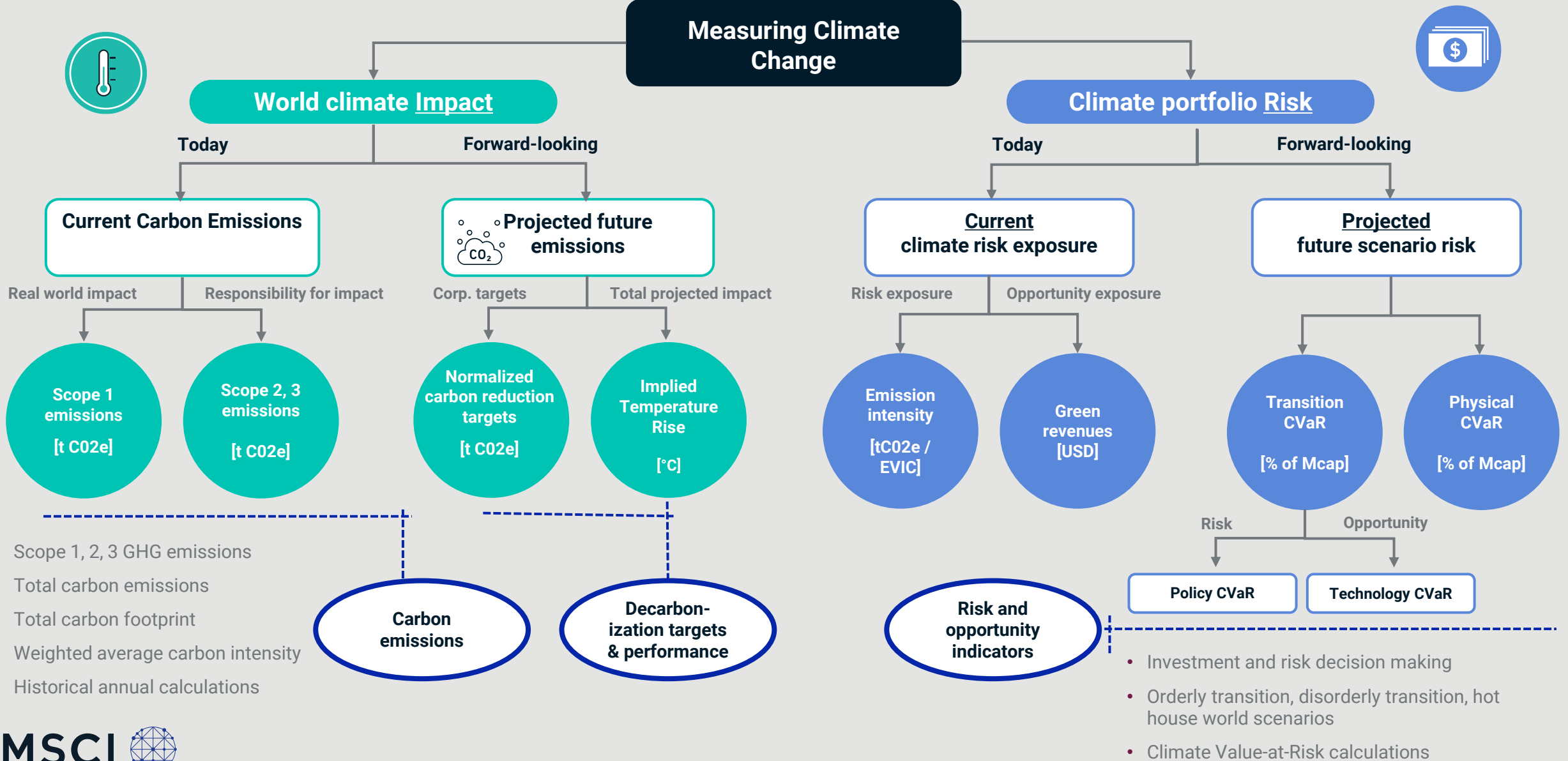
(2)

How can I go beyond issuer-level climate risk analysis?



