SWISS FINANCE COMPLICIT IN FOSSIL FUEL EXPANSION

RECLAIM Finance

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Authors and reviewers:
Lara Cuvelier: Reclaim Finance
Yann Louvel: Reclaim Finance
Paddy McCully: Reclaim Finance
Morgane Nusbaumer: BreakFree Suisse
Guillaume Durin: BreakFree Suisse

Copy editing:
Hele Oakley

Graphic design:
Jordan Jeandon

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INTRODUCTION

The 2015 Paris Climate Agreement states that "finance flows have to be made consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."

Almost eight years afterwards, the Swiss finance industry, among the biggest worldwide, still seems not to have got the message. Last year, a group of Credit Suisse's investors filed a climate resolution to ask for stronger climate policies,[1] while Pictet was recently called out for its silence on the destruction of the village of Lützerath when acting as one of the biggest shareholders of RWE,[2] and UBS, via its huge asset management arm,[3] remains one of the top investors in the biggest oil and gas expanders.

For this report we have taken stock of the climate practices of five major Swiss financial institutions – UBS, Credit Suisse, Swiss Life AM, Zurich and Pictet – together accounting for almost US$2 trillion in banking assets[4] and US$3.6 trillion of assets under management.[5]

If financial flows are to be made sustainable and consistent with the Paris Agreement, **the first step is to stop these flows going to activities that are inconsistent with the scientific and policy consensus for a 1.5°C pathway.** It is now clearly established that the development of new coal, oil or gas projects only worsens the climate crisis. The IPCC indicates that putting an end to new fossil fuel projects is essential to avoid the worst effects of climate change, while the International Energy Agency (IEA) states that it is possible to meet the world's energy needs and limit global warming to 1.5°C without them. Building on these conclusions, **the United Nations now qualifies as greenwashing any climate pledges made by financial institutions that are yet to put an end to their support for fossil fuel expansion.**

In this report we particularly focus on **how Swiss financial institutions manage their relationships with companies developing new coal, oil or gas supply projects.** We look at their policies towards the fossil fuel sector and analyze the credibility of their dialogue with fossil fuel companies, including the quality of their voting. We also provide data on the capital channeled to the biggest fossil fuel expanders.

All five institutions investigated have publicly declared their strong commitment to achieving the Paris climate goals, with four becoming members of voluntary net zero initiatives.[6] Assessing how they deal with fossil fuel expansionists is particularly relevant to testing the credibility of their net zero transition plans. This report explores whether **the claims of these institutions are being matched with the necessary action to change their investment and financing practices** in line with net zero and a 1.5°C pathway.

"We must have zero tolerance for net-zero greenwashing."

Antonio Guterres,
UN Secretary-General,
November 2022

Disclaimer

This report was written before the Credit Suisse crisis and its takeover by UBS. The analysis of UBS and Credit Suisse's climate policies remains relevant. The financial data in the analysis reflects past banking deals (from April 2021 and August 2022) and the exposure of the asset management branches as of September 2022. With UBS agreeing to take over Credit Suisse, a new 'European fossil fuel financing giant' looks likely to emerge. Together, UBS and Credit Suisse become one of the top 20 of biggest banks and top 10 of largest asset managers. By buying Credit Suisse, UBS took over US$6 billion of banking deals, including those with Qatar Energy and ConocoPhillips. Through this transaction, which also includes the asset management arm of Credit Suisse, UBS's exposure to fossil fuel developers also increased by more than US$8 billion.

METHODOLOGY AND SCOPE

Financial institutions included in the report

This report analyzes the Swiss asset managers that are in the top 100 biggest asset managers worldwide and the Swiss banks in the top 100 biggest banks worldwide.[7]

Methodology for financial institution policy evaluation

The fossil fuel policies of the Swiss financial institutions in this report were evaluated based on a set of criteria defined using Reclaim Finance tools. The focus of this report is fossil fuel expansion, i.e. how these policies consider companies involved in fossil fuel expansion (as defined below).

- The Coal Policy Tool and the Oil and Gas Policy Tracker are online tools that compare and assess the fossil fuel policies of financial institutions. This includes any type of investment or financing restrictions applied by a financial institution to a list of companies within the fossil fuel sector.
- The engagement policies of the asset managers in this report were evaluated based on the criteria defined in Reclaim Finance's annual asset manager scorecard. We searched for clearly defined and relevant demands for fossil fuel companies. We also searched for escalation strategies with meaningful financial and/or other sanctions linked to these demands.[8]

Methodology for the financial data

In section 2 of this report, we publish data on financing and investments in fossil fuel developers for the five Swiss financial institutions. This research was undertaken by the independent research organization Profundo B.V.

For asset managers, we analyzed holdings of stocks and bonds in fossil fuel expanders, as of September 2022.

For banks, we looked at the volume of loans and underwriting provided between April 2021 and August 2022.

Due to gaps in commercially available data sources, our estimates are necessarily incomplete and underestimate the true scale of financing to fossil fuel expanders. Non-syndicated bank loans, for example, are not captured in our data, while bond holdings are significantly undercounted.

We define **fossil fuel expanders** according to the criteria of the Global Coal Exit List (GCEL) and the Global Oil and Gas Exit List (GOGEL). We cover: 368 coal companies (at the group level) planning new power plants, mines and associated infrastructure; the largest 91 upstream oil and gas companies involved in exploring for and developing new fields; and the 77 largest midstream companies developing oil and gas pipelines and LNG terminals.

Financial institutions included in the report

Financial institution	Type of financial services covered	Assets	Headquarters
UBS	Banking and asset management	- US$ 1,117 billion in banking assets - US$ 2,124 billion of assets under management	Zürich
Credit Suisse	Banking and asset management	- US$ 829 billion in banking assets - US$ 575 billion of assets under management	Zürich
Swiss Life AM	Asset management	US$ 302 billion of assets under management	Zürich
Zurich[9]	Asset management	US$ 295 billion of assets under management	Zürich
Pictet	Asset management	US$ 284 billion of assets under management	Geneva

1. SWISS FINANCE REFUSES TO RESTRICT SUPPORT FOR THE WORST POLLUTERS

The IPCC indicates that putting an end to new fossil fuel projects is essential to avoid the worst effects of climate change, while the International Energy Agency (IEA) states that it is possible to meet the world's energy needs and limit global warming to 1.5°C without them.

The Swiss financial institutions covered in this report have all committed to net zero by 2050 by joining one of the GFANZ alliance, with the exception of Zurich.[10] As such, we analyzed their sector policies[11] to understand whether the net zero pledges were associated with precise actions – i.e. measures and indicators to ensure a decline of the most polluting activities. We specifically looked at their policies regarding companies developing new fossil fuel projects.[12]

Unfortunately, **as demonstrated below, the policy analysis reveals major loopholes and weaknesses that allow these Swiss financial institutions to continue providing financial services that are essential to the development of new coal, oil and gas projects.** For the United Nations, the failure of "net-zero financial institutions" to respond effectively to the first climate imperative of putting an end to support for fossil fuel expansion qualifies as greenwashing.[13]

a. No ban on coal expansion

According to the latest version of the Global Coal Exit List (GCEL),[14] there are still 490 companies planning to expand the coal industry globally. Collectively, these companies plan the addition of 2,500 annual million tons of coal production (mtpa) and 476 gigawatts (GW) of additional coal capacity. If realized, these projects would increase the world's current coal power capacity by 23% and represent over 37% of the world's current thermal coal production.

