



JUNE 2022

# IMPACT REPORT 2021: SYNOPSIS

Our impact investing franchise saw further substantial development in 2021: not only did we further refine our approach, but we launched the third strategy in our Impact range, which has biodiversity as its theme.

Our Impact team focuses on natural capital and its two main components of climate and biodiversity, which form the foundations for change across all our Impact themes, whether social or environmental. The climate has always been a core concern at UBP: our franchise continued to outperform benchmark indices across a range of climate indicators in 2021, we signed up to various climate-related initiatives and commitments, and we continued to make our own operations more sustainable by cutting energy consumption and emissions. But we are also leading the way on biodiversity: we launched our Biodiversity Restoration strategy in September 2021 and established a Biodiversity Committee

through which we engage with multiple stakeholders. These developments also illustrate another of UBP's distinguishing features, i.e. the emphasis we place on engagement. This takes place both multilaterally – e.g. with a variety of NGOs through the aforementioned climate initiatives and Biodiversity Committee – and at the bilateral level by interacting with the companies in which we invest. Engagement has always been important for UBP, as the case studies in the full report show, and we will increase our efforts further in this area.

We are going through turbulent times, but UBP's Impact strategy continues to focus on long-term solutions. For instance, clean mobility and decarbonisation are ways to tackle issues relating to energy prices and security, and so the Impact approach is highly relevant to dealing with problems that are currently at the forefront of everyone's minds.

This document is a summary of the third edition of UBP's annual Impact Report, published in June 2022. Read the full version on [UBP.com > Funds](https://www.ubp.com). Please note that restrictions may apply.

Marketing document



UNION BANCAIRE PRIVÉE

# The year 2021 for UBP's Impact franchise

## NEW ACCREDITATIONS

UBP's Impact investing offering reached an important milestone as all our impact strategies were granted Article 9 classification ("having sustainable investment as an objective") under the EU Sustainable Finance Disclosure Regulation (SFDR). Meanwhile, the 2021 environmental performance of our emerging-markets equity strategy meant that it was one of only five – out of a total of 18,000 – to win a CDP Climetrics Award for environmental performance in early 2022.

## NATURAL CAPITAL

At UBP, we focus particularly on natural capital and its two key components: biodiversity and the climate. There are four key aspects to our commitments:

- **Educate:** we want our team to be learning constantly about biodiversity and climate issues and passing on that knowledge to others.
- **Invest:** as well as investing in companies that reduce their own carbon footprint, we invest in those that help others to do the same by offering climate solutions. The size of our investments in individual companies is partly determined by biodiversity and climate – which sometimes cause us to exclude companies completely – and we are developing new investment products that will help address these issues.
- **Engage:** this is a key area of focus, discussed further on the next page.

- **Disclose:** we report on our investees' carbon emissions, temperature scores and adoption of science-based targets, as well as our own carbon footprint. We also publish the outcomes of our quarterly Biodiversity Committee meetings and an annual Impact Report on our new Biodiversity Restoration strategy.

## BIODIVERSITY

Biodiversity is a key aspect of UBP's focus on natural capital, since a healthy and diverse natural world underpins the success of all the UN Sustainable Development Goals (SDGs). As the Co-Chair of our Biodiversity Committee points out, investors play a critical role in moving to a nature-positive economy: this will happen more quickly if capital is allocated in ways that recognise the differences between the business models of the past and those of the near future. This is why we are leading the way in the investment industry by committing to biodiversity: we are determined to play a role in protecting natural ecological processes and reversing biodiversity loss, while seizing related investment opportunities, for example in the fields of farming, waste management technologies and the circular economy.

One obvious result of this in 2021 was the launch of our Biodiversity Restoration strategy. The strategy aims to invest in around 50 listed companies, of all sizes and all around the world, that either protect or restore biodiversity through their products and the way they approach their value chains and operations.

## CLIMATE

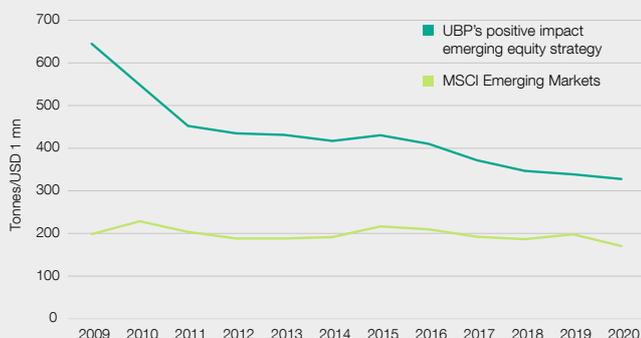
Addressing changes in the climate – the other key component of natural capital – remains an important priority for us and in 2021 we increased our efforts to put our climate commitments into practice.

Within our own operations, our target is to cut carbon emissions by 25% by 2025 compared with 2019. We are working tirelessly to improve our energy consumption through renewable energy and energy efficiency measures and to find long-term solutions to lower our travel-related emissions.

Among the holdings in our impact investing portfolios, carbon footprints are significantly lower than those of their benchmarks: for example, in the developed-market strategy, emissions per USD 1 mn of sales are 54% lower in UBP's portfolio than in the benchmark index, while in the emerging-market equity strategy they are 66% lower.

