(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

Products and services	Yes	Climate risks and opportunities have influenced UBS's products and services strategy in the short term (0-3 years) and will continue to influence the strategy in the mid- and long term (3-10, 10-80 years). In 2019 and 2020, UBS climate strategy, in response to new banking climate regulation and emerging climate-related risk, was discussed by the BoD Risk Committee. UBS climate strategy is now a regular agenda item for the joint meeting of BoD Risk Committee and Corporate Culture and Responsibility Committee (CCRC). 2020 has seen the creation of the cross-firm Sustainable Finance Committee which aims to address commercial aspects of sustainable finance and placing additional emphasis on sustainable finance client solutions across the group. We seek to protect our assets by limiting our risk appetite for carbon-related assets and by estimating our firm's vulnerability to climate-related risks using scenario-based stress testing approaches and other forward-looking portfolio analyses. In 2020, we have again reduced our exposure to high-carbon sectors (as defined by the TCFD and those rated higher risk on the heatmap) to 1.9%, down from 2.3 % in 2019 (and 2.8% in 2018). In 2021, UBS took a strategic decision to Lower threshold of financing of existing coal-fired operators (changing threshold from 30% to 20% of coal reliance) unless they have a transition strategy that aligns with the goals of the Paris Agreement, or the transaction is related to renewable energy or clean technology We support our clients' efforts to assess, manage and protect them from climate-related risks by offering innovative products and services in investment, financing and research. AM has implemented an engagement program with 49 companies from oil and gas and utilities sectors and we voted on 50 climate-related shareholder resolutions during 2020. In 2020 our climate-related sustainable investments rose to $160.8 billion from $108 billion at the end of 2019, and the deal value in equity and debt capital market services, and in financial advisory services, related to climate change mitigation and adaptation, rose to $98.9 billion, from $87.2 billion in 2019.
Supply chain and/or value chain	Yes	Climate risks & opp. influenced UBS's supply chain (SC) strategy in the short term (0-3 yr.) & will continue to influence the strategy mid- & long term (3-10, 10-80 yr.). In response to increased stakeholder/regulatory expectations we apply a Responsible Supply Chain Management (RSCM) framework for the procurement of goods and services (conducted by Chain IQ, who performs supplier due dil. & establishes remediation supported by UBS experts). Evaluation of energy efficiency & emissions are part of RSCM background checks. A substantial bus. decision impacted by CC was joining the RE100 initiative & committing to use 100% renew. electricity by mid 2020. In 2020 we classified 221 vendors as providing UBS with (w.) goods or services w. potentially high impacts. This included newly sourced & ongoing engagements, which are regularly reassessed. 29% of these were considered as in need of improving their mgmt. practices. Specific remediation actions were agreed w. all, implementation progress has been closely monitored. In 2020, no vendor relationship was terminated in result of RSCM assessments (ast), quantifying the success of our pre-contract vendor risk ast. We screened all significant active suppliers for ESR in 2020, and 18 suppliers w. potential material risks were referred to ESR unit for enh. due dil. Several indicators are used to measure suppliers, eg. energy consumption/ share of renew., or emission statements. An important measure of success is the cost/income ratio, considered both int. & ext. We perceive a cost risk from legislative changes which can manifest as increased energy prices & a need for investments e.g. in Real Estate (RE). We focus on reducing the cost risk by moving away from fossil fuels, remaining able to act & consequently retain broader options for action. We've implemented Net Zero & energy reduction targets & derived related RE, IT & SC strategies to anticipate this risk. The strategies are implemented consistently, reducing our risk while benefitting the cost/income ratio. we perform a complete annual review of all our RSCM product specifications. These set the env. & social standards required for med- and high risk categories. As part of SC Goals 2021, we are continuously improving our RSCM process to achieve UBS ambition to be a leader in sust. bus. practices, w. the key goals of achieving net zero for scope 1 & 2 emissions.
Investment in R&D	Yes	UBS is building intellectual capital in our asset management division, through innovating new products and services to meet shifting consumer demand for such products that mitigate climate-related risks and provide investment opportunities in the transition to a low-carbon economy. Growing the organization requires investment in staffing (UBS in society had 145 in 2019 and grew to 170 in 2020). An example of a substantial strategic decision in this field (influenced by climate risks and opportunities) is that AM has developed a suite of products allowing clients to identify the carbon intensity of their investments and/or to align them with the Paris Agreement: In 2017, AM together with the New Employment Savings Trust launched a strategy called Climate Aware with an aim to do more than manage investments based on carbon foot-printing. In 2018, AM followed its successful UK Climate Aware rules-based fund with an Irish-based fund that is available for international investors outside of the UK. The portfolio is oriented towards companies that are better prepared for a low-carbon future while reducing exposure to, rather than excluding, companies with higher carbon risk, in order to pursue strategic engagement with these companies. The strategy involves not only a reduction of the CO2 footprint of the portfolio but also an innovative approach to aligning the portfolio with the 2°C carbon reduction scenario. The Climate Aware strategy was expanded in 2019 to include mitigation, adaptation and transition. Further to this, REPM requires all investments to adhere to our sustainability policies, which includes incorporating resilience, climate change and reducing GHG emissions (down 19.4%). The climate change and resilience measures have been incorporated to reduce risk and enhance value upon sale, while the GHG emission reductions not only benefit the environment, there is a strong correlation with reduced utility costs which enhance our clients returns. Our results of integrating climate include: • A+ scores for REPM (Property and Infrastructure modules) on the UN Principles of Responsible Investment Assessment since 2017 • UBS Asset Management has been an early adopter of the GRESB Assessments, contributing data since 2012. Since then, our Real Estate and Private Markets (REPM)'s funds have secured a total of 113 Green Star ratings and 50 five-star ratings
Operations	Yes	Climate risks and opportunities influenced UBS's strategy in terms of operations in the short-term (0-3 yr.) & will continue to influence the strategy in the mid- and long term (3-10, 10-80 yr.). We continue to reduce our GHG emissions & increase the firm's share in renewable energy. A substantial strategic decision impacted by CC was joining the RE100 initiative and committing to use 100% renewable electricity by mid 2020 & reducing our GHG emissions by 75% against 2004 levels. In 2020, we achieved the target of using 100% renew. electricity, adding to the reduction of our firm's GHG footprint by 79% compared with 2004 levels. A second substantial strategic decision impacted by climate risks and opportunities in the in-house environmental management area has been that UBS is phasing out all fossil fuel based heating systems at end of life. Exposure to fossil fuels entails climate transition risks, which can translate into reputational & financial impacts. We actively mitigate these risks through taking low-carbon purchasing decisions (shifting demand for fossil fuels) and phasing out fossil fuels in our operations. Through our certified Environmental Management System we are able to take strategic decisions locally (e.g. RE Guideline on banning installation of any new fossil fuel heating systems). Thereby we implemented various measures, e.g. adaptations in building controls - like heating schedules, digitalization in energy management and operations in general or demanding operational improvements as part of FM supplier contracts. We have established environmental objectives at relevant levels and functions. To continuously improve our environmental performance, we set quantitative targets related to our significant environmental aspects since 2006. We have continuously & successfully reduced our environmental impact over the years. In the reporting period for 2020 (1 July 2019 – 30 June 2020), we sourced 85% renew. electricity & as of 1 July 2020, we reached our ambitious 2020 target on sourcing 100% of our electricity consumption from renewable sources and reduced our GHG footprint by 79% compared with 2004. We met our objective to reduce the environmental impact resulting from our own operations. Paper and waste volumes have been reduced by more than 35% in recent years & overcompensate lower-than-expected sustainable paper and waste recycling ratios.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