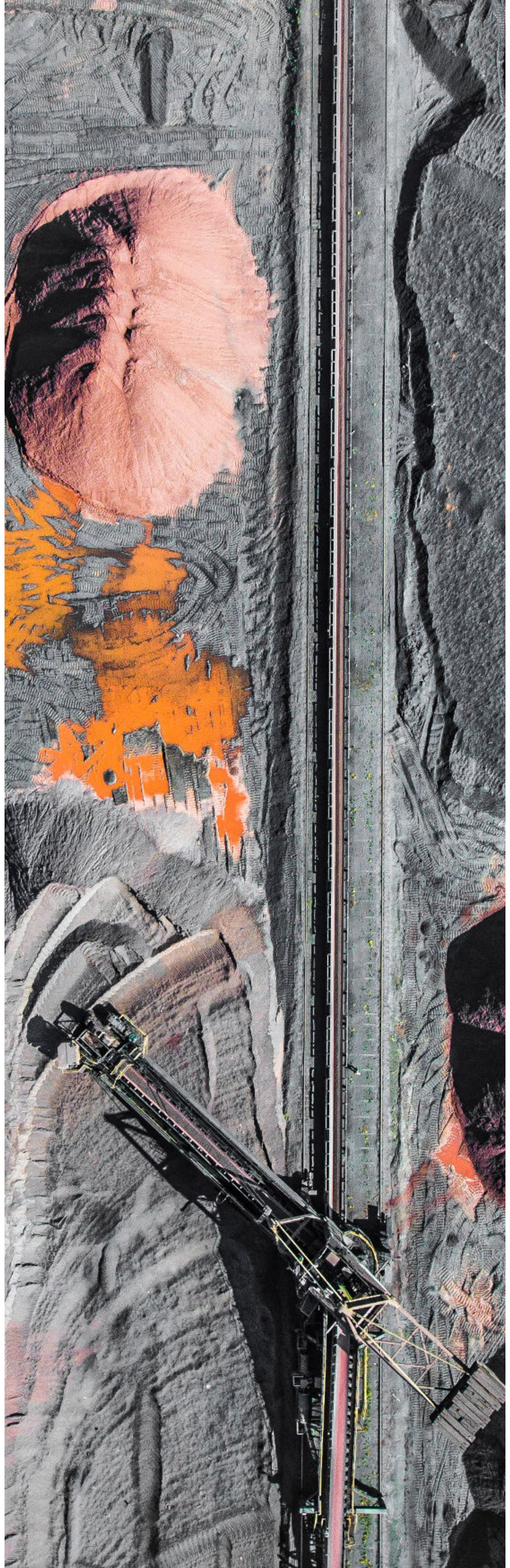
For years now, climate scientists have said that every new coal asset is fast-tracking climate change and is inconsistent with a 1.5°C Paris-aligned target, or even a 2°C target. And yet, **Swiss financial institutions are still lacking policies that guarantee the end of their direct and indirect financial services to new coal projects.**

Project finance

The two Swiss banks analyzed in this report, UBS and Credit Suisse, have stopped providing direct support to most new coal mines and plants. **But, as neither of these banks are very active in the area of project-related financing, these policies do not have much of an impact.[15] Instead, most of the financial flows that are still going to new fossil fuel projects transit through general corporate finance.** Here, financing goes towards all the different activities of a company, including towards new fossil fuels projects among other activities. Since this is the case, what truly matters is how Swiss banks restrict financial services, including corporate loans and bond underwriting, to companies operating in the coal sector and developing new coal assets.

Corporate finance

On the corporate side, Swiss banks and asset managers are failing to align their policies with best practices that contribute to the



global coal phase out. The first thing to note is that Credit Suisse AM itself has no coal policy.[16] **Regarding the other Swiss banks and asset managers in-scope of this report, even in the case where a policy including restrictions on providing financial services to coal companies is in place, none - with the exception of the banking arm of Credit Suisse - have a restriction explicitly covering companies with coal expansion plans.[17]**

We summarize below the main loopholes and weaknesses of the policies.

- **An approach that fails to address the climate impact and trajectory of a coal company**

UBS, its asset management branch UBS AM, and asset managers Pictet and Swiss Life AM have only one criteria to restrict their support for the coal sector. The criteria is based on the share of revenues of the company that comes from coal. **This leaves out a large share of the biggest and most problematic coal companies.**

1. UBS only excludes mining and power companies deriving more than 20% of their revenues or capacity from thermal coal and if they do not have a transition strategy "aligned with the goals of the Paris Agreement". While the vaguely defined exception for companies with transition plans is problematic, the first problem with these criteria is that, as of today, there are still 76 companies below the 20% threshold that have coal expansion plans. Thus, UBS can still support many coal developers.
2. UBS AM, Pictet and Swiss Life AM also have only one criteria based on a company's share of revenues from coal production that leave out a large share of the coal value chain and some of the biggest and most problematic coal companies. These criteria cover a small part of the mining sector[18] (and trading sector for Pictet) and leave out diversified companies and all coal power and infrastructure companies. This means companies such as Glencore, one of the largest coal producers with expansion plans, and the Adani Group, which has both coal power and coal mining

expansion plans in India and Australia, are missed.

This approach, based on the relative coal exposure of companies, does not provide any guarantee that all the biggest coal players are covered. In other words, these criteria fail to take into consideration the real impact of coal companies on climate and health, or their ability to meet the Paris Agreement goals. Indeed, some of the biggest coal producers worldwide have a low relative exposure to coal. This is the case for Glencore, which produces 90 million tonnes of coal annually but has a coal share of revenue of less than 9%, as well as for the BHP Billiton Group, which produces 19 million tonnes of coal annually despite a coal share of revenue of only 2%. **Moreover, many of the companies with coal expansion plans slip through the net of current sector policies – revealing the need for explicit and specific criteria.** For example, the criteria that excludes companies with more than 20% of revenues from coal mining does not cover half of the companies with coal mining expansion plans.

The policies we analyzed fail to take into account the trajectory followed by companies (forward looking indicators). None of the financial institutions, with the exception of the banking activity of Credit Suisse,[19] have an explicit restriction for companies with coal expansion plans.[20] And, while UBS states that it considers the overall transition strategy of companies[21] before it provides financing, no specific definition of alignment is given, which makes it far from impossible for the bank to finance companies with coal expansion plans.

Only Credit Suisse has so far adopted a coal policy with specific corporate financing restrictions for companies with coal expansion plans. Credit Suisse now excludes from its lending and underwriting services "companies developing new greenfield thermal coal mines, new coal-fired power plants or capacity expansions after 2021 (unless supporting energy transition)". **While this directly addresses the issue of coal expansion, this measure is full of important loopholes.** First, the exclusion only covers companies developing "new greenfield" thermal coal mines, leaving aside companies planning the expansion of existing brownfield thermal coal mines.[22] Second, the exclusion only covers new projects "developed after 2021". While Credit Suisse has yet to explain how it identifies such projects, it's very likely that many new projects planned and under development before 2021 are not considered by the bank, despite being inconsistent with a 1.5°C trajectory. Finally, the exclusion has an exception for companies "supporting energy transition", but this exception is badly defined and lacks some details.[23]

As long as they are not removed or strictly limited, all these loopholes leave the door wide open for continued financing of coal developers in the future.

- **No coal phase out dates**

Moreover, with the exception of Credit Suisse, the coal policies of Swiss financial institutions do not include phase out dates. Different scenarios converge to stress that all coal assets must be closed by 2030 in European and OECD countries, and by 2040 in the rest of the world.[24] UBS, Pictet, Zurich and Swiss Life AM have not introduced a commitment to phase out coal from their portfolios by these dates in their policies. They are lagging behind their peers, with more than 30 other asset managers having already committed to such a phase out, such as Ostrum, La Banque Postale AM or AXA IM.[25] Finally, while Credit Suisse did commit to reducing its coal exclusion thresholds over time until 2030, its asset management arm has no phase out commitment at all.

- **No policies for passive funds**

Last but not least, **the coal policies analyzed often apply only to a small portion of the activity of the financial institutions in question.** For example, policies on the asset management side often leave out big swathes of assets, such as passive assets. For instance, UBS AM's passive funds represent about 45% of its assets,[26] but these are excluded from its policy.[27]

b. Full support for oil and gas expansion

Oil and gas companies are on a massive expansion course – 96% of the upstream companies listed on the Global Oil and Gas Exit List have expansion plans.[28] Currently, 512 oil and gas companies are taking active steps to bring 230 billion barrels of oil equivalent (bboe) of untapped resources into production before 2030. Producing and burning these resources will release approximately 115 Gt CO2eq into the atmosphere, 30 times as much as the EU's annual greenhouse gas emissions.

Given that almost all oil and gas companies have expansion plans, financial institutions cannot adopt the same approach as for coal, where about half of the sector is no longer expanding. They must instead adopt policies with a phased approach, to implement restrictions over time, with a focus on halting expansion plans, as well as initiating a controlled decline in oil and gas production. This includes implementing an engagement policy towards the relevant companies to induce them to meet these two main expectations.

