Sustainability Report 2023

Supplement

UBS

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Introduction

About this supplement

This Supplement provides further details about the content set out in the UBS Group Sustainability Report 2023. It should therefore be read in conjunction with the Sustainability Report. Climate- and nature-related content of this Supplement has also been extracted and published separately in the UBS Group Climate and Nature Report 2023.

› **Refer to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting***

Cautionary Statement | This Supplement may contain statements that constitute "forward-looking statements." Refer to the Cautionary Statement Regarding Forward-Looking Statements in UBS's Annual Report 2023, available at *ubs.com/investors,* for further details.

Notice to investors | This Supplement and the information contained herein are provided solely for information purposes, and are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this Supplement to the UBS Group Sustainability Report 2023. Refer to UBS's Annual Report 2023, available at *ubs.com/investors*, for additional information.

Rounding | Numbers presented throughout this Supplement to the UBS Group Sustainability Report 2023 may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated on the basis of unrounded figures. Information about absolute changes between reporting periods, which is provided in text and which can be derived from figures displayed in the tables, is calculated on a rounded basis

Tables | Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.

Strategy

Evolving and informing our strategy

Our contributions to the advancement of sustainability and culture

We recognize that we have an important role to play in leading debates on key societal topics and, in collaboration with other firms and industry bodies, in setting high standards for these topics in and beyond our industry.

Our key activities in 2023 in this regard are set out in the table below.

Initiative	Focus topic	Role / activity of UBS	Key outcome or updates in 2023
Capitals Coalition	Impact	Member of the Advisory Board	Worked towards the ambition that business, finance and governments include holistic capitals (including e.g., natural, social and human capital) in decision-making.
Accounting for Sustainability/ CFO Leadership Network	Sustainable finance	Member of working groups	Continued to work with finance leaders to drive a shift towards resilient business models and a sustainable economy.
Glasgow Financial Alliance for Net Zero (GFANZ)	Climate change	Founding member	Active involvement in working groups, and participation in public consultations to support the development of various resources, including those on transition finance, net-zero alignment for financial institutions and public policy.
Institute of International Finance (IIF)	Sustainable Finance	Working Group members and Chair of the Sustainable Finance Policy Working Group	Active involvement in several sustainable finance-related working groups (Sustainable Finance Policy Expert Group, Nature Expert Group, Disclosure, Data, and Classification Practitioners Group, Risk and Alignment Methodologies Practitioners Group, Blended Finance Working Group) to shape, drive and support industry views on those topics.
Swiss Climate Scores (the SCS)	Climate change	Contributed to the introduction of the SCS and is committed to their voluntary use	The Swiss Federal Council launched a new version of the Swiss Climate Scores in December 2023 and announced that it intended to further improve climate transparency for financial products and to further develop the SCS, originally introduced in 2022.
Wolfsberg Forum for Sustainable Finance (WFSF)	Sustainable finance	Co-convenor with Institute of International Finance Host of the WFSF at UBS Center for Education and Dialogue, Wolfsberg	Held annual conference for international financial institutions to come together with stakeholders in the public and civic sectors to discuss key sustainability issues relevant for financial sector strategy and engagement.
Asia Transition Finance Study Group	Sustainable finance	Member	Asia Transition Finance Study Group Annual Report 2023.
Swiss Sustainable Finance (SSF)	Sustainable finance	Member of the board	With over 200 members, SFF continued to support the Swiss financial center in achieving a leading position in sustainable finance, with its Annual Conference and various industry events, such as the Financial Innovation Conference in collaboration with the Swiss Finance Institute and Building Bridges. Recent publications cover the role of derivatives in sustainable investing, insights for direct real estate investors, as well as the Swiss Stewardship Code which provides asset managers with guidance to encourage active exercising of shareholder rights.
Global Financial Markets Association (GFMA) including the sustainable finance working groups of their local Alliance members, i.e., **Securities Industry and Financial Markets Association (SIFMA)** **Association for Financial Markets in Europe (AFME)**	Sustainable finance	Member of the working group	Continued regulatory dialogue and consultation responses with focus on international convergence of environmental, social, governance (ESG) disclosures rules, climate risk management, transition planning, and investment practices.

Initiative	Focus topic	Role / activity of UBS	Key outcome or updates in 2023
Asia Securities Industry & Financial Markets Association (ASIFMA)			
Swiss Bankers Association (SBA) expert commission sustainable finance	Sustainable finance	Chair of the expert commission	Regulatory dialogue, consultation responses, policy papers, self-regulation. The SBA's "Guidelines for financial service providers on the integration of ESG preferences and ESG risks into investment advice and portfolio management", and "Guidelines for mortgage providers on the promotion of energy efficiency" came into force on 1 January 2023.
Economiesuisse sustainable finance advisory group	Sustainable finance	Member of the advisory group	The "Business guidelines – financial flows and a sustainable economy" publication set six guidelines for the Swiss economy in order to take advantage of sustainable finance while addressing relevant challenges.
UK Finance sustainable finance working group	Sustainable finance	Member of the working group	Continued regulatory dialogue, consultation responses, and thought leadership with focus on international convergence of ESG disclosures rules.
Principles for Responsible Investment (PRI)	Sustainable investment	Member of various groups, including the Stewardship Advisory Committee, Stewardship Resourcing Technical Working Group, Spring Advisory Committee (PRI Stewardship initiative for nature) and Real Estate Advisory Committee. Participation in dialogue on stewardship resourcing practices, the role of investors in addressing the systemic risk of nature loss and guidance on responsible investment practices for real estate.	Participation in consultation on the evolving mission of PRI and multiple working groups including active ownership, the role of investors to halt and reverse global biodiversity loss and ESG practice for real estate.
UBS conferences, e.g., sustainable finance conferences, the European conference, the Greater China conference	Sustainable finance	Organizer	Variety of thematic keynotes and panels on sustainable finance, ESG, climate risk, energy transition, etc.
Singapore Green Finance Centre	Sustainable finance	Founding partner	Regular dialogue on how to pursue sustainable finance agenda in the region.
NZZ Impact Finance Forum / Sustainable Switzerland	Sustainable finance and sustainability	Main partner	Increase awareness of, and shape the public dialogue on, sustainability and sustainable finance. Several events including the NZZ Impact Finance Forum, emphasizing cross-industry networking and partnerships.
Global Impact Investing Network (GIIN)	Impact	Member of the Investors' Council	Active participation in the leadership group for the GIIN and in various working groups and events.
Operating Principles for Impact Management (the Impact Principles)	Impact	Founding signatory, advisory board member	Active contribution to continued growth of signatory base; integration of the Secretariat for the Impact Principles into the GIIN as host.
Principles for Responsible Banking (the PRB)	Impact	Founding signatory First external assurance of our PRB reporting	Continued implementation of PRB with combined reporting for UBS and CS.
Financial Stability Board Task Force on Climate-related Financial Disclosures (the TCFD)	Climate change	Member of the TCFD and aligning UBS disclosure with TCFD recommendations	Announcement by the Financial Stability Board of the completion of the work of the TCFD, with the International Sustainability Standards Board (ISSB)'s Standards fully incorporating the TCFD recommendations.
Net Zero Asset Managers initiative (the NZAMi)	Climate change	Founding signatory	In 2023, continued implementation of UBS AG Asset Management's target to align 20% of its total assets under management (AuM) with net zero. In 2024, this Pre-acquisition UBS aspiration will be reassessed.
Net-Zero Banking Alliance (NZBA)	Climate change	Founding member	Active involvement in working groups and participation in public consultations to support the development of various resources, including those on climate target setting, transition financing, data and methodologies, etc.
UN Environment Programme Finance Initiative (the UNEP FI)	Climate change	Member	Co-chaired the UNEP FI Principles for Responsible Banking Nature working group that developed initial guidance on nature target setting for financial institutions.

Initiative	Focus topic	Role / activity of UBS	Key outcome or updates in 2023
Climate Action 100+ (CA100+)	Climate change	Participation in 21 company engagements, co-leading six of them Co-chair European diversified mining engagements working group	The initiative grew to encompass more than 700 investors managing more than USD 68 trillion in assets under management, engaging with 170 companies. Launch of CA100+ Phase 2.0 with core goals through to 2030, enhanced lead engagement model and strengthened engagement strategies. Publication of net-zero diversified mining standard.
Institutional Investor Group on Climate Change (the IIGCC)	Climate change	Member of the European regional network Participating in the Net Zero Engagement Initiative Contributor to the Bondholder Stewardship Working Group	The initiative comprises more than 400 members managing more than USD 68 trillion in assets under management. Launch of the Net Zero Engagement Initiative to build on and extend the reach of investor engagement beyond the Climate Action 100+ focus list.
World Energy Council (the WEC)	Climate change	Board member of the regional Swiss WEC	Global platform debating clean, affordable and reliable energy sourcing and developments.
Swiss Center of Excellence on Net Zero Emissions (SCENE)	Climate change	Advisory Member	Newly established in 2023, with integrative and transdisciplinary approach of the ETH domains (PSI, Empa, WSL & Eawag) to pursue holistic research in six action areas (Biomass, Carbon Capture, Efficient Technical Cycles, Low Carbon Energy Systems, GHG, Net Zero Institute Roadmap).
Taskforce on Nature-related Disclosures (the TFND)	Biodiversity	Member of Taskforce	Contributed to the development of a framework for organizations to report and act on evolving nature-related risks.
FAIRR	Biodiversity / climate change	Investor participant in collaborative engagement initiative on working conditions in global meat supply chains. Leading on two of the seven companies engaged through the program	Encompasses 93 investors with more than USD 21 trillion in assets under management.
Roundtable on Sustainable Palm Oil (the RSPO)	Biodiversity	Member Participation in the Financial Institutions Consultative Group	Completed review of its 2018 RSPO Principles and Criteria and 2019 RSPO Independent Smallholder Standard. It will commence its consultative technical revision process to produce revised standards in 2024.
Thun Group of Banks	Human rights	Convener	Continued exchange of learning pertaining to the implementation of the UNGPs in banks.
Wolfsberg Group	Financial crime prevention	Founding partner	Wolfsberg papers published in 2023 included a key paper on Payment Transparency standards, a joint response with the IIF on the FATF public consultation on Risk Based Guidance on Recommendation 25, and consultation responses for the UK's HMT Consultation on the AML/CTF Supervisory Regime, on the EBA CP202311 (revised Guidelines on money laundering and terrorist financing (ML/TF) risk factors), and on the FATF paper on non-profit organizations. Updated FAQs and Standards for Correspondent Banking Due Diligence was also published.
SEIF Tech for Impact Awards	Sustainable innovation	Main partner Social Innovation Award sponsor and jury member	Supported the Social Innovation Award winner with prize money and a strategy workshop with our team of experts. Additionally, SEIF provides an opportunity for early-stage impact tech entrepreneurs to increase international awareness, build a reputation, connect with impact investors, corporate partners and a broader network of impact driven stakeholders.
Green Fintech Network	Sustainable innovation	Member of Board As the first bank to join the network, UBS wants to actively support the development of innovative and scalable solutions	Aims to foster the Swiss green digital finance ecosystem and support the development of Switzerland into a global leader in green fintech innovation.
International Sustainability Standards Board (ISSB) Investor Advisory Group	Sustainable finance	Member of the ISSB Investor Advisory Group	Publicly endorsed the adoption of ISSB IFRS S2 climate-related disclosure standards in support of establishing market infrastructure to enable consistent, comparable climate-related disclosures at a global level.

GRI-based materiality assessment

Our GRI-based materiality assessment helps us to ensure that our sustainability disclosures reflect our stakeholders' expectations and concerns. It also informs our firm's discussions as we evolve our approach to sustainability. Our approach is grounded in recognizing the importance of engaging with subject-matter experts and listening to key stakeholders to inform and evolve our sustainability strategy.

To address the complexity that arises from (differing) materiality assessment requirements and expectations by bodies relevant to our sustainability disclosures, we have taken several actions on both the existing and forthcoming (notably EU CSRD-ESRS) requirements. Specifically on the double materiality concept, we have taken several steps to, on the one hand, already advance towards it in our Sustainability Report 2023 (SR2023) and, on the other, ready UBS for the requirements pertaining to financial year 2024. These actions included:

– establishing a double materiality working group to develop a methodology leveraging existing assessments;

– reviewing Materiality Assessment Team (MAT, see below) membership to align with the sustainability matters outlined in the ESRS, including nature-related; and

– seeking external guidance pertaining to double materiality.

Credit Suisse is reflected in our GRI-based materiality assessment, which we managed by firstly integrating the Credit Suisse materiality assessment from 2022, before conducting a new group assessment for 2023.

› **Refer to the "Supporting our approach to climate – our climate-related materiality assessment" section in this Supplement for our climate-related materiality assessment**

Methodology

Definitions

We aligned our assessment methodology to GRI Standards, which are focused on impact reporting for a multi-stakeholder audience. To assess our impact, we rely on the GRI Universal Standards 2021 revised definitions for the following:

– The "impact" is the effect the organization has or could have on the economy, the environment and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development. Note: impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

– The "material topics" represent the organization's most significant impacts on the economy, the environment and people, including impacts on their human rights. The definition was revised to focus on impact, engagement with relevant stakeholders to form part of identifying and assessing an organization's impacts and informs the process for determining material topics.

The degree of materiality ("very high," "high" or "medium") was qualitatively assessed with the help of internal subject-matter experts. Their inputs considered the scale and scope of actual or potential impact (to the economy, the environment or society), the likelihood and irremediability.

Process

Our process consolidates both past material topics that remain relevant and newly identified topics. In 2023, we refreshed our assessment, starting with a review of our organizational context (i.e., activities, business relationships, sustainability context, stakeholders), before completing the three main process steps: desk research, integration of the Credit Suisse materiality assessment, stakeholder consultation and final review. We manage the materiality assessment process through our internal, cross-business divisional and cross-regional MAT.