Asset-level data

Measuring climate change across impact and risk



4. From climate reporting to integration



Integrating climate across the investment process

Engage & Advocate

- Promote climate leadership with clients and stakeholders
- Advocate for climate policy
- Develop systematic approach for engagement (MSCI target scorecard, CA100+, NZIF)

Scenario Analysis & Stress Testing

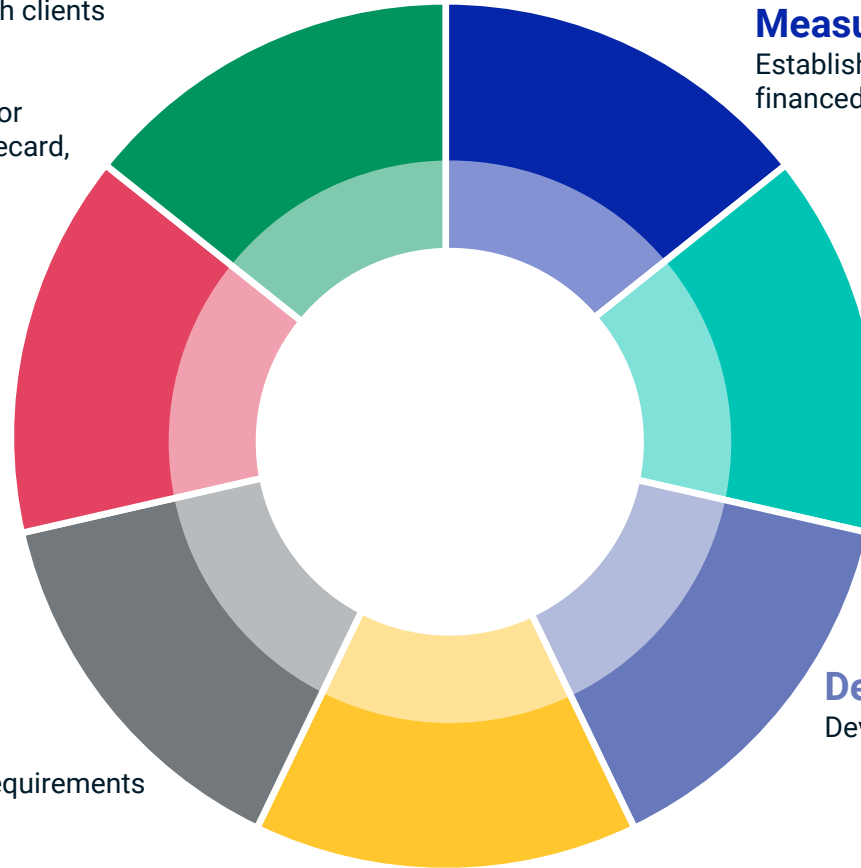
Evaluate forward looking company exposure for 1.5°C, 2°C and 3°C, 4°C & 5°C scenarios.

Report & Disclose

- Develop climate reporting KPIs
- Report on progress and actions
- Adhere to regulatory reporting requirements

Construct

Win climate-focused mandates and construct portfolios that advance client's climate strategies and benchmark performance