Row 1	Revenues Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities	Revenues: UBS has identified an opportunity and client demand for products and services which both help mitigate risks from the transition to a low-carbon economy and capture investment opportunities in this transition. An estimated USD 90 trillion will be needed in low-carbon investments by 2030, to finance the transition and meet Paris Agreement goals (Sarah Breeden, PRA/ OECD data). UBS identifies the investment needs involved in the transition to a low-carbon economy and supports clients' efforts to assess, manage and protect them from climate-related risks by offering innovative products and services in investment, financing and research. UBS also mobilizes private and institutional capital towards investments facilitating climate change mitigation and adaptation, through its role as a corporate advisor and/or lending capacity. Capital allocation/capital expenditures: As UBS aligns its disclosure with TCFD recommendations within the five-year pathway by 2022, we will continue to perform strategic impact assessments and better understand the implications of CC on our business strategy: • Planning for shifts in UBS business strategy with respect to climate-related risks and opportunities has already impacted planning capital expenditures, and may be further impacted as we continue to align with pathways defined by the Paris Agreement. • For example, UBS is building intellectual capital in our asset management division, through innovating new products and services (e.g. staffing SI), to meet shifting consumer demand for products that mitigate climate-related risks and provide investment opportunities in the transition to a low-carbon economy. Growing the organization requires investment in staffing (all of UBS in society had 89 FTE in 2016, 108 FTE in 2017, and it grew to 135 in 2018, 145 in 2019 and to 170 in 2020). • In the risk organization, significant investments in responding to increased regulatory requirements on climate risk management/ integrating climate into our standard risk management processes have been made (and are expected to further increase). Current personnel resources allocated to climate risk management: $240 723 (cost per employee) X 26 (number of FTE dedicated to climate risk management) = $6,258,798. Acquisitions and divestments: • UBS applies its comprehensive EMS (including the detection of climate risks and opportunities) to assess an acquired entity (assets and clients). In the cases where operations are integrated, UBS would incorporate the newly acquired target entity's operations into the EMS, including annual review, application of operational controls on areas where climate-related risks and opportunities are materially relevant. • UBS continuously identifies, assesses, and manages climate-related risks and opportunities through its EMS. Access to capital: • We have so far not identified significant climate-related financial risk on our balance sheet. We explain this by UBS's relatively small lending book in climate-sensitive sectors and availability of insurance we have relevant exposures to such sectors (e.g., Swiss mortgage lending book). Substantial financial or strategic impact can be defined as any impact from CC on UBS that has to be of concern for our shareholders or clients or, in other words, whether CC is a "factor that would make an investment in [UBS] speculative or risky" (US Securities and Exchange Commis. Guidance Regarding Disclosure Related to CC, p. 15). • UBS is directly impacted by the growing number of sustainable finance related regulations globally. This includes the broad EU Sustainable Finance Action Plan where UBS will need to comply with the suitability, product disclosure, and Taxonomy regulations that impact wealth and asset management activities beginning in 2021. Emerging regulation that focuses on prudential risk management (like the PRA Supervisory Statement on Climate Change and the proposed ECB guide to climate and environmental risk management) will apply as of 2021. UBS also will comply with relevant local standards such as the HKMA Greenness Assessment Framework and regulations under development in Singapore and other jurisdictions. Assets: In order to manage our own risk derived from both the physical and transition risks associated with climate change, we have performed both top-down balance sheet stress testing, as well as targeted, bottom-up analysis of specific sector exposures. We have so far not identified significant climate-related financial risk on our balance sheet. We explain this by UBS's relatively small lending book in exposed sectors and availability of insurance where we have relevant exposures to such sectors (e.g., Swiss mortgage lending book). We will however continue to work on improving data availability, scenario applicability and methodologies: • Our initial (2014) top-down approach consisted of a scenario-based stress test to assess UBS's balance sheet vulnerability across the firm. Leveraging our existing firm-wide top-down stress testing methodology, we developed a climate change scenario (which assumes that severe weather events result in governments around the world agreeing to implement carbon pricing mechanisms to assess the impact on financial assets, operational income and physical assets). The scenario anticipated that these mechanisms will prompt a shift away from coal and other fossil fuels to cleaner alternatives and adversely impact markets and gross domestic product. The results showed moderate financial impact in line with other stress scenarios, such as those that foresee an oil shock. • As UBS aligns disclosures with TCFD recommendations within the five-year pathway by 2022, we will further undertake a strategic impact assessment and better understand the implications of climate change on our business. Liabilities: Amongst other growing liability impacts from climate-related risks that UBS monitors on an ongoing basis, UBS can be held liable for its failure to meet regulatory requirements. This compliance risk includes climate-related requirements. As UBS operates (and occupies) buildings in many countries, we are directly affected by regulatory developments that aim at improving energy efficiency or reducing CO2 emissions. Such regulation may include, fuel or energy taxes and regulation, mandatory carbon tax schemes and regulation of buildings in terms of energy efficiency, affecting our costs for energy incurred by our buildings (i.e. heating, cooling, lighting, IT, etc.). These types of regulation directly affects our operational costs as it relates to energy use. In Switzerland UBS is mandated to pay its share of the Swiss CO2 levy. In 2020, UBS was subject to increased operational costs as a result of the Swiss CO2 levy. However, as a result of reducing carbon emissions by 79% by 2020 (compared with 2004 levels), and achieving the target of using 100% renewable energy in 2020, the magnitude of impact from this risk is low.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Climate factors have already for years been integrated in our active investment decisions. With the more pronounced attention for this topic, its relevance and influence on investment decisions has further risen:

• UBS recognized the importance of climate already early on and has several years of live track record in a dedicated climate methodology that has been applied to several underlying equity indices/products.

• More recently, this methodology has also been transported to fixed income indices, allowing us to offer climate aware fixed income solutions. The Climate Aware methodology has been identified as a important area of growth across AM's institutional and wholesale business.

• Within Switzerland UBS Asset Management has been very active in terms of raising capital for clean energy infrastructure (CEIS I/II).

• UBS Asset Management hired a team that will run unique long short hedge funds on the energy sector, focusing on climate winners in the long term and climate laggards in the short term.

• We have developed very robust stewardship services around climate change. In 2020, Asset Management was rated A+ or “leadership band” for engagement and voting on climate by InfluenceMap.

• Engagement has provided AM with a differentiated approach and to establish ourselves as using best practices within the industry.

• We are an active participants in the Climate Action 100+ collective engagement group, leading the engagements with some of the most prominent and key targets of this group in terms of changing their view on climate risk for their business model.

• We have added climate reporting as one element of our mandate reporting, creating insights for our clients on their current climate profile and leading into conversations how to improve this. We have identified reporting as another area for differentiation.

AM is a member of Climate Action 100+, a collaborative engagement initiative launched in December 2017. Its aim is to engage with high-level GHG emitters, and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. It has the support of 545 investors, representing more than USD 52 trillion of assets under management (at end of 2020). AM is directly involved in 21 coalitions of investors (at the end of 2020) within Climate Action 100+ and leads eight of the company dialogues across regions. Whether AM is a lead or participating investor, it is an active member of these coalitions, providing feedback on the climate change performance of companies, the discussion agenda, engagement goals and the progress of these dialogues. AM is also a member of the Institutional Investors Group on Climate Change (IIGCC) Climate Action 100+ European Advisory Group, which advocates for the world’s transition to a low-carbon economy.

C-FS3.6

(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

C-FS3.6a

(C-FS3.6a) In which policies are climate-related issues integrated?

Bank lending (Bank)	Credit policy Risk policy Policy related to other products and services	All of the portfolio	Risk policy (covers 100% of bank portfolio): Procedures and tools for the identification, assessment and monitoring of environmental and social risks are applied and integrated into standard risk, compliance and operations processes. We are embedding climate risk into the UBS risk appetite framework and operational risk appetite statement. In 2020, we further integrated climate risk in risk identification, management stress testing methodology and reporting processes across the organization Credit policy/ Client onboarding (100% of clients): Potential clients are assessed for environmental and social risks associated with their business activities as part of UBS's Know Your Client compliance processes. Credit policy/ Portfolio review (over 50% of clients/ portfolio): At portfolio level, we regularly review sensitive sectors and activities prone to bearing climate, environmental, and social risks. We assess client exposure and revenue in such sectors and attempt to benchmark the portfolio quality against the Paris Agreement, and/or regional and/or sectoral averages. Such portfolio reviews give us an accurate aggregated exposure profile and an enhanced insight into our transaction and client onboarding processes. Based on the outcome of these reviews, we can explore ways to improve the future portfolio profile along a range of risk parameters. We have added climate reporting as one element of our mandate reporting, creating insights for our clients on their current climate profile and leading into conversations on how to improve this.
Investing (Asset manager)	Risk policy Policy related to other products and services Engagement policy Sustainable/Responsible Investment Policy Investment policy/strategy Proxy voting policy	Majority of the portfolio	Risk policy / Policy related to other products/services (covers 100% of new products/ services): New financial products and services are reviewed before their launch in order to assess their compatibility and consistency with UBS's climate change strategy and against environmental and human rights standards, which also intersect with our risk management approach on climate change (part of UBS Climate Strategy). Climate and ESR are also considered in investment decision processes. Engagement policy (over 50% of investees): Our firm-wide stewardship strategy includes a thematic engagement program on climate change based on the recommendations of the TCFD. Through dialogue with investee companies, we encourage companies to demonstrate: • Governance ensuring climate change considerations are overseen by the Board. • Risk management addressing the uncertainties arising from climate change. • Strategy considerations taking into account the outcomes of scenario analysis, the understanding of the climate resilience of the business, and the specific actions that the company commits to in aligning with a low carbon economy. • Targets and metrics providing meaningful and ambitious measures of performance. • Responsible advocacy on climate change policy. We expect companies to have a strategy for reducing carbon emissions, to be clear about goals, and to report on progress. We will generally support proposals that require companies to report to shareholders, at a reasonable cost and excluding proprietary data, information concerning their potential liability from operations that contribute to global warming, their policy on climate risks and opportunities, and specific targets to reduce emissions. In tandem with engagement, we believe that our voting activities allow us to reinforce the messages communicated to management during our various dialogues and, ultimately, express our dissent if the objectives set out at the start of our engagement with a given company are not met. At AM, our policies and guidelines all address climate change, including the AM Sustainable Investment Policy, the Asset Management Exclusion Policy, the Asset Management Annual Stewardship Report, and the Asset Management Proxy Voting Policies. More details are provided below. Sustainable/ Responsible investment policy pertaining to our Climate Aware Strategy: UBS-AM has a 4 year live track record of a dedicated climate methodology that has been applied to several underlying equity indices/products. The strategy was developed in conjunction with a UK pension fund. It aims to meet current investment goals while taking into account climate change objectives such as lower-carbon footprint, reduced exposure to fossil fuel reserves, and greater exposure to renewable energy opportunities. By including engagement, it has also been designed to be forward-looking. Modelling climate change, especially in the context of equity and fixed income portfolios, means using sophisticated assumptions around the uncertainties of climate change, given we don't yet know its full implications. To add clarity to our own modelling, UBS has been working in several innovative areas. For example, we look at factors like supply chain patents, and improvements to qualitative data, such as greater levels of disclosure by companies around target emissions. As data availability improves we expect the opportunities for integrating these types of metrics into portfolios to increase .In December, 2020 UBS-AM became a founding signatory of the Net Zero Asset Managers Initiative. As part of the Initiative, we will work in partnership with our clients on decarbonization goals, consistent with an ambition to reach net zero by 2050. Dedicated engagement program for the Climate Aware Strategy: The engagement program focuses on an original list of 49 companies in the oil and gas and utilities sectors. They have been selected based on our Climate Aware methodology, which measures the ability of companies to transition to a low-carbon economy. While UBS-AM has interests across a wide range of industries, we identified the energy and utilities sectors as particularly exposed to climate change transition. Our approach was unique, understanding how the companies we invest in address climate risks and with direct engagement, influencing real change. In order to ensure a systematic approach to our engagement with companies, we developed a scorecard analysis based on the TCFD that reveals interesting insights on the current practice on climate change by the and the gaps we need to address. We scored companies on eight factors: responsiveness, governance, risk management, strategy, performance, targets, lobbying and disclosure. This engagement dialogue started in 2018. The first phase will finish in Q1 2021. Proxy voting policy: In 2020, we were recognized for our stewardship activity by receiving an A+ or "leadership band" for engagement and voting on climate by InfluenceMap.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Other, please specify (Not applicable as UBS business divisions are covered in the above "Bank lending" and "Investing" sections.)	Please select	