Step 1: Desk research	Step 2: Stakeholder consultation	Step 3: Final review
– We developed an initial list of material topics and subtopics based on internal and external sources. – Integrated Credit Suisse impact.	We consulted internal subject-matter experts, including those interacting with stakeholders directly, to add, refine and prioritize our self-assessed materiality list of topics.	– We had the outcome of the materiality assessment and final list of topics verified by senior management and reviewed for external assurance purposes, prior to public disclosure in the UBS Group Sustainability Report.

Organizational context

Before identifying our actual or potential impacts, we considered the sustainability context across our activities and business relationships, including:

- our purpose and strategy;
- our sustainable finance products and services, business relationships and stakeholders; and
- new products or services (for the climate materiality assessment only, pertaining to risks and opportunities).

In this context, we identified which stakeholders and experts should inform the determining of our material topics. Internal subject-matter experts were consulted via group discussions.

Integration of Credit Suisse

Credit Suisse's impact was integrated in the 2023 UBS materiality assessment as part of the first (desk research) step. Credit Suisse has conducted GRI-based materiality assessments since 2013, taking a similar approach to UBS.

The GRI-based materiality assessment of Credit Suisse in 2022 took into account industry-relevant sources, such as international standards, policy trends, and other developments and also included feedback from selected internal experts and external stakeholders to validate the list and prioritize issues based on perceived associated potential and/or actual impacts. In addition, through regular engagement with stakeholders, perspectives from investors, analysts, policymakers, non-governmental organizations (NGOs) and sustainability experts were considered.

Credit Suisse material topics were integrated into the 2023 GRI-based materiality assessment by comparing the two material topics list from 2022 to identify possible gaps and differences. The comparison showed that Credit Suisse had more material topics identified (16 in total) than UBS (9 in total). However, further analysis of the definition of the topics showed that both banks had identified the same topics as material. As a result, no material differences have been identified between the two GRI-based materiality assessments.

The integrated list was submitted to the MAT, which includes employees involved in the Credit Suisse 2022 GRI-based materiality assessment.

Governance

Reviewed by the UBS Group BoD' Corporate Culture and Responsibility Committee (the CCRC), UBS's GRI-based materiality assessment process is managed by our MAT. The MAT consists of a group of employees who deal with stakeholder expectations and concerns in their respective roles. Their regular engagement with clients, employees, investors, suppliers, regulators and governments, communities, and civil society ensures that the views of these stakeholders are adequately considered. The MAT is responsible for delivering the outcome of the materiality assessment to the CCRC and permanent guests on an annual basis and oversees the aggregation process, following three principles.

- Completeness: the MAT reviews the long and short lists and their aggregation into a prioritized list.
- Accuracy: the MAT challenges the approach, provides access to relevant resources, and helps to overcome hurdles throughout the process.
- Relevance: the MAT reviews all decisions in terms of relevance for the stakeholders they represent.

Execution

Desk research – identifying impact

We conducted initial desk research to identify general areas where negative or positive impacts are mostly likely to be present relative to our own activities, business relationships and stakeholders. During this scoping exercise we considered the internal and external stakeholder sources listed below.

Internal sources	External sources
– UBS climate risk materiality assessment – UBS climate-related opportunities materiality assessment – UBS's 2022 materiality topics list – Credit Suisse's 2022 materiality topics list	– G7 Communiqué – G20 Communiqué – WEF Global Risk Report – ECOFACT's Top 5 Trending Topics – FINMA Risk Monitor – Peers' material topics disclosed – ECB's climate-related risks to financial stability May 2022 – PRI's Strategic Plan 2021–2024

Stakeholder consultation

During the materiality assessment process, we considered feedback from clients, investors, NGOs, media, policymakers and employees via polls and open discussions. Our Corporate Responsibility team also regularly gathers feedback on emerging issues and the quality of our reporting and impact from various sources, including other experts at our firm, stakeholder inquiries, questionnaires and rating firms. We also built on the findings derived from stakeholder roundtables conducted in 2022.

› **Refer to the GRI-based materiality assessment in the Supplementary Information to the UBS Sustainability Report 2022 available at *ubs.com/sustainability-reporting* for more details on the stakeholder consultation**

› **Refer to the GRI-based materiality assessment in the Credit Suisse Sustainability Report 2022 for more details on the Credit Suisse 2022 assessment process**

Outcome

The topics considered as material for UBS are very similar to those identified in previous years and fall into three GRI impact categories: the economy, the environment and society. Our 2023 list of material topics accounted for those assessed in our 2022 materiality assessment and were compatible, with limited changes, notably:

We made sure to reflect potential positive and potential negative impact in the description of the topics, where considered appropriate.

Sustainable finance: Sub-topics "sustainable investing" and "impact investing" were combined and "sustainable financing" was added to reflect the sustainable products offering (together with "ESG research"), and reflect UBS's progress.

Regulatory compliance: "Tax authorities" was added because it was not explicitly included before (with "GRI 207: Tax" listed as a GRI topic). In addition, "responsible marketing" was added as sub-topic to highlight UBS's efforts.

Climate and nature: In the description of the topic, the term "own emissions" was renamed to "environmental footprint" to reflect the broad range of measurements.

Technology: "Technology" has replaced the term "Digitalization" as the latter was deemed too narrow. The new topic name will be able to cover all related subtopics, including; "data security and protection" and "ESG data management and governance", which were added to reflect UBS's progress. Moreover, the environmental icon was added to emphasize our commitment to improve energy efficiency.

Employees: The language of the GRI-based materiality assessment was aligned with the language in the overall report and "employee representation" was added as a sub-topic.

Social impact and human rights: The environmental icon was added to reflect the impact on the environment.

The 2023 GRI-based materiality assessment was reviewed by Ernst & Young (EY) in line with the revised GRI 3 Material Topics 2021 Standards. The assurance report can be downloaded from *ubs.com/gri*.

2023 Materiality assessment[1,2]

Impact category	Material topic	Description
Economy, Environment, People	Sustainable finance	As a global financial services firm, UBS has a role to play in mobilizing capital to support the transition to a more sustainable world and prevent a negative impact. Our impact arises as a result of our business relationships and the financial services we provide. For example, in the way we partner with our clients to help them mobilize their capital toward a more sustainable world, as well as help protect our clients' assets from the impacts of climate change and loss of biodiversity.
Economy, Environment, People	Regulatory compliance	Our firm operates in a highly regulated industry and compliance with legal and regulatory requirements is a prerequisite for our license to operate. Our impact arises as a result of how we comply with and navigate the ever-evolving regulatory and legal landscape to protect and serve the interests of all our stakeholders or mitigate negative impact on them.
Economy, Environment	Climate and nature	We understand that we have a responsibility to identify, manage or mitigate potential adverse impacts on the environment and nature. Our impact arises from our own environmental footprint which we aim to reduce with a focus on energy, water, paper, waste and travel. We also engage proactively with identified greenhouse gas (GHG) key vendors to reduce their environmental impact, whilst our sustainable finance products offer clients innovative solutions to support their transition to a low-carbon future.
Economy, Environment, People	Client experience	Responding to clients' expectations and delivering exceptional service are essential for our firm's long-term future performance. We aim to differentiate our impact through our promise to deliver a client experience that is personalized, relevant, on-time and seamless.
Economy, Environment, People	Technology	We are making technology a differentiator for our clients and employees. It's our responsibility to balance between the increasing demand for digitalization and our commitment to improve energy efficiency. We also need to protect our clients and operations against the threat of cyberattacks that could lead to negative impacts, such as financial and reputational damage.
Economy, Environment, People	Corporate governance	To deliver the best for our clients and stakeholders, we hold ourselves to the highest standards and a well-defined strategy and business model. Our impact arises in the way we sustain long-term business success and contribute to sustainable growth. We make an impact on a truly global scale by working with other thought leaders.
Economy, People	Employees	We cannot succeed without our excellent employees. That is why we drive our culture, promote an inclusive, diverse and equitable workplace and foster our employees' continuous career development. An effective people management strategy helps us attract, develop and retain talented individuals and ensures we take responsibility as an employer worldwide. Our impact arises in the way we offer a place where people can unlock their full potential, and we support employee health and well-being.
Economy, Environment, People	Social impact and human rights	We aspire to create a more equal, diverse and inclusive society by building the impact economy, by working with a wide range of stakeholders to help clients that wish to maximize their impact on the environment, health, education and child protection, while optimizing the contribution of our firm to our local communities through employee volunteering and corporate philanthropy. To manage our supply chain's impact, we embed environmental, social and governance (ESG) standards into our sourcing and procurement activities.
Economy, People	Operational efficiency and effectiveness	Ensuring efficient and effective operations is fundamental to our ability to remain competitive, to invest for the future and to be resilient in the face of revenue volatility. Impact occurs within our business, which in turn affects how we serve our clients and support our employees.

1 This table is arranged in order of most to least significant impact as the outcome of our internal assessments and pre-set threshold to determine which topics are material. 2 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 and the furthering of transparency (e.g., pertaining to company disclosures of data).

Economy   Environment   People

Material topics, subtopics and related Sustainable Development Goals (the SDGs)

Material topics	Subtopics	GRI topics	Related SDGs
Sustainable finance	– sustainable and impact investing – sustainable financing – blended finance – financial inclusion – transition finance – natural capital and nature finance – engagement and stewardship – ESG research	FS Product Portfolio FS Active Ownership FS Audit	1, 2, 3, 4, 6, 7, 8, 11, 13
Regulatory compliance	– client protection: data confidentiality; transparency (clear terms and conditions of products); fair pricing schemes; easy-to-understand products and services – combating financial crime: anti-corruption and anti-money laundering; crime and manipulation detection processes – conduct: compliance with laws, rules, tax authorities and regulations; integrity of the financial system; our Code of Conduct and Ethics; forward-looking engagement with risk topics and risk prevention – data confidentiality – financial stability and resilience: going concern leverage ratio (phase-in, %); CET1 capital ratio; manage risk-weighted assets within an increasingly stringent risk framework; clear strategy – legal and litigation risk – responsible marketing	GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behavior GRI 207: Tax GRI 417: Marketing and Labeling GRI 418: Customer Privacy	
Climate and nature	– strategy on climate and nature – environment-related investments, financing and research – sustainability and climate risk management – energy and resource efficiency, reduction of emissions and resource consumption (energy, paper, water) – standards in product development, investments, financing and for supply chain management decisions	GRI 201 Economic Performance GRI 302: Energy GRI 305: Emissions GRI 308: Supplier Environmental Assessment FS Audit FS Product Portfolio	7, 13, 14, 15, 17
Client experience	– deliver excellence – above-average performance – best services and practices – understanding clients and their needs		
Technology	– technology as a differentiator – front-to-back digitization to deliver a seamless client experience – cyber risks, data security and protection – digital culture and workspaces – integrated digital product and service offering – data management (incl. ESG data management and governance)		
Corporate governance	– internal policies and guidelines – governance structure – strategy – risk management – board diversity and succession planning – transparency	GRI 2: General Disclosures	12
Employees	– corporate culture – hiring, developing and retaining talent – diverse, equitable and inclusive workplace, employment conditions and opportunities – hybrid working and flexible work arrangements – employee support including benefits, occupational health and well-being – employee listening and engagement – performance management process, along with fair and equitable compensation – employee representation	GRI 401: Employment GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 406: Non-Discrimination	4, 5, 8, 10
Social impact and human rights	– client philanthropic investments – corporate community engagement, partnerships and volunteering – deploy resources (including philanthropic capital) to support and build an impact economy – sustainability and climate risk management (including human rights) – standards in product development, investments, financing and for supply chain management decisions	GRI 414: Supplier Social Assessment FS Audit FS Product Portfolio	8, 10, 17
Operational efficiency and effectiveness	– cost and process efficiency – focus on core competencies – flexibility to adapt to the changing regulatory and public policy environment – outsourcing / nearshoring / offshoring, automation – location strategy – product and execution excellence – business disruption and vulnerability; disruption of the value chain	GRI 201: Economic Performance	

Supporting our approach to climate – our climate-related materiality assessment

Methodology for assessing climate opportunities

Supporting the global economy's transition to net zero by 2050 will require vast amounts of investment. Banks can help to effectively and efficiently allocate the capital necessary to achieve net zero, which in turn creates opportunities for the banking sector and its client base. Estimates of the overall opportunity vary, but the United Nations Framework Convention on Climate Change (the UNFCCC) suggests the global transformation to a low-carbon economy is expected to require investment of at least USD 4 trillion to USD 6 trillion per year.[1]

To assess the opportunities that are specifically relevant to UBS, we evaluate a range of potentially relevant climate-related categories, encompassing commercial products and services, social finance, resource efficiency and energy consumption, operational resilience and green funding. Our assessment has been performed annually over the last three years as part of our annual financial planning process.

Our current methodology follows a two-step approach: i) identifying relevant opportunities; and ii) assessing their relative materiality for the Group over the short, medium, and longer terms. It is important to note that sustainability overall, and climate specifically, are continuously evolving topics, for example in terms of applicable political and regulatory frameworks, as well as client and market dynamics, which means that our annual assessment always represents a point-in-time analysis and needs to undergo continuous challenge and review, so that it consistently provides an accurate representation of our opportunity space on climate.

We have identified individual opportunities across four distinct areas of our business.

Commercial products and services

Identifying commercially relevant, climate-related business opportunities starts with UBS's annual process to formulate sustainable finance ambitions for its business divisions (Non-core and Legacy excepted). This ensures that relevant opportunities are systematically screened and selected. We identify climate-related business opportunities as those that directly or indirectly contribute to one or more of three areas: climate mitigation, climate adaptation or climate transition.