Measure

Establish emissions baseline by measuring financed scope 1, 2 & 3 emissions

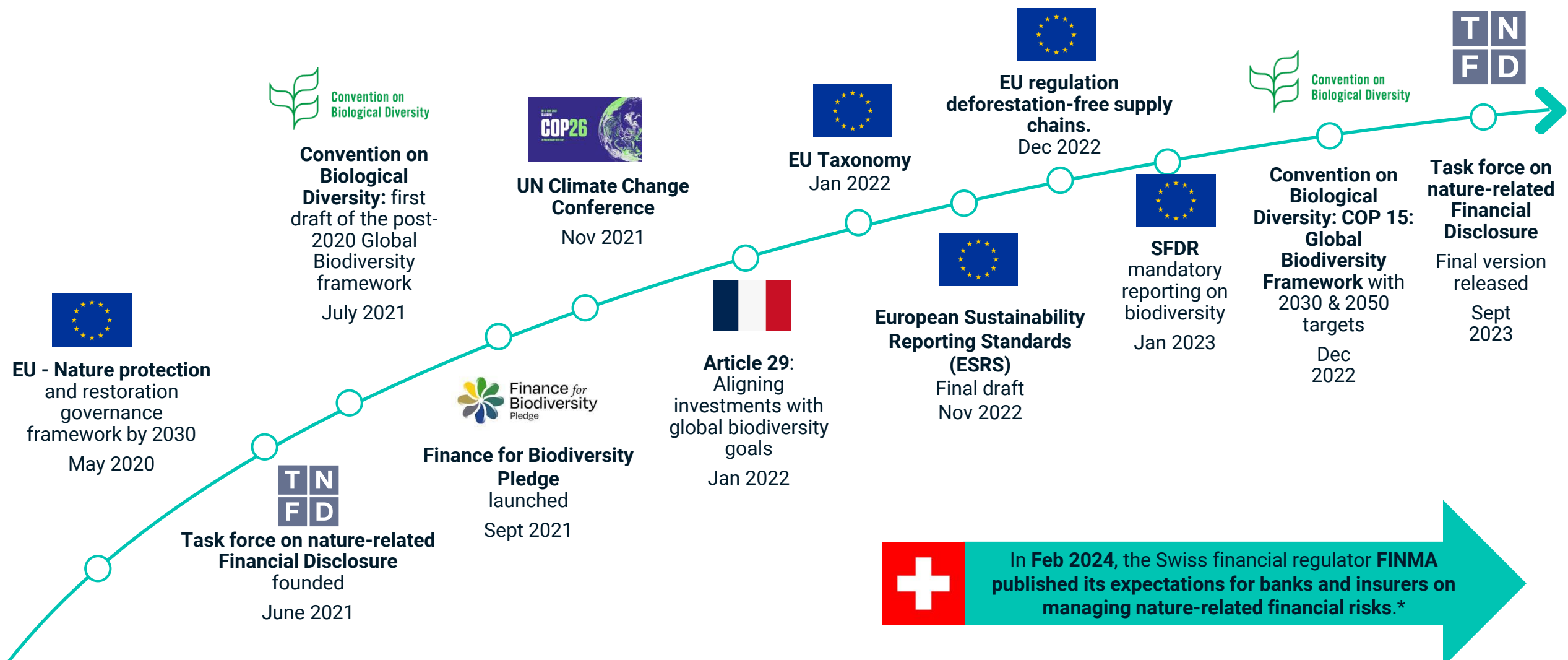
Set targets


Set climate targets across entire portfolio & identify exposure to transition and physical risks and opportunities

Develop

Develop climate-focused products

Growing Momentum: Regulations and initiatives on biodiversity



 In Feb 2024, the Swiss financial regulator **FINMA** published its expectations for banks and insurers on managing nature-related financial risks.*

5. Q&A



Reach out to us to learn more!