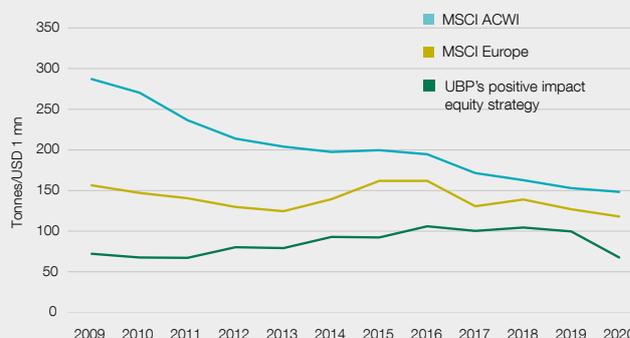
The majority of companies in both portfolios are also displaying efforts to use cleaner sourced energy, and they have zero exposure to fossil fuel reserves. On a long-term view, however, this is far from sufficient if we want to address the climate emergency, and so we have adopted "temperature scores". This will help to drive further improvements in our portfolios.

WATER INTENSITY EX HYDROELECTRICITY\*



Source: MSCI. Factor: Carbon emissions time series – Scope 1+2 intensity  
Past performance is not a guide to current or future results.

CO<sub>2</sub> EMISSION INTENSITY (TONNES/USD 1 MN SALES) OVER TIME



Source: MSCI. Factor: Carbon emissions time series – Scope 1+2 intensity  
Past performance is not a guide to current or future results.

# Focus on engagement

Engagement has always been an important and distinctive part of our Impact franchise and will become more so over time: engagement forms part of each key item on our 2022 to-do list, and we take a collaborative approach to both the climate and biodiversity topics.

**In terms of bilateral engagement,** UBP's Impact Engagement Framework (IEF) allows us to track the progress made by the companies we invest in.

climate crisis. We push companies to publish Scope 3 emissions more widely, and, for those that already have some disclosure in that area, to publish information on as many categories

**In terms of multilateral engagement,** we believe that progress towards a sustainable finance industry requires close collaboration, and so our Biodiversity Restoration strategy was launched in partnership with the Cambridge Conservation Initiative and Peace Parks Foundation. Their academic and grassroots expertise bring a holistic view to our approach, helping us to shape best practice for biodiversity measurements. In addition, UBP has joined the TNFD Forum, the leading global initiative working to develop and deliver a risk-management and disclosure framework for nature-related risks. This complements the work already carried out by UBP's team with CISL (Cambridge Institute of Sustainability Leadership) and the resulting publication "Integrating Nature – The Case for Action".

We also set up a Biodiversity Committee in 2021 to ensure a multi-stakeholder approach to this topic. We use this committee as a platform for multilateral engagement between NGOs and investee companies.

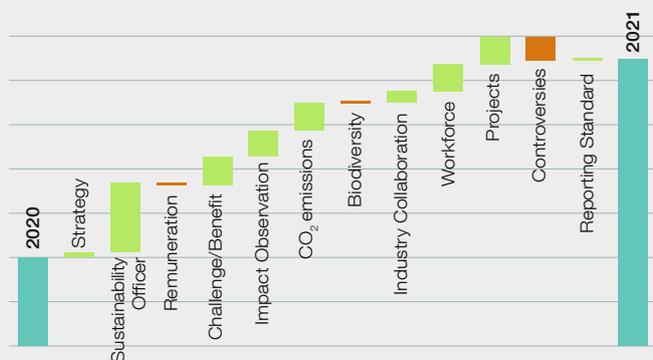
As regards multilateral engagement on climate issues, UBP Asset Management (Europe) S.A. joined the Institutional Investors Group on Climate Change (IIGCC) and became a signatory to the Net Zero Asset Managers Initiative in 2021, with the aim of reducing the carbon emissions of its portfolios and encouraging investments in climate solutions to reach net zero by 2050 or sooner. UBP also signed the UNPRI "Global Investor Statement to Governments on the Climate Crisis" prior to COP26.

Targets for multilateral engagement in 2022 include participation in the CDP's Non-Disclosure Campaign and continued collaboration with CISL on its Integrating Nature publications.

## THE IEF IN NUMBERS

3 funds  
124 companies  
1,810 data points  
1.95 mn employees  
USD 4,563 bn of combined revenues

## YEAR-ON-YEAR PROGRESS



Source: UBP

We place biodiversity restoration on the agenda of all company meetings and encourage early adoption of emerging reporting recommendations, e.g. from the Taskforce on Nature-related Financial Disclosures (TNFD). We have audited all 124 companies in our Impact portfolios, to assess how engagement works in practice, which shows varying results for the companies involved.

As regards the climate, when evaluating companies' sustainability strategies, we systematically consider the impact of the

as possible. We also encourage companies to adopt the highest standards of disclosure, via the Carbon Disclosure Project (CDP) where possible, and to adopt science-based targets: our aim is for 100% of our portfolios' companies to have a science-based target by 2026.

Our goal in 2022 is to establish an engagement score for each of our investees, and we have adopted targeted engagement projects for a cluster of holdings, on which we will be reporting next year.

The unabridged version of UBP's annual Impact Report goes into considerably more detail on the subjects mentioned in this summary. Based around the Impact team's main priority last year – developing their biodiversity approach – it covers the launch of the new biodiversity fund and committee, as well as the focus on expanding bilateral engagement with investee companies. Containing case studies and meaningful statistics, the full report features a foreword by Board member Anne de Picciotto, who is closely involved with the Bank's impact franchise and is also a member of the Impact Advisory Board.



Do you want to dive deeper into impact investing? Follow our Impact Instagram account! [@ubp.impact](#)

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