Individual climate-relevant products and services are organized into dedicated categories. To ensure sufficient granularity for our survey-based, qualitative materiality assessment[2] by an internal panel of sustainable finance experts, we then break these main categories down into 11 subcategories, each representing a coherent set of related products and services. Our expert panel then assesses the expected materiality of the individual sub-categories, as well as the time horizon over which these are expected to start contributing materially to UBS's business outcomes. Materiality here is assessed in terms of three equally weighted dimensions: i) revenue potential, ii) strategic relevance and iii) impact on the environment and stakeholders ("double materiality").

The assessment is done in a qualitative manner based on expert judgment in order to take account of the inherent difficulties involved in making more precise and/or quantified assessments of future commercial developments. This applies particularly in an area such as climate, where regulatory and policy frameworks, as well as market conventions and industry trends, are still subject to considerable change and evolution. It is therefore imperative that we regularly review, reiterate and report on these assessments so as to ensure that the reported results remain relevant. We have identified the following commercial categories of products and services for our assessment:

Climate-related investment products

These products include, for example, our net-zero-ambition, climate-aware, climate-transition, low-carbon and Paris-aligned portfolios, carbon-referencing structured products, and dedicated climate-focused investment modules. We also see opportunities within real-estate and private-market investment strategies related to climate mitigation, such as batteries and cold storage or energy-efficient properties.

Carbon-related financial services and products

This includes supporting clients in different business lines with identifying and assessing opportunities related to carbon credits (in both compliance and voluntary markets).

1 Based on information from the UNFCCC, see https://unfccc.int/sites/default/files/resource/cma2022_L21_revised_adv.pdf
2 To guide this assessment, we have used the definition for materiality as provided by the Global Reporting Initiative (the GRI).

Climate-related financing products and solutions

These include green balance-sheet lending to corporate and private clients, structuring and underwriting green bonds for corporate and sovereign issuers, and supporting and financing innovative climate start-ups, as well as green infrastructure finance (e.g., renewable energy).

Advice on strategic climate opportunities

This includes corporate advisory work incorporating climate factors, for example in valuation and analysis, and, more specifically, advising on transactions where climate considerations are clearly identifiable as part of the transaction rationale from the point of view of either an acquirer or a target company.

Thematic research

This includes in-depth climate-related research and thought leadership work, looking across and delving into relevant developments for the transition to a low-carbon economy including at a sectoral level and linkages to the financial industry, financial markets and scientific research. In a highly dynamic field, climate-related research plays a key role in keeping our clients and ourselves abreast of key trends.

Data analytics and metrics

These include data-driven analytical tools available in various business lines, which are being continuously developed and further refined to cover relevant sustainability- and climate-related aspects in greater depth and breadth. Examples of their application include the portfolio management process, quantitative modeling, climate exposure analytics within client reporting and data-powered strategic insights work. We also have a range of tools and calculators focusing on aspects such as emissions, renovations, or subsidies, which support our clients' decision-making on their decarbonization journey.

Platforms

These include innovative platform solutions enabling clients to gain access to climate-related products such as green mortgages and, in future, voluntary carbon credits. Such platform solutions enable UBS to scale up and achieve an impact going beyond some of our own operational limitations (e.g., our balance sheet, geographical reach or product range).

Social Impact

In addition to our commercial offering, our clients have access to solutions that help them to realize their philanthropy goals, including climate-related ones. Through our Philanthropy Services teams within Social Impact, we provide grants and social finance investments for climate-related projects within the environment and climate portfolio of the UBS Optimus network of foundations. Its environmental and climate strategy focuses on two pillars, "Sustainable Land Use" and "Coastal and Marine Ecosystems", and helps clients to identify and select potential opportunities, with an emphasis on supporting development and increasing financing for climate, nature and resilience. Our program directors for environment and climate assess and select these opportunities in terms of their fit with the UBS Optimus network of foundations environment and climate strategy, the quality of the organization's team and track record, and the potential for scale, and also for their expected results in key impact areas, including work on climate change mitigation and adaptation. They are then reviewed and approved by a senior-level approval committee. Experts from our Philanthropy Services and the UBS Optimus network of foundations teams provide a summary assessment of the materiality of this portfolio of projects which is then included in the overall assessment.

Our philanthropy opportunities are assessed for materiality and have scores assigned across the two dimensions of mitigation and adaptation by experts from Social Impact. While we consider these opportunities relevant for our assessment and for UBS as an organization, they do not carry direct revenue potential. Within the materiality score, we rate the revenue potential as zero, distinguishing philanthropic opportunities from the commercially relevant opportunities. By definition, philanthropy opportunities will always have a lower score than commercial opportunities, from a financial relevance perspective.

Own operations

UBS is committed to reducing its operational impact on the environment and has set clear reduction targets for its use of resources, as well as formulating ambitious net-zero commitments. Experts from our Group Corporate Services team, responsible for managing UBS's operational footprint, have assessed the materiality of opportunities arising from efforts in this area. These opportunities can be grouped into three distinct categories: resilience, energy consumption and resource efficiency.

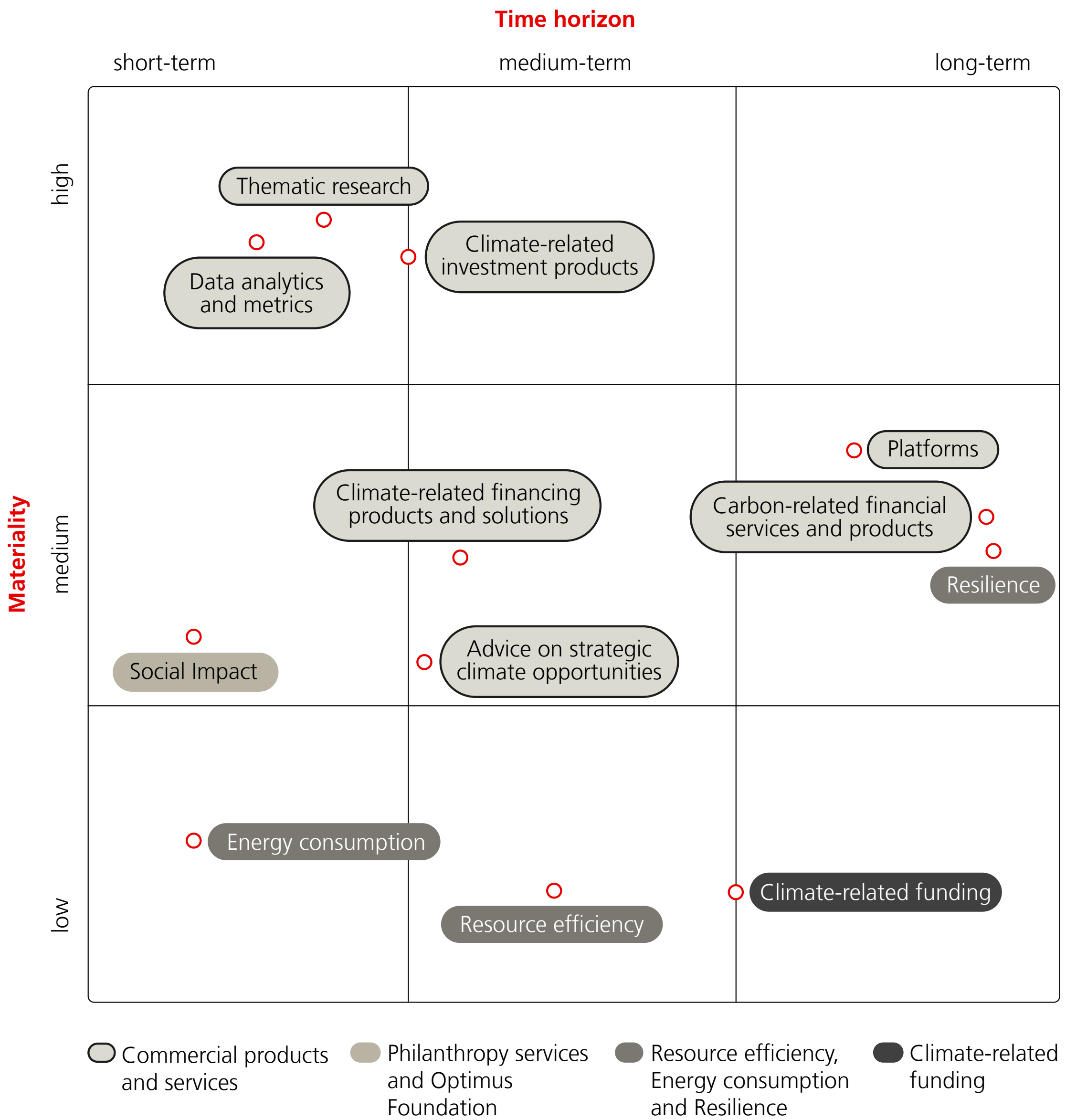
Climate-related funding

UBS, spearheaded by Group Treasury in partnership with relevant business lines, is continually assessing new opportunities for climate-related funding that could contribute to expanding our investor base or achieving favorable funding costs. As part of this assessment, experts from Group Treasury review the materiality of opportunities for funding, such as green or sustainability-linked bonds.

- › **Refer to the "Supporting Opportunities" section of the UBS Group Sustainability Report 2023 for more details about our sustainable and climate finance product offering and achievements in 2023**
- › **Refer to the "Social" section of the UBS Group Sustainability Report 2023 for more details about the activities of Social Impact**
- › **Refer to the "Environment" section of the UBS Group Sustainability Report 2023 for more details about our in-house environmental management**
- › **Refer to our Green Funding annual investor report, available at *ubs.com/greenbonds***

Materiality results for 2023 climate-related opportunities

The summarized results for UBS from the various expert assessments are displayed in the infographic below, placing individual categories within low / medium / high materiality and short- / medium- / long-term time-horizon segments. Categories are displayed on a relative scale, with the highest relative degree of materiality seen for thematic research, data analytics and metrics, as key enablers for a wide range of other business opportunities with clients. Given our capital-light business model, it is in line with our expectations that climate-related investment products are the highest-ranked immediate commercial product opportunity, while resilience is seen as the most important climate-related operational opportunity.



Methodology for assessing climate-driven risks

Impacts from climate-driven risks arise through changing climate conditions (physical risk) and efforts to mitigate the effects of a changing climate (transition risk). These climate risk drivers affect banks, the financial system, and the broader economy through both micro- and macroeconomic channels. UBS takes a materiality-driven approach to managing sustainability and climate driven risks, which is underpinned by an assessment of how these risk drivers may impact UBS through financial and non-financial risks (e.g., credit losses or reputational incidences resulting in lost revenues). The assessment considers geographic, jurisdictional, and sectoral differentiating factors, as well as the full range of climate-related time horizons, against UBS's products and services. The methodology used in this assessment continues to improve, with greater transparency and standardization in data quality and further refinement of our understanding of how climate-driven risks may arise (transmission channels), over time.

On an annual basis, the sustainability and climate risk (SCR) unit coordinates a systematic materiality assessment of sustainability and climate-related risks, in partnership and agreement with relevant business division representatives and in accordance with the ISO-14001 environmental management standard.[3] Based on industry collaboration, regulatory guidance, and internal subject-matter expertise, ratings are agreed between the SCR unit and the business division representatives, covering:

(i) granular definition of transmission channels; and

(ii) science- and business-based ratings of sustainability and climate-driven risks.

Risk rating process

The climate-driven materiality assessment results in a risk rating (shown on the Y-axis in the chart below) and covers all business divisions and products and services offered within them. UBS first evaluates the inherent risk at the product/service level, defining levels of pre-mitigant risk to UBS across financial (e.g., credit, market & treasury, and liquidity risks) and non-financial risk types (operational, liability, and reputational risks). Climate risk drivers that may result in impacts on the bank and/or its clients, investees, and assets are decomposed to articulate the transmission channels from which these impacts may arise. The transmission channel value chain is defined through:

1) climate risk driver (e.g., climate policies, low-carbon technology for transition risk);

2) transmission impact (e.g., wealth or income);

3) channel (e.g., through counterparty, assets, or directly to UBS);

4) type of channel (e.g., corporate debt asset, retail counterparty, etc.);

5) impact driver (e.g., credit worthiness);

6) impact metric (e.g., probability of default);

7) type of traditional risk category, across financial and non-financial risks (e.g., liquidity for financial or regulatory compliance, or reputational for non-financial);

8) qualitative differentiators (e.g., sectoral concentration in high-risk sectors);

9) mitigants (both internal and external).

For example, climate transition risks that may result in credit losses to UBS (i.e., credit risk), are decomposed to examine how changes in global climate policies, low-carbon technologies, and downstream (consumer and investor) sentiment may affect either the creditworthiness of UBS counterparties and/or affect the value of collateral UBS may hold against existing credit facilities.

This results in a centralized database of transmission channels and risk drivers, which are annually reviewed to reflect our growing understanding of these risks. These transmissions channels are mapped and given a rating across all products and services UBS offers, to determine an inherent risk rating. Ratings are given on a qualitative (converted into a quantitative) scale ranging from low (1), moderate stable (2), moderate emerging (2.5) to high (3) and are distributed on a relative basis: riskier products and services are rated relative to less risky ones across products within a business division, and across risk drivers and types.

3 For 2023 the materiality assessment of sustainability and climate-related risks covered UBS Group excluding Credit Suisse.

Initial ratings are proposed by SCR officers, leveraging in-house expertise, scientific and regulatory publications, market trends analyses, risk monitoring, and the relevant business and/or product model. Business representatives then engage relevant front-office experts to challenge SCR's initial proposal or confirm it. Business divisions undertake their own rating for potential risks arising in their products and services according to a step-by-step procedure of evaluation and ranking, review and approval, and documentation.

Assessments are evaluated based on two-way materiality. Both financial and non-financial risk impacts on UBS are evaluated, alongside impacts on the environment, climate, and human rights. Materiality is assessed for those products and services with higher-than-average impact and/or risk rating. Items rated as having a potential material risk are mapped to relevant risk controls. The proposed materiality assessment is then provided to UBS's SCR Portfolio Underwriter.