Matthew Geisler

*ESG and Climate Client Coverage
Executive Director*

Matthew.Geisler@msci.com



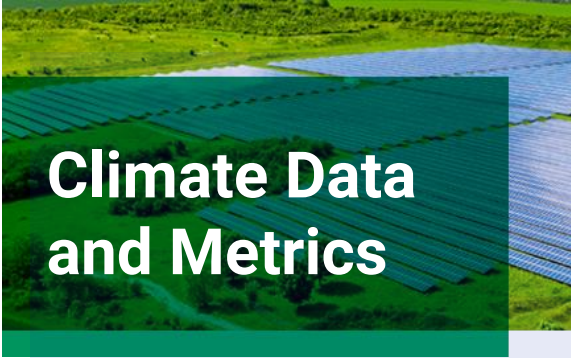
Leonid Potok

*Head ESG and Climate DACH Sales
Executive Director*

Leonid.Potok@msci.com

MSCI Climate and Net-Zero Solutions

A Toolkit for Transitioning Portfolios to Net-Zero

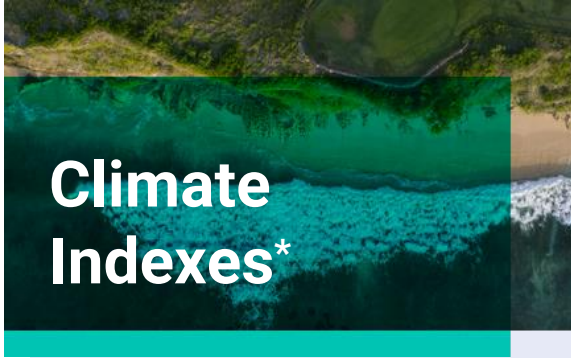


Climate Data and Metrics

Over 900 climate change metrics from MSCI ESG Research, including **Implied Temperature Rise**, the **Climate Targets and Commitments Dataset** and **Climate Value at-Risk**, together with datasets that encompass emissions across all scopes, fossil fuel exposure, clean technologies and more.

Leadership in ESG Ratings and Data

#1 ESG Data and Research Provider¹
2,400+ MSCI ESG Research Clients²
Globally with Coverage of **17,500+** Issuers and **750,000+** Securities



Climate Indexes*

MSCI Climate and Net-Zero indexes are based on our Climate Analytical Framework. The objective is to support investors seeking to make an efficient allocation of capital toward the most productive assets in the long term by offering relevant benchmarks.