C-FS3.6b

(C-FS3.6b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Coal	Bank lending	New business/investment for new projects	Our policies for coal sector include: Coal-fired power plants: - Not providing project-level finance to new coal-fired power plants globally. - Only supporting financing to transactions of existing coal-fired operators (>20% coal reliance) if they have a transition strategy that aligns with the goals of the Paris Agreement, or if the transaction is related to renewable energy or clean technology. Coal mining: -Not providing financing where the stated use of proceeds is for greenfield thermal coal mines. - Only provide financing to existing thermal coal-mining companies (>20% of revenues) if they have a transition strategy that aligns with the goals of the Paris Agreement, or if the transaction is related to renewable energy or clean technology. -Continuing to severely restrict lending and capital raising to the coal mining sector. Mountaintop removal (MTR): -Not providing financing to coal mining companies engaged in MTR operations.
Oil & gas	Bank lending	New business/investment for existing projects	Our policy for oil and gas sectors include: Arctic oil and oil sands: - Not providing financing where the stated use of proceeds is for new offshore oil projects in the Arctic or greenfield oil sands projects. - Only provide financing to companies with significant reserves or production in arctic oil and / or oil sands (>20% of reserves or production) if they have a transition strategy that aligns with the goals of the Paris Agreement, or if the transaction is related to renewable energy or clean technology. Liquefied natural gas (LNG) and ultra-deepwater drilling: - Transactions directly related to LNG infrastructure assets are subject to enhanced environmental and social risk (ESR) due diligence considering relevant factors such as management of methane leaks as well as the company's past and present environmental and social performance. - Transactions directly related to ultra-deepwater drilling assets are subject to enhanced ESR due diligence considering relevant factors such as environmental impact analysis, spill prevention and response plans, and the company's past and present environmental and social performance.

C-FS3.7

(C-FS3.7) Are climate-related issues factored into your external asset manager selection process?
Not applicable, because we don't have externally managed assets

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2006

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based) +3 (upstream)

Base year
2004

Covered emissions in base year (metric tons CO2e)
360502

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2020

Targeted reduction from base year (%)
75

Covered emissions in target year (metric tons CO2e) [auto-calculated]
90125.5

Covered emissions in reporting year (metric tons CO2e)
75110

% of target achieved [auto-calculated]
105.553552176317

Target status in reporting year
Achieved

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
1.5°C aligned

Please explain (including target coverage)
UBS' first climate change strategy was developed in 2006. So far, the strategy has been updated twice, in 2012 and 2015. In 2012, our reduction target was updated with the guidance of Sir David King and his team from the Smith School of Enterprise and the Environment at Oxford University. Sir David King was the Chief Scientific Adviser to H.M. Government under both Tony Blair and Gordon Brown and Head of the Government Office for Science.

Target reference number
Abs 2

Year target was set
2006

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1

Base year
2004

Covered emissions in base year (metric tons CO2e)
41858

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
136524

Scope 2, market-based (if applicable)
46274

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
7428

Emissions calculation methodology
Emissions related to production of used paper. Paper is one of the biggest continuous material accounts of a financial institution. Activity data: quantity of purchased paper Emissions factor: based on a study on emissions from paper lifecycle GWP. Same as Scope 1 and 2 data quality: high data quality External verification according to ISO 14064 performed by EY.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
GHG emissions from capital goods are not considered to be relevant nor material for our company (as a financial services firm). Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy. The application of the principles is fundamental to ensure that GHG related information is a true and fair account. Relevance: To be useful, information must be relevant to the decision-making needs of users. Information has the quality of relevance when it is capable of making a difference in a decision of users by helping them to evaluate past, present or future events, or to confirm or correct prior expectations and evaluations. To be relevant, information must have predictive value or feedback value or both and it must be timely.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from fuel-and-energy-related activities are not considered to be relevant nor material for our company. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy. The application of the principles is fundamental to ensure that GHG related information is a true and fair account. Relevance: To be useful, information must be relevant to the decision-making needs of users. Information has the quality of relevance when it is capable of making a difference in a decision of users by helping them to evaluate past, present or future events, or to confirm or correct prior expectations and evaluations. To be relevant, information must have predictive value or feedback value or both and it must be timely.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

GHG emissions from upstream transportation and distribution are not considered to be relevant nor material for our company. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy. The application of the principles is fundamental to ensure that GHG related information is a true and fair account. Relevance: To be useful, information must be relevant to the decision-making needs of users. Information has the quality of relevance when it is capable of making a difference in a decision of users by helping them to evaluate past, present or future events, or to confirm or correct prior expectations and evaluations. To be relevant, information must have predictive value or feedback value or both and it must be timely.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3350

Emissions calculation methodology

Emissions related to the generation of waste Activity data: Quantity of generated waste sent to landfill or incineration Emissions factor: from Ecoinvent database GWP: same as Scope 1 and 2 Data quality: High data quality External verification according to ISO 14064 performed by EY.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

25429

Emissions calculation methodology

Business travel, in the form of business trips and visits to clients, is an important environmental aspect of a financial institution, particularly for globally-active companies due to air travel. Activity data: Distance traveled Emissions factor: from Defra / DECCs Guidance GWP: same as Scope 1 and 2 Data quality: High data quality External verification according to ISO 14064 performed by EY. Methodology described in UK Department for Business, Energy & Industrial Strategy - Government Greenhouse gas conversion factors for company reporting - methodology paper https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Employee commuting

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
GHG emissions from employee commuting are not considered to be relevant nor material for our company. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy. The application of the principles is fundamental to ensure that GHG-related information is a true and fair account. Relevance: To be useful, information must be relevant to the decision-making needs of users. Information has the quality of relevance when it is capable of making a difference in a decision of users by helping them to evaluate past, present or future events, or to confirm or correct prior expectations and evaluations. To be relevant, information must have predictive value or feedback value or both and it must be timely.

Upstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
6143

Emissions calculation methodology
Emissions related to leased office space. Activity data: Estimated energy used for heating purposes in lease office space. (Electricity included in scope 2 emissions) Emissions factor: same as scope 1 or 2 GWP: same as Scope 1 and 2 Data quality: High data quality External verification according to ISO 14064 performed by EY.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial services company, emissions from transportation and distribution of products sold, are not relevant nor material. Transportation of own staff is included in business travel. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial services company, emissions from processing of sold products, are not relevant nor material. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial services company, emissions from use of sold products, are not relevant nor material. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a financial services company, emissions from end of life treatment of sold products, are not relevant nor material. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
GHG emissions from downstream leased assets are either already included in scope 1 and 2 emissions or the emissions are not material. Our GHG accounting and reporting is externally verified by EY according to ISO 14064 and is based on the principles: relevance, completeness, consistency, transparency and accuracy.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
UBS does not operate franchises.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No other upstream GHG sources

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No other downstream GHG sources

C6.10

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations
Stakeholder expectations
Drive energy efficiency
Drive low-carbon investment
Stress test investments
Identify and seize low-carbon opportunities

GHG Scope

Scope 1
Scope 2
Scope 3

Application

UBS employs differentiated carbon pricing depending on the business unit and region in which the internal carbon price is used. In Switzerland for in-house operations, a price as set by the Swiss CO2 Levy is referenced when pricing internal investments in cleaner energy systems. This price is held as a price point for decision making on financial planning costs. For risk management, scenario-based carbon prices used in scenario analyses are taken as guidance and input. These are considered modeled information, specific to a scenario, and therefore have a more research-based advisory role in decision-making, rather than strict guidance.

Actual price(s) used (Currency /metric ton)

110

Variance of price(s) used

UBS employs differentiated carbon pricing depending on the business unit and region in which the internal carbon price is used. Carbon prices progress from 0 in 2015 to over 100+ in subsequent decades, as implied by the scenario (for risk management). CO2 Levy prices in Switzerland are as set by the government. -- In Switzerland for in-house operations, a price as set by the Swiss CO2 Levy is referenced when pricing internal investments in cleaner energy systems. This price is held as a price point for decision making on financial planning costs. For risk management, scenario-based carbon prices used in scenario analyses are taken as guidance and input. These are considered modeled information, specific to a scenario, and therefore have a more research-based advisory role in decision-making, rather than strict guidance.

