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# News Release

## **UBS extends sustainability leadership with rapid rise in 2020 invested assets and advances in ambitious climate strategy**

- **Impact investing- and sustainability focused invested assets rise 154% in 2020 to USD 141 billion, UBS says in Sustainability Report**
- **UBS reduces exposure to high-carbon related assets to 1.9% of banking balance sheet in 2020**
- **Donations to UBS Optimus Foundation rise 74% to record USD 168 million in 2020 following rapid pandemic response**
- **UBS achieves top rankings in key sustainability indices including DJSI and CDP A List**

Zurich/Basel, 11 March 2021 – UBS Group saw a sharp rise in sustainable investments in 2020 and committed to help clients lower greenhouse gas emissions in their portfolios to net zero, the bank said on Thursday in its Sustainability Report. The 2020 report, based on comprehensive GRI standards, showed that UBS met or exceeded its key sustainability targets.

The rise in sustainable investments comes as part of a strategy that UBS has pursued for over two decades, making it one of the financial industry's leading forces for driving positive, long-term change.

The year 2020 saw very strong momentum in sustainable finance activities, indicated by growth in Core Sustainable Investments (Core SI), which rose by 62% to USD 793 billion to become 19% of all client invested assets. Core SI products involve a strict and diligent asset selection process across key SI strategies. Invested assets classified as impact investing or sustainability focused, which apply the most rigid sustainability criteria, increased 154% to USD 141 billion compared to 2019. The rise reflects UBS's strategic focus on the most sustainable asset classes and increased demand for sustainable strategies during the pandemic crisis.

Group CEO Ralph Hamers: "For over two decades, UBS has been at the forefront of sustainable finance – and we aim to extend our leadership. We aspire to do more to help clients transition to sustainable ways of doing business, to ensure their long-term success and to support them in fulfilling the commitments they've made to people and planet."

UBS's leadership in sustainable finance resulted from successes throughout the Group. For example:

- Asset Management saw investments in Climate Aware strategies, which help institutional clients measure and reduce the carbon footprint of their portfolios, increase almost five-fold to USD 15.3 billion from USD 3.1 billion in 2019.
- Global Wealth Management made sustainable investments the preferred solution for private clients investing globally, the first major global financial institution to do so.

- UBS has directed USD 6.9 billion of client assets into impact investments related to the United Nations Sustainable Development Goals (SDGs) since 2017, and surpassed its USD 5 billion goal in 2020, more than one year early.
- In Switzerland, UBS converted its entire USD 9 billion Vitainvest fund shelf into sustainable investments, making sustainable private pensions the standard for UBS.
- The Investment Bank supported 33 green-, social- and sustainability bond transactions.

The bank advanced its ambition to apply leading transparency and reporting standards, which include climate-related disclosures. Underscoring UBS's commitment to support an orderly transition to a low-carbon economy as defined by the Paris Agreement, the firm piloted a novel heatmap methodology in 2020 to enable a better understanding of climate risk exposures. This demonstrates UBS's commitment to aligning its disclosure within the five-year pathway outlined by the Task Force on Climate-related Disclosures. Applying this methodology, UBS further reduced its banking balance sheet exposure to high-carbon related assets to 1.9% (USD 5.4 billion) at end of 2020, compared to 2.3% in 2019 and 2.8% in 2018.

UBS also committed to help clients reach net-zero greenhouse gas emissions in their investment portfolios by 2050 by becoming a founding member of the Net Zero Asset Managers Initiative. This group of 30 major international asset managers pledged to set interim targets for increasing the proportion of assets managed in line with the Paris Agreement. To support the transition to a low-carbon economy, UBS intensified its active engagement on climate-related topics during 2020, which included meetings with 49 oil and gas companies and utilities, and voted on 50 climate-related shareholder resolutions, supporting 88% of these.

Suni Harford, President UBS Asset Management: "Investors have the power to effect real change and we are seeing an increasingly strong appetite to direct capital towards a lower-carbon future. We were able to capture the spectacular industry growth in climate-related funds during 2020 by providing innovative products and solutions that enable clients to align their investments with their de-carbonization goals. Looking ahead, we are strongly placed to help meet the evolving needs of our clients in a post-COVID-19 world, where sustainability and climate will continue to be central themes."

UBS also fulfilled its RE100 commitment to source 100 percent of its electricity from renewables in 2020. In addition, the firm set a target to achieve net zero emissions for its own operations by 2025.

