**Executive Summary** 

PACTA Climate Test Switzerland 2024 Results of Stiftung Abendrot

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Corporate Switzerland and its financial market are dedicated to achieving net-zero carbon emissions by 2050 in order to fulfill its commitments under the Swiss Climate and Innovation law (link). The PACTA Climate Test 2024 offers consistent and comparable information about the Swiss financial market and the progress of individual participating financial institutions towards meeting these climate goals. Stiftung Abendrot - Pensionfund was invited to the test by the FOEN (link) and SIF with support of the associations, to have its financial portfolios examined voluntarily. The PACTA test combines a quantitative assessment of global listed equity and corporate bond portfolios as well as Swiss real estate and mortgage portfolios with a qualitative survey of climate strategies and actions.

. This executive summary is a condensed version of the individual results from your uploaded equity and corporate bond portfolio All\_portfolios as well as extracts from your survey results. Stiftung Abendrot receives one executive summary per portfolio. In the end of this executive summary you find some Climate indicators based on the Swiss Climate Scores (link). A detailed individual interactive report (per portfolio or grouped) can be viewed via personalized access on the Transition Monitor Platform in German, French, and partly English (link). Stiftung Abendrot decides on the publication of this individual results. In addition, several information out of these reports can be used for mandatory or recommended reporting requirements by Swiss law, the federal council and associations.

**A** meta-report with anonymized and aggregated data for Switzerland from all participants, together with sector reports, is published on the FOEN website (link). 121 financial institutions participated in 2024 in the listed equity and corporate bond module, indicating the peer group they belong to, such as pension funds, insurances, banks, and asset managers.

### Measuring climate alignment

In the view of PACTA and FOEN, there are three main components that are useful to measure alignment with climate goals which are shown below. The icons are used throughout this document to indicate the category for each chart.



**Exposure:** Provides insights in how exposed your portfolio is to climate-relevant sectors, incl. buildings.



**Trajectory alignment:** Measures alignment of invested companies production plans or buildings refurbishment plans with climate scenarios and thereby allocates responsibility and risk to each

company and building.



**Engagement & other qualitative indicators:** Complementary analysis with information on climate actions that can have real-world climate impact.

# Equity & bonds module overview



The analysis of the listed equity and corporate bond portfolios covers 8 climate-relevant sectors. For these sectors, the exposure as well as the alignment with a pathway to limit global warming well below 2°C (Paris Agreement) has been analyzed. The trajectory alignment measurement was done using the PACTA method. PACTA compares forward-looking production plans of all invested companies in the PACTA sectors on a technology level to the targets from climate scenarios. For more information on the PACTA methodology, please refer to the PACTA Knowledge Hub (link).



\* Coal, oil & gas, power, automotive, cement, steel and aviation.

# Equity & Bonds Results

# Current state (PACTA sectors)

### Exposure\* to climate-relevant sectors & technologies as % of AUM

The chart provides information on the exposure to companies with physical assets in the parts of the value chain covered by PACTA. Fossil fuels (extraction) is shown aggregated as well as disaggregated for peer- and index-comparison.



\* Exposure to companies with main activity in PACTA sectors

\*\* Low-carbon technologies: renewables and hydro for power and electric for automotive. High-carbon technologies: oil, gas and coal for power, hybrid, ICE for automotive.

# Current & future state (power sector)



### Current exposure vs. future alignment for Power sector

The chart below shows the current low-carbon exposure and the forward-looking climate scenario alignment in the power sector for you and your peers. The current exposure to low-carbon technologies in the power sector increases right-wards, while the alignment improves upwards. A significant increase in renewable energy capacity will be required to achieve a  $1.5^{\circ}$ C climate scenario, so even companies with a high current share of low-carbon technologies will need to build new capacity in order to be aligned in the future. A current high low-carbon share and a low future alignment would therefore indicate a lack of planned renewables investment.



