Climate disclosure guideline for vendors

Moving towards net zero in Supply Chain

Our firm is committed to the reduction of greenhouse gases (GHG) within our supply chain. This guideline will support you to disclose your company's environmental performance through CDP in alignment with our net zero journey.

The requirements in this guideline apply to all UBS vendors with some specific requirements applicable only for a selected group of GHG key vendors who collectively account for more than 50% of our estimated vendor GHG emissions.

Greenhouse gas data disclosure

Essential requirements:

- Your company must disclose climate information in the CDP platform annually and cover GHG scope 1 and 2 emissions, and scope 3 upstream (category 1 – 8) emissions. GHG key vendors must comply with this requirement by June 2026.
- Your company's GHG inventory must be:
  - established in conformance with the GHG Protocol Corporate Standard, the GHG Protocol Scope 3 Standard and/or ISO 14064-1; and
  - validated by an independent third party with limited assurance or above.
- Your company must allocate relevant emissions to UBS and provide details on your assigned allocation methodology.
- Your company must disclose scope 1 and 2 emissions, and scope 3 upstream revenue-based intensity in the CDP platform.
- Your company must provide product level life-cycle assessment data if requested by UBS.

Recommended practice:

- Your company should provide product and/or service level carbon emissions report to UBS annually. The data in the report should be:
  - established in conformance with the GHG Protocol Product Life Cycle Standard or ISO 14067; and
  - validated by an independent third party with limited assurance or above.

Net zero target

Essential requirements:

- Your company must publicly commit to achieving net zero aligned with the 1.5°C pathway by 2050 or sooner. GHG key vendors must comply with this requirement by June 2026.
- Your corporate goals shall include near and long-term targets that align with the 1.5°C pathway and cover scope 1 and 2 emissions and all relevant scope 3 emissions.

Recommended practice:

- Your corporate goals should be approved by, or in conformance with one of the following:
  - SBTi Corporate Net Zero Standard; or
  - IWA Net Zero Guidelines (42:2022)
- Your corporate goals should contribute to a just transition to global net zero.

Emission reduction efforts

Essential requirements:

- Your company must establish a credible climate transition plan.
- Your company must take action to substantially reduce emissions year-on-year, and your reduction percentage and timeline must align with the net zero 2050 1.5°C trajectory. GHG key vendors must demonstrate reduction of scope 1 and 2 emissions in line with net-zero trajectories by 2035.

- Your company must suggest actionable collaboration ideas to UBS that help reduce GHG emissions.

Recommended practice:
- Your corporate climate transition plan should align with [CDP Technical Note: Reporting on Climate Transition Plans.]
- Your company should share reduction measures and best practices so that peers can learn from the experience in support of the net zero transition.

Climate contribution and offsetting
Essential requirements:
- Carbon offsets must only be considered for residual emissions after the direct reduction of all GHG emissions within your corporate boundaries.
- Where carbon offsets are used to counterbalance the residual emission, your company shall ensure it is through investment in high-quality removals through removal-based offsets.

Recommended practice:
- Your corporate carbon offsetting approach should align with the Oxford Offsetting Principles.
- In the short term, your company should support climate change mitigation activities beyond the value chain.
- In the long term, your corporate carbon offset portfolio should focus on carbon removal with long-lived storage. The percentage of carbon removal with long-lived storage should increase over time.

Further note:
- Carbon offsets must not be accounted for in reduction effort. They must be reported separately in your GHG inventory. You must only account for reductions that occur within your operations and value chain.

Renewable energy
Essential requirements:
- For GHG scope 1 energy sources, your company's first priority must be the transition to renewable sources. For energy sources with no renewable alternative/s, you must take action to substantially reduce the GHG emissions over time.
- For GHG scope 2 energy sources, your company must plan to transition to 100% renewable electricity by 2030.

Recommended practice:
- Your company should achieve 80% renewable electricity by 2025.
- Your corporate renewable electricity source/s should be high quality and comply with RE100 technical criteria.
- Your procurement strategy should focus on renewable energy projects/solutions which bring additional renewable electricity into the grid.

Supplier engagement
Essential requirements:
- Your company must confirm that you have a vendor engagement plan with your own vendors on climate-related issues.

Recommended practice:
- Your company should engage with your vendors to comply with the following requirements, including, but not limited to:
  - compliance with legislation / regulatory requirements;
  - disclosure of climate related data through a public platform; and
  - setting a net-zero goal aligned to United Nations' 2050 net zero 1.5°C pathway
- Your company should engage upstream vendors and downstream users in the net zero journey to find solutions for GHG emission reductions.

Halting biodiversity loss
Essential requirements:
- Your company must focus efforts on ensuring you're responsible for no net loss of biodiversity by 2030 as aligned with the Kunming-Montreal Global Biodiversity Framework.

Recommended practice:
- Your company should ensure that all commodities presenting a risk to loss of biodiversity are certified to the appropriate ethical standard.