Leadership in Climate Indexes

#1 Climate Index Provider by Equity Assets Linked to its Climate Indexes³
\$USD 579 billion are benchmarked to **MSCI ESG & Climate Equity Indexes**³



Climate Risk Analytics & Reporting*

MSCI Climate Lab Enterprise can help dynamically measure, monitor, and manage climate risks and opportunities enterprise wide.

Reporting from MSCI is designed to streamline climate risk management processes within existing workflows.

Leadership in Climate Data & Analytics

Climate Data Provider to 44 of the World's Top 50 Asset Managers⁴
900+ Climate Change Metrics, Covering **10,000+** Issuers⁵



Real Estate Climate Solutions

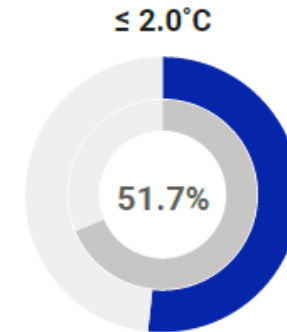
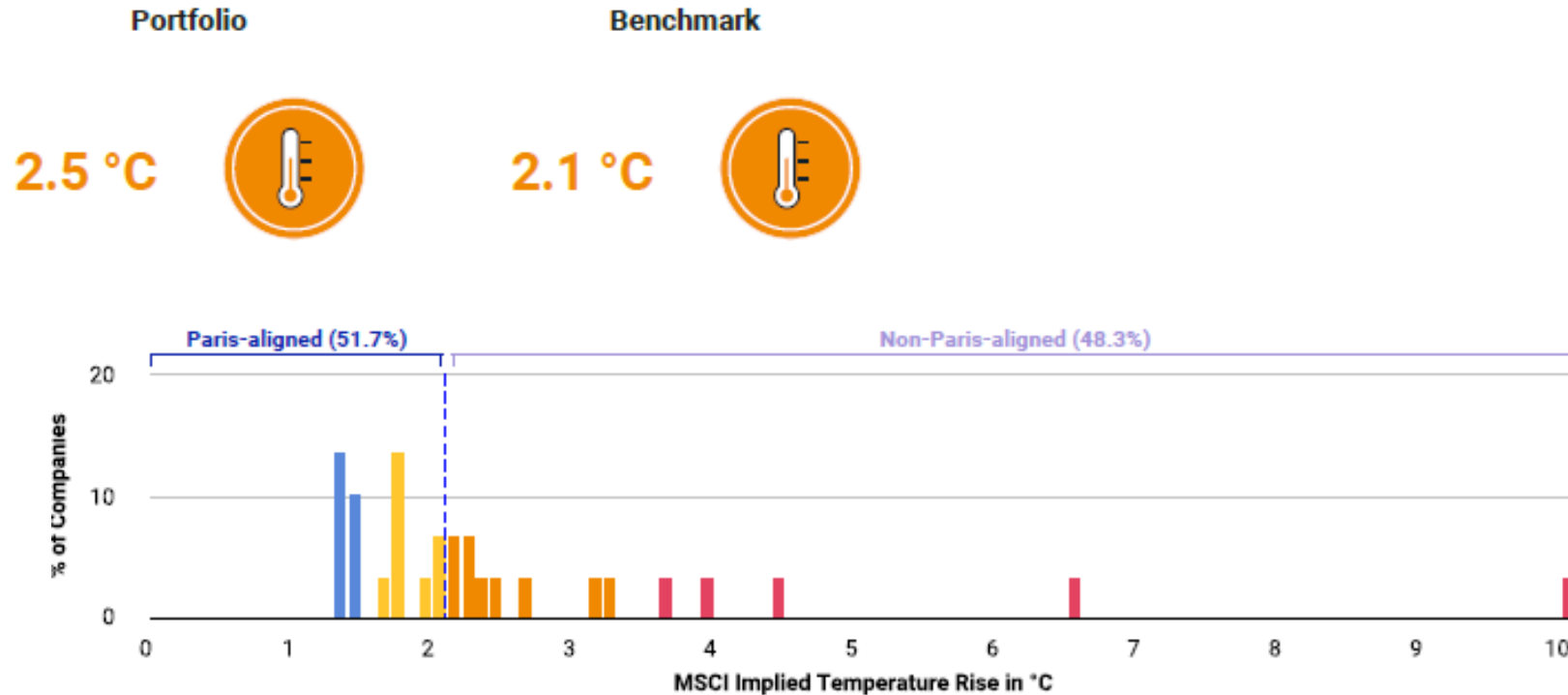
MSCI Real Estate offers a robust suite of tools to help real estate investors measure and manage portfolio exposure to climate risk, align with TCFD reporting and identify strategic goals – all on one platform.