Type of internal carbon price

Shadow price
Implicit price

Impact & implication

Our top-down approach uses an internal carbon price to assess UBS balance sheet vulnerability, consisted of a scenario-based stress test. Leveraging its existing firm-wide top-down stress testing methodology, we developed a climate change scenario and its related regulatory response to assess the impacts on financial assets, operational income and physical assets. Financial impacts were moderate and in line with other stress scenarios, particularly those that foresee an oil shock component. The biggest risk from the regulatory response (i.e. transition risk) was for exposures to large corporates that are most sensitive to shocks in market variables like equity indices. -- In Switzerland for in-house operations, a price as set by the Swiss CO2 Levy is referenced when pricing internal investments in cleaner energy systems. This price is held as a price point for decision making on financial planning costs. The price applied to the replacement of fossil fuel heating systems results in higher projected costs for CO2-intense systems compared to renewable solutions and support decision making. In 2020, an additional two projects were initiated to replace fossil fuel heating systems with renewable solutions (local district heating) with an expected reduction of 1286 tCO2eq (See C4.3a & C4.3b). As we committed to Net Zero for Scope 1 & 2 (See section on targets), we focus on eliminating fossil heating completely from our building portfolio. For risk management, scenario-based carbon prices used in scenario analyses are taken as guidance and input. These are considered modeled information, specific to a scenario, and therefore have a more research-based advisory role in decision-making, rather than strict guidance.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, our investee companies

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Run an engagement campaign to educate suppliers about climate change
Climate change performance is featured in supplier awards scheme
Offer financial incentives for suppliers who reduce your operational emissions (Scopes 1 &2)
Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)
Offer financial incentives for suppliers who reduce your upstream emissions (Scopes 3)

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5
100

Rationale for the coverage of your engagement
The UBS Responsible Supply Chain Management (RSCM) approach is contract-based. All suppliers must agree to the Responsible Supply Chain Standard (RSCS) (including requirements towards environment/climate performance, human rights, health & safety and anti-corruption), for contracts to be awarded. Supplier relationships are terminated for non-compliance. To assess the compliance with the RSCS, we focus on suppliers with high impact (i.e. high potential for environmental & social risks and climate related issues). Our sourcing and procurement services are performed by a service provider that applies UBS' RSCM framework & processes. The RSCM framework is operated by experienced and specifically trained procurement and sourcing specialists (in 2020, 124 specialists were trained globally) and supported by internal & external experts. Strategy for Prioritization:·The RSCM framework includes an impact assessment of newly sourced goods & services, which considers potential environmental impacts along the lifecycle of a product or a service, and all purchased goods & services are categorized accordingly. Suppliers of potentially high-impact goods or services, are requested to conduct a self-assessment on their responsible management practices and to provide corresponding evidence. Actual and potential negative impacts that are considered in the impact assessment of purchased goods & services include:-Adverse environmental impacts due to inefficient use of resources (e.g. water, energy, biomass) and emissions during the lifecycle of the product-Hazardous substances, emissions, pollutants and limited biodegradability of products-Unfair employment practices-Risks for consumer health & safety-Procurement and use of materials with a strongly negative environmental/social impact-Insufficient management of subcontractors regarding sustainability aspects. In 2021 we have further enhanced our RSCM Questionnaire with a Sustainability & Climate Change section (e.g. scope 1,2 & 3 GHG emissions, Net Zero commitment, green energy commitment, environmental/energy management system). All vendors which are classified as vendors that provide UBS with goods or services with potentially high impacts need to answer climate change related questions. We have also established a re-assessment process so that vendors are assessed against our RSCM standards every 2 years.

Impact of engagement, including measures of success
In 2020, 221 vendors were classified as vendors providing UBS with goods/services with potentially high impacts, both newly sourced as well as ongoing engagements, which are regularly re-assessed. 29% of these vendors were considered as in need of improving their management practices. Specific remediation actions were agreed with all of them and implementation progress has been closely monitored. We measure success as the reduction in environmental impact and GHG emissions in our supply chain. There are several environmental indicators that are related to the impact of engagement with vendors and that track the success of our implemented measures, such as energy consumption & related share of renewables and scope 2 emissions, travel distance & related travel type (air travel, train, etc) and scope 3 emissions, paper consumption & related paper types (recycled, new fibres, etc) and scope 3 emissions, waste volumes & recycling ratio and scope 3 emissions. Examples on engagement: - We engaged with utilities suppliers and track scope 2 emissions related to purchased electricity and heat. Scope 2 market-based emissions were reduced by 64% since 2016 and 37% year-on-year. E.g. as a large consumer in Switzerland, we can procure electricity on the open market. As UBS procures 100% renewable energy while still being cost-conscious, we drive the market by increasing demand in renewable energy & contribute to adequate pricing. - We engaged with paper suppliers to purchase paper with recycled content and lower GHG emissions in the production process. Paper related scope 3 emissions were reduced by 35% since 2016 and 12% year-on-year. - We incentivize the market by shifting internal demand to sustainable products, by removal of non-sustainable products from the procurement catalogues. We are implementing GHG driven ranking of options for hotels/ground & air travel, incentivizing employees to choose the more sustainable options. UBS drives innovation towards sustainable offerings, e.g. by moving servers to cloud which has environmental benefits or by requiring contracts for our data centers to use 100% renewable energy. Our IT hardware vendors must comply with Energy Star or EU Energy Level Class A standards. We encourage vendors to reduce environmental impact of p&s and to reduce & to report energy use & GHG emissions.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Compliance & onboarding

Details of engagement
Climate change considerations are integrated into customer screening processes

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
Procedures and tools for the identification, assessment and monitoring of environmental and social risks (ESR; including climate risks) are applied and integrated into standard risk, compliance and operations processes. All prospects and clients are assessed for ESR associated with their business activities as part of UBS's onboarding and Know Your Client (KYC) compliance processes. This standard process applies to all our customers and portfolios in order to fully identify, assess, and monitor ESR to UBS's downstream value chain. Where required during the onboarding and KYC due diligence processes, the ESR unit directly engages with the prospect or client on ESR related aspects (incl. climate related) by requesting first-hand information or setting conditions that are monitored thereafter by the ESR unit. We also engage with clients as part of our transaction due diligence process. For example, as stated in UBS ESR standard on coal power, UBS does not provide project-level finance for new coal-fired power plants globally and only supports financing to transactions of existing coal-fired operators (>20% coal reliance) who have a transition strategy in place that aligns with a pathway under the Paris Agreement, or the transaction is related to renewable energy. In an Investment Banking context (lending, equity or bond underwriting), this means that we regularly engage with clients during transactions on their fossil fuel strategy and their alignment with the Paris Agreement. We evaluate client strategies on a forward looking basis, to understand if they meet the pledged ambitions of their host countries, as expressed in the Nationally Determined Contributions (NDCs). Where UBS standards are not met transactions cannot proceed. Together with other financial institutions UBS thereby provides an important signal to companies to reduce their GHG emissions and commit to a transition towards a low carbon economy. At portfolio level, we regularly review climate sensitive sectors and activities prone to bearing climate, environmental, and social risks. We assess client exposure and revenue in such sectors and attempt to benchmark the portfolio quality against the Paris Agreement, and/or regional and/or sectoral averages.

Impact of engagement, including measures of success
We engage w/ clients on a case by case basis to improve their sust. perf. Impact of such engagement (and measure of success) is measured based on whether a client commits to & delivers on a condition set by UBS which results in an improved sust. perf. Examples: -Where client has coal-fired power plants in its portfolio, we engage to reduce their coal exposure in line w/ the Paris Agreement (PA), we: 1) determine current & future asset base, by MW capacity of the various fuel types in the client's portfolio. This is determined in desk research, 3rd party databases & engaging w/ the client 2) benchmark the coal reduction trajectory against the PA aligned pathways for host countries, as determined by our 3rd party ESG data partner. The rates are compared to determine if the client's forward-looking strategy meets PA commitment. If not, we encourage client to adjust strategy to be aligned w/ the pathways defined by the PA. - UBS review of market developments in the palm oil sector found that demand for products developed in accordance w/ the NDPE (No Deforestation, No Peat and No Exploitation), is increasingly being adopted. In result, UBS implemented the standard in its banking practices. As a concrete example, UBS has been engaging w/ an agribus. firm to address deforestation risks in its SC. UBS has set clear conditions for the client requesting a commitment to established industry certification mechanisms that control the risk of being exposed to SC related deforestation. UBS worked w/ 3rd party specialist to review the company practices & to establish conditions which have been included in the prospectus to investors. UBS will monitor the performance of the client to see if the conditions have been met & whether the engagement has been successful. Early detection & effective mgmt. of ESR & reputational risks of onboarded clients over short-, mid- & long-term time horizons is vital to UBS. Our climate-related achiev. have been recognized by ext. experts & we have continued significantly reduce the share of carbon-related assets to 1.9% of total banking products (down from 2.3% in 2019 & 2.8% in 2018). For the sixth year, UBS has been named the best performer in the Diversified Financial Services & Capital Markets Industry of the Dow Jones Sustainability Indices (DJSI), the most widely recognized corporate sust. rating (2020 outcome of engagement).

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Included climate change in investee selection / management mechanism

% of investees by number
100

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

Portfolio coverage
Majority of the portfolio

Rationale for the coverage of your engagement
At UBS Asset Management the integration of Environmental, Social and Governance ("ESG") factors in the investment process is oriented around the UBS ESG Material Issues framework developed by our Sustainable and Impact Investing ("SI") research team. Sustainability covers a wide range of topics, so financial analysts and portfolio managers need to focus their attention on a limited set of factors that could affect the financial performance of an invested asset. The ESG Material Issues framework identifies the 3 to 5 most financially relevant ESG factors per sector that can impact the investment thesis across 32 different industry sectors. This helps analysts focus on those sustainability factors most likely to influence investment returns. We use ESG integration to embed our understanding of climate change into our investment decision. We recognize that how the investments we make could be affected by climate change depends on a combination of business models and activities, regulatory jurisdictions, asset locations, technologies and innovation, among other factors.

