

# 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 help you understand the key expectations from you as our supplier and will enable you to align to our net zero journey.

## **Greenhouse gas data disclosure**

Essential requirements:

- Your corporate must disclose climate information in the CDP platform annually and cover GHG Scope 1, 2 and Scope 3 upstream (category 1 – 8) emissions.
- Your corporate'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 corporate must allocate relevant emissions to UBS and provide details on your assigned allocation methodology.
- Your corporate must disclose Scope 1, 2 and scope 3 upstream revenue-based intensity in the CDP platform.
- Your corporate must provide product level life-cycle assessment data if requested by UBS.

Recommended practice:

- Your corporate should provide product and/or service level carbon emission 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 corporate must publicly commit to achieving net zero for Scope 1 and 2 by 2035 or earlier, and Scope 3 by 2050 or earlier.
- Your corporate goals shall include near and long-term goals that align with the 1.5°C pathway and cover Scope 1, 2 and 3.

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 corporate must establish a credible climate transition plan.
- Your corporate 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.
- Your corporate must suggest 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 corporate 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.
- Your corporate must ensure high quality carbon removals through removal-based offsets and removal-based credits.

Recommended practice:

- Your corporate carbon offsetting approach should align with the Oxford Offsetting Principles.
- In the short term, your corporate 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 overtime.

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 corporate first priority must be transitioning to renewable sources. For energy sources which have no renewable alternative/s, you must take action to substantially reduce GHG emissions over time.
  - Scope 2 energy sources, you corporate must plan to transition to 100% renewable electricity by 2030.

Recommended practice:

- Your corporate 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 corporate must confirm to have a vendor engagement plan with your own vendors on climate-related issues.

Recommended practice:

- Your corporate should engage with your vendors to comply with the following requirements (including, but not limited to):
  - Compliance with regulatory requirements.
  - Disclosure of climate related data through a public platform.
  - Setting a net zero target aligned to United Nations' 2050 Net Zero 1.5°C pathway.
- Your corporate 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 corporate 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 corporate should ensure that all commodities presenting a risk to loss of biodiversity are certified to the appropriate ethical standard.