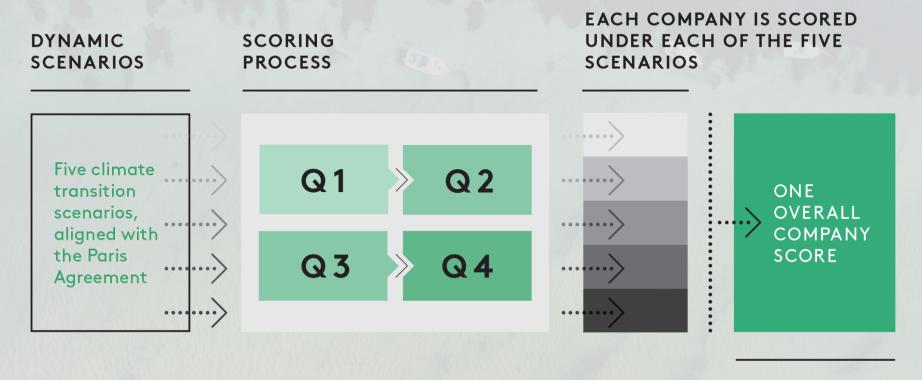
# Methodology Overview



Source: ClimateWorks Australia and ISS ESG. For illustrative purpose only

- RANKED AND FILTERED FOR INDEX INCLUSION
- Using a unique scoring process designed by ClimateWorks Australia and ISS ESG, each company is scored under each of the five scenarios. The overall score of a company is then calculated using a weighted average of the 5 company scores under each scenario.
- Every 6 months, the company data will be updated and new scores will be calculated, ensuring reactivity to any company's business model change, whether harmful or supportive of the climate transition.
- The scenarios are dynamic: every 2 years, the scenario data will be updated with new research data on potential technology, social and policy disruptions.

## **Scoring Process**

## **Multi-Factoral Scoring:**

- **Products & Services vs Operations**: we differentiate between the company's activities (which products are manufactured or which services are offered) and the way the company operates in manufacturing those products or offering those services.
- Current exposure vs Mitigation approach: we differentiate between the current activities and carbon emissions of the company and what the company intends to do in the future.

#### **CURRENT EXPOSURE**

# PRODUCTS & SERVICES

what they do

## QUADRANT 1

What is the current exposure of the company's products and services to a low-carbon scenario?

### QUADRANT 3

What is the company's climate exposure based on their current operational emissions?

#### MITIGATION APPROACH

## QUADRANT 2

Is the company committed to reducing exposure to market transition risks and to developing green opportunities?

## QUADRANT 4

Is the company committed to reducing their operational emissions?

**OPERATIONS** 

how they do it

Source: ClimateWorks Australia and ISS ESG

# **Scoring Process**

## **Robust Company Data:**

Using publicly available information, company assessments are made via:

## **Quantitative Analysis**

To determine the extent to which companies are:

- involved in business activities that may be deemed high risk or high opportunity in the context of a long-term ESG investment strategy
- currently exposed to carbon price risks or reputation risks

## **Qualitative Analysis**

To determine the extent to which companies are:

- managing material risks relating to business activities and transitioning to sustainable activities
- preparing for and capitalizing on opportunities to minimise impacts from operations