Yet, **Swiss financial institutions are critically lacking policies on oil and gas and fail to publish clear expectations for the sector.**

None of the five financial institutions are asking companies to decrease their oil and gas production in order to reduce their exposure to fossil fuels. The policies are so weak that even banks, which have restrictions on unconventional oil and gas,[29] can still support the companies with expansion plans in these unconventional sectors, such as ConocoPhillips or ExxonMobil. Both banks in this report can also continue to finance and underwrite bonds for the biggest oil and gas developers worldwide, such as BP and Petrobras.

Reclaim Finance's assessment of the fossil fuel policies of the five Swiss companies

Coal policy scoring (each criteria is rated out of 10):

		Score out of 10 of the policy criteria on				
Financial institution	Type	Coal projects	Coal developpers	Companies the most exposed to coal (in relative)	Companies the most exposed to coal (in absolute)	The coal phase out strategy
Credit Suisse	Bank	8	3	6	0	5
Credit Suisse AM	Asset manager	N/A	0	0	0	0
UBS	Bank	8	2	7	0	0
UBS AM	Asset manager	N/A	0	1	0	0
Swiss Life AM	Asset manager	N/A	0	2	0	0
Zurich	Asset manager	N/A	7	7	4	0
Pictet	Asset manager	N/A	0	2	0	0

Oil and gas policy scoring (each criteria is rated out of 10):

		Score out of 10 of the policy criteria on		
Financial institution	Type	Oil & gas project	Oil & gas developers	The oil & gas phase out strategy
Credit Suisse	Bank	2	0	0
Credit Suisse AM	Asset manager	N/A	0	0
UBS	Bank	1	0	0
UBS AM	Asset manager	N/A	0	0
Swiss Life AM	Asset manager	N/A	0	0
Zurich	Asset manager	N/A	0	0
Pictet	Asset manager	N/A	0	0

For more details on each score, visit the Coal Policy Tool and the Oil and Gas Policy Tracker.

Zoom in on the engagement claims of Swiss asset managers

UBS AM, Credit Suisse AM, Swiss Life AM, Zurich and Pictet all have policies describing their stewardship activities or their principles for responsible investment. But when it comes to the specific demands they lay out for the fossil fuel sector, we found that the policies are very vague, which is a common problem for the asset management sector.[30]

Concretely, in none of the policies of the five asset managers have we found:

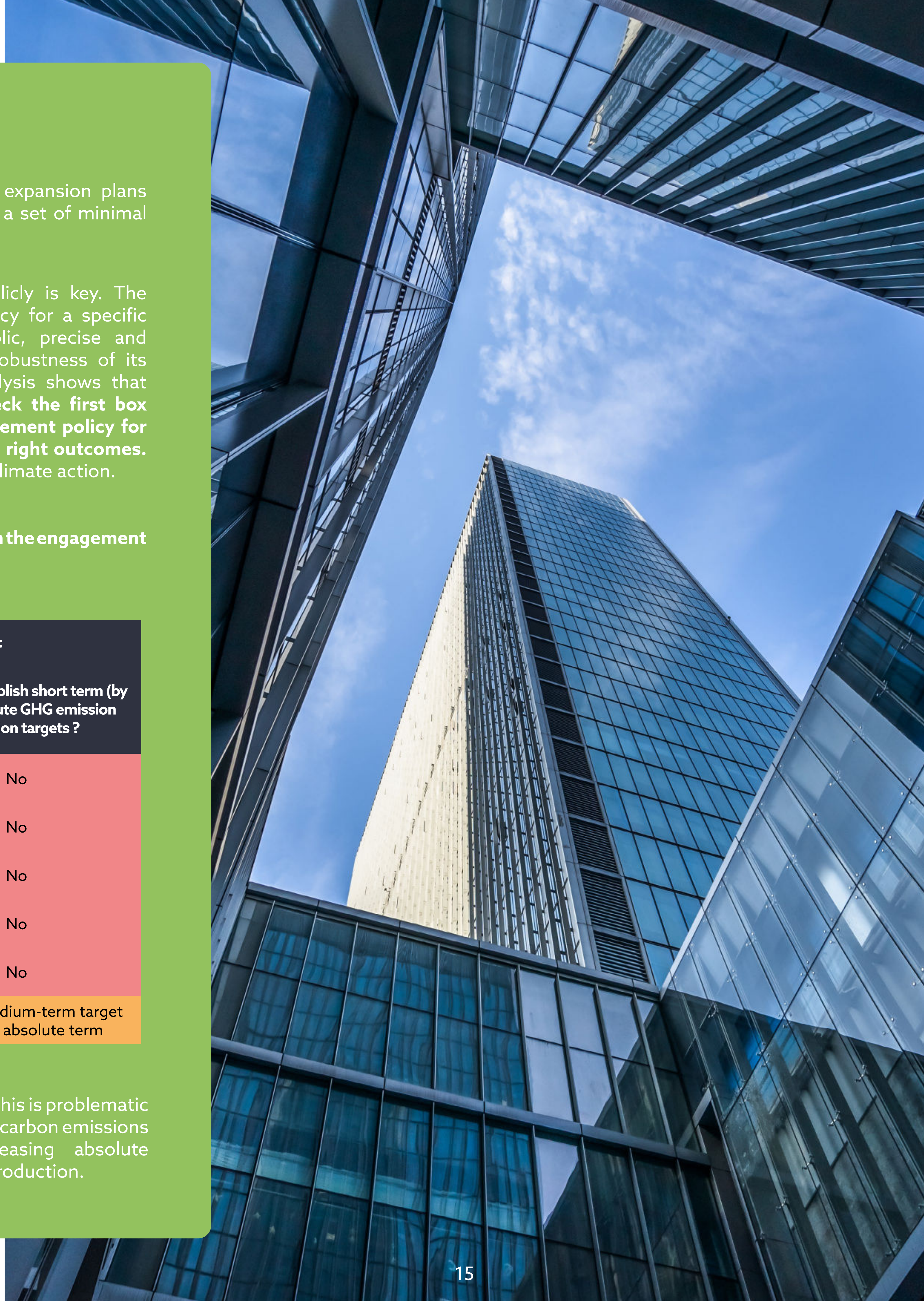
- **A clear expectation that portfolio coal companies** do not have any coal expansion plans, and that they adopt a credible and public coal phase out plan.[31]
- **A clear expectation that portfolio oil and gas companies** operating in upstream and midstream sectors commit to cease their expansion plans and to meet, in the short-term, a set of minimal criteria.[32]

Describing such expectations publicly is key. The credibility of the engagement policy for a specific sector relies on formulating public, precise and impactful demands, and on the robustness of its implementation strategy. Our analysis shows that **Swiss asset managers do not check the first box when it comes to a credible engagement policy for the fossil fuel sector: targeting the right outcomes.** Vague demands and policies delay climate action.

Analysis of the demands described in the engagement policies of the five asset managers:

	Does the asset manager publicly ask that its investee companies:		
Financial institution	**Commit to immediately and progressively decease their overall fossile fuel production ?**	**Immediately put an end to new fossil fuel supply projects ?**	**Adopt and publish short term (by 2025) absolute GHG emission reduction targets ?**
Credit Suisse AM	No	No	No
UBS	No	No	No
UBS AM	No	No	No
Swiss Life AM	No	No	No
Zurich	No	No	No
Pictet	No	No	Ask for a medium-term target but not in absolute term

While Pictet does publicly ask fossil fuel companies to adopt medium-term decarbonization targets,[33] this is far from enough. Indeed, it does not mention the need for absolute (vs relative) targets, or the need for the inclusion of Scope 3 emissions. This is problematic because a company can decrease its carbon emissions intensity over time while increasing absolute emissions and absolute fossil fuel production.



2. SWISS FINANCIAL INSTITUTIONS CHANNEL BILLIONS INTO FOSSIL FUEL DEVELOPERS

a. Financial research

The five biggest Swiss financial institutions are all members of the Glasgow Financial Alliance for Net Zero (GFANZ)[34] and have endorsed the criteria of the UN's Race To Zero Campaign. These criteria clearly state the need to phase out from the fossil fuel sector and end developing new fossil fuel assets.[35]

Yet, as a result of flawed and weak policies, **Swiss finance is still channeling billions to companies whose fossil fuel expansion plans** threaten the need for a managed decline of the fossil fuel industry.