# Future (Other PACTA sectors)



#### PACTA Aggregated Climate Alignment Score

The aggregated score compares the alignment of all assets until 2028 to the WEO 2023 Scenario. The score is calculated both on aggregate portfolio level (see also Climate Scores) and per PACTA sector.<sup>a</sup>



<sup>a</sup>WEO 2023 was chosen since it provided data coverage for all PACTA sectors. More information about how WEO 2023 compares with GECO 2021 is provided in the comments section at the end of this executive summary.

### Transition

### Scenario alignment per technology

While the previous section provided insights on the current exposure to the different PACTA sectors as well as an overview of the alignment on an aggregated level and sector level, this section provides complementary insights into alignment with the WEO 2023 scenario on a technology level for the PACTA sectors with technology roadmaps. The charts below indicate with which scenario the technologies in your portfolio are aligned, in comparison to your peers. The position of each square within the color strips defines the scenario with which your portfolio and your peers portfolios are aligned in 5 years from now. The size of the squares indicates the exposure as % of AUM. To learn more about how the alignment of your portfolio evolves over the next five years per technology, you can find the respective trajectory charts in the interactive report. There you will also find additional information on company-level.

**Bonds** 



\* Renewables: include solar and wind power, exclude hydro and nuclear

\*\* Automotive: includes light-duty vehicles (LDV)

# **Climate Action Survey**

No Climate Action Survey data found

# Annex (I): additional chart explanation - Equity & Corporate Bonds Results

Exposure to climate-relevant sectors & technologies as % of AUM



The bar chart on the left shows the portfolio's exposure to each of the eight PACTA sectors as a percentage of assets under management. The bars are arranged by the amount of exposure in descending order. In addition, a breakdown of technologies (low-carbon, carbon-intensive, unspecified) is provided for those sectors for which such a breakdown is defined. The graph on the right shows the exposure to the fossil fuel extraction sector as a breakdown between the different fossil fuels coal, oil and gas. In addition, a comparison with peers (pension funds, insurance companies, banks or asset managers) as well as with MSCI World Index can be seen.





This chart shows current low-carbon technology exposure (percentage of sectoral exposure, x-axis) plotted against the sectorlevel alignment metric (alignment score, y-axis). Colored dots represent different entities (portfolio, average of all participants, average of peers). It investigates the relation between the two values as well as provides context for the alignment score. Ideally, an insitution would like to be positioned in the upper right corner (high exposure to low-carbon and high alignment). The bottom left corner is the least desired position (low exposure to low-carbon and low alignment).

# Annex (I): additional chart explanation - Equity & Corporate Bonds Results

### Aggregated alignment scores



This chart displays the alignment scores both on the aggregate level (left-most bar) and on sector level. The bigger, dark-blue triangle indicates the score obtained by this portfolio and the smaller grey triangle indicates the average peer result. The horizontal line delineates the scores aligned with the  $1.8^{\circ}$ C pathway (or higher) from those that are not aligned. The  $1.8^{\circ}$ C pathway matches with the target in the Paris Agreement of limiting global warming to well below 2°C. The scores indicate the scenario with which the production plans of the invested companies align. Please refer to the two visualizations below for more information.

### Scenario choice and grading

This table shows the technical specifications in regard to the scenarios to define the score. For each score, one can see the requirements in regard to each scenario in the same row.

| Score | WEO NZE (1.5° C)              | WEO APS (1.8° C)              | WEO STEPS (2.4° C)   |
|-------|-------------------------------|-------------------------------|----------------------|
| A+    | A+ ≥ WEO NZE 1.5° C + 15%     |                               |                      |
| А     | $A \ge WEO NZE 1.5^{\circ} C$ |                               |                      |
| В     | B < WEO NZE 1.5° C            | B ≥ WEO APS 1.8° C + 15%      |                      |
| С     |                               | $C \ge WEO APS 1.8^{\circ} C$ |                      |
| D     |                               | D < WEO APS 1.8° C            | D ≥WEO STEPS 2.4° C  |
| E     |                               |                               | E < WEO STEPS 2.4° C |

### Example of production plans for a green technology according to the scores.

The chart below visualizes the specifications of the aggregated alignment score for an examplary production plan of a green technology. To derive the aggregated score, the sector-level scores are aggregated to one score.



