

6 March 2023

# FAQ on climate

## **How is UBS working towards its net-zero commitment?**

- We continue to work towards our net-zero-by-2050 commitment, both for our business and operational activities.
- Through our sustainability reporting, we're transparent about the implementation of our commitment. Group-wide, we regularly assess our progress, implementation and key developments to ensure our continued diligence for the journey ahead.

## **What's UBS doing about its own environmental footprint?**

We continue to work on advancing the transparency and accountability of our firm's environmental management.

We offset all our CO<sub>2</sub> emissions from business travel and our broader targets for the future are ambitious:

- We target net zero direct (scope 1) and energy indirect (scope 2) emissions by 2025—by replacing owned fossil fuel heating systems and maintaining the purchase and production of 100% renewable electricity. Moreover, we commit to identifying and investing in credible carbon removal projects (including negative emissions technology), to support innovation.
- We're working towards offsetting our historical emissions back to 2000. This will be based on transparent carbon offsets and investments in nature-based solutions.
- We'll continue to reduce our absolute greenhouse-gas footprint and aim to cut our own energy consumption by 15%, from 2020 levels, by 2025.

## **How does UBS address alignment with the Paris Agreement?**

- We support the goals of the Paris Agreement. We follow a dedicated climate roadmap, with a clear focus on net zero. Our key implementation steps are set out in a climate action plan, which considers how our own operations and business activities can contribute to the reduction of carbon emissions in the real economy.
- We seek to support clients in their management of carbon-related risks and to help them capitalize on opportunities embedded within the transition to a low-carbon economy. In recognizing that an orderly transition to a low-carbon economy requires both meeting growing energy demand and reducing carbon emissions, we seek to support clients who are diversifying their energy mix and reducing their dependency on fossil fuels.
- In terms of our net-zero commitment, we're founding signatories of both the Net Zero Asset Managers initiative and the Net-Zero Banking Alliance.
- We use International Energy Agency (IEA) 2021 Net Zero by 2050 data, available on the IEA's website, for the benchmark scenario that supports our net-zero ambition. This scenario is one of the most recent and broadly accepted 1.5°C models available.
- We support our clients' efforts to assess, manage and protect themselves from climate-related risks by offering innovative products and services in investment, financing and research.
- In 2020, we piloted the Paris Agreement Capital Transition Assessment (PACTA). This meant we studied the

alignment of selected climate-sensitive sectors of our corporate credit portfolio against Paris Agreement benchmarks. In 2022, another PACTA assessment took place in which UBS participated.

### **What's UBS's position on coal?**

- UBS recognizes how important it is to transition to a low-carbon economy. And we're taking action by implementing our net-zero targets.
- We're convinced that the net-zero transition will be a highly impactful investment trend and we remain focused on helping our clients on the journey.
- Our strategy includes the application of stringent criteria on potential coal-related transactions, as outlined in our Sustainability and Climate Risk Policy Framework, specifically for coal-fired power plants, coal mining and mountain-top removal.
  - We quantitatively evaluate client transition strategies for coal-fired power plant operators and coal mining companies on a forward-looking basis. Our goal is to understand if the client can present a credible strategy that meets the strict benchmarks which support the 1.5°C scenario-defined pathways. These benchmarks reflect underlying principles of a just transition, where relevant, and are based on the stage of implementation (i.e., already underway), scope of clients' operations, and trajectory necessary to credibly assure a Paris-aligned strategy. We also continually conduct portfolio reviews in high-carbon sectors, to ensure clients are on-track to meet their interim objectives. UBS derives its benchmarks from the *International Energy Agency (IEA) 2021 Net Zero by 2050* scenario, which is favored by the energy industry.

### **How does UBS support transition finance?**

- We want to be the financial provider of choice for clients that wish to mobilize capital toward the achievement of the United Nations' 17 Sustainable Development Goals (the SDGs) and the orderly transition to a low-carbon economy.
  - A large part of this is helping our clients to transition: helping them access opportunities while mitigating risks.
  - We believe that helping our clients to transition will give them more effective access to the capital markets.
- Corporate engagement remains a critical tool as we work with clients.
- Our definition of transition finance is any investment, financing and related products and services that are necessary to support an orderly, real-economy transition to net zero.

### **What does UBS base its net-zero targets on?**

- Our net-zero targets and baselines are based on the International Energy Agency (the IEA) Net Zero by 2050 benchmark.
- This scenario is one of the most recent and broadly accepted 1.5°C models available.