UBS and Credit Suisse provided at least[36] **US$ 8 billion in loans and underwriting** to companies developing new coal projects (US$1 billion) and new oil and gas supply and midstream projects (US$7 billion) between April 2021[37] and August 2022.

In September 2022, the five asset managers **held at least[38] US$ 22.2 billion** in companies developing new coal projects (US$2 billion) and new oil and gas supply and midstream projects (US$ 20.3 billion). UBS AM is the biggest investor among the five in both coal expansion and oil and gas expansion (US$ 11.4 billion). The financial data for Zurich is likely to be underestimated because it offers few open-ended funds.

Such expansion plans have been widely recognized as strictly incompatible with international climate objectives.[39] By unrestrictedly channeling billions into these projects and the companies behind them, Swiss financial institutions are both a threat to the global efforts to limit warming to 1.5°C and are breaking their own climate pledges.

Support to companies with coal expansion plans:[40]

Bank	Lending	Under-writing	Total financing (US$ million)	To coal developers, such as...	...that is still involved in...[41]
UBS	0	973	973	SPIC	almost 16 GW of coal power expansion in 14 projects in China and Turkey
Credit Suisse	0	54	54	Glencore	9 new coal mines/ expansion of existing mines in Australia and South Africa

Asset manager	Shares	Bonds	Total holdings (US$ million)	Invested in coal developers, such as...	...that is still involved in...[42]
UBS AM	933	301	1,235	Glencore	9 new coal mines/ expansion of existing mines in Australia and South Africa
Credit Suisse AM	506	87	593	Marubeni Corp	1 GW of new coal power plants in Indonesia
Pictet	220	30	250	Adani Group	12 GW of new coal power plants in India and in 8 coal mining expansion plans
Zurich	-	1	1	-	-
Swiss Life AM	10	4	14	Glencore	9 new coal mines/ expansion of existing mines in Australia and South Africa

Support to companies with short-term oil and gas expansion plans:[43]

Bank	Lending	Under-writing	Total financing (US$ million)	To oil and gas developers, such as...	...that is planning to add...[44]
UBS	0	925	925	Petrobras	7 bboe[45] to its production portfolio
Credit Suisse	2,431	3,63	6,061	QatarEnergy	17.7 bboe to its production portfolio

Asset manager	Shares	Bonds	Total holdings (US$ million)	Invested in oil and gas developers, such as...	...that is planning to add...
UBS AM	8,301	1,906	10,207	Shell	3.8 bboe to its production portfolio
Credit Suisse AM	6,938	594	7,531	ExxonMobil	7 bboe to its production portfolio
Pictet	1,705	360	2,064	TotalEnergies	4.3 bboe to its production portfolio
Zurich	338	-	338	ExxonMobil	7 bboe to its production portfolio
Swiss Life AM	92	75	166	TotalEnergies	4.3 bboe to its production portfolio

The bond problem: providing new debt to fossil fuel expansionists?

Around 90% of new financing for fossil fuel expansion comes from banks and the bond market, with fossil fuel companies increasingly using bonds to raise capital.[46] Bonds therefore play a critical role in assigning new capital to fossil fuel expansion activities. To issue bonds on the financial markets, companies need banks to underwrite them and investors to buy them.

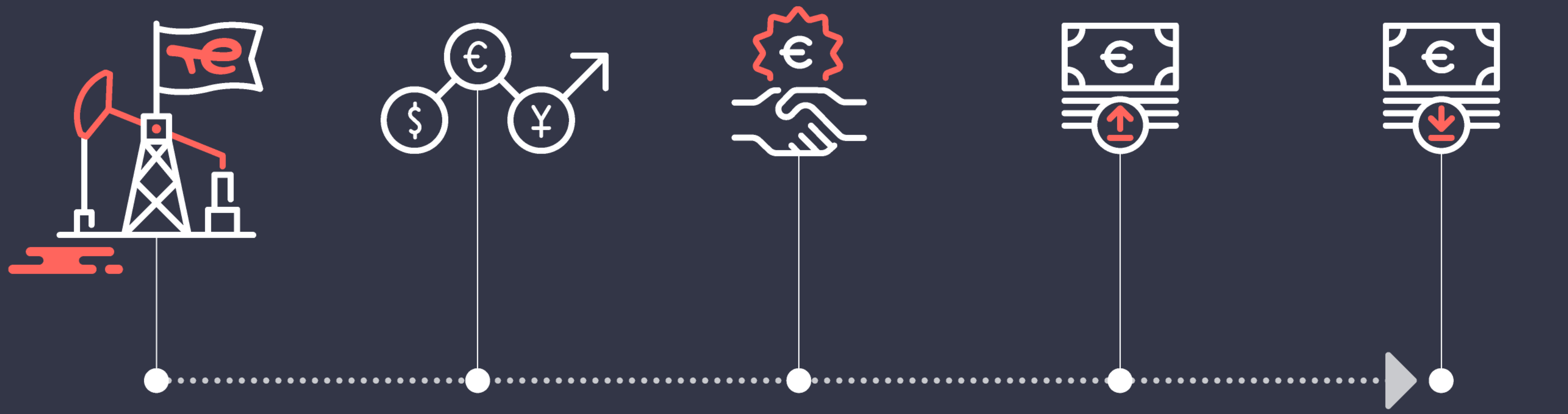
Tracking down the financial institutions involved in new bonds is key, as these indirectly help companies to finance their 'carbon bombs' – i.e. the expansion projects that have combined potential emissions exceeding the carbon budget for a global 1.5 °C pathway.[47]

Our research shows that Swiss finance is not **denying new debt to these companies**. Far from simply holding existing securities to push companies to change through engagement, Swiss asset managers are likely providing them with fresh capital despite their expansion plans. Furthermore, as explained above, the credibility of their engagement plans is undermined by the fact that they do not even make it clear that they expect these companies to stop expanding their fossil fuel operations.

Our research shows that:

- **UBS and Credit Suisse recently underwrote newly issued bonds for fossil fuel expansionists,** as shown by the deals we identified with KEPCO and ConocoPhillips.
  - KEPCO. Bond issuance in April 2022 by UBS and another bank for an amount of US$ 150 million (share of UBS). KEPCO is involved in the planning of 8.3 GW of additional coal power capacity at five different projects in South Korea, Indonesia and Vietnam.
  - ConocoPhilips. Bond issuance in February 2022 by Credit Suisse and many other banks for an amount of US$ 245 million (share of Credit Suisse). ConocoPhilips has 3,674 mmboe[48] of resources under 'Development and Field Evaluation' as of September 2022, and is ranked 14 in the top upstream global oil and gas developers.
- The five Swiss asset managers are still buying newly issued bonds from fossil fuel expansionists[49] like TotalEnergies.
  - TotalEnergies. Bond issuance of EUR€ 1.75 billion in January 2022. Pictet holds EUR€ 9.6 million in the bond, Credit Suisse EUR€ 8.9 million and UBS EUR€ 4.9 million.[50] TotalEnergies is planning to add 4.3 bboe to its production portfolio and is involved in the highly controversial EACOP project.

How are bonds linked to fossil fuel expansion?



1. **Total Energies wants to raise cash for some of its projects**
(e.g to open new oil & gas wells)

2. **TotalEnergies issues a bond to raise capital on the financial markets**

3. **A bank like BNP Paribas helps TotalEnergies to issue a bond**
(it 'underwrites' the bond)

4. **Investors like UBS AM* buy the bond and receive interests each year**

5. **TotalEnergies receives the money raised via the bond,** repays it after several years and uses the money to fund new projects

* When TotalEnergies issued a new bond in January 2022, DWS, Allianz GI, Deka Investments and Union Investment were among the investors. BNP Paribas was one of the lead underwriters of the bond.

b. Case studies

Swiss-based commodities firm Glencore is behind significant coal mining expansion plans. It continues to be involved in ten new coal mine or coal mine expansion projects in Australia and South Africa, like the Springboklaagte Coal Project (2.4 mtpa)[51]. Accused of many human rights violations, the company does not have a proper coal exit plan. It has only committed to close 12 of its coal mines by 2035, while it currently operates 26 coal mines worldwide, with nine coal mine projects in the pipeline.[52]

Glencore also mines metals for use in renewable energies, but it has the worst human rights record among such miners.[53] On 24 May 2022, Glencore pleaded guilty to bribery, corruption and market manipulation, paying US$ 1.1 billion in fines and forfeitures to the US government to settle the charges. In November 2022, the company was made to pay GBP£ 281 million in fines, with profits and costs further confiscated as punishment for "sustained criminality", the largest ever payment imposed on a company in a UK court.[54]

Support from Swiss financial institutions:

- Glencore is supported by the two global Swiss banks. UBS and Credit Suisse both participated in a bond issuance in August 2021.
- Glencore's shareholders include UBS AM, Credit Suisse AM, Pictet and Swiss Life. While they voted against the company's management at the 2022 AGM to signal opposition, they must now commit to deny any new debt issued by Glencore and escalate sanctions.

