

# Introduction

Sustainability is a multi-faceted topic, and climate and nature are two critical elements which are deeply intertwined and must be addressed together in the transition to a low carbon economy. As outlined in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Reports released in 2021 and 2022, achieving the Paris Agreement objectives requires a rapid transformation across the economy given that aggregate temperatures have already increased more than 1°C. The impacts of climate change are being felt already, as highlighted in studies such as the UK Government-sponsored *The Economics of Biodiversity: The Dasgupta Review*. It notes that the stock of natural capital per person has declined by 40% over the last thirty years. Land use change is one of the largest drivers of biodiversity loss and key ecosystems play a critical role in providing carbon sinks to help mitigate climate change as noted in the UN Environmental Program *Emissions Gaps Report 2022* released at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) in November 2022. Thus, increasingly climate and nature must be jointly addressed in order to meet the goals established by both the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework agreed at the 15<sup>th</sup> meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 15) in December 2022.

Similar to the financial world, where assets give rise to flows of revenue, the natural environment consists of stocks of assets (i.e., natural capital) that provide benefits to people and the economy (i.e., ecosystem services). As the transition to a low-carbon economy continues and reporting around climate continues to mature, it is important to remember that biodiversity is an essential characteristic of nature, critical for maintaining the quality, resilience and quantity of ecosystem assets and the provision of ecosystem services that businesses and society rely upon. These dependencies and impacts have been documented through a range of research initiatives including the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)'Global Assessment Report on Biodiversity and Ecosystem Services, the IPCC's Sixth Assessment Report 2021's Fact sheet on Biodiversity, in addition to a variety of industry-led efforts. Hence, we recognize the importance of understanding human dependencies and impacts on nature, to better understand the transmission channels through which our clients and our firm may face risks and opportunities resulting from the dependencies and impacts of society's activities on nature.

In 2022, we continued to progress on this journey toward a low-carbon economy, including through our continued implementation of the recommendations laid out by the Task Force on Climate-related Financial Disclosures (the TCFD). Thus, this Climate and Nature Report has been developed to support our stakeholders in locating climate- and nature-related information contained in our Sustainability Report 2022 (including its Supplementary Information document).

For further pertinent documents, refer to [ubs.com/gri](https://ubs.com/gri)

# About this report

The reporting period for our Sustainability Report as well as our Climate and Nature Report is 1 January to 31 December 2022 which is aligned with the financial reporting period. All data included in the report is therefore for this period, unless otherwise indicated. Data pertaining to our firm's own environmental footprint covers the reporting period 1 July 2021 to 30 June 2022. Data showing progress against our net-zero sectorial targets pertains to 31 Dec 2021 (due to the unavailability of relevant 2022 data, as explained in the respective section of this report).

Unless otherwise noted, the information included in this report is presented at the consolidated level for UBS Group AG and UBS AG. UBS Group AG and UBS AG consolidated information does not differ in any material respect. Supplementary information regarding certain significant subsidiaries can be found in "Note 28 Interests in subsidiaries and other entities" in our Annual Report 2022.

The purpose of this report is to support our stakeholders in locating climate- and nature-related information contained in our Sustainability Report (including its Supplementary Information document) in one document that follows the structure recommended by the Task Force on Climate-related Financial Disclosures (the TCFD). For this report, we also leveraged the beta framework of the Taskforce on Nature-related Financial Disclosures (released in November 2022). In addition to our Sustainability Report and Supplementary Information document, other information on sustainability topics, including our Sustainability Accounting Standards Board (SASB) index, our World Economic Forum International Business Council (WEF IBC) Stakeholder Capitalism Metrics reference table and our Principles for Responsible Banking (PRB) reporting and self-assessment are available from [ubs.com/gri](https://ubs.com/gri).

## Explanation on dependencies

Certain activities of UBS that pertain to the implementation of its sustainability and impact strategy are directly impacted by factors that UBS cannot influence directly or can only influence in part. These include pertinent governmental actions (e.g., when it comes to the achievement of the Paris Agreement and thus the achievement of our firm's net-zero ambitions); the quality and availability of (standardized) data (e.g., in such areas as emissions); the development and enhancement of required methodologies and methodological tools (e.g., on climate- and nature-related risks); the ongoing evolution of relevant definitions (e.g., sustainable finance); or the furthering of transparency (e.g., pertaining to company disclosures of data). Areas where these dependencies are of particular relevance (including in particular regarding the examples noted above) are explained in the relevant sections of our Sustainability Report and our Climate and Nature Report.

6 March 2023

UBS Group AG and UBS AG

## Contacts

Our Corporate Responsibility team, part of the UBS Chief Sustainability Office, manages UBS's sustainability disclosure and provides information to stakeholders about the content of this report.

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