# Annex (II): additional chart explanation - Climate Action Survey

### Example dart chart: user employing best practices



This is an example dart chart for a user who employs best practices within the area the chart concerns (see the title, in this case exclusion policies within the oil sector). All the circles are filled with color from light to dark and all the labels are positive statemens. It means that the user applies all strategies and/or measures that are considered important or impactful within the area of concern, starting from the least effective (but important nevertheless), outer ring, to the most effective, inner circle.

### Example dart chart: user employing some good practices but not all



This an example dart chart for a user who employs some good practices within the area the chart concerns (see the chart title, here 'Concrete climate measures within listed equity and corporate bonds') but not all. In this case user applies the measure considered to have a medium impact/importance which is having a sector based approach for a transion plan, but does not apply the other practices (concrete interim targets, and measures planned for achieving the interim targets). The middle ring is filled with color and has a label with a positive statement while the outer ring and inner circle are white and have labels with negative statements (starting with the word 'No'). In this case, user is on a good path but there are some areas of improvement. Especially the middle circle is important one to consider.

### Example dart chart: user does not employ best practices



This example dart chart would appear for a user who does not apply any of the best practices within the area the chart concerns (see the chart title, here 'Concrete climate measures within listed equity and corporate bonds'). All layers (rings and circles) are white and their labels are negative statements (they start with the word 'No'). In this case there is a room for improvement towards best practice (dart plot which is fully filled) within the area the chart is concerning and the chart can help to decide what should be the next steps relevant to the user's institution to support the alignment of financial flows with the net-zero goal by 2050.

# Annex (II): additional chart explanation - Climate Action Survey

### Example dart chart: user and peer information



This is an example of a dart chart containing peer information together with the user result. On the left we see the user result which could be any of the variants of the dart chart discussed above. In this case the user employs best practices within the area of the chart (Exercising shareholder voting rights). On the right we see the percentage number of other users within this user's peer group who apply best practice (all layers filled in just like in the small icon beside and user's chart in this case).

For more exmplanation on the best practices shown in the dart charts please refer to the survey section ('Qualitative survey results for your institution') in your interactive report.

# Which are the PACTA sectors?

The PACTA analysis covers 8 climate-relevant sectors: coal, oil & gas, power, automotive, cement, steel, and aviation. Usually, 5-15% of FIs portfolios are invested in these sectors. Even though the financial exposure can seem small, the investments still, on average, account for a much larger share of portfolio emissions. Please see the graphs of a sample portfolio below:



## Which asset classes does PACTA cover?

The PACTA methodology covers listed equity and corporate bonds. In cooperation with Fahrländer Partner AG, the PACTA Test Switzerland 2024 also includes Swiss real estate and mortgages.

### How can I use my results for disclosure?

To what extent you use your results is up to you. However, the results are suitable for a variety of reporting opportunities, such as:

- Internal reporting and communication
- Reporting in the environment of the participating financial institution (clients, insured parties etc.)
- External disclosure: Implementing the federal councils recommendations (link) to use comparable and meaningful climate compatibility indicators to help create transparency in all financial products and client portfolios incl. indicators following the Swiss Climate Scores (link).
- Details on how to use the results for reporting according to TCFD, the EU SFDR or EU Taxonomy can be found in the following report "The Disclosure Puzzle the role of PACTA" (link).
- Details on how to use PACTA results in light of the NZAOA target setting protocol, can be found in the following guide (link).

### Where can I find the full results of this test (interactive report)?

This Executive Summary serves as a supplement to the comprehensive and interactive presentation of your results in the so-called interactive report. You can view this on the Transition Monitor Platform under "Results" after logging in with your password (link).