Further enhancements planned for 2024 and beyond include the integration of nature-related risk drivers and related transmission channels, followed by continuous advancement through internal learning, external collaborations and academic research, towards identifying new, and enhancing existing, defined transmissions channels. UBS will further align materiality assessments with other similar efforts undertaken throughout the group.

Concerning the time horizon (shown on the X-axis in the chart below), UBS defines short-term as less than three years, medium-term as three to ten years and long-term as beyond ten years. Currently, the most relevant time horizon for risk and impact is determined in consensus with relevant business division representatives, across the transmission channels. This is then given a rating from short- to long-term, corresponding to an assigned ordinal integer.

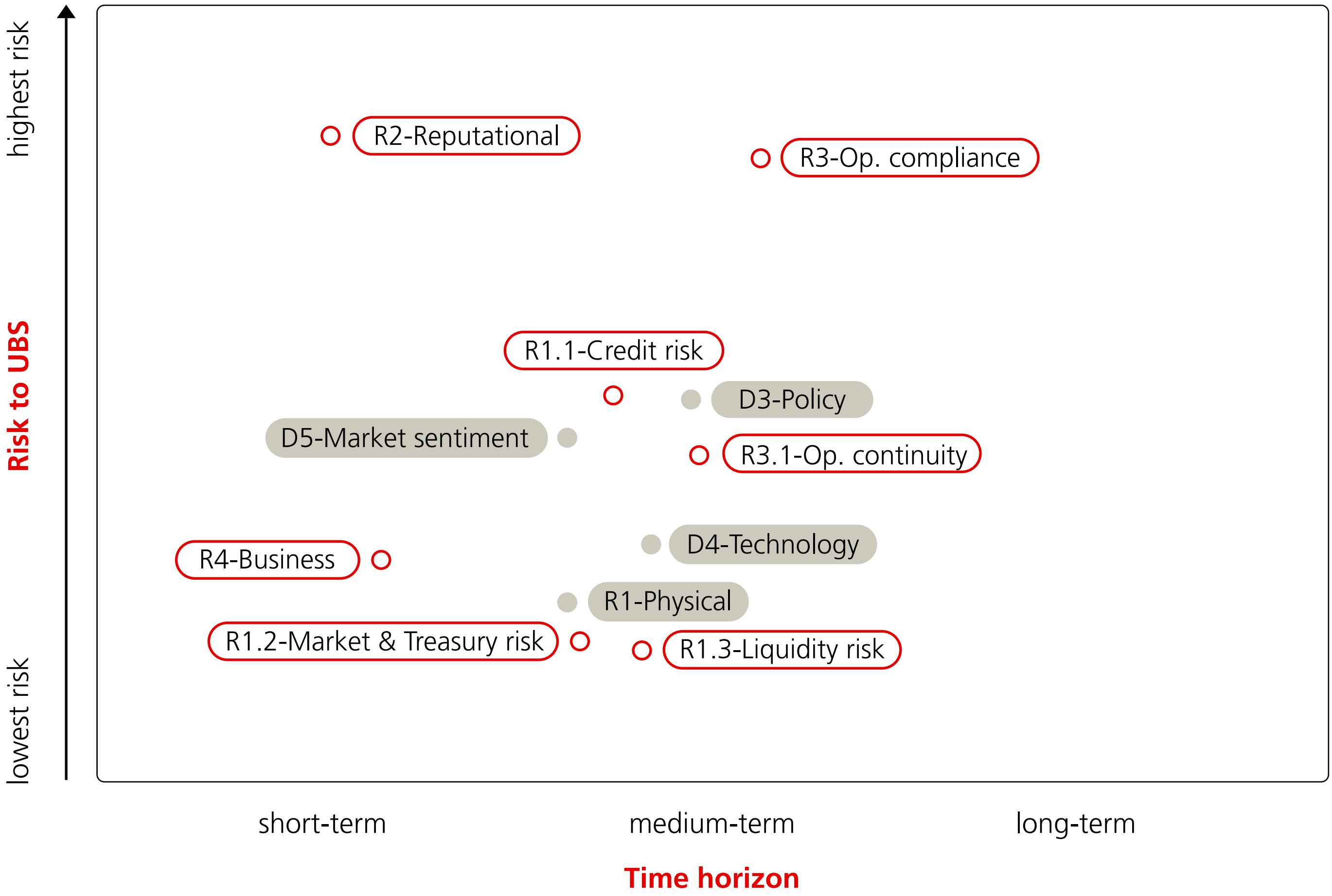
Final ratings

Enhanced ratings for each transmission channel are obtained by averaging the agreed risk rating and impact rating for each identified channel and relevant product or service. Driving towards a UBS firm-wide assessment, ratings are then further averaged amongst products within business divisions and normalized by the percentage of risk-weighted assets by business division, and further averaged amongst the business divisions. Two ratings are produced: 1) a risk rating and 2) a time horizon "rating". Given the approach defined through the 9-stage transmission channel analysis defined above, UBS is able to present ratings through multiple lenses, for example from the perspective of the climate risk driver, impact driver, and/or the traditional risk category, e.g., credit, market, reputational.

In the graph below, we show the climate-driven risk ratings by risk driver (grey) and traditional risk category (red). For traditional risks, we aggregate results into financial risk categories, including credit, market, treasury, and liquidity risks, and non-financial risk categories, including business, operational (relating to either operational continuity or compliance) and reputational risks. The graph illustrates that physical (chronic and acute) risks are assessed as potentially lower risk to UBS in comparison to policy, and market sentiment-driven climate risks pose relatively higher potential risks to UBS. This is primarily due to UBS's product footprint and greater uncertainty associated with the timing and impact of climate-related market risks. The current view incorporates market-priced adjustments, compensating for the lack of a significant signal on climate policy action in 2023. Combined operational risks are rated as relatively higher risk to UBS, due to the focus on regulatory compliance (banks being regulated on climate risk management) and liability (shareholder and activist investor legal action), as well as a regulatory focus on sustainable product labelling (truth-in-marketing regulations).

In addition, due to UBS's established approach to sustainability and climate-driven business risks, these are rated relatively lower when compared to, for example, inherent reputational risk exposure. While an overall worldwide slowdown in introducing new climate-related policies was noted in 2023, regulatory compliance over the financial sector remained stringent and growing. The slowdown in international climate-mitigation policies is perceived as partially driven by uncertainties around energy security, triggered by increased geopolitical conflicts. Most importantly, and as substantiated by repeated scenario-based climate analyses since 2014, climate-driven financial risks are found to not materially affect the financial stability of UBS.

Climate-driven risks by risk driver and risk type



Physical risk drivers

D1-Physical: Impacts from extreme weather events and incremental climate change may affect the value of physical assets that UBS owns and finances, especially in the short- and medium-term time horizons. These impacts should be diligently addressed in accordance with UBS's financial risk assessment. We consider the risks to our own physical assets through our comprehensive business continuity planning and physical climate risk identification process. Incremental changes in climate (e.g., rising temperatures and changes in precipitation patterns) can exacerbate extreme events, making them more frequent and severe, which in turn affects economic output and productivity. Such events could reduce the value of properties held as collateral. We see these potential risks emerging in the medium term rather than long term due to their gradual onset and the observable changes over a relatively shorter timeframe. The relevance of physical risks equally derives from geographical and sectoral disaggregation. Based on physical risk heatmaps, our exposure to climate-sensitive regions is considered moderately low. Similar conclusions are reached based on the sectoral disaggregation of our businesses.

Transition risk drivers

D2-Market sentiment: We have made protecting our clients' assets a strategic pillar in our approach to climate. Amid the growing demand for climate-focused products and services, we need to actively respond to market changes driven by the low-carbon transition and our clients' interest in managing climate-related risks. We address this potential risk through our comprehensive sustainability- and climate-focused product and service offering.

D3-Policy and regulatory: As a global financial services firm active in wealth management, asset management, investment banking and the provision of services to corporate and institutional clients, UBS can be affected directly and indirectly by new carbon pricing regulation and energy transition policies. These measures can be designed to both constrain the impacts of climate change and/or promote an adaptive response to climate change impacts. They could impact our own operations, as well as the business operations of our corporate clients, given that such clients rely on the firm to finance their activities across a range of sectors. We routinely assess the impact of current and emerging regulation, either directly affecting our operations or indirectly affecting those sectors where we have clients. Assessments and gap-analysis exercises are conducted several times a year, following a standardized identification process defined by the climate risk program. Additionally, regulatory developments are assessed for impacts via quarterly monitoring.

D4-Technological change: Together with corporate clients that rely on UBS to finance their activities in a range of sectors, UBS is both directly and indirectly exposed to technological changes. We analyse these changes, such as the rise of electric vehicle and battery technologies in the automotive sector, or energy storage technology advancement impacts on the power utility sectors, through scenario analysis approaches.

Climate-driven risks

R1.1-Credit risk: On the credit risk side, we assess the impact on UBS through counterparties: household, corporate, or sovereign income and/or wealth, given the ability to repay and service debt (income); or our ability to fully recover the value of the loan in the event of a default, due to collateral devaluation (wealth).

R1.2-Market & Treasury risks: On the market risk side, we assess the impact on the value of our financial assets, by altering or revealing new information about potential future economic conditions or the value of real or financial assets, resulting in downward price shocks and an increase in market volatility; that leads to a breakdown in correlations between assets or a change in market liquidity for certain assets.

R1.3-Liquidity risk: On the liquidity risk side, we assess the impact on liquidity adequacy & buffers and funding conditions directly or indirectly through our ability to raise funds, liquidate assets and/or our customers' demand for liquidity.

R2-Reputational: Our reputation may be adversely affected if our climate-related actions and methods are not perceived as meeting existing or future industry standards and best practices. Examples of this would be allegations related to greenwashing or inadequate action on climate change. Increased reputational risks could lead to loss of business and may result in changes in regulations, which in turn could impact our business model.

R3.1-Operational continuity: Our business continuity (operational continuity) is associated with climate-sensitive investments and businesses. We understand the UBS sustainability impact, as well as risks and opportunities that affect our value and the operational environment. We plan and create strategic direction, develop tangible and measurable targets, and link these to operations development. This can arise internally due to inadequate or failed internal processes, people, and systems and/or externally due to physical climate events or stakeholder legal action.

R3.2-Operational Compliance: Climate-driven operational risk may increase with regulatory compliance and liability. The aim is to improve the bank's risk profile through a more effective and efficient compliance function focused on the most important risks. We identify, manage, and mitigate these risks to avoid material impact on the company.

R4-Business: Business risk may materialize as client and investor sentiment changes. This could lead to changes in demand for existing and new products and services which could materially impact the bank's revenue performance.

› **Refer to the "Managing sustainability and climate risks" section of the UBS Group Sustainability Report 2023**, **available at *ubs.com/sustainability-reporting* and to the "Managing sustainability and climate risks" section in this Supplement for more details about climate-related risks**

Climate risk materiality assessment at Credit Suisse

During 2023, Credit Suisse continued to leverage the climate-related materiality matrix that was developed as part of its Risk Identification and Assessment Framework (RIAF). Credit Suisse's approach to the assessment of climate risk materiality is being progressively aligned with UBS's as the integration process continues.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to the UBS Group Sustainability Report 2023 for a description of Credit Suisse's climate risk materiality assessment**

Information supporting our approach to climate and nature

Helping to achieve our strategy by working with key climate- and nature-related organizations

Initiative	UBS role / activity	Key outcome of initiative in 2023	UBS contribution / commitment
Task Force on Climate-Related Financial Disclosures (the TCFD)	Member of the TCFD, which includes 31 members from financial and non-financial companies and is supported by over 4,000 organizations from more than 100 countries.	19 jurisdictions, accounting for close to 60% of global GDP, have final or proposed TCFD-aligned disclosure requirements. Additionally, the Task Force has seen over 4,800 organizations indicate their support for the TCFD's recommendations, representing a combined market capitalization of USD 29.5 trillion. These organizations range from companies and civil society to governments. The Financial Stability Board announced the work of the TCFD to be completed, with the TCFD recommendations fully incorporated into the ISSB's Standards applying IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.	Contributed to the activities of the TCFD until the dissolution of TCFD in December 2023.
International Sustainability Standards Board (the ISSB)	Member of the ISSB Advisory Group	The ISSB issued its inaugural sustainability disclosures standards—IFRS S1 and IFRS S2.	Endorsed, at the COP28 UN Climate Change Conference, the adoption of ISSB IFRS S2 climate-related disclosure standards in support of establishing market infrastructure to enable consistent, comparable climate-related disclosures at a global level.
Taskforce on Nature-related Financial Disclosures (the TNFD)	Member of the TNFD, which includes 40 members from financial and non-financial companies.	Final version of TNFD risk management and disclosure framework including sector specific guidance for financial institutions.	Contributed to the development of the TNFD recommendations and chaired the financial-sector-specific working group of the TNFD.
Roundtable on Sustainable Palm Oil (the RSPO)	Member of RSPO since 2012	The RSPO has completed its review of its 2018 RSPO Principles and Criteria and 2019 RSPO Independent Smallholder Standard. It will commence its consultative technical revision process to produce revised standards in 2024.	RSPO certification provides third-party assurance that palm oil production is done in a sustainable way, as verified by an independent third party and accredited by RSPO governance. We acknowledge that acquiring land without adequate consultation, compensation and consideration of customary land rights can significantly impact local communities. In relying on the RSPO to promote business with clients exposed to palm oil, we aim to support the transformation of soft commodity supply chains by expecting producers to be committed to achieving full certification according to applicable sustainability certification schemes.
Net Zero Asset Managers initiative (the NZAM)	Founding member of the NZAMi, which includes more than 315 asset managers managing over USD 57 trillion of assets under management (AuM).	Completed first round of annual disclosure of signatories' approach and progress on net zero investing using the CDP framework.	Among the first round of asset managers to complete annual disclosure requirement. Aiming, by 2030, to align 20% of UBS AG Asset Management's total assets under management (AuM) with net zero. This Pre-acquisition UBS aspiration will be reassessed in 2024.
Net-Zero Banking Alliance (the NZBA)	Founding member of the NZBA, which includes 143 banks with USD 74 trillion of total assets, committed to financing ambitious climate action to transition the real economy to net-zero greenhouse gas emissions by 2050.	Developed guidelines, frameworks and methodologies for net-zero implementation in the global banking sector, including updated guidelines for climate target setting, sector-specific guidance, and a discussion paper on transition finance KPIs.	Active involvement in working groups and participation in public consultations to support the development of various resources, including those on climate target setting, transition financing, data and methodologies, etc. Committed to reporting ambitious intermediate 2030 targets for priority sectors within 18 months of signing, and for all, or a substantial majority of, the carbon-intensive sectors, where data and methodologies allow, within 36 months of signing, and to regularly reviewing targets in line with NZBA guidelines.