TotalEnergies is the biggest developer of new oil and gas projects in Europe and the 7th biggest globally. Oil and gas will still make up 75% of the company's investments in the near term and in 2030, renewables will represent less than 15% of the energy mix. TotalEnergies is responsible for over 14% of short-term oil and gas expansion in Africa and is on the verge of adding 2.27 bboe to its production portfolio on the continent. The French oil and gas major is developing a number of projects, including the East African Crude Oil Pipeline (EACOP) in Uganda and Tanzania and the planned exploitation of Luiperd and Brulpadda, two major offshore gas fields in South Africa.

Support from Swiss financial institutions:

- TotalEnergies's shareholders include UBS AM, Credit Suisse AM, Pictet, Zurich and Swiss Life AM. At the company's AGM last year, UBS AM and Zurich both voted for the re-election of TotalEnergies' directors and for its Say On Climate (SOC) resolution, fully backing the company's management.[55] By contrast, Pictet and Credit Suisse AM both voted against all director re-elections and against the SOC resolution,[56] taking a first step towards demonstrating concerns about the company's management. They should now pre-declare voting for the 2023 AGM (publishing the voting rationale) and escalate their sanctions.[57] Apart from Zurich,[58] all of the asset managers are also TotalEnergies' bondholders, and participated in the company's last bond issuance in January 2022.

3. VOTING PRACTICES: WEAK SIGNALS SENT TO FOSSIL FUEL COMPANIES

Ensuring rigorous engagement strategies and formalized policies is crucial to avoid ad hoc voting practices that send mixed signals to the market. Supporting environmental and social shareholder resolutions should now be a default position, not an ad hoc practice.[59] **Voting against standing item resolutions (like director re-elections) because of non compliance to climate-related demands is one of the many other steps that can be taken, as well as voting systematically against any 'Say On Climate' resolution that presents a non-aligned climate plan.**

The results below show that **voting decisions are still taken on an ad hoc basis**. Combined with the absence of clear and robust engagement policies and the absence of a systematic publication of all voting rationales, **asset managers are sending a mixed message to the fossil fuel sector**. While some asset managers are improving their voting practices, they are far from disclosing enough information for stakeholders to be able to assess the quality of their engagement activities.

- **Say On Climate resolutions**. Apart from Glencore's resolution, which was opposed by all five asset managers, the other four resolutions we analyzed (TotalEnergies, Shell, BP, Repsol) faced mixed voting. TotalEnergies and Repsol received three out of five votes 'against' their climate plans, while Shell and BP received two out of five. These results show that the climate plans of oil and gas majors can be validated by investors despite being in complete misalignment with a 1.5°C pathway.[60] With the exception of Pictet,[61] none of the asset managers disclosed their voting rationales, while UBS AM[62] does not make its voting practices in any way transparent.
- **Re-election of directors.** The five asset managers rarely used their power to vote against director re-elections at the six companies, despite these votes being an easy way to hold company directors accountable for the non-compliance of their strategies with investor demands.
  - Only TotalEnergies and Glencore faced some strong opposition, with Pictet and Credit Suisse AM opposing all TotalEnergies re-elections and Glencore's board chair being voted 'against' by Pictet, UBS AM and Credit Suisse AM.
  - Meanwhile, the majority of the directors at Shell, BP, Repsol and Mitsubishi received the support of all five asset managers,[63] despite these four companies having massive fossil fuel expansion plans.
  - Furthermore, even the 'against' votes at the AGMs of TotalEnergies (Credit Suisse and Pictet) and Glencore (Credit Suisse, UBS and Pictet) should be taken cautiously, since these asset managers did not explicitly say that they cast their votes for climate reasons.[64]

  These examples show that, while the 'director re-election' tool is used by asset managers in some cases, mixed messages are being sent to company directors, which is not likely to result in any meaningful change in company strategy.
- **Shareholder resolutions.** All five asset managers opposed the shareholder resolution filed at Shell's AGM, asking Shell to adopt robust decarbonization targets. On the other hand, the two climate resolutions filed at Mitsubishi were supported by four out of the five managers. These different voting practices show that supporting climate shareholder resolutions is still far from a default position for Swiss asset managers, and their voting rationale is very rarely given.

Time is running out: **Swiss asset managers must urgently step up their ambition on their engagement and voting policies when it comes to the most polluting companies**. That means setting ambitious and public expectations of companies and then voting in line with these expectations.

How the five asset managers voted at the AGM's of six big fossil fuel expanders in 2022[65]

Asset manager	Resolution type	TotalEnergies	Shell	BP	Repsol	Glencore	Mitsubishi
Credit Suisse AM	Say On Climate	Against	Against	Mixed	Against	Against	n/a
	Reelection of directors	Against 100% of directors	For 90% of directors	For 100% of directors	For 100% of directors	Against 65% of directors	For 100% of directors
	Climate shareholder resolution(s)	n/a	For	Mixed	n/a	n/a	For both
UBS AM	Say On Climate	For	For	For	Against	Against	n/a
	Reelection of directors	For 100% of directors	For 90% of directors	For 100% of directors	For 100% of directors	For 87% of directors	For 91% of directors
	Climate shareholder resolution(s)	n/a	Mixed	Against	n/a	n/a	For both
Swiss Life AM	Say On Climate	Against	For	Against	For	Against	n/a
	Reelection of directors	For 100% of directors	For 100% of directors	For 100% of directors	For 100% of directors	For 100% of directors	For 100% of directors
	Climate shareholder resolution(s)	n/a	Against	For	n/a	n/a	For both
Zurich	Say On Climate	For	For	For	For	Against	n/a
	Reelection of directors	For 100% of directors	For 100% of directors	For 100% of directors	For 100% of directors	For 100% of directors	For 100% of directors
	Climate shareholder resolution(s)	n/a	Against	Against	n/a	n/a	?
Pictet AM	Say On Climate	Against	Against	Against	Against	Against	n/a
	Reelection of directors	Against 100% of directors	For 90% of directors	For 100% of directors	For 100% of directors	For 87% of directors	For 100% of directors
	Climate shareholder resolution(s)	n/a	For	For	n/a	n/a	For both

Decarbonization targets are insufficient

Credit Suisse, UBS and Pictet have each published decarbonization targets on their activities. While setting such targets can be a useful tool,[66] they must not be a substitute for the adoption of robust fossil fuel phase out policies. This necessity was recognized by the UN Race to Zero Campaign[67] when it strengthened the criteria that must be followed by its members. Financial institutions with net zero commitments should restrict the development, financing and facilitation of new unabated fossil fuel assets.[68] As shown in part one above, however, **none of the five Swiss financial institutions we analyzed restrict new investments or financing for companies that develop new fossil assets.** Furthermore the targets from the two banks, Credit Suisse and UBS, cover only lending and not underwriting.[69] The importance of setting targets for facilitated emissions is illustrated by the fact that **all of UBS's finance to coal and short-term oil and gas expanders between April 2021 and August 2022 was in the form of underwriting. Meanwhile all of Credit Suisse's coal developer finance over this period was also from underwriting, as was 60% of its finance for oil and gas developers.**