### Where can I learn more about the PACTA Methodology?

If you want to learn more about the open-source methodology behind PACTA, you can do so on our "PACTA Knowledge Hub" (link).

### **Climate Score Indicators**

The following three pages of the Climate Scores complement the PACTA Executive Summary by showing automatically generated results on portfolio-level, based on the Swiss Climate Scores published on 29.06.2022, which is the version that FIs should consider for their 2024 voluntary publication. RMI decided to provide some of the upgrades included in the Swiss Climate Scores last version, published on 08.12.2023 (link) such as the new methodology to be applied in the verified commitments to Net Zero and the inclusion of Hydro exposure in the Exposure to Fossil Fuel Activities and Renewable power, based on the PACTA methodology. Please note that not all information required by Swiss Climate Scores is submitted by the users during the PACTA exercise; there are some deviations that are noted on the explanation page. Additionally, Indicators of exposure to fossil fuels and the Global Warming Alignment are based on the PACTA methodology and sectors. More information on the methodology and the implementation can be found on the comments section.

### **CURRENT STATE**

### **Carbon Footprint**

All sources of carbon emissions from invested companies (scope 1-3) are included in the estimation.



#### Benchmark:

| Listed Equity | Corporate Bonds          |
|---------------|--------------------------|
| MSCI World    | iShares Global Corp Bond |
|               | UCITS ETF                |

Portfolio assets covered by assessment: 80~%

### TRANSITION TO NET ZERO

### PACTA Aggregated Climate Alignment Score



Portfolio emissions covered by assessment: **9 %** Portfolio assets covered by assessment: **2 %** Climate scenario used: **WEO 2023**  **Exposure to fossil fuels and renewable power, based on PACTA methodology** There is a scientific consensus on the need to phase-out coal, stop financing new fossil fuel projects, and to increase renewable and hydro power capacity. Below figure shows the financial exposure (as AUM in %) of this portfolio to technologies in the industries coal mining, oil and gas upstream, fossil fuel power production, and renewable and hydro power production. The PACTA exposure is based on production capacities and not on revenues.



This score represents the estimated aggregate alignment of the PACTA sectors in the portfolio with respect to the WEO 2023 scenarios. Please bear in mind that the interpretation of this score should be accompanied by an analysis of the underlying results and investment strategy used in each one of the analysed sectors, given the assumptions that an aggregated metric is based on. Some portfolios with climate objectives may intentionally include investments in companies that are not yet on track to achieve 1.5°C alignment, seeking instead to contribute actively to climate goals by improving the alignment of investee companies to bring a larger share of the economy into alignment over time. The combined set of indicators above and their display are considered by the Swiss government to represent the current best-practice in providing science-based transparency on the alignment of portfolio assets with global climate goals.

### Verified Commitments to Net-Zero

Companies are increasingly making voluntary commitments to transition to net-zero and set interim targets. The effectiveness of such commitments depends on whether interim targets are credible, science-based, and transparent. The following information is based on information from SBTi (link).

- Proportion of portfolio subject to public commitments to net zero and verified credible interim targets: 22 % (Peers average: 17 %)
- Share of companies in portfolio with verified commitments to net-zero and credible interim targets (as provided in the 2022 Swiss scorecard): 13 % (Peers average: 2 %)

### Management to Net-Zero

Financial institutions can align their investment strategy with a consistent  $1.5^{\circ}$ C decarbonisation pathway.

- Does the institution have concrete interim targets available for achieving net-zero target by 2050, for example for 2030?
  - For self-managed assets in the investment business, in particular listed equity and corporate bonds: Unknown (Peers: Unknown)
  - As requirements for external/mandated investments/investment funds, in particular for listed eq-

uity and corporate bonds: Unknown (Peers: Unknown)

• Is the portfolio part of a third-party verified commitment to net-zero by the financial institution, including credible interim targets? **Unknown (Peers: Unknown)** 

### Credible Climate Stewardship

Financial institutions can contribute to the transition to netzero, notably by utilising their shareholder voting rights at general meetings of investee companies and bringing climate resolutions into being, as well as by engaging with invested companies on third-party verified, science-based net-zero aligned transition plans until 2050.