Initiative	UBS role / activity	Key outcome of initiative in 2023	UBS contribution / commitment
Glasgow Financial Alliance for Net Zero (the GFANZ)	Founding member of the GFANZ, which includes over 675 financial institutions, committed to accelerating the decarbonization of the economy.	Issuance of various transition planning resources, including guidance on net-zero transition plans, sectoral pathways, real-economy transition plans, portfolio alignment measurement, and the managed phaseout of high-emitting assets. Ongoing advocacy for credible economy-wide targets and pathways, as well as supporting policies, to drive net zero transition.	Active involvement in working groups, and participation in public consultations to support the development of various resources, including those on transition finance, net zero alignment for financial institutions and public policy.
Institute of International Finance (the IIF) Sustainable Finance Working Group (the SFWG)	Chair and member of the SFWG catalyzing work by the IIF on sustainable finance for its 400 financial-sector corporate members from 60 countries.	Produced a major transition finance report: "The Role of The Financial Sector in the Net Zero Transition: Assessing Implications for Policy, Supervision and Market Frameworks" offering perspectives on how financial institutions see their role in transition planning and finance. Hosted Transition Finance Workshop in Hong Kong. Hosted second annual Wolfsberg Forum for Sustainable Finance (WFSF).	Chair of the SFWG and its working program providing leadership and steering to the IIF's activities. UBS helped found and hosted the – WFSF at its Wolfsberg UBS Center for Education and Dialogue; – Transition Finance and Planning workshops in Hong Kong and New York
Partnership for Carbon Accounting Financials (the PCAF)	Member of PCAF, which is a global partnership of over 450 financial institutions with USD 86.7 trillion total financial assets.	Working together with all members to develop and implement common standards for the accounting, reporting and disclosure of GHG emissions associated with financial institutions' lending and investing activities. [Publication, in December 2023, of the Accounting and Reporting Standard for Capital Markets]	Committed to measuring and disclosing the GHG emissions associated with our lending and investing activities in accordance with PCAF standards. Participated in public consultation on Accounting and Reporting Standard for Capital Markets (published in December 2023)

› **Refer to more details about UBS's memberships and commitments below**

Integrating climate-related impacts in our financial planning

UBS operates a multi-year financial planning process. This process reflects our business position, corporate strategy and prospective economic environment. Sustainability is a core component of that strategy and planning process.

At divisional level, the underlying drivers of our sustainability investments are also considered. These include our own corporate commitments, regulatory and other external requirements, and client-servicing opportunities. The changing global outlook regarding sustainability, and climate change in particular, is reflected in the process, with the risks associated with climate change being reflected in our capital requirement planning calculations.

Our corporate positioning, in terms of balance-sheet exposure and contractual duration, our risk management activities and the nature of the underlying risk, mean we do not currently view climate change as a material risk factor. However, formal guidance on capital-framework calculations is subject to ongoing market and regulatory discussion, and we will continue to reflect this in our planning processes.

› **Refer to our UBS Group Annual Report 2023 for more information**

Resilience in the context of climate-related risks and opportunities

UBS has both BCM (business continuity management) and operational resilience programs to minimize the financial, regulatory, reputational and strategic impact of incidents, including those that are climate-related. We conduct regular BCM reviews, which include assessments of potential loss of premises, compromised buildings and data centers, loss of staff, loss of technology, and the need for risk mitigation. We also deploy and improve quantitative approaches that enable us to measure and monitor our resilience and alignment with our climate commitments. In this context, we have conducted stress tests and climate-related scenario analysis to assess the potential impacts of climate-related physical and transition risks on selected portfolios. Through our comprehensive business continuity planning and physical climate risk identification process, we consider the risk to our own physical assets.

Green Funding Framework

Our Group-wide Green Funding Framework sets out how we intend to connect our sustainability objectives with access to financial markets through a variety of funding products.

› **Refer to *ubs.com/greenbonds* for more details about the UBS Green Funding Framework, external reviews and annual reporting (including impact and allocation reporting)**

Until the completion of the planned merger of our parent bank companies (UBS AG and Credit Suisse AG), the Credit Suisse Green Finance Framework remains active as a separate framework.

› **Refer to *credit-suisse.com/greenfinance* for more details about the Credit Suisse Green Finance Framework, external reviews and annual reporting (including impact and allocation reporting)**

Sustainable finance at UBS – additional information

ESG integration and exclusion

ESG (environmental, social, governance) integration strategies consider ESG factors alongside traditional financial metrics in the investment process. Exclusion approaches, meanwhile, exclude individual companies or industries from a portfolio, either because their activities do not meet certain ESG criteria, and/or they do not align with the client's values and/or UBS's. ESG integration and exclusion approaches often contribute to sustainability focus and impact investment strategies to varying degrees but, at UBS AG and in certain jurisdictions, are not themselves considered sustainable investments (SI).

UBS AG's invested assets of strategies subject solely to ESG integration, amounted to USD 351.3 billion in 2023. UBS AG's invested assets of strategies applying only some level of exclusions stood at USD 85.1 billion at the end of 2023. The combined total of UBS AG invested assets of strategies applying only ESG integration or exclusion strategies was USD 436.5 billion as of 31 December 2023. As these assets do not qualify as sustainable investment for UBS, they are not included in the SI invested assets table in the Supporting Opportunities section.

Supporting our strategy through stakeholder engagement

We engage with UBS's stakeholders such as clients, employees, investors, policymakers, legislators and regulators, as well as representatives of the business community, society and non-governmental organizations (NGOs), on a regular basis and on a wide range of topics. This engagement helps us to better understand stakeholder expectations and concerns and to manage pertinent issues and challenges. In recent years, the exchange of views and ideas with stakeholders on sustainability-related issues has grown in importance. Such interactions are undertaken through various dedicated channels.

› **Refer to the "Information for management approaches for material topics" section in this Supplement for an overview of pertinent consultation mechanisms**

Clients, employees and investors

Understanding the needs and expectations of our clients and investors enables us to best serve their interests and create value for them. Our interactions with these key stakeholder groups are described in our UBS Group Annual Report, including the multiple techniques we use to regularly assess our achievements and the satisfaction of our clients.

We have regular interaction with institutional investors, financial analysts and other market participants, such as credit-rating agencies, including on sustainability topics. We are dedicated to being a world-class employer for talented individuals across all our markets, with our employees executing our business strategy and delivering on our client promise. Employee engagement is therefore critical to the success of UBS and described in detail in the UBS Group Sustainability Report including its Supplement.

› **Refer to the "People and culture make the difference" section of the UBS Group Sustainability Report 2023 available at *ubs.com/sustainability-reporting* for detailed information about employee engagement**

How we measure client satisfaction

We continue to use multiple techniques to regularly assess our achievements and the satisfaction of our clients. UBS AG Global Wealth Management is increasingly using technology and analytics capabilities to collect and respond to client feedback. Our digital client feedback tool enables clients to submit, via mobile and the web, input about overall satisfaction with advisors and UBS, and share key topics they wish to discuss with their advisors. Advisors and their teams have seamless, real-time access to client feedback, enabling them to be highly responsive. The tool is available in the US and Asia Pacific, as well as most EMEA countries. In 2023, our client satisfaction level and net promoter score (NPS) remained high.

UBS AG Personal & Corporate Banking has conducted annual surveys of clients in Switzerland since 2008, consistently covering most private and corporate client segments annually since 2015. Clients provide feedback on their satisfaction with regard to various topics (e.g., UBS overall, branches, client advisors, products and services) and indicate further product or advisory needs. Survey responses are distributed to client advisors, who follow up with each respondent individually. In 2023, our client satisfaction levels and NPS increased again in most business areas, with continued positive development of client satisfaction regarding mobile banking.

We have a complaints process in place for UBS AG Global Wealth Management and UBS AG Personal & Corporate Banking clients to receive and process client feedback and suggestions. We receive feedback in various forms and through different client touchpoints. By sharing their views, clients contribute to quality improvements at all levels. By addressing client feedback, we aim to strengthen client relationships, improve client satisfaction and make tangible improvements to our services.

In UBS AG Asset Management, we have an integrated process to record and manage client feedback through our client relationship management tool. We also conduct regular surveys, covering our wholesale and institutional clients globally, inviting them to assess their satisfaction with our client service, products and solutions, as well as other factors relevant to their investments. The results are analyzed to identify focus areas for improvement, and our client relationship managers follow up with respondents to address specific feedback where required.

The UBS AG Investment Bank closely monitors client satisfaction via individual product coverage points. Direct client feedback is actively captured and tracked in our systems. Internal regional forums serve as a platform for senior management to discuss client relationships, possibilities for improvement, potential opportunities and specific client issues. Other processes are in place to enable consolidated findings to be shared within UBS as appropriate. The UBS AG Investment Bank also closely monitors external surveys, which provide feedback across a range of investment banking services. We continue to make progress in simplifying our technology infrastructure, focusing on increasing front-to-back efficiency and enhancing our decision-making and relevance to clients. In the second quarter of 2023, we extended our Annual Global Markets Client Survey to a broader population, by also including Research and greatly expanding Operations coverage. We continue to measure client satisfaction and the ease and frequency of doing business. We also looked to understand the key drivers of each measure, both to refine individual coverage but also as an additional input into our investment and development plans. Across client satisfaction, frequency of business and ease of business, UBS scores and rankings from our clients improved relative to our peers.

Vendors

In 2023, we spent USD 11.4 billion (based on combined spend and vendor inventory for UBS and Credit Suisse) on a broad range of products and services. A large proportion of this expenditure consisted of real estate, outsourcing and IT costs, as well as consultancy and legal fees. Our sourcing and procurement services are provided by an external company that applies our Responsible Supply Chain Management (RSCM) framework and processes. Their experienced procurement and sourcing specialists perform vendor due diligence and establish remediation measures, overseen by a centralized team of experts within UBS.

We aim to ensure that our social and environmental values are being followed throughout the supply chain. A Group-wide RSCM guideline provides systematic assistance on identifying, assessing and monitoring vendor practices in the areas of human and labor rights, environmental protection and anti-corruption. Key to this guideline are the UBS Responsible Supply Chain Standards, to which our direct vendors are normally bound by contract. We expect our vendors to apply the same standards to relationships with their vendors. The RSCM framework will be rolled out to Credit Suisse in 2024.

› **Refer to the "Managing our supply chain responsibly" section of the UBS Group Sustainability Report 2023 available at *ubs.com/sustainability-reporting* for more information on our RSCM framework**

Governments and regulators

Financial market stability is largely dependent on the overall economic, regulatory and political environment, and the conduct of firms within the sector. We actively participate in political discussions to share our expertise on proposed regulatory and supervisory changes. We also actively engage in discussions relating to corporate responsibility and sustainability. Sustainability and sustainable finance continue to remain key focus topics in our interactions with our financial regulators and supervisors. These are subject to ongoing oversight and control by the second and third lines of defense.

Regarding climate, the aim of our engagement is to share expertise on an orderly transition towards a net-zero economy. Our sustainability and climate governance ensures that such engagement is aligned with our approach to climate and net-zero planning, and clearly accountable regarding regulatory and governmental developments.

On a global level, we support the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (the TCFD) and the Taskforce on Nature-related Financial Disclosures (the TNFD). We have welcomed, together with industry groups, the finalization of the ISSB standard in 2023 and are supporting its adoption in various locations across the globe. In Switzerland, where our headquarters is located, we expressed support in 2023 for the new Climate and Innovation Act that introduces a 2050 net-zero target for Switzerland with interim reduction targets. Together with trade associations, we have expressed our support for the new revision of the Swiss CO_2 Act to support the achievement of Swiss interim climate goals for 2030. UBS has contributed to amending the existing environmental, social and governance (ESG) self-regulation in Switzerland for the client advisory process, mortgages, and asset management, with additional provisions to strengthen the industry's commitment against greenwashing. UBS also launched the Swiss Climate Scores as a key instrument to further increase transparency on the climate alignment of financial products.

On a regional basis, we engage with policy makers in the EU, UK, Americas, and key Asia Pacific jurisdictions. In particular, UBS has participated in several industry association efforts regarding consultations issued by prudential regulators (e.g., Principles for Climate-related Financial Risk Management) and securities regulators (e.g., climate-related disclosure standards for publicly held firms and funds and investment advisors) in the US.

› **Refer to UBS Group's quarterly reports and annual reports available at *ubs.com/investors* for more information about regulatory topics**

Tax authorities

Due to their very nature, tax matters can be very complicated, especially in multi-jurisdictional contexts. Whenever there exists significant uncertainty around a tax issue, including different interpretations of the applicable law, UBS will seek advice from external advisors and/or seek clarification from tax authorities in all circumstances where such clarification is possible.

