

March 2024

FAQ on climate

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, and our broader targets for the future are ambitious:

- Reduced net GHG footprint for scope 1 and 2 emissions by 21% and energy consumption by 8% (compared with 2022); continued replacing fossil fuel heating systems and monitored delivery of contracted carbon removal credits; achieved 96% renewable electricity coverage in line with RE100 despite challenging market conditions. We have set the ambitious target to minimize our scope 1 and 2 emissions through energy efficiencies and switching to more sustainable energy sources. We will also procure credible carbon removal credits to neutralize any residual emissions down to zero by 2025.
- As part of our transition strategy to 2025, we are committed to sourcing high-quality carbon credits to compensate our net scope 1 and 2 emissions, as well as our scope 3 air travel emissions as part of beyond-value chain mitigation. These carbon credits must be approved by internationally recognized registries and underlying projects must be verified in accordance with established international standards to provide assurance that they comply with the ICVCM Core Carbon Principles.

And what does UBS do about emissions in its value chain?

- We recognize the importance of the transition to a low-carbon economy and are taking actions accordingly, including through the implementation of our net-zero ambition.
- We are convinced that the net-zero transition will prove to be one of the most consequential investment trends in coming years and we remain focused on helping our clients – across sectors and geographies – to mitigate the risks and expand upon the opportunities presented by this transition.
- We acknowledge that energy security remains a paramount concern for all nations.
- In line with our net zero ambition, our strategy also includes the application of our firm-wide sustainability and climate risk management framework and related policies, standards and guidelines underpin our management practices and control principles. For more information refer to our Sustainability and Climate risk policy framework.
- As part of our net-zero ambition, we have set sector-level targets, for example, aiming to reduce absolute emissions from loans to fossil fuel companies by 70% by 2030.

How is UBS working towards its decarbonization ambitions?

- We continue to work towards our decarbonization ambitions, both for our business and operational activities.
- During 2023, following the acquisition of the Credit Suisse Group, we refined the UBS Group lending sector decarbonization targets based on the integration of the Credit Suisse Group portfolios and in alignment with our net-zero ambition. We prioritized sectors that have the highest carbon impact, as per the guidelines of the Net-Zero Banking Alliance (NZBA), and also applied additional considerations.
- Group-wide, we will continue to regularly assess our progress, implementation and key developments to ensure our continued diligence for the journey ahead.

What's UBS's position on coal?

- UBS has a restrictive risk appetite for coal, and we will only provide finance to coal clients if they can demonstrate a transition strategy aligned with the Paris Agreement.
- 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.

Did UBS discontinue the Credit Suisse policies?

- UBS policies and procedures are the foundation for our approach, and have been enhanced where necessary to reflect areas which have become relevant through the acquisition of Credit Suisse. In 2023, we developed a combined Group policy for Sustainability and Climate Risks, including risk appetite standards.
- In general, we are continuing to assess policies and topics which may need to be reflected. 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.

Does UBS still 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.
 - We are focused on managing the risks related to climate and natural capital for our clients and our firm, while also recognizing that the low-carbon transition presents consequential opportunities.
 - 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 transition to a low carbon economy.