UBS deepened its community engagement in 2020, extending its lead in philanthropy with record donations and impact. The UBS Optimus Foundation raised USD 168 million in donations in 2020. This increase of 74 percent versus 2019 to an all-time high reflected the Foundation's rapid fund-raising response to the pandemic coupled with a marked rise in client and employee willingness to give. Unveiling an ambitious growth plan, the UBS Optimus Foundation set a new goal of raising USD 1 billion in donations reaching 25 million beneficiaries cumulatively to 2025 through client philanthropy. In support of communities, the bank committed USD 30 million to COVID-19-related aid projects and pursued community affairs activities that reached nearly 520,000 beneficiaries.

Phyllis Costanza, Head UBS in Society and CEO UBS Optimus Foundation: "The UBS Optimus Foundation witnessed a record year in 2020, speedily delivering aid to those in need during the pandemic and expanding programs supporting child welfare, health and education. In 2021, the Foundation will extend its leading position in innovative social finance with new fundraising tools and programs that create measurable change that benefits the most vulnerable members of society."

UBS strengthened its position as an employer of choice in the financial services industry, maintaining employee engagement ratings in the top quartile in 2020. UBS maintained its position as one of the world's most attractive employers in key ratings and rankings. For the twelfth year running, the firm was named one of the Top 50 World's Most Attractive Employers by global employer branding specialist Universum and, starting off 2021, data provider Bloomberg again included UBS in its Gender-Equality Index (GEI).

In recognition of its achievements across all sustainability activities, UBS received the top ranking among diversified financial services firms in the Dow Jones Sustainability Indices (DJSI), the most widely recognized sustainability rating, for the sixth year running. UBS also secured a place on CDP's prestigious "A List" for tackling climate change. Kicking off 2021, UBS received the Gold Class Sustainability Award in the S&P Global Sustainability Yearbook showcasing the best performing companies in terms of environmental, social and governance metrics.

## Core sustainable investments<sup>1,2</sup>

USD billion, except where indicated	GRI	For the year ended			% change from
		31.12.20	31.12.19	31.12.18	31.12.19
<b>Core SI products and mandates</b>					
Integration – sustainability focus <sup>3</sup>	FS11	127.7	46.4	20.0	175.0
Integration – ESG integration <sup>4</sup>	FS11	512.8	372.3	224.5	37.7
Impact investing <sup>5</sup>	FS11	13.1	9.1	4.7	44.1
Exclusions <sup>6</sup>	FS11	132.2	52.2	50.3	153.4
Third-party <sup>7</sup>	FS11	7.4	8.5	13.4	(11.8)
<b>Total core sustainable investments</b>	FS11	<b>793.2</b>	488.5	312.9	62.4
<b>UBS total invested assets</b>		<b>4,187.0</b>	3,607.0	3,101.0	16.1
Core SI proportion of total invested assets (%)	FS11	18.9	13.5	10.1	

1 In 2020, Asset Management refined its reporting methodology by carving out funds with high SI categories from funds of funds or mandates that are classified with a lower or no SI category. The impact of this methodology change is an additional USD 109 billion in core SI (USD 2 billion in integration – sustainability focus and impact investing, USD 28 billion in integration – ESG integration and USD 79 billion in exclusions) and a decrease of USD 29 billion in norms-based screening assets. 2 FS represents the performance indicators defined in the Financial Services Sector Supplement of the Global Reporting Initiative reporting framework. 3 Strategies where sustainability is an explicit part of the investment guidelines, universe, selection, and / or investment process. 4 Strategies that integrate environmental, social and governance (ESG) factors into fundamental financial analysis to improve risk / return. 5 Strategies where the intention is to generate measurable environmental and social impact alongside financial return. 6 Strategies that exclude companies from portfolios where they are not aligned to an investor's values. Includes customized screening services (single or multiple exclusion criteria). 7 SI products from third-party providers applying a strict and diligent asset selection process; the selection criteria have been reviewed for the end of the 2020 reporting cycle, following a stricter approach from the provider of sustainability ratings. Excludes third-party products that went through a systematic Global Wealth Management onboarding process, now included under Integration – sustainability focus.