- Are companies in the portfolio subject to credible stewardship on climate transition? Unknown (Peers: Unknown)
  - Proportion of the financial institution's listed investments currently under active climate engagement: Unknown (Peers average: Unknown)
  - Share of votes, over the last year, on climate resolutions voted in a manner consistent with the ambition of reaching net zero by 2050 at a financial institution level: Unknown (Peers average: Unknown)
- Is the financial institution member of a climate engagement initiative? Unknown (Peers: Unknown)

### Climate Score Indicators

### **PACTA Executive Summary 2024**

# MINIMUM CRITERIA FOR THE SWISS CLIMATE SCORES AND IMPLEMENTATION IN THE COORDINATEED PACTA CLIMATE TEST

### **Carbon Footprint**

The Carbon footprint indicator includes the carbon footprint ( $CO_2e/CHF$  M invested) but not the carbon intensity (emissions per revenue) as in the Swiss Scores proposal. Hard requirements are met.

Hard Requirements:

- Inclusion of scope 1, 2, and relevant scope 3.
- Inclusion of scope 3 emissions must at a minimum be aligned to the schedule described in the EU benchmark regulation 2019/2089.

#### Exposure to fossil fuels and renewable energy

Exposure score in this Executive Summary: varies from the requirements in the Swiss proposal (see below).

The exposure score in this document deviates from the Swiss Scores proposal. While the Swiss Scores proposal measure the share of companies with fossil fuel activities, the PACTA exposure indicator measures the financial exposure as AUM in % of this portfolio to the respective technologies. The PACTA exposure is not based on revenue data, but on asset-based company-level data representing real-world physical activities. These activities are then attributed to financial securities and afterwards allocated to the portfolio. The portfolio allocation is done with the Portfolio Weight Approach (PA) that calculates the portfolio's technology exposures based on the weighting of each position within the portfolio.

Specifications:

- The indicator shows the financial exposure to each technology based on each company's main sector technology split.
- The indicator is based on physical asset data instead of revenue data.
- The indicator only shows exposure to the core sector of a company (in this case: coal, oil & gas, power production); i.e., Apple's power assets are not included as Apple's core business is not power.
- Thereby, the indicator can show how exposed a portfolio is to different technologies within the same sector (e.g. fossil fuel-based power production vs. renewable power production).
- The emission scope of activities differ between the sectors and include "mining" for coal, "upstream" for oil and gas, "production" for power. For more information, please refer to the documentation on the aggregated score on the next page.

To foster the transition, investments in climate solutions are key and can not be captured by  $CO_2$ -Emission based metrics. Therefore, the exposure chart also includes exposure to renewable energy. In this section of the executive summary, this metric reflects exposure to renewables reflects exposure to hydro energy, biomass, solar PV, wind onshore, biogas, wind offshore, geothermal, solar CSP, solar CPV, and ocean.

#### Hard requirements for Swiss Scores:

For 'Coal' and 'Other fossil fuels' indicators:

- The threshold of 5% of revenues (PAI4 under EU SFDR regulation 2019/2088) applies both to activities directly linked with the exploration and production of fossil fuels and, if data is readily available, activities financing such production (for coal, according to the global coal exit list or similar).
- The scope of activities includes the whole value chain, ranging from exploration, mining, extraction, production, processing, storage, refining and distribution, including transportation, storage and trade (in line with EU SFDR regulation 2019/2088).

### Verified Commitments to Net-Zero

Minimum requirements are met, and RMI is also providing the previous version of the metric for the benefit of financial institutions, allowing for a useful basis of comparison.

Minimum criteria and explanations for implementation:

• Companies must have publicly communicated a pledge to reach net-zero until 2050, or be legally mandated to do so, and have near-term targets be certified by an external provider, such as: Science Based Targets initiative (SBTi).

