

## **UniNe – Ethics in Finance Award 2024, winner: Ethos Foundation - Laudatio**

It is for its Climate Transition Ratings Methodology, that the Geneva- and Zurich-based Ethos Foundation, which is a Certified B Corporation and a PRI Signatory, wins this year's Ethics in Finance Award of the University of Neuchâtel. The Jury is unanimous, congratulations!

The Ethos Foundation is well-known for its consistent efforts to bring the investment industry to a higher level. After all, it was created by institutional investors with the sole purpose of ensuring that sustainability is reliably considered in their investment decisions.

Climate change is one of the greatest challenges facing humanity in this day and age. We must reduce CO<sub>2</sub>-emissions to avoid global warming above 1.5°C within only 75 years from today, which would otherwise lead to catastrophic consequences. Interestingly enough, in the multitude of measurement tools developed and under development, there is currently no internationally recognized standard for measuring a company's temperature alignment, nor is there any forward-looking one. This is what the Ethos Foundation fixes.

The Ethos climate transition ratings methodology is forward-looking and enables institutional investors to assess the extent to which a company contributes to climate change. It measures a company's credibility, and how that company is affected by the climate crisis. Considering this dual materiality faced by companies, the Ethos climate transition ratings therefore consist of two key components: the Temperature Score and the Climate Risk Rating. Last but not least, the methodology was reviewed by an external committee of academics from the University of Lausanne and the Swiss Federal Institute of Technology Lausanne. I'm sure, Vincent Kaufmann and his team will provide more details later.

What the Jury particularly appreciates is that this highly relevant and timely methodology addresses a strong need, and speaks to moral values such as supporting intergenerational justice and societal aspirations, as applied to finance. The focus on creating concrete points of measurement has the potential for positive replication throughout the investment industry, which could lead to increased transparency and increased integrity of reporting, on a large scale.

As such and without hesitation, the Ethos Climate Transition Ratings Methodology is an exemplary practice that deserves attention and a wide following, in Switzerland, Liechtenstein and beyond. Indeed, the Jury invites Swiss and Liechtenstein financial market participants to take note of this remarkable innovation and wishes the Ethos Foundation continued success with rolling out this unique and so badly needed toolkit.

Neuchâtel, 29 May 2024