- **Credit Suisse has set itself a decarbonization target which combines together its financed emissions from lending to oil, gas and coal.** This makes it difficult to compare the ambition of the target with other banks which have, as is required by the NZBA, treated oil and gas as a separate sector to coal. The grouping together of all fossil fuels also makes it difficult to compare the Credit Suisse target with 1.5°C pathways such as the IEA's Net Zero Emissions by 2050 Scenario (NZE) or the One Earth Climate Model (OECM), which likewise treat oil and gas separately from coal. The combined target also means that Credit Suisse could reduce its fossil fuel financed emissions by 49% by 2030 via the coal sector alone (which in 2020 made up 64% of its fossil fuel emissions),[70] avoiding any reductions from oil and gas.
- **UBS has set decarbonization targets for lending to four sectors: oil and gas, power, and commercial and residential real estate. Its oil and gas target is notable as the most ambitious of those covered in the NZBA's November 2022 Progress Report.** UBS is committed to reducing the absolute financed emissions from its lending to oil and gas companies by 71% between 2020 and 2030. The target covers Scope 1, 2 and 3 emissions plus exploration, production and refining activities. UBS also covers Scope 1, 2 and 3 emissions for its power generation target. This target, of a 49% reduction in emissions intensity from power sector lending by 2030, is less ambitious than the average targeted reduction from power generation from the 45 banks covered in the NZBA Progress Report. UBS claims that its targets are based on the IEA's NZE Scenario, although this requires a 68% reduction in power sector emissions intensity by 2030. As is recommended by the Race to Zero and the UN's high-level group on net zero, UBS should supplement its intensity target for the power sector (measured in kg of CO2e per MWh) with an absolute emissions target.
- **On the asset management side, UBS AM and Pictet have set 2030 decarbonization targets as part of their membership of the Net Zero Asset Managers initiative (NZAM). UBS AM's target is extremely weak with only 35% of its eligible assets (active equities, active fixed income, index equities and real estate) needing to be aligned with net zero by 2030.[71]** This 35% of what UBS AM considers eligible to be aligned with net zero is only 20% of their total assets under management. In other words UBS AM has no commitment to cut emissions from the great majority of its managed assets. UBS AM targets a 50% cut by 2030 in the emissions intensity (in terms of emissions of CO2e relative to the value of their holdings) of those assets which are covered by its target. **The use of this intensity metric means that an apparent 50% reduction in emissions could be achieved by UBS AM for its supposedly net-zero aligned assets with a much smaller real-world reduction in emissions to the atmosphere.** This is because as the value of the holdings grows over time, their emissions intensity will drop even if their emissions to the atmosphere stay the same (or even grow, but at a rate lower than the growth of the value of the assets). UBS AM could thus meet its 2030 target just by doing its job as a growth-seeking investor, not by requiring its investees to do anything to cut their climate impact. Further weakening the impact of the UBS AM target is that they do not count the Scope 3 emissions of their investees, which for most high-emitting sectors, including fossil fuels and utilities, is the great majority of their emissions.[72] **Pictet has set a 2030 financed emission reduction target only for its direct investments and co-directs in real estate (a 67% reduction in CO2e emissions per square meter of buildings).** Its NZAM target for its overall listed equity and fixed income portfolios is based not on the percentage of its portfolio which should cut its emissions by 2030 on a net-zero trajectory, but the percentage of its portfolio in assets which have validated 1.5°C science-based targets (SBTs). Pictet is targeting 40% of its assets with SBTs by 2025 and 60% by 2030. **Among the problems of this approach is the time lag between a company getting its targets validated and it then actually achieving meaningful emissions reductions.** A company could get a target validated in 2025 or 2030, but not have cut its emissions up to that point, and there is no guarantee that it will later actually meet its targets.

The serious shortcomings of the Credit Suisse, UBS (including UBS AM) and Pictet targets are indicative of the **systemic problems[73] with the decarbonization target approaches** of the sectoral alliances of the Glasgow Financial Alliance for Net Zero (GFANZ). In the case of the asset managers that have targets (UBS AM and Pictet), this is amplified by the unique and particularly problematic approach of NZAM to target setting.

Call to action for the shareholders of UBS and Credit Suisse

UBS and Credit Suisse are the two biggest Swiss financial institutions. We expose in this report their refusal to restrict their support for the biggest fossil fuel expanders, such as TotalEnergies or Glencore. As a result, both banks are still important underwriters of bonds for coal developers (US$1 billion) and for oil and gas developers (US$ 4.5 billion), and their asset management arms are not following any robust restrictions on fossil fuel investments, even for the coal sector.

The AGMs of UBS and Credit Suisse taking place in a few days will be a key opportunity for shareholders to use their voting power to demand robust fossil fuel policies be adopted. Indeed, responsible shareholders must engage their portfolio companies via a range of actions that culminate in sanctions, starting with voting.

UBS top 10 shareholders[74]	Credit Suisse main shareholders[75]
UBS AG	Saudi National Commercial Bank
BlackRock Inc	Qatar Investment Authority
Dodge & Cox	Harris Associates LP
Massachusetts Financial Services	BlackRock Inc
Artisan Partners Ltd	Dodge & Cox
Norges Bank	Olayan Group
Vanguard Group Inc/The	Norges Bank
Credit Suisse Group AG	Vanguard Group Inc/The
Wellington Management Group LLP	Credit Suisse Group AG
Goldman Sachs Group Inc/The	Silchester International Investors

RECOMMENDATIONS

Our report reveals there is a massive gap between the net zero commitments of Swiss financial institutions and what they are currently doing. **We describe below some of the key actions that are needed to close this gap.** These priority actions need to be taken in addition to any portfolio and/or sectoral decarbonization targets.

1. Stop supporting coal

- Immediately drop all forms of support for companies developing new coal projects.[76] This should cover all financial services including lending, new bond and share purchases and new investments, capital markets underwriting, insurance, and advisory services, including on mergers and acquisitions.
- Beyond the requirement to stop expansion, ensure that all coal companies in the portfolios have facility-by-facility closure plans by 2030 in the OECD and European countries, and by 2040 worldwide.[77]

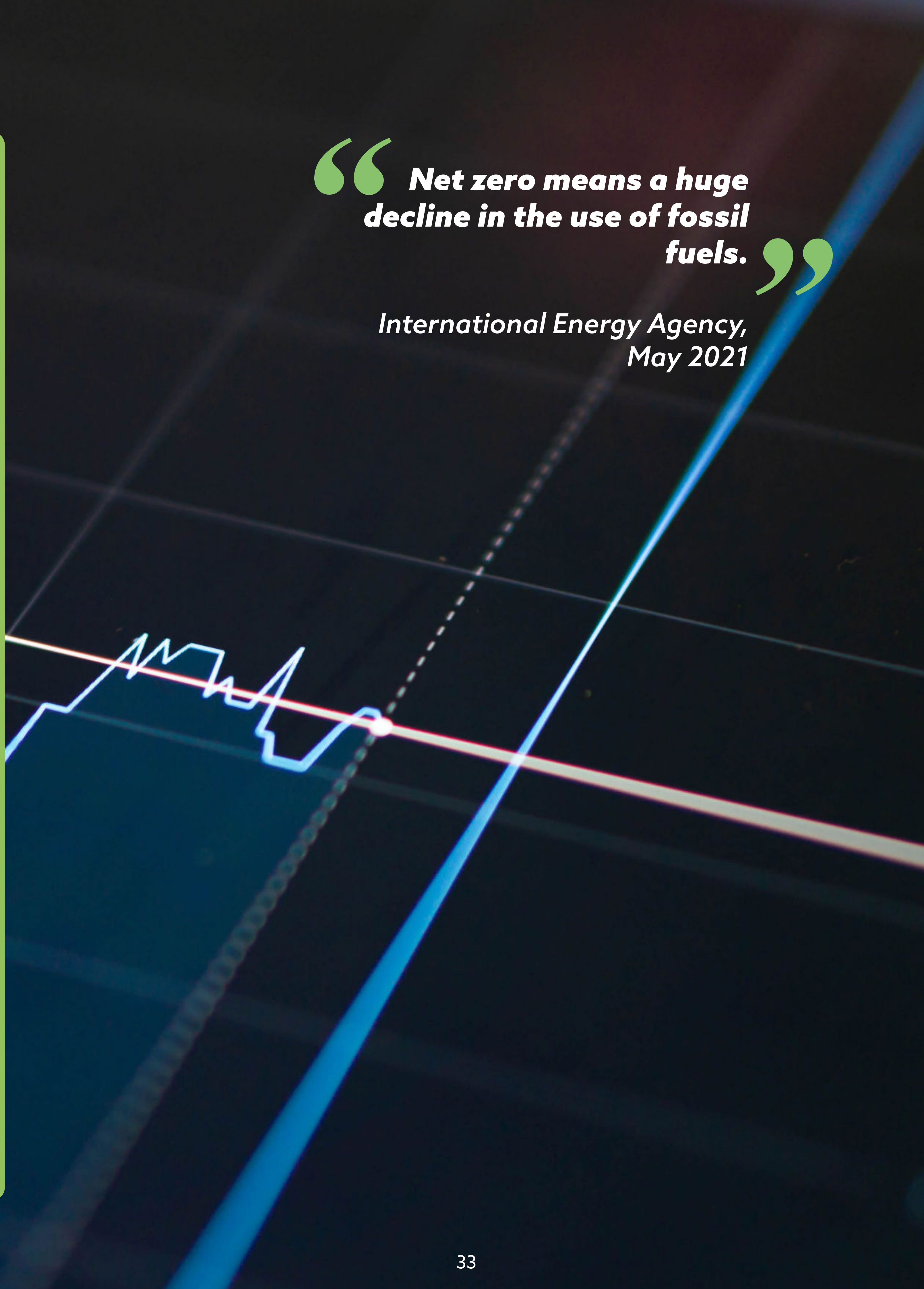
2. Withdraw support from companies expanding oil and gas production