Impact of engagement, including measures of success
We believe that ESG integration, which includes the very important topic of climate, involves a more holistic accounting of sustainability factors in the research process. We believe this leads to better informed investment decisions which could enhance performance and reduce risk. By identifying long-term investment opportunities, anticipating and managing financially material risks, engaging with the relevant third parties, and creating products and services that take into account ESG considerations, we believe our investments will be more successful in the longer term and will positively impact society and the environment. Our firm's common vision on the integration of ESG material factors in investment decisions, index constructions in the case of index strategies, and stewardship are set out in our SI policy. As a large scale asset manager, we provide traditional, alternative, real estate, infrastructure and private equity investment solutions to private clients, financial intermediaries and institutional investors

worldwide Across our traditional active businesses, ESG is fully integrated. Within index equities and fixed Income, we have extensive experience and expertise in incorporating sustainability factors in index funds and rules-based strategies. Our Real Estate and Private Markets business incorporates SI into all of their investment processes and will be among the first managers to offer funds that promote sustainability under the EU Sustainable Finance Disclosure Regulation. Within the multi-asset business, different methodologies of ESG assessment are combined into one portfolio, making it challenging to create one overarching profile of the ESG characteristics. We integrate sustainability where possible, leveraging best practices. Our multi-manager funds, traditional and alternative, include aspects of ESG into the manager due diligence process and use SI topics for new product development. Investment teams drive ESG integration within their investment processes and engagement activities linked to value drivers. Portfolio managers and analysts have access to a variety of ESG data, internal and external. They are supported by the Sustainable and Impact Investing team. In recent years attitudes towards sustainable investing have undergone a transformational shift. Once a ‘nice to have’, today it is a clear ‘must have’ as more and more clients prioritize sustainable investing in their investment processes. Institutional investors, in particular pension funds, are pivoting toward sustainable investing, driven by growing regulatory obligations and changing perceptions of their fiduciary duties. Up to 77% of institutional investors plan to stop investing in non-ESG products by 2022, according to a recent study by PWC (www.pwc.lu/en/sustainable-finance/esg-report-the-growth-opportunity-of-the-century.html) In 2019 we conducted a large-scale survey of over 613 institutional investors representing more than €19 trillion AuM. 78% of those surveyed integrate ESG, citing materiality of risk as their key reason for doing so. Among European asset owners, the majority believe that systemic environmental factors will be more material to their investments than traditional financial factors. With this in mind, our ESG integration approach is designed to support client demand and drive improvements at the investee level by deepening the understanding of material ESG risk. In 2020, UBS Asset Management conducted 429 engagement meetings in which long term sustainability issues were discussed and in which concrete expectations were communicated to senior management. Of these meetings 32% included discussions on environmental and climate change related issues. These meetings support integration efforts as they are directly tied to the investment cases.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Climate change is integrated into investee evaluation processes

% of investees by number
100

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

Portfolio coverage
Majority of the portfolio

Rationale for the coverage of your engagement
At UBS Asset Management the integration of Environmental, Social and Governance (“ESG”) factors in the investment process is oriented around the UBS ESG Material Issues framework developed by our Sustainable and Impact Investing ("SI") research team. Sustainability covers a wide range of topics, so financial analysts and portfolio managers need to focus their attention on a limited set of factors that could affect the financial performance of an invested asset. The ESG Material Issues framework identifies the 3 to 5 most financially relevant ESG factors per sector that can impact the investment thesis across 32 different industry sectors. This helps analysts focus on those sustainability factors most likely to influence investment returns. We use ESG integration to embed our understanding of climate change into our investment decision. We recognize that how the investments we make could be affected by climate change depends on a combination of business models and activities, regulatory jurisdictions, asset locations, technologies and innovation, among other factors.

Impact of engagement, including measures of success
We believe that ESG integration, which includes the very important topic of climate, involves a more holistic accounting of sustainability factors in the research process. We believe this leads to better informed investment decisions which could enhance performance and reduce risk. By identifying long-term investment opportunities, anticipating and managing financially material risks, engaging with the relevant third parties, and creating products and services that take into account ESG considerations, we believe our investments will be more successful in the longer term and will positively impact society and the environment. Our firm's common vision on the integration of ESG material factors in investment decisions, index constructions in the case of index strategies, and stewardship are set out in our SI policy. As a large scale asset manager, we provide traditional, alternative, real estate, infrastructure and private equity investment solutions to private clients, financial intermediaries and institutional investors worldwide Across our traditional active businesses, ESG is fully integrated. Within index equities and fixed Income, we have extensive experience and expertise in incorporating sustainability factors in index funds and rules-based strategies. Our Real Estate and Private Markets business incorporates SI into all of their investment processes and will be among the first managers to offer funds that promote sustainability under the EU Sustainable Finance Disclosure Regulation. Within the multi-asset business, different methodologies of ESG assessment are combined into one portfolio, making it challenging to create one overarching profile of the ESG characteristics. We integrate sustainability where possible, leveraging best practices. Our multi-manager funds, traditional and alternative, include aspects of ESG into the manager due diligence process and use SI topics for new product development. Investment teams drive ESG integration within their investment processes and engagement activities linked to value drivers. Portfolio managers and analysts have access to a variety of ESG data, internal and external. They are supported by the Sustainable and Impact Investing team. In recent years attitudes towards sustainable investing have undergone a transformational shift. Once a ‘nice to have’, today it is a clear ‘must have’ as more and more clients prioritize sustainable investing in their investment processes. Institutional investors, in particular pension funds, are pivoting toward sustainable investing, driven by growing regulatory obligations and changing perceptions of their fiduciary duties. Up to 77% of institutional investors plan to stop investing in non-ESG products by 2022, according to a recent study by PWC (www.pwc.lu/en/sustainable-finance/esg-report-the-growth-opportunity-of-the-century.html) In 2019 we conducted a large-scale survey of over 613 institutional investors representing more than €19 trillion AuM. 78% of those surveyed integrate ESG, citing materiality of risk as their key reason for doing so. Among European asset owners, the majority believe that systemic environmental factors will be more material to their investments than traditional financial factors. With this in mind, our ESG integration approach is designed to support client demand and drive improvements at the investee level by deepening the understanding of material ESG risk. In 2020, UBS Asset Management conducted 429 engagement meetings in which long term sustainability issues were discussed and in which concrete expectations were communicated to senior management. Of these meetings 32% included discussions on environmental and climate change related issues. These meetings support integration efforts as they are directly tied to the investment cases.

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Carry out collaborative engagements with other investors or institutions

% of investees by number

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b
66.7

Portfolio coverage
Majority of the portfolio

Rationale for the coverage of your engagement
UBS Asset Management is involved in Climate Action 100+, a collaborative engagement initiative launched in December 2017. Its aim is to engage with high-level greenhouse gas emitters. (The companies include 100 ‘systemically important emitters’, accounting for two-thirds of annual global industrial emissions, therefore the 66.7% in the scope 3 field), and other companies across the global economy, that have significant opportunities to drive the clean energy transition and help achieve the goals of

the Paris Agreement. It has the support of 542 investors, representing more than USD 52 trillion of assets under management. AM is directly involved in 29 coalitions of investors (at the end of 2020) within Climate Action 100+ and leads eight of the company dialogues across regions. Whether UBS Asset Management is a lead or participating investor, it is an active member of these coalitions, providing feedback on the climate change performance of companies, the discussion agenda, engagement goals and the progress of these dialogues.

Impact of engagement, including measures of success

Since its launch in December 2017, Climate Action 100+ has grown into one of the world's largest investor-led engagement initiatives, with more than 542 investor signatories with more than $52 trillion in assets under management. The five-year initiative's first progress report provides a sector-by-sector analysis of progress to date. For each sector, it includes performance indicators, a list of key company milestones, and case studies. By way of example, since 2018, UBS Asset Management has been a co-lead in an engagement dialogue the European energy company, Eni. The dialogue with management has focused on: – The company's decarbonization strategy, – Capital expenditure in fossil fuels extraction and renewables, scenario analysis, GHG emissions reduction targets, – The link of executive remuneration with climate goals and – Lobbying activities in support of the Paris Agreement. We have interacted with the CEO, CFO, the chair of the remuneration committee, the sustainability and the IR department. As part of the dialogue, we have submitted an AGM statement for the board's consideration to acknowledge the progress made and encourage the company to keep its commitments, even during the challenging times of the COVID-19 pandemic. At the beginning of 2020, the company announced new ambitious targets, including an 80% reduction in net scope 1, 2 and 310 emissions by 2050, with reference to the entire life-cycle of the energy products sold and a 55% reduction in emission intensity compared to 2018. This is in addition to previous commitments to achieve net-zero carbon footprint by 2030 for scope 1 and 2 emissions from upstream activities and net-zero carbon footprint for total scope 1 and 2 emissions by 2040. During 2020, the long-term incentive plan of the company has also been modified to include a new ESG objective with a 35% weight. The company has also published its principles to define the company's public policy positions on climate change and assess its participation in trade associations. Finally, the company has reviewed its oil and gas price assumptions and defined a flexible decline in oil production from 2025 together with ramping up its commitments in renewables and the circular economy. Going forward we will continue the dialogue with the company to align its capital allocation decisions to the Paris Agreement and include climate change considerations in audit and accounting. The full progress report from CA100+ can be downloaded from https://climateaction100.wordpress.com/progress-report/

Type of engagement

Engagement & incentivization (changing investee behavior)

Details of engagement

Initiate and support dialogue with investee boards to set Paris-aligned strategies