#### Management to Net-Zero

The information for this indicator deviates from the hard requirements for Swiss Climate Scores (see below).

The original question, "Does the investment strategy include a goal to reduce the greenhouse gas emissions of its underlying investments through concrete short (1-3 years) or mid-term (5 years) targets? **NO/YES**" was restated as "Does the institution

have concrete interim targets available for achieving net zero target by 2050, for example 2030?" This change aims to better capture the question included in the qualitative survey.

The responses that were taken into consideration for each question are presented below:

- Does the institution have concrete interim targets available for achieving net zero target by 2050, for example for 2030?
   Implementation: The results of this section reflect the answers provided by financial institutions in section 3 of the qualitative survey.
- Is the portfolio part of a third-party verified commitment to net-zero by the financial institution, including credible interim targets?
  - Implementation: "Yes" means that the user indicated in the qualitative survey that its organization is publicly committed to it as a member of an independent initiative in guestion 1, section 3 of the qualitative survey.

#### Hard requirements for Swiss Scores:

- To include portfolios as being part of a third-party verified commitment to net-zero, they must be part of the publicly communicated net-zero targets under one of the sector-specific alliances of the Glasgow Financial Alliance for Net-Zero (GFANZ).
- If the claim is made that the investment strategy includes a goal to reduce the portfolio's greenhouse gas emissions, or those of its underlying investments, included scope 3 emissions must at a minimum be aligned to the schedule described in the EU benchmark regulation 2019/2089.

#### **Credible Climate Stewardship**

#### Implementation: deviates from hard requirements for Swiss Climate Scores (see below).

The results provided in this section are based on the users' responses to the questions asked in the qualitative survey, therefore deviates from hard requirements for Swiss Climate Scores (see below). Financial institutions should verify if they meet hard requirements as presented in the Swiss Climate Scores.

The responses that were taken into consideration for each question are presented below:

- Are companies in the portfolio subject to credible stewardship on climate transition?
  - Implementation: "Yes" means that the user indicated in the qualitative survey, that its organization carry out engagement or that it exercises voting rights directly or outsourcing all or part of any of these options.
- Share of portfolio currently under active engagement:
  - Implementation: Value indicated in the qualitative survey by the user.
- Proportion of votes on climate resolutions during the last year compatible with a 2050 net-zero target.
- Implementation: Value indicated in the qualitative survey by the user.
- Is the financial institution member of a climate initiative?
  - Implementation: "Yes" indicates that the user answered "Yes" to the first two options in section 6 of the qualitative questionnaire: "Yes, member of a non-commercial, collaborative engagement initiative" and/or "Yes, we award a climate engagement contract to commercial providers".

#### Hard requirements for Swiss Score:

- Votes/proxy votes should be consistent with the ambition of reaching net-zero by 2050.
- Any linked climate engagement strategy should be consistent with the ambition of reaching net-zero by 2050. An example for a climate engagement initiative is Climate Action 100+.
- The escalation procedure is clearly defined and made transparent.

#### PACTA Aggregated Climate Alignment Score

#### Implementation:

- PACTA measures alignment of firms' 5-year forward-looking production plans with the WEO 2023 scenario;
- Sectoral score, aggregated to one score;
- Most climate relevant sectors including contributions;
- Use cases:
  - Financial institutions can communicate internally and externally about climate performance easily and understandably.
  - Investors can understand portfolio priorities and get insights into potential long-term transition risks.
  - Supervisors will be able to understand the FI's position relative to its peers regarding climate change.

#### Hard requirements:

- Be guided by the goal to achieve net-zero emissions by 2050, consistent with the 1.5°C warming limit of the Paris Agreement and in line with the latest IPCC findings.
- Comply with the technical considerations of the TCFD 2021 PAT report "Measuring Portfolio Alignment technical considerations". In particular, comply with:
  - Select a 1.5°C scenario that complies, at a minimum, with the scenario selection criteria set out by the Science Based Targets initiative (SBTi) in their document "Foundations of Science-Based Target Setting" (consideration 7).