Leadership in Real Estate

Global provider of Real Estate investment tools and indexes
Coverage of \$2TN of private real estate assets⁶ and **\$40T+** of capital transactions

Portfolio Analysis: MSCI Implied Temperature Rise

Construct



51.7% of companies within the portfolio (vs. 68.7% for the benchmark) align with the goal of limiting temperature increase to below 2°C.

Portfolio : Equity Portfolio Example
 Benchmark : MSCI ACWI IMI Europe

Implied Temperature Rise Categories		% of companies in category
1.5°C Aligned	<= 1.5°C	24.1%
2°C Aligned	> 1.5°C - 2 °C	27.6%
Misaligned	>2.0 - 3.2°C	31.0%
Strongly Misaligned	>3.2°C	17.2%

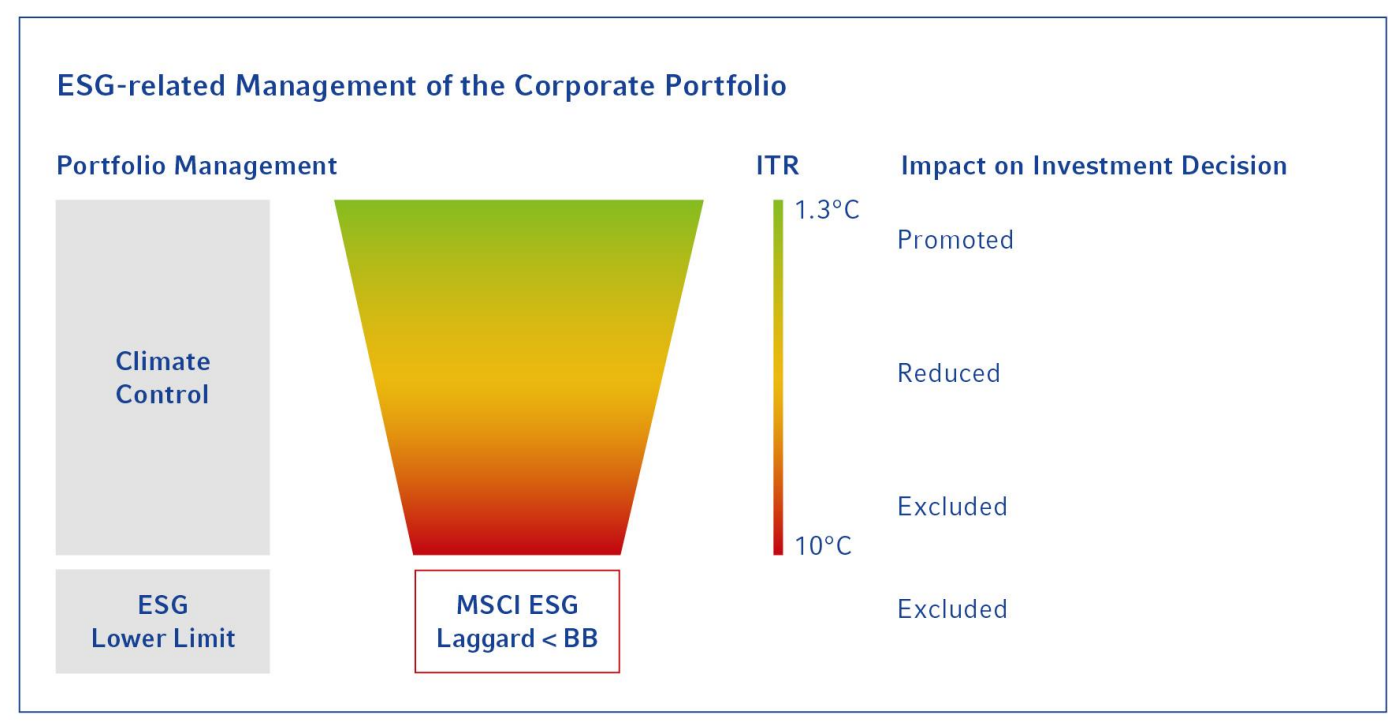


Calculation Date: January 24, 2024

Information Classification: GENERAL

Portfolio Managers taking into account the Implied Temperature Rise (ITR)

Construct



- The Implied Temperature Rise (ITR) is a key component in the consideration of transformation opportunities/risks
- Measures the alignment to Paris climate goals:
 - The overarching objective is the achievement of a climate-neutral investment portfolio by no later than 2045 to support the limitation of the temperature rise to 1.5°C.

MSCI ESG Research: Scenario Analysis / Temperature Alignment Coverage

	Coverage	Transition Risk	Technology Opportunity	Physical Risk	Implied Temperature Rise
Listed Equity & Corporate bonds	<ul style="list-style-type: none"> 12,500 entities directly covered 19,000 with inheritance 100% of ACWI IMI 95% of BBG Barclays Global Agg Corpor. 	✓	✓	✓	✓
Sovereign Bonds	<ul style="list-style-type: none"> +9,000 securities 46 markets 	✓			✓
Commercial Real Estate	<ul style="list-style-type: none"> 1 million private assets 	✓		✓	✓
Private Equity & Debt	<ul style="list-style-type: none"> Private companies: proxies forthcoming 7,000 private equity and private-debt funds (Private Capital Solution) ** Private Data Company Connect (PCDC) 	✓	✓	✓	✓



*As of January 2024

** Burgiss

✓ Available today

✓ Forthcoming 2024

MSCI  MSCI ESG RESEARCH LLC


The Climate Transition Is Increasingly About Opportunity

The cost competitiveness of green technologies adds to reasons for investors to act

May 2023



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MSCI  May 2023

Spotlight on unlisted assets

The MSCI Net-Zero Tracker



A periodic report on progress by the world's listed companies toward curbing climate risk



MSCI  RESEARCH INSIGHT

A Framework for Attributing Changes in Portfolio Carbon Footprint

May 2023



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Canada + 1 416 687 6270	Germany + 49 69 133 859 00	Hong Kong + 852 2844 9333
Brazil + 55 11 4040 7830	Switzerland + 41 22 817 9777	India + 91 22 6784 9160
Mexico + 52 81 1253 4020	United Kingdom + 44 20 7618 2222	Malaysia 1800818185 *
	Italy + 39 02 5849 0415	South Korea +82 70 4769 4231
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