% of investees by number

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

27

Portfolio coverage

Minority of the portfolio

Rationale for the coverage of your engagement

Notwithstanding the considerable challenges brought about by the COVID-19 pandemic in 2020, we continue to regard the long-term threats posed by climate change as one of the most serious investment risks facing our clients and their beneficiaries. During 2020 we delivered on our commitment made at the World Economic Forum (WEF) annual meeting in Davos at the start of the year to provide clients with a range of investment products across asset classes which can help them transition their assets towards a lower carbon future. Building on our innovative Climate Aware methodology, we launched new climate investment strategies across both active and passive equity and fixed income six months later. By December 2020, AuM across our climate strategies had risen five-fold to over USD15bn, representing a significant contribution of capital towards the efforts to generate positive climate outcomes. This commitment was underscored at the end of the year when we became a founding signatory to the Net Zero Asset Managers initiative. Critical to the Climate Aware methodology is the associated engagement program. The climate change-focused program was launched in 2018. While UBS Asset Management has interests across a wide range of industries, we identified the energy and utilities sectors as particularly exposed to climate change transition. The objective of our dialogue with 49 oil & gas and utilities companies is to support the transition to a low carbon economy. The companies in our engagement focus list represent 27% of CO_2 emissions (scope 1 and 2) of the entire benchmark (FTSE All developed) (Therefore the 27% in the "% Scope 3 emissions" field and the "Minority of the portfolio" in the Portfolio coverage field). To create the most effective dialogue within our thematic engagement program on climate change, we have developed a climate materiality assessment and framework to facilitate research and climate engagement dialogue across nine impacted sectors, including the two in focus, oil & gas and utilities. This framework, around which our engagement goals are oriented, is both financially material and well understood by corporate management teams. Specifically, we defined our objectives around the Taskforce on Climate-related Financial Disclosure (TCFD). We then conducted a detailed scorecard analysis for each company in the focus list in order to identify the most relevant areas of potential improvement, focusing on the core elements of the TCFD. These are: – Governance of climate change – Risk management – Strategy and policy – Metrics and performance – Targets – Lobbying activities – Overall level of disclosure As outlined above, to maximize both the coherence and effectiveness of our engagements, we pursued our climate engagement strategy through collaboration with other asset owners and asset managers within the investor initiative Climate Action 100+ (CA100). This consistency allows companies to focus on addressing the core issues linked to climate change rather than needing to reconcile divergent investor requests. Collaboration also allows investors to share various perspectives while combining expertise in order to better challenge and support corporate representatives in setting ambitious actions. Finally, our dialogue with management is complemented by our voting decisions on climate issues. We are generally supportive of climate change resolutions that are reasonable, referring to the TCFD recommendations and aligned with long-term shareholder interest. In addition to supporting shareholder resolutions on climate, we also use our vote to express discontent at companies which fail to demonstrate adequate progress. We will generally vote against the chair of the board of companies we have engaged with for more than two years without seeing progress on climate change. We see our votes against management as a means to call for greater attention and action. In 2020, we voted against the election of the chair or another board member of four companies in our focus list because of lack of progress on engagement focused on climate change. Through dialogue with companies in relation to climate change, UBS Asset Management contributes to the goals of SDG 7 on ensuring access to affordable, reliable, sustainable and modern energy for all and SDG 13 on taking urgent action to combat climate change and its impacts. We also established a Climate Aware advisory board. Its purpose is to provide institutional investors in the strategy with updates on the climate engagement program, while also allowing them to provide feedback and help shape the program over time.

Impact of engagement, including measures of success

The first phase of our thematic engagement on climate change comes to an end in March 2021. The measure of our progress to end 2020 can be summarized as follows: 1) Limited success was achieved across 18% of the companies, where between 0 -25% of the objectives were met; 2) Partial success was achieved with 40% of companies, where 25 -50% of the objectives were met; 3) Good success was achieved with 35% of companies, where 50 -75% of the objectives were met; and 4) Excellent success was achieved with 7% of companies where 75 -100% of the objectives were met. We consider our engagement program to be successful if we have partial to excellent progress on at least 80% of the companies. However it is also important to point out that our engagements are not simply driven by a quant target but the magnitude of the impact in terms of climate commitments. These are linked to the TCFD. Having several leading companies meet our ambitious climate objectives and agreeing to align their strategies with the Paris agreement would also be considered a significant success. By way of example, we have been engaging with Korea Electric Power Corp within Climate Action 100+ as a participating investor since 2018. The engagement has focused on the company's strategy to transition to a low carbon economy. More specifically, we have been asking management to enhance GHG emissions reduction targets, increase ambitions on renewable energy, define a coal phase-out plan and align disclosure with the TCFD framework. As the company has planned further investments in new coal plants in Vietnam (Vung Ang 2), Indonesia (Jawa 9 and 10) and other emerging markets and given the limited progress against our requests, we have co-signed a private letter to the board of the company, a public letter to the South Korean Ministry of Economy and Finance (a major shareholder in the company) and a media article to express our concerns. As a way of reiterating our expectations, we have also voted against the appointment of three board members at the extraordinary general meeting (EGM) in September 2020. In 2020, the company approved the overseas coal fired power plants in Indonesia and Vietnam. However, it also confirmed soon afterwards that it will not pursue investments in new coal plants overseas, including two projects in the Philippines and South Africa. Additionally, the South Korean government has committed to achieve net-zero emissions by 2050, in combination with pledging to a national plan to close 30 coal-fired power plants by 2034 and ten of those by 2022. As KEPCO owns the majority of these plants, we expect these recent announcements will have strong implications for the company's transition strategy. Going forward we will continue the dialogue with the company in collaboration with other investors in relation to the coal phase out timeline and action plan domestically and overseas. Equally, we will be looking for full alignment of corporate disclosure with the TCFD recommendations, including scenario analysis, metrics and performance.

Type of engagement
Engagement & incentivization (changing investee behavior)

Details of engagement
Support climate-related issues in proxy voting

% of investees by number
96

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

Portfolio coverage
All of the portfolio

Rationale for the coverage of your engagement
Voting at shareholder meetings is a vital component of our overall approach to the effective stewardship of our clients' assets. Voting isn't an end in itself, but rather a crucial element of our oversight role. It allows us to voice our opinion to a company on a broad range of topics and is a way of encouraging boards to listen to and address investor concerns. It is important that proxy voting is linked to our research and investment process. If holdings are included in more than one portfolio then we aim, as far as possible, to vote consistently to send one strong, unified message to our investee companies. We use voting to complement and support our engagement activities. In situations where our engagement dialogue is not bringing the results we'd expected, we'll escalate and use voting as an additional means of expressing our opinion and seeking to influence boards and management. In such circumstances it is essential to communicate effectively with management pre- and post-vote to explain the reasons for our dissent and open the doors for further dialogue. Our voting process is managed by our SI Research and Stewardship team. They work closely with our fundamental investment teams to decide how to exercise our voting rights, based on our voting principles, any engagement we may have undertaken, and our knowledge of the investee company. We do not outsource our voting decisions and retain full oversight and discretion when determining how to vote on behalf of our clients and funds. It is our belief that voting rights have economic value and should be treated accordingly. Where clients of UBS Asset Management have delegated to us the discretion to exercise the voting rights for shares they beneficially own, we have a fiduciary duty to vote such shares in the clients' best interest and in a manner which achieves the best economic outcome for their investments. Voting enables us to voice our opinion to a company on a broad range of topics and is a way of encouraging boards to listen to and address investor concerns. As a result we consider voting to be an important part of our oversight role and integral to both the investment process and our overall stewardship approach. We vote globally in over 60 countries across both our actively managed and index/rules based passive strategies. We seek to vote all shares held consistently across our range of investments, in order to maximize the outcome of the vote. As long-term shareholders we will generally seek to support current management initiatives. However where we have concerns with a company arising from our stewardship and engagement activities, or in relation to a particular resolution that we believe is not in the interests of our clients, we may choose not to support a particular proposal. This includes resolutions put forward by both company management and outside parties. We have been voting on a discretionary basis on behalf of our clients since 1995. We implemented our first internal voting policy in 1998. In 2020 we voted at 11,615 meetings, or 96% of shareholder meetings where we had an eligible position to vote, across 60 countries. There remains a small number of markets where the logistics of voting present either a significant administrative burden, or impede our ability to manage a portfolio during the voting period. For example, when so-called share-blocking applies. We are currently reviewing these markets with the aim of further increasing our market scope, and ensuring that voting rights are exercised as widely as possible. In the first half of 2021 we will add Denmark, Norway and Sweden to our market coverage, subject to completion of necessary documentation.

Impact of engagement, including measures of success
Our voting activities allow us to reinforce the messages communicated to management during our various dialogues and, ultimately, express our dissent if the objectives set out at the start of our engagement with a given company are not met. In 2020 we voted on over 660 shareholder resolutions which were focused on ESG issues, supporting 64% of them. More specifically, 50 of these resolutions were climate-related shareholder resolutions and we supported 88% of them. Generally, we have not supported resolutions that were too prescriptive in nature, didn't address material issues, or which asked companies to introduce policies and practices that had already been adequately addressed. It is generally accepted that the world's climate is changing due to rising man-made emissions of greenhouse gases, particularly carbon dioxide (CO2). The largest single source of CO2 emissions is the combustion of fossil fuels – coal, oil and gas. We expect companies to have a strategy for reducing carbon emissions, to be clear about goals, and to report on progress. We will generally support proposals that require companies to report to shareholders, at a reasonable cost and excluding proprietary data, information concerning their potential liability from operations that contribute to global warming, their policy on climate risks and opportunities and specific targets to reduce emissions (where such targets are not overly restrictive). We will generally support proposals that require, or request, information regarding an issuer's adoption of, or adherence to, relevant norms, standards, codes of conduct or universally recognized international initiatives, including the recommendations of the Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD). In the following circumstances we may choose not to support specific proposals: − When the issue(s) presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation; − When the company has already responded in an appropriate and sufficient manner in previous years and the requirements are duplicative of existing reporting; − Where the proposal request is unduly burdensome or overly prescriptive. We may choose to vote against the Board Chairman of a company when we determine that sufficient progress has not been made on specific topics raised during our engagement with companies, in particular in relation to climate change matters discussed as part of our climate related engagement program. An example of the impact of proxy voting can be seen in our engagement with Korea Electric Power Corp. We have been engaging with the company within Climate Action 100+ as a participating investor since 2018. The engagement has focused on the company's strategy to transition to a low carbon economy. More specifically, we have been asking management to enhance GHG emissions reduction targets, increase ambitions on renewable energy, define a coal phase-out plan and align disclosure with the TCFD framework. As the company has planned further investments in new coal plants in Vietnam (Vung Ang 2), Indonesia (Jawa 9 and 10) and other emerging markets and given the limited progress against our requests, we have co-signed a private letter to the board of the company, a public letter to the South Korean Ministry of Economy and Finance (a major shareholder in the company) and a media article to express our concerns. As a way of reiterating our expectations, we have also voted against the appointment of three board members at the extraordinary general meeting (EGM) in September 2020. In 2020, UBS AM was awarded an A+ leadership band for engagement and voting on climate by InfluenceMap. (Source: InfluenceMap 2020)

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Direct engagement with policy makers
Trade associations

C12.3a

banks than in phase I (16) and communicating about the project.