- Adopt financing restrictions on a growing number of oil and gas companies, with **a focus on halting new upstream and midstream oil and gas projects,** as well as initiating a controlled decline in oil and gas production. This implies to **cease buying new stocks and bonds of oil and gas expanders.**
- **Engage with existing clients and investees** to ensure that they cancel any plans to develop new oil and gas upstream and midstream projects[78] by a predefined time frame. Implement a progressive escalation strategy that would ultimately lead to sanctions in case this expectation is not met.
- Immediately commit to **ceasing all financial support if the clients and investees are still involved in new upstream and midstream oil and gas projects by 2025.**[79]

3. Adopt robust engagement policies

- Adopt meaningful policies for engagement with investees and clients. Robust engagement approaches include **clearly defined and public demands, a delineated escalation strategy ending with meaningful financial sanctions,** and, in the case of equity investors, **transparent criteria for shareholder votes,** and disclosure on voting records.
- Report at least annually on the concrete results (or lack thereof) of any engagement strategies. Using vague claims of "engagement" is not acceptable.

Another action not described here includes committing to **stop lobbying for fossil fuel expansion.**



"Net zero means a huge decline in the use of fossil fuels."

International Energy Agency, May 2021

References

1. 'Credit Suisse investor rebellion over climate action grows ahead of annual meeting', Reuters (25.04.2002).
2. 'Des activistes contre les investissements de Pictet dans le charbon', SWI (19.01.2023).
3. 'The Asset Managers Fueling Climate Chaos', Reclaim Finance (April, 2022).
4. US$ 1,946 billion for UBS and Credit Suisse, according to 'The world's 100 largest banks, 2022' from S&P Global. For this report, we selected the Swiss banks included in the S&P Global listing with the exception of Raiffeisen Gruppe, which ranked at 96 and is by comparison much smaller than UBS and Credit Suisse.
5. US$ 3,580 billion according to 'The world's largest 500 asset managers' ranking from the Thinking Ahead Institute. For this report, we selected the Swiss asset managers that are in the top 100 global asset managers.
6. UBS AM, Credit Suisse AM, Pictet Group and Swiss Life AM are members of the Net Zero Asset Manager initiative (NZAM), and UBS and Credit Suisse are members of the Net-Zero Banking Alliance (NZBA). While the Zurich Group is a member of the Net-Zero Insurance Alliance (NZIA) and the Net-Zero Asset Owner Alliance (NZAOA), its asset management branch is not part of an alliance.
7. According to 'The world's 100 largest banks, 2022' from S&P Global and to 'The world's largest 500 asset managers' ranking from the Thinking Ahead Institute. For this report we selected the Swiss banks included in the S&P Global listing with the exception of Raiffeisen Gruppe, which ranked at 96 and by comparison is much smaller than UBS and Credit Suisse, and we selected the Swiss asset managers that are included in the top 100 global asset managers.
8. Robust engagement approaches include clearly defined demands, a clearly defined escalation strategy ending with meaningful financial sanctions, and in the case of equity investors, transparent criteria for shareholder votes, and disclosure of voting records. Asset managers should not use vague claims of "engagement", as this could mean they are using engagement as an excuse for continued support for fossil fuel expansion.
9. Formerly Zurich Financial Services and now called Zurich Insurance Group. We will use Zurich for this report.
10. UBS AM, Credit Suisse AM, Pictet Group and Swiss Life AM are members of the Net Zero Asset Manager initiative (NZAM) and UBS and Credit Suisse are members of the Net-Zero Banking Alliance (NZBA). While Zurich Group is a member of the Net-Zero Insurance Alliance (NZIA) and the Net-Zero Asset Owner Alliance (NZAOA), its asset management branch is not a member of the NZAM.
11. By sector policies, we mean any policy document presenting specific restrictions applied to a sector or list of companies. This includes engagement measures and investment restrictions.
12. According to the IPCC, the UN Environment Programme (UNEP) and the IEA, for the oil and gas sector to be aligned with a 1.5°C scenario, a number of conditions must be met. These include a steep decrease in production and an immediate stop to new supply projects.
13. 'Integrity Matters: Net Zero commitments by Businesses, Financial Institutions, Cities and Regions', High Level Expert Group Report, November 2022.
14. A public and free database published and updated every year by the NGO Urgewald. The GCEL is used by many financial institutions worldwide and by regulators and international bodies.
15. According to BankTrack's Equator Principles project database, since 2016, UBS has not reported any fossil project-related financing, while Credit Suisse financed seven fossil projects, though none related to coal. These were the: Amur Gas Processing Plant, Duqm Refinery, Sitra refinery expansion, Uzbekistan GTL, Porto de Sergipe I power plant, Atlantic Coast Pipeline and Y-GEN Electrica and Y-GEN Electrica II power plant.
16. Credit Suisse AM has no coal policy or criteria applying to the majority of its assets. We do not consider the existence of coal criteria for a small subset of "sustainable" funds.
17. Urgewald's 2022 Global Coal Exit List: No Transition in Sight, Urgewald (06.10.2022).
18. While Pictet does have an exclusion for coal power, it is not applied to its Article 6 funds, which Pictet describes as "ESG Integrated" and for which "Securities of issuers with high sustainability risks and/or principal adverse impacts may be purchased and retained in the portfolio."
19. Credit Suisse AM has no coal policy in place.