Politicians and political parties

We maintain a regular dialogue with politicians globally and strive to establish long-term relationships with political representatives. We comply with legal requirements on disclosing political donations, as applicable in the relevant jurisdictions. In the US, eligible employees may make financial contributions through a federal Political Action Committee (a PAC), the UBS Americas Inc. PAC. That PAC makes contributions to federal candidates. These employee contributions do not constitute political donations by UBS. Outside of Switzerland, financial support to political parties or candidates is subject to a strict due diligence and approval process. The process applied in Switzerland is explained below.[1]

Support for the Swiss militia system

Swiss citizens actively and voluntarily engage in political institutions at all three levels of the Swiss state (federal, cantonal and local) as public officials (e.g., members of parliament, members of commissions and executive mandates), while they continue to pursue other professional activities. This arrangement (citizens taking on public tasks and mandates on a part-time basis) is referred to as the militia system.

In this system, members of parliament in Switzerland are (usually) not professional politicians and political parties do not receive state funding. It is for this reason that we view support for the militia system as a crucial component of our societal responsibility in our home market. In recognition of the vital function of Switzerland's political parties, we provided a total of CHF 1.2 million from UBS (of which CHF 0.45 million from Credit Suisse) to political parties in 2023 as a contribution toward their operational costs. Financial contributions are direct and calculated based on the number of parliamentary seats the respective party holds at the federal and cantonal level. Swiss parties are eligible to apply for a financial contribution if they commit to free competition, the market economy and the Swiss financial center. They should also have a national focus and either form a parliamentary group in the federal parliament or be represented in at least one cantonal government. We view our contribution to political parties in Switzerland as a long-term commitment, which is, however, subject to regular review.

We also expressly support political involvement by our employees. Approximately 500 employees from UBS (of which approximately 250 employees from Credit Suisse) currently hold political office at the federal, cantonal and local level. UBS runs an initiative for political mandate holders to further support the militia system. If necessary, employees may spend a certain amount of their working time on their public duties. We organize an annual political forum at which senior management and political office holders discuss topics of relevance to UBS in Switzerland.

1 The Credit Suisse Political Action Committee was decommissioned in 2023 and did not make any political contributions during 2023.

Peers

We actively engage in regular discussions about corporate responsibility and sustainability with peers, and more widely through trade bodies and associations. Sharing experience and our assessments of corporate responsibility and sustainability issues helps us to compare and improve our strategy, approach and tools and processes. We are a founding signatory of the Net Zero Asset Managers initiative, the Net-Zero Banking Alliance and the Principles for Responsible Banking. We are also a founding member of the Wolfsberg Group, an association of global banks that aims to develop financial services industry standards regarding anti-money laundering, know-your-client and counter-terrorist financing policies. Meeting regularly, the Wolfsberg Group also works closely with the Financial Action Task Force. In addition, we are also a founding member of the Thun Group of Banks. The group focuses on helping identify key challenges and best practice examples for the banking sector's implementation of the UN Guiding Principles on Business and Human Rights.

Communities

UBS aims to maximize our impact in local communities. At UBS, we recognize that our long-term success depends on the health and prosperity of the communities that we are part of. We have a strategic focus on education and the development of skills, as we believe these topics are where our resources can make the most impact. We regard our long-term investment in these areas as central to furthering the economic and social inclusion of the people our activities support. Through local measures and partnerships, operating within a global framework and coordinated across regions, we endeavor to deliver business and community impact by identifying innovative and high-quality programs that are aligned to our business. We provide focused financial and human support, including employee volunteering programs and client participation where appropriate.

› **Refer to the "Driving social impact" section of the UBS Group Sustainability Report 2023 available at *ubs.com/sustainability-reporting* for more information on our charitable contributions**

Non-governmental organizations

We regularly interact with NGOs and appreciate their input and insight, as they help us consider our approach to, and understanding of, societal issues and concerns. NGOs have long established themselves as critical watchdogs of companies, both scrutinizing and challenging how we address a broad range of environmental, social and human rights concerns. In 2023, discussions with NGOs were particularly focused on our climate change strategy (including on fossil fuels). Other topics discussed included sustainable finance, human rights and biodiversity.

Media

Our media teams maintain direct and long-term relationships with media representatives across all our business regions and provide them with timely information on a wide range of global, regional and local topics. Senior management (at the Board of Directors and Group Executive Board level) also regularly provide accounts to journalists, predominantly through interviews. In addition to interviews at our corporate events (i.e., associated with quarterly and annual reporting), senior management conducted many other interviews in 2023. A strong focus for communication activities with the media was the integration of Credit Suisse. We also communicated with media representatives, through interviews or background conversations, on a broad range of corporate responsibility and sustainability topics, such as climate change, nature, human rights and sustainability and climate risks in general.

› **Refer to *ubs.com/media* for further information about UBS media relations**

ESG rating and research agencies

We actively engage in dialogue with analysts at rating and research agencies. Assessment by specialized agencies helps us to evaluate our sustainability performance and activities and provides a useful means for benchmarking. In 2023, we provided detailed information about our sustainability performance to a range of agencies, either in response to questionnaires or via calls (with ESG analysts). Our Sustainability Report regularly serves as a key source of information for these agencies.

Supporting our strategic goals – our engagement in partnerships

It is our firm belief that by taking action, both on our own and in partnership with other large investors, standard-setters, clients and peers, as well as with our communities and our employees, we can make a real impact on a global scale. In addition, our participation in sustainability-focused organizations and associations helps us to achieve UBS's strategic goals regarding sustainability and impact, and to deliver on our commitments toward people and planet. As partnerships are integral to our sustainability approach, the UBS Group Board of Director's Corporate Culture and Responsibility Committee annually reaffirms our memberships and commitments which have a sustainability and impact focus.

Our memberships and commitments

At the end of 2023, we were engaged in a variety of sustainability- and impact-related memberships and commitments, either at Group level or the level of the business divisions or Group Functions. We have thorough processes in place for renewing existing memberships and for vetting new ones. The Credit Suisse membership portfolio was assessed in line with these requirements, and certain memberships, based on a strategic fit with UBS Group's sustainability and impact strategy, will be continued under UBS ownership.

Focus areas	Name of organization	Kind of membership	Year of joining
Corporate responsibility, culture and sustainability	Green Software Foundation	Member	2022
	Access to Nutrition	Member	2022
	RE100	Member	2015
	Policy Outlook Network	Founding member and chair	2015
	Banks and Civil Society	Founding member and convener	2008
	Conference Board	Member of the CR&S Council	2014
	Swiss Better Gold Association	Member	2014
	Global Apprenticeship Network	Member	2013
	Roundtable on Sustainable Palm Oil	Member	2012
	Thun Group of Banks	Founding member and convener	2011
	UN Global Compact	Signatory (to the UNGC Principles) and member	2000
	Wolfsberg Group	Founding member	2000
	Business in the Community	Co-founding member	1988
	Nature Action 100	Member	2023
	Investor Stewardship Group Switzerland	Member	2022
	Chief Executives for Corporate Purpose (CECP)	Member	2013
	NYC Carbon Challenge	Signatory	2016
	WEF's Partnership Against Corruption Initiative	Member	2020
	UK Investor Forum	Founding member	2014
	Zurich Energy Model	Founding member	1987
	Women’s Empowerment Principles (WEPs)	Signatory	2019
	The Valuable 500	Signatory	2021
	UK Government’s Women in Finance Charter	Signatory	2018
	UK Race at Work Charter	Signatory	2019
	Pledge to Americas Workers	Signatory	2019
	Advance Gender Equality in Business	Member	CS 2013, UBS 2017
	Armed Forces Covenant (UK)	Signatory	2020
Transparency and reporting (including applied standards)	Capitals Coalition	Member	2022
	Accounting for Sustainability	Member	2022
	Taskforce on Nature-related Financial Disclosures	Member	2021
	ISO 37001-certified Anti-Bribery Management System		Applied since 2019
	ISO 50001-certified energy management system		Applied since 2017
	Task Force on Climate-Related Financial Disclosures	Member	2016
	SASB		Applied since 2020
	ISSB	Member of the Advisory Group	2021
	Global Reporting Initiative		Applied since 2008

	ISO 14064-certified greenhouse gases		Applied since 2004
	CDP	Founding signatory	2002
	ESG Industry Working Group	Chair	2021
	ISO 14001-certified environmental management system		Applied since 1999
	Value Balancing Alliance	Member	2021
	Center for Corporate Reporting	Member	2018
	Business Investment for Societal Impact	Founding member	1994
	GIST Impact	Member	2022
	Partnership for Carbon Accounting Financials	Member	2022
Sustainable Finance	Net-Zero Banking Alliance	Founding member	2021
	Glasgow Financial Alliance for Net Zero	Founding member	2021
	Net Zero Asset Managers initiative	Founding member	2020
	One Planet Asset Manager Initiative	Member	2020
	Green and Sustainable Finance Cluster Germany	Member	2020
	Investor Alliance for Human Rights	Member	2022
	Principles for Responsible Banking	Founding member	2019
	Operating Principles for Impact Management	Founding signatory/member	2019
	Green Investment Principles for the Belt and Road	Signatory	2019
	Transition Pathway Initiative	Signatory	2019
	FAIRR (Farm Animal Investment Risk and Return) initiative	Member	2018
	Climate Action 100+	Member	2017
	Swiss Sustainable Finance	Member	2015
	Institutional Investors Group on Climate Change	Member	2015
	GRESB	Member	2012 2015
	Sustainable Finance Geneva	Member	2012
	Global Impact Investing Network	Investors' Council member	2011
	Principles for Responsible Investment	Signatory and member	2009
	European Venture Philanthropy Association	Member	2007
	ProFonds	Member	2012
	Swiss Foundations	Member	2001
	Association for Environmental Management and Sustainability in Financial Institutions (VfU)	Member	1996
	IIF Sustainable Finance Working Group	Founding Member	2018
	Coalition for Private Investment in Conservation	Founding member	2016

	act cleantech	Member	2023
	B Lab Swiss Triple Impact (STI)	Member	2023
	Wolfsberg Forum for Sustainable Finance (WFSF)	Founding member	2022
	Green and Sustainable Finance Cluster Germany	Member of the Steering and Standing Committee	2020
	Equator Principles	Member	2003
	Poseidon Principles	Member	2020
	Impact Gstaad	Member	2021
	UNEP FI	Member	1992
	Asia Transition Finance Study Group	Member	2023
	Singapore Green Finance Centre	Founding Partner and member of Advisory Board	2021
	Singapore Sustainable Finance Association	Executive Committee member	2024
Supplier Diversity	WeConnect International	Member	2022
	The National Minority Supplier Development Council (NMSDC)	Member	2020
	The National LGBT Chamber of Commerce (NGLCC)	Member	2021
	The Canadian Aboriginal and Minority Supplier Council (CAMSC)	Member	2021
	Disability:IN	Member	2023
	Minority Supplier Development UK (MSDUK)	Member	2022

Assessing the progress of our strategy – our ratings and recognition

In 2023, UBS again gained industry recognition for our commitment to improve performance under environmental, social and governance (ESG) criteria and for our efforts in offering clients world-class expertise and sustainable products. We also continued to maintain leading positions in various ESG ratings, including that of S&P Global's Dow Jones Sustainability Index family, where we have again remained a member. MSCI ESG Research maintained our rating at AA, and CDP gave UBS an A- score.

Ratings and recognitions[1]	Scope	UBS Group result
S&P Global Dow Jones Sustainability Indices (DJSI)	ESG performance	Index member of DJSI World and DJSI Ranked sixth of the 6696 companies assessed in the same industry group
Sustainalytics	ESG performance	ESG risk rating of 27.5 (medium risk)
MSCI	ESG performance	AA rating "Leader" in industry group
CDP	ESG performance (focused on climate)	A– rating and included in Leadership band
ISS-ESG	ESG performance	Corporate responsibility prime status
FTSE4Good Index	ESG performance	Index member
PRI	ESG performance	Participated in consultation on the evolving mission of PRI and multiple working groups including active ownership, the role of investors in halting and reversing global biodiversity loss and ESG practice for real estate.
GRESB Real Estate and Infrastructure Assessments	ESG performance	Our submission included 25 strategies in total (21 Real Estate and 4 Infrastructure) from across the globe, including Switzerland, Germany, Japan, US and UK. These 25 strategies represent around USD 51 billion in assets. Of the 25 submitted strategies, 1 Infrastructure strategy is in grace period and 4 Real Estate strategies are non-discretionary. 100% of the 20 discretionary strategies submitted received either 4 stars or 5 stars, and all of them outperformed the GRESB average.
Best Bank for ESG data and technology' by Euromoney in 2023	ESG data	Award
ESG Investment Leader Awards	Sustainable finance/investing	Best ESG Investment Fund: Equities
ESG Clarity Awards	Sustainable finance/investing	Best ESG Passive fund house
Hirschel & Kramer Responsible Investment Brand Index (RIBI) Report 2023	Sustainable finance/investing	Maintained Avant-Gardist status (Awarded to the top 28% of the ~600 asset managers globally included in the index) Top 10 in Continental Europe (excluding UK) Ranked first in Switzerland
Asian Private Banker Awards 2023	Sustainable finance/investing and community investment	Best Private Bank – Sustainable Investments & Impact Best Private Bank – Philanthropy
WealthBriefingAsia Awards	Philanthropy and community investment	Best Corporate Social Responsibility Offering in Southeast Asia Best Philanthropy Offering of the Year in Southeast Asia
NYC Mayor's Office's Mayoral Service Recognition Program Award	Community investment	Recognized for high rate of employee volunteering amongst New York City-based companies and peers in 2022 (awarded in April 2023)
Jiemian News (China)	Community investment	Annual CSR Award
Bloomberg Green Awards (China)	Community investment	Top 50 ESG Companies
The Hong Kong Volunteer Award 2023	Community investment	Outstanding Corporate Award
Universum's Most Attractive Employers Switzerland	Employment-related	Rank 2 business students