How have you influenced, or are you attempting to influence their position?
UBS was a founding member bank of the initiative, as part of the original founding working group on TCFD recommendations UBS helped to shape the objectives and methodologies which are now employed across more than double the banks in a broader initiative (Phase II).

Trade association
The regional European (AFME), Asia (ASIFMA), and US (SIFMA) and their umbrella Global Financial Markets Association (GFMA) all have sustainable finance working groups of which UBS is a member

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association’s position
AFME, ASIFMA, SIFMA, and GFMA all support the further development of sustainable finance in a manner that supports transition to a net zero economy, provide transparency and protection to investors, and are transparent with broader stakeholders through appropriate disclosure.

How have you influenced, or are you attempting to influence their position?
Our Head of Sustainability Regulatory Strategy serves as one of four co-chairs of the AFME Sustainable Finance Working Group.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

- UBS' governance of sustainability ensures that relevant functions, up to and including the highest governance level, are informed about and involved in the decision-making on and evolution of UBS' climate change strategy. UBS Group AG’s Board of Directors' Corporate Culture and Responsibility Committee (CCRC), chaired by the UBS Chairman (=Board Chair), and with the Group CEO, the GEB sponsor for Sustainability and Impact, the Group Chief Risk Officer and the Chief Sustainability Officer as permanent guests, meets six times a year. The CCRC regularly considers UBS' strategy on climate change, including also external engagements & positions and relevant regulatory developments. Discussions on climate risk take place as joint CCRC and RC (Risk Committee) meetings.
- The UBS Group Executive Board, led by the Group CEO, regularly discuss and consider UBS’ climate strategy, including in particular the implementation of the firm’s Net Zero commitment.
- The Chief Sustainability Office ensures that relevant aspects are communicated to and discussed with the BoD and the GEB and relevant functions within the firm.
- Internal communication of the climate change strategy ensures all employees are informed and educated about the firm's climate change strategy. For example, regular intranet articles inform employees about our CC strategy and the economic impact of CC on the economy and the financial sector.
- Both the Chairman and Group CEO of UBS are directly involved in initiatives that influence policy consistent with our firm's climate change strategy (including e.g. via the World Economic Forum CEO Climate Leader Alliance). In addition:
- UBS contributes to pertinent external discussions and consultation, including on climate-related matters. The Head External Engagement co-chairs the IIF’s Sustainable Finance Working Groups.
- UBS is represented in the Swiss Banker’s Association and is a member of the FSB’s TCFD. Headquartered in Switzerland, UBS representatives regularly interact with government officials, including on climate-related matters.
- The UBS Chief Sustainability Officer serves on the Board of Swiss Sustainable Finance.
- The Head Corporate Responsibility chairs the joint CSR working group of major Swiss trade associations economiesuisse and SwissHoldings, which consider sustainability topics, including climate change. It is also a member of economiesuisse's working group on energy, which also considers climate change, including how it pertains to policy-making in Switzerland.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
6k-sustainability-report-31-12-20.pdf

Page/Section reference
UBS Sustainability Report 2020 contains UBS TCFD-aligned climate strategy disclosure, starting on page 31 (page numbers as printed in the report).

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
UBS Sustainability Report 2020 was part of its regulatory filings in 2020, in the US and Germany (year-end financial filings).

Publication
In voluntary communications

Status
Complete

Attach the document
climate-strategy-2021-may-3.pdf

Page/Section reference
All pages

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
2020/2021 Climate Strategy document is TCFD-aligned climate-specific disclosure document for UBS.

Publication
In other regulatory filings

Status
Complete

Attach the document
ubs-sustainability-report-2020.pdf

Page/Section reference
UBS Sustainability Report 2020 contains UBS TCFD-aligned climate strategy disclosure, starting on page 31 (page numbers as printed in the report).

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
UBS Sustainability Report 2020 was part of its regulatory filings in 2020, in the US and Germany (year-end financial filings).

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

Reporting framework	Principles for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Responsible Banking	For extended information on our external memberships and commitmtens see UBS Sustainability Report 2020 pages 102-104.
Industry initiative	Principles for Responsible Investment (PRI) UNEP FI Principles for Responsible Banking Climate Action 100+ Institutional Investors Group on Climate Change (IIGCC) Natural Capital Finance Alliance Soft Commodities' Compact UNEP FI UNEP FI TCFD Pilot Other, please specify (Net Zero Asset Mangers initiative and Net Zero Banking Alliance)	
Commitment	Other, please specify (UBS is founding signatory to Net Zero Asset Mangers initiative and to Net Zero Banking Alliance.)	Additionally, our CEO is a member of the Alliance of CEO Climate Leaders, a WEF network of CEOs committed to climate action. Our Chairman is a signatory to the European Financial Services Round Table's statement in support of a strong response to climate change

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

Bank lending (Bank)	Yes	Category 15 "Investment" total absolute emissions Alternative carbon footprinting and/or exposure metrics (as defined by TCFD	UBS conducts analysis and reports on exposure to carbon-related assets. As recommended by the TCFD, carbon-related assets are defined as assets tied to the energy and utilities sectors (Global Industry Classification Standard). In 2020, UBS again significantly reduced the share of our carbon-related assets on our banking balance sheet to 1.9%, or USD 5.4 billion, as of 31 December 2020, down from 2.3% at the end of 2019 (USD 6.1 billion) and 2.8% (USD 7.5 billion) at the end of 2018. In addition: - We set a new threshold for financing of existing thermal coal mining companies (20% of revenues) unless they have a transition strategy that aligns with the goals of the Paris Agreement, or the transaction is related to RE or clean technology. - We lowered the threshold of financing of existing coal-fired operators (from 30% to 20% of coal reliance) unless they have a transition strategy that aligns with the goals of the Paris Agreement, or the transaction is related to RE or clean technology. - We lowered the threshold financing to companies with significant reserves or production in arctic oil and/or oil sands (from 30% to 20% of reserves or production) unless they have a transition strategy that aligns with the goals of the Paris Agreement, or the transaction is related to RE or clean technology. In 2021, UBS became a founding member of the Net Zero Banking Alliance and will define a detailed road map for achieving net zero greenhouse gas emissions across all of our operations (Scopes 1, 2 and 3) by 2050.
Investing (Asset manager)	Yes	Category 15 "Investment" total absolute emissions Alternative carbon footprinting and/or exposure metrics (as defined by TCFD	In 2020, the weighted average carbon intensity (WACI) of our Climate Aware strategies went down to 68.2 t CO2e per USD million of revenue (from 74.5 tonnes in 2019). This is 51% less when compared against the WACI of the composite benchmark. At AM, we analyse our investments' impact on climate primarily through ESG integration. Our ESG integration process focuses on taking better account of material risks which could enhance investment returns and/or impact downside risks. We believe this leads to better informed investment decisions which could, in turn, reduce risks and enhance performance. To facilitate the integration of sustainability factors through the assessment of material ESG risks, UBS-AM has developed a proprietary "ESG risk dashboard" for both corporate listed equity and fixed income holdings. The dashboard is a proprietary ESG monitoring tool and serves as a starting point for ESG integration. It allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". UBS risk systems are equipped with carbon emission data on investee companies from renowned third-party providers, and able to process carbon footprint and carbon intensity calculations at the portfolio level. In 2020, UBS participated in the PACTA 2020 climate alignment test that focused on assessing listed investments (equity and bonds), mortgage and direct real estate portfolios. In this occasion, the PACTA methodology was applied to the listed investments portfolios. AM has also developed a proprietary approach to assessing the sustainability performance of sovereigns, including both emerging and developed markets. The methodology integrates data from numerous sources covering ESG factors and addresses material ESG strengths and weaknesses. In the environmental dimension, the framework focuses on the positioning of each country with respect to climate change transition, such as the carbon intensity of the economy and the sustainability of energy production, as well as physical climate change risks. In 2020, UBS AM became a founding member of the Net Zero Asset Managers' Initiative which brings together asset managers committed to reaching net zero emissions by 2050. In April 2021, we issued a Net Zero Commitment, pledging our firm to achieve net zero GHG emissions from all aspects (Scope 1, 2, 3) of our business by 2050.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS14.1a

(C-FS14.1a) What are your organization’s Scope 3 portfolio emissions? (Category 15 “Investments” total emissions)

Category 15 (Investments)

Evaluation status
Relevant, not yet calculated

Scope 3 portfolio emissions (metric tons CO2e)
<Not Applicable>

Portfolio coverage
<Not Applicable>

Percentage calculated using data obtained from client/investees
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Please explain
In 2020, UBS AM became a founding member of the Net Zero Asset Managers' Initiative which brings together asset managers committed to reaching net zero emissions by 2050. In 2021, UBS became a founding member of the Net Zero Banking Alliance and we issued a Net Zero Commitment, pledging our firm to achieve net zero GHG emissions from all aspects (Scope 1, 2, 3) of our business by 2050. UBS is seeking to further understand exposure to climate risks (both physical and transition) by leading an effort on developing an inventory of climate sensitive sectors. Climate sensitive sectors defined as inventory of activities with higher vulnerability to transition and physical climate risks.

C-FS14.1b

(C-FS14.1b) What is your organization’s Scope 3 portfolio impact? (Category 15 “Investments” alternative carbon footprinting and/or exposure metrics)

Metric type
Exposure to carbon-related assets

Metric unit
Other, please specify (Other, please specify (Carbon-related assets: banking products across the Investment Bank and Personal & Corporate Banking, USD billion))

Scope 3 portfolio metric
5.4

Portfolio coverage
More than 90% but less than or equal to 100%

Percentage calculated using data obtained from clients/investees
10

Calculation methodology
UBS conducts analysis and reports on exposure to carbon-related assets following the TCFD recommendations. UBS exposure to carbon-related assets in banking products across Investment Bank and Personal & Corporate Banking in 2020 was USD 5.4 bn (1.9% of total banking products exposure, gross). 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.