20. Urgewald's 2022 Global Coal Exit List: No Transition in Sight, Urgewald (06.10.2022).
21. UBS excludes mining and power companies deriving more than 20% of their revenues from thermal coal if they do not have a transition strategy "aligned with the goals of the Paris Agreement".
22. This is not the case on the power side, where the exclusion does cover capacity expansions.
23. On the mining side, Credit Suisse fails to concretely define the meaning of the exception for "clients with a credible transition strategy to diversify away from thermal coal and where, in addition, the transaction proceeds make a material contribution to this transition". The same applies on the power side, with its additional exception for "clients that can demonstrate a decreasing share of coal in their power generation portfolio (measured by installed capacity) consistent with our Client Energy Transition Framework (CETF)". Overall, a decreasing share of coal in power generation does not necessarily mean that the absolute amount of coal used decreases, or that there is a decrease in coal activity.
24. Coal phase-out briefing, Climate Analytics.
25. See the Coal Policy Tool ('Phase out' criteria).
26. Figure as of December 2021.
27. See UBS AM's sustainable exclusion policy.
28. NGOs Release the 2022 Global Oil & Gas Exit List: An Industry Willing to Sacrifice a Livable Planet, Urgewald (10.11.2022).
29. The two banks have only adopted weak exclusions at the corporate level for some companies active in the Arctic or in the tar sands sector, but the thresholds used are far too high to have any material impact on the bank's oil and gas portfolio. Credit Suisse excludes companies that derive more than 25% of revenues from Arctic oil and gas extraction or tar sands, but with large exceptions. UBS excludes companies that generate more than 20% of their production or reserves from Arctic activities and/or oil sands, but with exceptions for companies with a transition strategy aligned with the goals of the Paris Agreement.
30. See our report from April 2022 on 30 major asset managers here.
31. That is, aligned with a 1.5 °C scenario with low or no overshoot and a limited volume of negative greenhouse gas emissions.
32. Such as adopting a comprehensive climate plan that allows investors to assess the company's alignment with a 1.5 °C scenario with low, or no, overshoot and a limited volume of negative greenhouse gas emissions. A comprehensive climate plan would include, for example, short- and medium-term capital expenditure (CapEx) plans disaggregated by activity and by orientation between maintenance and development of the company's assets.
33. Pictet's Responsible Investment policy refers to the following ISS Voting guidelines.
34. UBS AM, Credit Suisse AM, Pictet Group and Swiss Life AM are members of the Net Zero Asset Manager Initiative (NZAM) and UBS and Credit Suisse are members of the Net-Zero Banking Alliance (NZBA). While Zurich Group is a member of the Net-Zero Insurance Alliance (NZIA) and the Net-Zero Asset Owner Alliance (NZAOA), its asset management branch is not a member of the NZAM.
35. Strengthened Race to Zero criteria require GFANZ to support fossil fuels phase-out, Reclaim Finance (16.09.2022).
36. Due to gaps in commercially available data sources, our estimates are necessarily incomplete and underestimate the true scale of financing to fossil fuel expanders. Non-syndicated bank loans, for example, are not captured in our data. Bond holdings are significantly undercounted.
37. The date of April 2021 was chosen because it is the date the banks joined the NZBA.
38. Due to gaps in commercially available data sources, our estimates are necessarily incomplete and underestimate the true scale of financing to fossil fuel expanders. Non-syndicated bank loans, for example, are not captured in our data. Bond holdings are significantly undercounted.
39. Indeed, consuming already exploited fossil fuel reserves would largely exhaust the carbon budget in a 1.5°C pathway. Acknowledging this, the International Energy Agency (IEA) stated that fossil fuel use must fall drastically and that all new investments in fossil fuel supply projects and most investments in liquified natural gas (LNG) should not be undertaken in a 1.5°C trajectory. Beyond LNG, scenarios do not explicitly call for an end to all new midstream infrastructures for fossil fuels, but these infrastructures are both a key prerequisite and a consequence of new fossil production projects. Hence, a complete and consistent oil and gas policy should hold production and transport projects to the same standards. Regarding coal specifically, climate

science underlines the inconsistency of any new coal project with the 1.5°C or even 2°C Paris Agreement targets, and this was confirmed in the IEA's Net Zero Emissions by 2050 Scenario (NZE).

40. Source: Independent research organization Profundo. Holdings data as of September 2022. The holdings of the asset managers were matched with a predefined list of companies to identify their exposure to fossil fuel developers. The list of companies is described in the Methodology section of this report.
41. Figures in this column are based on the 2022 version of the GCEL. Expansion plans may have evolved since then.
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43. Source: Independent research organization Profundo. Holdings data as of September 2022. The holdings of the asset managers were matched with a predefined list of companies to identify their exposure to fossil fuel developers. The list of companies is described in the Methodology section of this report.
44. Figures in this column are based on the 2022 version of the GOGEL. Expansion plans may have evolved since then.
45. Billion barrels of oil equivalent (bboe).
46. As many banks start to limit their lending to carbon intensive industries, companies in the coal, oil and gas value chain are turning more to the bond market as a safe haven. In 2020, bonds represented 52% of fossil fuel fundraising (45% via loans, and 4% via shares) compared to 26% in 2015 (58% via loans and 16% via shares). Source: Cojoianu, et al. (2022).
47. "Carbon Bombs" - Mapping key fossil fuel projects. Kjell Kühne, Nils Bartsch, Ryan Driskell Tate, Julia Higson, André Habet.
48. Million barrels of oil equivalent.
49. While it is very difficult to have access to information on the primary investors in a bond, our analysis of Bloomberg data allows us to see current investors in recently issued bonds.
50. Bloomberg, as of January 2023.
51. Million tonnes per annum.
52. See Glencore's 2022 presentation.
53. See the report by the Business & Human Rights Resource Centre, May 2022.
54. London court forces Glencore to pay record £281m for bribery in Africa, The Guardian (03.11.2022).
55. Source: Insightia database, information collected as of 6 February 2023.
56. Source: Insightia database, information collected as of 6 February 2023.
57. Credit Suisse must also publish its voting rationale, as there is no information given in 2022 that allows us to say its votes were cast for climate-related reasons. By contrast, Pictet's voting rationale is quite detailed, especially for the SOC, which is good practice.
58. Based on the information we were able to obtain.
59. 2022 is the year investors use proxy voting to drive positive change, Share Action.
60. The climate plans of oil and gas majors are far from aligned with a 1.5°C pathway. Read more here.
61. For example, Pictet explains its voting against TotalEnergies' Say On Climate resolution: "Considering announced increased productions and new production sites, the partial disclosure, and the absence of clear absolute scope 3 reduction targets do not allow proper assessment as to whether the company's plan is robust enough to be in line with its Net Zero ambition by 2050 in line with the Paris goal. Additionally, the company has acknowledged that its current targets are not science-based."
62. UBS AM explains with few details its voting on only three out of the six Say On Climate resolutions we analyzed.
63. Swiss Life and Zurich voted for 100% of the directors at these companies. UBS AM, Credit Suisse AM and Pictet opposed 10% of the director re-elections at one or several of these companies.
64. UBS AM even justifies its vote at Glencore's AGM with the following explanation: "The Company has not met our expectations and principles in regard to gender diversity."

65. Source: Insightia database, information collected as of 6 February 2023. The six companies in the table are all fossil fuel developers according to the GCEL and GOGEL definitions.
66. See Reclaim Finance's key criteria for robust decarbonization strategies from asset managers: 3 key elements to assess asset manager's climate plan, Reclaim Finance (25.05.2022).
67. An initiative of the UN climate convention.
68. Strengthened Race to Zero criteria require GFANZ to support fossil fuels phase-out, Reclaim Finance (16.09.2022).
69. The Partnership for Carbon Accounting Financials (PCAF) is currently developing a methodology for quantifying "facilitated emissions" which is planned to be released in spring 2023. The NZBA states that will "consider" requiring its members to set underwriting targets in the next version of its guidelines due to be completed by April 2024 (see NZBA, Guidelines for Climate Target Setting for Banks, p.7, April 2021). Credit Suisse said in its 2021 Sustainability Report that "we plan to develop a transparent methodology to report" facilitated emissions. UBS's 2021 Climate Report states that "We will engage standard setters on emerging approaches in order to consider [capital markets underwriting] in our future ambitions."
70. Credit Suisse, Sustainability Report 2021, p.53, March 2022
Credit Suisse issued targets for another six sectors shortly before this report went to press: power, commercial real estate, iron and steel, aluminum, automotive and shipping. All the targets use intensity rather than absolute emission metrics (see Credit Suisse, Sustainability Report 2022, p.160, March 2023
71. UBS, Climate Report 2021, p.34, March 2022
72. See e.g. IEEFA, Fossil-linked energy firms have high emissions and the room for denial is shrinking, 8 February 2023
73. One systemic problem of GFANZ decarbonization targets is that financed emissions of fossil fuels may drop while banks and investors are still supporting the development of new long-lifetime fossil fuel projects. Another is that NZAM and the NZBA do not require any targets to be set before 2030, so they do not allow the alliances to hold their members accountable for the immediate and rapid annual reductions needed to align with 1.5°C. For more explanation of the shortcomings of GFANZ's approach to decarbonization targets see Reclaim Finance, Throwing Fuel on the Fire: GFANZ financing of fossil fuel expansion, pp.28-29, January 2023
74. Bloomberg, as of 20 February 2023.
75. Bloomberg, as of 20 February 2023.
76. As defined by the Global Coal Exit List's "expansion" criteria.
77. This implies that the financial institutions themselves have a commitment to exit coal by 2030/2040 and has a time bound expectation for companies to adopt a coal exit plan combined with an escalation process.
78. New upstream oil and gas projects are defined as the exploration or development of new oil and gas fields (i.e. fields that are not yet in production), or the redevelopment or expansion of existing fields already in production. New midstream oil and gas projects are defined as the development of new oil and gas transportation and storage infrastructure.
79. They should also insist on a similar engagement timetable with clients and investees to ensure that they develop plans to phase out all production and consumption of oil and gas.

Credits

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SWISS FINANCE COMPLICIT IN FOSSIL FUEL EXPANSION

Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

contact@reclaimfinance.org

RECLAIM Finance