- Prioritize granular benchmarks where they meaningfully capture material differences in decarbonization feasibility across industries or regions (Consideration 8).
- Include Scope 3 emissions for the sectors for which they are most material and for which benchmarks can be easily extracted from existing scenarios (fossil fuels, mining, automotive) (Consideration 11).
- Addition: Note that the PACTA methodology is not based on emissions but on production plans of companies. The
  production-based analysis however proxies for the following scopes:
  - \* Scope 1 and 2 for steel production
  - \* Scope 3 for fossil fuel extraction, automotive manufacturing
  - \* Scope 1 for power production, and aviation
- Allow the Swiss government to disclose aggregate implied temperature scores based on your methodology on the following indices, to compare them with other providers: SMI, MSCI World, MSCI World Materials, MSCI World Industrials, MSCI World Utilities, MSCI World Real Estate.

### Important, but not hard requirements:

Benchmark used:

- At a minimum, a sub-industry level approach based on external, replicable, scientific sources to benchmarking should be used for high-emitting sectors, with companies allocated a 'fair share' of the global carbon budget based on their mix of activities.
- Climate solutions, especially for the electricity sector should also be covered and compared with the respective scenario, as the scale up of renewable power is a key factor to transition according to the IEA.

Company long-term targets, near-term action and data sources:

- Include near-term CapEx plans.
- Use third-party validated data on asset-level base where possible. Be as transparent as possible on data sources.
- Do not allow for avoided emissions data at corporate level, given the lack of standards around corporate level avoided emissions reporting and the technical challenges and issues related to such calculation. Account instead for climate solutions, at minimum for renewable power.
- Requirements not met:
  - Assess the credibility of companies' emission reduction plans and take into account whether they are externally validated (such as by SBTi) to be science-based, in line with the goal of achieving net zero by 2050.
  - Validate, if the long-term commitments match with the short term action.
  - Inclusion of scope 3 emissions must at a minimum be aligned to the schedule described in the EU benchmark regulation 2019/2089.

To calculate portfolio alignment:

- Addition: The PACTA Aggregated Climate Alignment Score is not an Implied Temperature Rise (ITR) score. Therefore, PACTA cannot provide a confidence level for the score itself. Instead, confidence scenarios for the selected scenarios exist and are:
  - 50% probability to not exceed 1.4°C warming in 2100 for the Net Zero by 2050 scenario (WEO 2023)
  - 50% probability to not exceed 1.7°C warming in 2100 for the Announced Pledges scenario (WEO 2023)
  - 50% probability to not exceed 2.4°C warming in 2100 for the Baseline scenario (WEO 2023)

For the Swiss Climate Test 2022, RMI used the GECO 2021 scenario to generate the PACTA Aggregated Climate Alignment Score. For the 2024 assessment, RMI is using the WEO 2023 scenario, given its larger sector coverage compared to the GECO scenario. It's worth noting that both sets of scenarios encompass three scenarios with different ambitions. One 1.5°C scenario, one scenario that incorporates announced ambitions, including countries' NDCs, and one baseline scenario. Additionally, the IEA scenarios demonstrate more ambitious goals in specific technologies, as outlined below:

- The NZE from the IEA expects a faster transition towards electrification than the GECO 1.5.
- Oil and Gas are expected to decrease faster in the APS and NZE scenario compared to GECO expectations.
- Renewable energies are also expected to increase two times faster in the STEPS scenario compared to the Baseline GECO2021.

#### Requirements not met as Aggregate Score is no ITR:

- Implied temperature scores should be calculated using a confidence level of 66%, rather than 50%.
- Calculate warming scores on a cumulative-emissions basis until 2050, in order to accommodate appropriately the physical relationship between cumulative emissions and warming outcomes.