## Climate-related metrics 2020

	For the year ended			% change from
	31.12.20	31.12.19	31.12.18	31.12.19
<b>Risk management</b>				
Identified significant climate-related financial risk on balance sheet <sup>1</sup>	None	None	None	
Carbon-related assets (USD billion) <sup>2</sup>	5.4	6.1	7.5	(10)
Proportion of total banking products exposure, gross (%)	1.9	2.3	2.8	
Total exposure to climate-sensitive sectors (USD billion) <sup>3</sup>	38.7	35.2	36.1	10
Proportion of total banking products exposure, gross (%)	13.7	13.3	13.5	
Weighted carbon intensity of Climate Aware strategies (in tonnes CO <sub>2</sub> e per USD million of revenue) <sup>4</sup>	68.2	74.5	89.6	(9)
Compared to weighted carbon intensity of composite benchmark (%) <sup>5</sup>	(51.0)	(54.0)	(54.0)	
Number of climate-related shareholder resolutions voted upon <sup>6</sup>	50	44	43	14
Proportion of supported climate-related shareholder resolutions (%)	88.0	81.8	88.0	
<b>Opportunities</b>				
Climate-related sustainable investments (USD billion) <sup>7</sup>	160.8	108.0	87.5	49
Proportion of UBS clients' total invested assets (%)	3.8	3.0	2.8	

Total deal value in equity or debt capital market services related to climate change mitigation and adaptation (CCMA) (USD billion) <sup>8</sup>	<b>69.8</b>	52.7	31.6	32
Total deal value of financial advisory services related to CCMA (USD billion)	<b>29.1</b>	34.5	24.9	(16)
Number of strategic transactions in support of Switzerland's Energy Strategy 2050	<b>11</b>	12	8	(8)

#### Own operations

GHG footprint (kilotonnes CO <sub>2</sub> e) <sup>9</sup>	<b>75</b>	104	132	(28)
Percentage change from baseline 2004 (target: -75% by 2020) (%)	<b>(79.0)</b>	(71.2)	(63.4)	

<sup>1</sup> Methodologies for climate-related financial risk are emerging and may change over time, as described earlier under "Scenario analysis." <sup>2</sup> Banking products across the Investment Bank and Personal & Corporate Banking. IFRS 9 gross exposure including other financial assets at amortized cost, but excluding cash, receivables from securities financing transactions, cash collateral receivables on derivative instruments, financial assets at FVOCI, irrevocable committed prolongation of existing loans and unconditionally revocable committed credit lines, and forward starting reverse repurchase and securities borrowing agreements. As recommended by the TCFD, carbon-related assets are defined as assets tied to the energy and utilities sectors (Global Industry Classification Standard). Non-carbon-related assets, such as renewables, water utilities, and nuclear power, are excluded. For grid utilities, the national grid mix is applied. UBS methodology for carbon-related assets has been revised to analyze underlying commodities in our commodity trade finance business. As a result, we have restated the metric for 2018 and 2019 using the enhanced approach. <sup>3</sup> Banking products across the Investment Bank and Personal & Corporate Banking (IFRS 9). Climate-sensitive sectors defined as business activities that are rated as having high, moderately high, moderate, or moderately low vulnerability to transition risks. For more details, see "Scenario analysis" and the "UBS corporate lending to climate-sensitive sectors 2020" table. UBS methodology for climate-sensitive sectors has been revised to analyze underlying commodities in our commodity trade finance business. As a result, we have restated the metric for 2018 and 2019 using the enhanced approach. <sup>4</sup> Year-on-year decrease of carbon intensity is mainly driven by higher carbon targets of the investment strategy. Carbon intensity is based on scope 1 and 2 CO<sub>2</sub> emissions of investee companies, which often rely on third-party estimates. Metric has been expanded in 2020 to include all equity and fixed income funds with a proprietary Climate Aware strategy (active and rules-based). Metric is the assets under management (AUM)-weighted average of the weighted average carbon intensities of the portfolios. <sup>5</sup> The metric is the AUM-weighted average of the weighted average carbon intensities of the respective benchmarks. <sup>6</sup> This excludes proposals related to Japanese companies that included changes to the companies' articles of association. <sup>7</sup> Invested assets of products such as sustainably managed properties and infrastructure, and renewable energy. <sup>8</sup> Refer to "Calculating and reporting on climate change-related financing and advisory activities" in appendix 9 to this document. <sup>9</sup> GHG footprint equals gross GHG emissions minus GHG reductions from renewable energy and CO<sub>2</sub>e offsets (gross GHG emissions include: direct GHG emissions by UBS; indirect GHG emissions associated with the generation of imported / purchased electricity (grid average emission factor), heat or steam; and other indirect GHG emissions associated with business travel, paper consumption and waste disposal). A breakdown of our GHG emissions (scope 1, 2, 3) is provided in appendix 4 to this document.

#### Links

For a full picture of UBS's sustainability metrics, read the report at [www.ubs.com/sustainability-report](http://www.ubs.com/sustainability-report)  
 For further information, visit [www.ubs.com/society](http://www.ubs.com/society)

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