Ratings and recognitions[1]	Scope	UBS Group result
Ideal Employer Awards (eFinancial careers)	Employment-related	Top 10 financial services firm worldwide
***Bloomberg* Gender-Equality Index**	Employment-related	Index member
Disability IN Disability Equality Index (US)	Employment-related	Index member
PRIDE Index (Japan)	Employment-related	Gold
FTAdvisor Awards	Employment-related	Highly commended for Race Equality and Highly commended for Cultural Awareness Activity of the Year
***The Times* Top 100 Graduate Employers (UK)**	Employment-related	Top 100
Seramount's Best Company Lists (US)	Employment-related	100 best places to work for working parents Best places to work for multi-cultural women
Equality 100 Award: Leader in LGBTQ+ Workplace Inclusion (Human Rights Campaign), US	Employment-related	Met all the criteria to earn a score of 100/100
Working Families (UK)	Employment-related	Top 30 employer for working families
Swiss LGBTI Label	Employment-related	Certification
WGEA (Australia)	Employment-related	Employer of Choice for Gender Equality Citation
Career Empowerment Label (CH)	Employment-related	Certification
Investing in Ethnicity (UK)	Employment-related	Recognized as Exemplary Employer under the maturity matrix
Financial institutions supporting LGBTQ+ equality in the workplace (cashless.pl)	Employment-related	Met all the criteria to earn a score of 100/100
VETS Indexes (US)	Employment-related	5-star employer (top)
Gender Equality Global Report and Ranking (Equileap)	Employment-related	Top 5
Career Empowerment Label (CH)	Employment-related	Certification
EQUAL-SALARY Foundation Certification	Employment-related	Certification
Best Employer for Women in India by The Associated Chambers of Commerce & Industry of India (ASSOCHAM)	Employment-related	Second runner up for Best Employer for Women in large enterprise category
Rate my placement internship experience UK	Employment-related	Rank 16
Responsible Business Forum's annual report	Employment-related	DE&I best practices reflected in the report
ERG Excellence Award	Employment-related	Ability Network and their Office accessibility improvements initiatives awarded gold (first place); Pride Network and their Beyond Labels initiative was distinguished (top 5)
Polish Diversity Awards (Polskie Nagrody Różnorodności)	Employment-related	Top 5 in the LGBT+ category
Environmental Finance's Bond Awards 2023 (Credit Suisse)	Sustainable finance/investing	Rhino Bond: Award for innovation – bond structure (sustainability bond) and as initiative of the year Blue Bond for Ocean Conservation for Barbados: Highly commended, sustainability-linked bond of the year
IFR Awards (Credit Suisse)	Sustainable finance/investing	Awarded (in 2023 for 2022): Sustainable Loan of the Year: Barbados' USD 146.5 million marine conservation-linked loan Swiss Franc Bond of the Year: Holcim's CHF 425 million dual-tranche sustainability-linked bond Europe High Yield Bond of the Year: Lottomatica's Euro 350 million five-year bond Asia-Pacific Structured Equity Issue of the Year: Lenovo's USD 675 million seven-year convertible bond

1 All information provided as of 31 December 2023.

Governance

Our sustainability governance – additional information

This overview table provides summary information about key bodies governing and implementing sustainability and climate matters at UBS Group, with a particular focus on the Board of Directors (the BoD) and Group Executive Board (the GEB) levels. At the level of the business divisions and Group Functions, dedicated management bodies consider sustainability and climate matters as applicable to the (business) focus / mandate of the respective division or function. Pertinent aspects arising from these discussions are reported into the GEB and BoD directly (or via, for example, the Sustainability and Climate Task Force).

To provide a common understanding, and further explore the relevance, of new or evolving key topics to UBS and subject-matter experts from across the firm, we have various working groups in place, notably on nature, blended finance, carbon markets, and due diligence.

› **Refer to the "Governance" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for the overarching description of UBS Group's sustainability governance**

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting,* for further information on sustainability governance at Credit Suisse**

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2023
Board of Directors (the BoD) of UBS Group AG	The Chairman of UBS Group AG	Following each CCRC meeting	– Third-party transactions (acquisitions and divestments of UBS entities; increase or decrease of ownership in UBS entities; and sale/purchase of assets) and capital expenditures, including for purposes pertaining to sustainability and climate, are considered by the GEB and the BoD, with the specific approval authorities and thresholds set out in Annex C to the Organization Regulations of UBS Group AG. – The BoD approves the recommendations made by the different BoD committees, including the CCRC.	– Sign-off of UBS Group Sustainability Report 2022.
BoD Corporate Culture and Responsibility Committee (the CCRC)	The Chairman of UBS Group AG Attendees: the Group CEO, the Group Chief Risk Officer (the GCRO), the GEB Lead for Sustainability and Impact, the Chief Sustainability Officer (the CSO), the Group General Counsel	Six times annually	– Supports the BoD in its duties to safeguard and advance the Group's reputation for responsible and sustainable conduct. – Oversees the firm's sustainability and impact strategy and activities and approves Group-wide sustainability and impact objectives. – Reviews the annual Sustainability Report and proposes it to the BoD of UBS Group AG for approval.	– Sustainability and impact governance and strategy, including approval of objectives. – Net-zero commitment (including approval of targets) and associated implementation steps. – Climate risk program and nature-related developments. – Regulatory and governmental developments pertaining to sustainability and finance. – Sustainability and climate disclosures (including external assurance thereof). – Sustainable finance. – Sustainability-related memberships.
BoD Risk Committee (the RC)	A non-executive director	At least semi-annually	– Oversees and supports the BoD in fulfilling its duty to set and supervise an appropriate risk management and control framework. – Considers the progress of UBS's climate risk program, jointly with the CCRC.	– Regulatory and governmental developments pertaining to sustainability and finance (jointly with the CCRC). – Climate risk program (jointly with the CCRC). – Nature (jointly with the CCRC).
BoD Audit Committee (the AC)	A non-executive director	At least semi-annually	– Provides oversight of financial reporting and internal controls over financial reporting. – Provides oversight of the effectiveness of the external and internal audit functions, and the effectiveness of whistleblowing procedures.	– Sustainability and climate disclosures (jointly with the CCRC). – Environmental, social and governance (ESG) metrics and control framework (jointly with the CCRC).
BoD Compensation Committee	A non-executive director	Annually	– Supports the BoD in its duties to set guidelines on compensation and benefits. – Approves the total compensation for the Chairman and the non-independent BoD members.	– ESG in compensation.
Group Executive Board (the GEB)	The Group CEO	At least quarterly	– Reviews the Group's sustainability and impact strategy and related objectives and proposes these to the CCRC. – Signs off on divisional sustainability objectives, in alignment with the GEB Lead for Sustainability and Impact. – Ensures firm-wide execution of the firm's approach to climate, including its net-zero commitment. – Sets the overall risk appetite for the firm and resolves overarching matters relating to sustainability and climate risk (SCR).	– Sustainability and impact objectives. – Net-zero commitment and associated implementation steps. – Climate action plan. – ESG data strategy. – SCR policy framework.
Group Sustainability and Impact (GSI)	The GEB Lead for Sustainability and Impact	Ongoing	– Led by the GEB Lead for Sustainability and Impact, who has the responsibility for driving the firm's sustainability and impact strategy, in agreement with fellow GEB members.	– Implementation of sustainability and impact strategy. – Climate action plan. – Net zero. – Inclusive growth. – Nature and biodiversity. – ESG data architecture.

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2023
			– Supports the GEB Lead for Sustainability and Impact with carrying out her responsibilities. – Consists of the Chief Sustainability and Social Impact offices, headed by the CSO and the Head Social Impact, respectively, with the CSO responsible for driving the implementation of the Group-wide sustainability and impact strategy, and the Head Social Impact responsible for driving and implementing the firm's social impact strategy.	
Sustainability and Climate Task Force (the SCTF)	The GEB Lead for Sustainability and Impact and the CSO	Quarterly	– As the cross-divisional, and cross-functional authority for sustainability and climate governance, as well as the Group's sustainability and climate governance body, the SCTF's role includes agreeing on the actions required to achieve our firm's sustainability and climate strategy, monitoring progress against that strategy and providing assurances to the GEB that UBS manages climate risk and opportunities in a proper manner.	– Credit Suisse integration approach for Group Sustainability and Impact. – Setup of the Sustainability and Climate Initiative. – Draft Sustainability Report 2023. – Regional governance. – Climate action plan (incl. net zero).
ESG Disclosure Forum	The Sustainability CFO Co-chaired by the Head Corporate Responsibility (the Chief Sustainability Office)	Every six weeks	– Identifies, oversees and coordinates sustainability-related reporting and disclosure requirements.	– Review and analysis of forthcoming/evolving sustainability disclosure regulations and their pertinence to the firm.
ESG Data and Methodology Forum	The ESG Chief Data Officer (the Chief Sustainability Office)	Monthly	– Responsible for the development and implementation of UBS's ESG data strategy in line with the firm's overall data strategy and standardization of ESG methodologies for the Group.	– ESG market data sourcing. – Group ESG methodologies standardization. – Quality of ESG metrics and reports disclosed externally and internally. – ESG data products. – ESG calculation engine.
Sustainability Disclosures Council	The Sustainability CFO and the Head Corporate Responsibility (the Chief Sustainability Office)	Three meetings (and ad-hoc if required)	– Decision-making body with oversight and accountability for reviewing and providing guidance on the firm's annual sustainability-related disclosures.	– Review of draft Sustainability Report 2023.
Sustainability and Climate Risk Initiative	The CRO for Sustainability	Ongoing	– Integrates sustainability, climate and environmental risks into the firm's risk management framework and standard processes.	– Further implementation of a multi-year transformation initiative to focus on delivering on regulatory expectations of climate and environmental risk into risk management and stress-testing frameworks.
Net Zero Forum	The CSO	Monthly	– Oversees the net-zero financing, investing and own operations programs and monitors progress on defined milestones. – Provides its endorsement of targets, the transition strategy options underpinning those targets and other critical matters requiring approval at higher levels (e.g., the SCTF or the GEB). – Approves methodological choices, baselines, status against plan, with information to a higher level (the SCTF).	– Agreement on scope of sectors and approach to setting consolidated lending targets (incl. methodologies / baselining). – Determination of baselines and preliminary development of targets for sectors with material joint exposure. – Feasibility of reporting options for Sustainability Report 2023.
Sustainable Finance Group	The CSO Convened by the Lead for Client	Monthly	– Discusses sustainable finance activities and initiatives across the firm, bringing together key	– Key market, industry and regulatory trends and developments.

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2023
	Engagement and Sustainable Finance		sustainable finance and investing leads from the business divisions. – Supports and orchestrates development of cross-divisional sustainable finance business initiatives, as well as enabling capabilities.	– Sustainable finance business priorities, quarterly business reviews and performance against 2023 objectives. – Commercial themes and initiatives, including on carbon markets, blended finance, and natural capital. – Sustainable finance product/solutions offerings. – Select thematic deep dives with firm-wide subject-matter experts.
Sustainability Advisory Group	The CSO Convened by the Head Advocacy (the Chief Sustainability Office)	Monthly	– Discusses sustainability initiatives across the firm, bringing together key sustainability leads from Group Functions.	– Risk frameworks for sustainable finance. – Partnerships for key sustainability-related activities (e.g., net zero). – Communications activity and other stakeholder engagement.
Group Human Resources & Group Corporate Services (GHR & GCS) Management Team	The GEB Lead for GHR & GCS	At least quarterly	– Sets performance targets, responsibilities and priorities related to GHR and GCS sustainability topics and monitors their execution.	– DE&I group strategy and ambitions, incl. integration approach of Credit Suisse targets. – Group-wide culture journey. – Performance and reward. – Talent and succession.
GCS Management Forum	The Head of GCS	Quarterly	– Oversees GCS strategy for operational sustainability. – Reviews environmental performance of the firm. – Proposes operational sustainability objectives and targets for sign-off to the GHR & GCS management team.	– Operational action plans for the individual global environmental goals. – Sustainability objectives for 2023. – ISO 14001 external audit results. – Climate action plan – Integration approach for sustainability.
Sustainable Finance Forum Personal & Corporate Banking / Wealth Management Switzerland	The Chief Operating Officer Personal & Corporate Banking and Switzerland Region, jointly with the Chief Risk Officer Personal & Corporate Banking	Quarterly	– Oversees and facilitates the sustainability strategy and its implementation across the Personal & Corporate Banking segments and Wealth Management Switzerland, in alignment with the goals and ambitions of the Group. – Reviews support for strategic sustainability partnerships and collaborations. – Fosters alignment and collaboration across segments and aligned functions.	– Decarbonization targets and associated monitoring. – Regulatory developments pertaining to Personal & Corporate and sustainable finance. – Sustainable finance including transition finance. – Training and employee awareness regarding sustainability and sustainable finance to support clients.
Asset Management SI Prioritization Forum	The Head of Sustainable Investing	Monthly	– Steers and guides the SI strategy program within Asset Management. – Sets key priorities, direction and key decisions to be adhered to by the SI program. – Provides guidance on strategic alignment of ESG-related regulatory requirements.	– Net zero. – Product shelf. – Impact capabilities. – Active ownership capabilities.
Asset Management Stewardship Committee	The Head of Investments	Quarterly, ad-hoc as required	– Provides oversight of the proxy voting standards/processes and corporate governance practices in accordance with the Asset Management proxy voting policy and procedures. It reviews and approves requests to participate in the filing of shareholder resolutions, and reviews the credible corrective action process for UNGC breaches.	– Approved and resolved, where needed, proxy votes proposed to deviate from UBS Proxy Voting policy guidelines. – Oversaw and approved a credible corrective action process for selected companies on the UNGC fail list.
Asset Management SI Methodology Forum	The Head of Sustainable Investing	Quarterly, ad-hoc as required	– Provides oversight of methodology/investment process criteria (including exclusions, ESG integration) for Asset Management's sustainable offering across investment areas.	– Policy updates. – Net-zero-aligned framework. – Impact framework. – SI framework. – Good Governance and do-no-significant-harm methodologies.