Please explain
The TCFD defines carbon-related assets as assets tied to the energy and utilities sectors. Exposure to carbon-related assets, a sub-set of climate sensitive sectors, is monitored and reported as recommended by the TCFD. UBS has monitored the year-on-year development of exposure to carbon-related assets since 2017. In 2020, UBS has again significantly reduced the share of carbon-related assets down to 1.9% of total banking products exposure (USD 5.4bn). This is a further decrease from 2.3% (USD 6.1 billion) at the end of 2019 and 2.8% (USD 7.5 billion) at the end of 2018. UBS uses the metric to understand the potential exposure to climate transition risks and to inform climate risk assessments.

Metric type
Weighted average carbon intensity

Metric unit
tCO2e/$M revenue

Scope 3 portfolio metric
68.2

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees
0

Calculation methodology
Weighted carbon intensity is a metric provided by the TCFD. In 2020, the weighted average carbon intensity of our Climate Aware strategies went down to 68.2 tonnes of carbon dioxide equivalent (CO2e) per USD million of revenue (from 74.5 tonnes in 2019). This is 51% less when compared against the weighted carbon intensity of the composite benchmark. Carbon intensity is based on scope 1 and 2 CO2 emissions of investee companies, which often rely on third-party estimates. This metric was expanded in the 2020 Our Climate Strategy disclosure (as oppose to 2019 disclosure) 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.

Please explain
Weighted average carbon intensity is a metric provided by the TCFD (UBS has committed to aligning its disclosure with the TCFD recommendations). 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 CO2 emissions of investee companies, which often rely on third-party estimates.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

Row 1	Yes, by asset class Yes, by industry	The inventory of climate-sensitive sectors and more specifically, carbon-related assets can be broken down by industry. UBS discloses exposure to carbon-related assets in banking products across Investment Bank and Personal & Corporate Banking and weighted average carbon intensity of the Climate Aware strategies. Please see Our Climate Strategy pages 8, 12 and 13 for more details.

C-FS14.2a

(C-FS14.2a) Break down your organization's Scope 3 portfolio impact by asset class.

Corporate/SME loans	Exposure to carbon-related assets	Other, please specify (Carbon-related assets: banking products across the Investment Bank and Personal & Corporate Banking, USD billion)	5.4	UBS discloses exposure to carbon-related assets in banking products across Investment Bank and Personal & Corporate Banking. As recommended by the TCFD, carbon-related assets are defined as assets tied to the energy and utilities sectors (Global Industry Classification Standard). In 2020 UBS carbon related assets were USD 5.4bn (banking products across Investment Bank and Personal & Corporate Banking.) In 2020, UBS again significantly reduced the share of our carbon-related assets to 1.9% (USD 5.4bn) down from 2.3% (USD 6.1 billion) at the end of 2019 and 2.8% (USD 7.5 billion) at the end of 2018. Please see Our Climate Strategy page 12 and 13 for more details.
Listed equity	Weighted average carbon intensity	tCO2e/$M revenue	68.2	In 2020, the weighted average carbon intensity of our Climate Aware strategies was 68.2 tonnes of CO2e per USD million of revenue. Carbon intensity is based on scope 1 and 2 CO2 emissions of investee companies, which often rely on third-party estimates. Please see Our Climate Strategy page 12 for more details.

C-FS14.2b

(C-FS14.2b) Break down your organization's Scope 3 portfolio impact by industry.

Utilities	Exposure to carbon-related assets	Other, please specify ($M portfolio value, Percentage portfolio value)	493	UBS discloses exposure to carbon-related assets in banking products across Investment Bank and Personal & Corporate Banking. 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 exposure to utilities sector in 2020: 493 (in USD m of total gross banking exposure across IB and P&C), which represents 0.2% of total exposure to all sectors. Out of the total of USD 493m: production and distribution of electricity (moderate carbon exposure): USD 321m, production and distribution of electricity (high carbon exposure) USD 3m. Please see Our Climate Strategy pages 8, 12 and 13 for more details.
Energy	Exposure to carbon-related assets	$M portfolio value	4973	UBS discloses exposure to carbon-related assets in banking products across Investment Bank and Personal & Corporate Banking. As recommended by the TCFD, carbon-related assets are defined as assets tied to the energy and utilities sectors (Global Industry Classification Standard). UBS exposure to oil and gas, coal mining in 2020: USD 4,973m of total gross banking exposure across IB and P&C). Oil and gas: 4,951, coal mining: 22. Please see our Climate Strategy pages 12 and 13 for more details.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

Bank lending (Bank)	Yes	In 2021, we committed to achieving net zero greenhouse gas emissions resulting from all aspects (Scope 1, 2, 3) of our business by 2050. We will set science-based targets for 2025, 2030 and 2035 to progress toward our net zero goal. Our comprehensive climate strategy, introduced fifteen years ago, firmly supports our clients and our firm preparing for success in an increasingly carbon-constrained world. We support this goal through our innovative financial product offering and advisory, as well as through embedding climate risk in our firm-wide risk management framework and in our own operations. We seek to protect our assets by limiting our risk appetite for carbon-related assets and by estimating our firm's vulnerability to climate-related risks using scenario-based stress testing approaches and other forward-looking portfolio analyses. In 2020, UBS again significantly reduced the share of our carbon-related assets on our banking balance sheet to 1.9%, or USD 5.4 billion, as of 31 December 2020, down from 2.3% at the end of 2019 and 2.8% at the end of 2018. More broadly, our share of exposure to climate-sensitive sectors in 2020 was 13.7% (% of total gross banking exposure across IB and P&C). We support our clients' efforts to assess, manage and protect them from climate-related risks by offering innovative products and services in investment, financing and research. We mobilize private and institutional capital towards investments facilitating climate change mitigation and adaptation and in supporting the transition to a low-carbon economy as corporate advisor, and/or with our lending capacity. Our climate-related sustainable investments increased to USD 160.8 billion in 2020 from USD 108 billion in 2019, and the deal value in equity and debt capital market services, and in financial advisory services, related to climate change mitigation and adaptation, rose to USD 98.9 billion, from USD 87.2 billion in 2019.
Investing (Asset manager)	Yes	In 2020, we became a founding signatory of the Net Zero Asset Managers Initiative, a leading group of global asset managers committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner. We actively engaged on climate topics with 49 oil and gas, and utilities companies, and voted on 50 climate-related shareholder resolutions. UBS Asset Management creates and markets funds that actively reduce exposure to, rather than excluding, companies with higher carbon risk, in order to pursue strategic engagement with these companies. The strategy involves not only a reduction of the CO2 footprint of the portfolio but also an innovative approach to aligning the portfolio with the 2 degree carbon reduction scenario in the future. Engagement is key in this strategy. AM engages with companies in which it invests on behalf of clients to discuss approaches to mitigating climate-related risk, and votes on shareholder resolutions to improve transparency and disclosure around climate-related reporting. AM has implemented an engagement program with 49 oil and gas companies as well as utilities companies under-weighted in the fund.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	Not applicable as UBS business divisions are covered in the above "Bank lending" and "Investing" sections.

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

Bank lending (Bank)	Yes, for all	We evaluate client strategies on a forward looking basis, to understand if they meet the goals and pathway defined by the Paris Agreement. As a concrete example, we do not provide project-level finance for new coal-fired power plants globally and only support financing transactions of existing coal-fired operators (>20% coal reliance) who have a transition strategy in place that aligns with a pathway under the Paris Agreement, or the transaction is related to renewable energy. UBS has been one of the pilot banks testing the Paris Agreement Capital Transition Assessment (PACTA). In the context of the PACTA pilot, we studied the alignment of select climate-sensitive sectors in our corporate credit portfolio with Paris Agreement benchmarks. The methodology provides an assessment of a bank's credit- financed activities in relation to the global shift to a low-carbon economy. For example, the assessment showed that the fuel mix in UBS' s power utilities credit portfolio, according to the PACTA methodology, is significantly less carbon intensive than the global corporate economy, as of 2019 (see "PACTA methodology for power generation" in our climate strategy 2019).
Investing (Asset manager)	Yes, for all	Yes, as described above, AM has developed a Climate Aware strategy that enables investors to reduce a portfolio's carbon footprint, invest in new technologies, and align portfolios to a chosen climate "glidepath" or timeline to reach a specific climate scenario target. A glidepath could be a 2°C world, a 1.5°C world, or a different trajectory altogether. In 2020 we launched a series of both active and passive low carbon products across fixed income and equities, alongside our existing passive Climate Aware strategy. In total, by the the end of 2020, assets across all Climate Aware strategies exceeded USD 15 billion. In 2020, UBS AM became a founding member of the Net Zero Asset Managers' Initiative which brings together asset managers committed to reaching net zero emissions by 2050. In April 2021, we issued a Net Zero Commitment, pledging our firm to achieve net zero greenhouse gas emissions resulting from all aspects (Scope 1, 2, 3) of our business by 2050, with intermediate milestones established to ensure progress.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

Bank lending (Bank)	Yes, for some	We evaluate client strategies on a forward looking basis, to understand if they meet the goals and pathway defined by the Paris Agreement. As a concrete example, we do not provide project-level finance for new coal-fired power plants globally and only support financing transactions of existing coal-fired operators (>20% coal reliance) who have a transition strategy in place that aligns with a pathway under the Paris Agreement, or the transaction is related to renewable energy.
Investing (Asset manager)	Yes, for some	UBS has engaged with selected clients who have thereafter aligned their investment strategies with science-based targets. In 2020, UBS AM became a founding member of the Net Zero Asset Managers' Initiative which brings together asset managers committed to reaching net zero emissions by 2050.
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

Row 1	UBS Group AG Chair, Axel A. Weber Chairman of the Board of Directors / Chairperson of the Corporate Culture and Responsibility Committee	Board chair