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2023
Global Wealth Management SI/II Forum	The Chief Investment Office (CIO)	Quarterly	– Drives the Global Wealth Management SI/II franchise.	– Input into various aspects of the franchise, including products and strategy. – Ambition-setting.
Global Wealth Management Sustainability Scores Methodology Board	The CIO	At least annually	– Discusses and decides on material changes to the methodology underlying the CIO sustainability scores.	– Development of SDG-alignment scores. – Further integration of climate-related data in CIO sustainability scores.
Investment Bank Management Team	President Investment Bank	At least quarterly	– Reviews the Investment Bank's sustainability strategy and related objectives, including diversity, equity and inclusion (DE&I), climate, etc. – Monitors the Investment Bank's progress against its sustainability strategy and related objectives. – Monitors the Investment Bank's execution of the firm's overall approach to climate, including its net-zero commitment.	– Sustainability strategy and progress. – Net-zero commitment and associated implementation steps. – Changes to SCR policy. – Regulatory developments pertaining to sustainability and finance. – Non-financial risks in relation to sustainable finance. – Sustainable finance. – Training and employee awareness regarding sustainability and sustainable finance.
Sustainability and Climate Implementation Group	The CSO (as chair) and the Sustainability and Climate Initiative manager	Monthly	– Established at the direction of the SCTF to deliver the Sustainability and Climate Initiative (SCI). – Drives the design and execution for the SCI. – Provides overall management and coordination of the execution delivered through divisional and functional (horizontal) streams. – Approves key deliverables of the SCI. – Tracks targets and objectives and key results (OKRs). – Tracks and resolves major SCI risks, issues and dependencies. – Escalates risks and issues to the SCTF when necessary.	– Market and regulatory landscape. – SCI planning process. – SCI Target Operating Model and Integration Book-of-Work. – Climate action plan (including net zero). – Nature – strategic sustainability theme. – NFRI Group Sustainable Investing Framework. – ISO 14001 and ISO 50001 processes.
Social Impact Leadership Forum	The Head of Social Impact (as chair) and the Social Impact senior leadership team	Monthly	– Proposes, agrees and oversees the implementation of the Social Impact business strategy, including prioritization of projects and strategic initiatives. – Drives and tracks progress on the strategic plan and OKRs – Budgeting, planning, resource allocation, management and development of talent.	– Social Impact and Philanthropy strategy and OKRs. – UBS Collectives strategy. – Client engagement. – Programmatic strategy. – UBS Optimus network of foundations. – Community Impact. – Employee volunteering. – Emergency response campaigns. – Impact transparency.
Asset Management Regulatory Forum	The Head of Transformation & Change	Every six weeks	– Provides governance and oversight of regulatory change that affects Asset Management, including sustainability regulations. – Monitors the regulatory pipeline and implementation project progress to completion.	– Regulatory discussions pertaining to, among others, Asset Management Association Switzerland (AMAS), Association Suisse des Institutions de Prévoyance (ASIP), Swiss Climate Scores, Corporate Sustainability Reporting Directive (CSRD).

Controlling risks and metrics

GCRG Sustainability Expert Group

Our Group Compliance, Regulatory & Governance (GCRG) function is responsible for ongoing monitoring of the adequacy of our control environment for non-financial risks (NFR). It also sets out requirements for the design and operation of first line of defense (LoD) and second LoD controls across Operational Risk, Compliance and Financial Crime Prevention. GCRG is actively engaged in UBS's Risk Committee structure and supervisory board governance. It drives the review of, and, where necessary, any required adaptations to, our NFR frameworks to align our independent control and oversight capabilities with existing and new regulations and changes across business activities.

Within GCRG, the Sustainability Expert Group coordinates non-financial sustainability-related activities by driving the development and maintenance of the NFR framework, which is in place to control ESG non-financial risks in line with evolving regulatory developments, market practice and changes across business activities. In this context, GCRG continues to maintain a quarterly sustainability NFR assessment (an SNFRA) at Group level, supplemented by specific business division assessments. Additional areas of focus include ESG awareness and education, with GCRG-specific training modules, enhanced monitoring, testing and assurance activities (e.g., a new independent ESG data assurance model), and integration of climate factors into the NFR framework (pertaining to the TCFD recommendations and the Basel Committee on Banking Supervision's principles for the effective management and supervision of climate-related financial risks).

In 2023, GCRG appointed its first full-time Head of GCRG Sustainability. This role demonstrates the increasing importance of the ESG NFR mandate within GCRG and our commitment to maintaining disciplined oversight over the portfolio of regulatory change and remediation activities relating to the Group Sustainability and Climate Initiative which has been magnified in the context of the acquisition of the Credit Suisse Group. GCRG worked with the Chief Sustainability Office (CSO) and the business divisions to undertake a preliminary impact assessment of the integration of Credit Suisse on the firm's ESG NFR profile. The quarterly SNFRA is being undertaken on a combined basis as of the fourth quarter of 2023 in line with UBS methodology and will continue to focus in 2024 on assessing progress with the phased migration of Credit Suisse products and services, against UBS risk and control standards.

› **Refer to "Non-financial risk" in the "Risk management and control" section of our UBS Group Annual Report 2023 for more information**

Sustainable Finance Legal

The Global Sustainable Finance Center of Legal Excellence, a part of Group Legal, provides legal and strategic advice on sustainability-related matters to the Group Executive Board Lead for Sustainability and Impact, the CSO, the business divisions, and other Group Functions. The team works closely with lawyers supporting the business divisions and Group Functions.

Sustainability and climate risk policy framework

Our sustainability and climate risk policy framework is embedded in our culture and:

– is being extended to the combined firm, following the acquisition of the Credit Suisse Group;

– is integrated into management practices and control principles and overseen by senior management; and

– supports the transition toward a net-zero future.

Introduction

At UBS, sustainability and climate risk (SCR) is defined as the risk that UBS negatively impacts, or is impacted by, climate change, natural capital, human rights and other environmental, social and governance (ESG) matters. Sustainability and climate risk may manifest as credit, market, liquidity, business and non-financial risks for UBS, resulting in potential adverse financial, liability and reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g., real estate). Climate risks can arise from either changing climate conditions (physical risks) or from efforts to mitigate climate change (transition risks).

Group Risk Control (GRC) is responsible for our firm-wide SCR policy framework and the management of exposure to sustainability and climate (financial) risks on an ongoing basis as a second line of defense, while our Group Compliance, Regulatory & Governance (GCRG) function monitors the adequacy of our control environment for non-financial risks (NFR), applying independent control and oversight.

Our principles and standards apply across all the business divisions, Group Functions, locations and legal entities and are being progressively extended to cover Credit Suisse's activities. These principles and standards define roles and responsibilities for first line of defense (1LoD, i.e., client and supplier onboarding, transaction due diligence, and periodic know-your-client reviews), second line of defense (2LoD i.e., sustainability and climate risk transaction assessments) and the Group Executive Board (that sets the sustainability and climate risk appetite standards for the firm). Our work in key societal areas, such as minimizing the effects of climate change, protecting the environment and respecting human rights, is all part of this. Living up to our societal responsibilities contributes to the wider goal of sustainable development. As a global firm, we take responsibility for leading the debate on important societal topics, contribute to the setting of standards and collaborate in and beyond our industry.

Managing sustainability and climate risk is a key component of our corporate responsibility. We apply a sustainability and climate risk policy framework to all relevant activities. This helps us identify and manage potential adverse impacts on the climate, environment and human rights, as well as the associated risks affecting our clients and ourselves.

We have set standards and guidelines for product development, investments, financing and supply-chain management decisions, as well as guidelines and frameworks for sustainable lending and bond and GHG emissions trading products and services. These guidelines support UBS's growth strategy for sustainable products and services and our work to ensure that sustainability-related criteria are met. These guidelines are being applied to Credit Suisse products and services in the course of the integration process.

We have identified certain controversial activities where we will not engage, or will only engage subject to stringent criteria. As part of this process, we are committed to engaging with clients and suppliers to better understand their processes and policies and to explore how climate-, environment- and human-rights-related risks and impacts may be mitigated.

Our standards

We have set standards in product development, investments, financing and supply-chain management decisions. These include the stipulation of controversial activities and other areas of concern where we will not engage, or will only engage subject to stringent criteria.

Following the acquisition of the Credit Suisse Group, the sustainability and climate risk appetites of UBS and Credit Suisse were revised to define combined standards for the combined firm, aimed at supporting mitigation and de-risking the joint risk profile. UBS's approach was chosen as the blueprint for the combined risk appetite because of its broader scope of application across sectors and its generally stronger risk-mitigants. Former Credit Suisse standards were adopted in areas where UBS did not have a large business footprint before the acquisition, including shipping and project financing, as well as for certain metals and mining areas where UBS did not have a specific standard. UBS is to become a member of the Equator Principles and the Poseidon Principles, the industry's international standards for projects and ship finance.

› **Refer to the "Supporting our strategic goals – our engagement in partnerships" section in this Supplement for an overview of our external commitments and memberships**

Controversial activities – where UBS will not do business

UBS will not knowingly provide financial or advisory services to clients whose primary business activity, or where the proposed transaction, is associated with severe environmental or social damage to or through the use of:

- world heritage sites as classified by the UN Educational, Scientific and Cultural Organization;
- wetlands on the Ramsar list;
- endangered species of wild flora and fauna listed in Appendix 1 of the Convention on International Trade in Endangered Species;
- high conservation value forests as defined by the six categories of the Forest Stewardship Council (the FSC);
- illegal fire: uncontrolled and/or illegal use of fire for land clearance;
- illegal logging, including purchase of illegally harvested timber (logs or roundwood);
- child labor according to International Labor Organisation (ILO) Conventions 138 (minimum age) and 182 (worst forms);
- forced labor according to ILO Convention 29; and
- indigenous peoples' rights in accordance with International Finance Corporation (IFC) Performance Standard 7.

The same standards apply when UBS purchases goods or services from suppliers.

In addition, UBS does not directly or indirectly finance the development, production or purchase of controversial weapons of such companies determined to fall within the Swiss Federal Act on War Materials.

On the topic of cluster munitions and anti-personnel mines, UBS does not provide credit facilities to, nor conduct capital market transactions for, companies that are involved in the development, production or purchase of cluster munitions and anti-personnel mines. UBS does not include securities of affected companies in its actively managed retail and institutional funds and in discretionary mandates. UBS draws upon external expertise to decide whether a company is subject to the restrictions imposed by Swiss law.

Areas of concern – where UBS will only do business under stringent criteria

We apply specific guidelines and assessment criteria to transactions with corporate clients engaged in the areas of concern listed below. The guidelines and assessment criteria apply to loans, trade finance, direct investments in real estate and infrastructure, securities and loan underwriting transactions, investment banking advisory assignments and the procurement of goods and services from suppliers.

Transactions in the areas listed below trigger an enhanced due diligence and approval process. In addition to the assessment of regulatory compliance and adherence to UBS's controversial activities standards, as well as consideration of past and present environmental and human rights performance and concerns of stakeholder groups, these transactions require an assessment of the following criteria:

Soft commodities	
Palm oil	Companies must be members of the Roundtable on Sustainable Palm Oil (the RSPO) and not subject to any unresolved public criticism from the RSPO. Production companies must further have some level of mill or plantation certification and be publicly committed to achieving full certification (evidence must be available). Companies must also be committed to "No Deforestation, No Peat and No Exploitation."
Soy	Companies producing soy in markets at high risk of tropical deforestation must be members of the Round Table on Responsible Soy (the RTRS) or similar standards such as Proterra, ISCC, CRS, and not be subject to any unresolved public criticism from these standards. When a company is not certified, it must credibly commit to the RTRS or a similar standard, providing a robust time-bound plan or demonstrate a credible commitment toward an equivalent standard, to be independently verified.
Forestry	The producing company must seek to achieve full certification of its production according to the Forest Stewardship Council (FSC) or a national scheme endorsed against the Programme for the Endorsement of Forest Certification (PEFC) within a robust time-bound plan. The producing company must also have fire prevention, monitoring and suppression measures in place.
Fish and seafood	Companies producing, processing or trading fish and seafood must provide credible evidence of no illegal, unreported and/or unregulated fishing in their own production and supply chain.
Power generation	
Coal-fired power plants (CFPP)	We do not provide project-level finance for new CFPP globally and only support financing 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.
Large dams	Transactions directly related to large dams include an assessment against the recommendations made by the International Hydropower Sustainability Assessment Protocol.
Nuclear power	Transactions directly related to the construction of new, or the upgrading of existing, nuclear power plants include an assessment of whether the country of domicile of the client/operation has ratified the Treaty on the Non-Proliferation of Nuclear Weapons.
Extractives	
Arctic drilling and oil sands	We do not provide financing where the stated use of proceeds is for new offshore oil projects in the Arctic or greenfield[1] oil sands projects, and 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.
Coal mining and mountain top removal (MTR)	We do not provide financing where the stated use of proceeds is for greenfield[1] thermal coal mines and do not provide financing to coal-mining companies engaged in MTR operations. We 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.
Liquefied natural gas (LNG)	Transactions directly related to LNG infrastructure assets are subject to enhanced sustainability and climate risk due diligence considering relevant factors, such as management of methane leaks and the company's past and present environmental and social performance.
Ultra-deepwater drilling	Transactions directly related to ultra-deepwater drilling assets are subject to enhanced sustainability and climate risk 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.
Hydraulic fracturing	Transactions with companies that practice hydraulic fracturing in environmentally and socially sensitive areas are assessed against their commitment to and certification of voluntary standards, such as the American Petroleum Institute's documents and standards for hydraulic fracturing.
Metals and mining	Transactions directly related to precious metals or minerals assets that have a controversial environmental and social risk track record are assessed against commitment to and certification of voluntary standards, such as the International Council on Mining & Metals (the ICMM), International Cyanide Management Code, the Conflict-Free Smelter Program and the Conflict Free Gold Standard of the World Gold Council, the Responsible Gold Guidance of the London Bullion Marketing Association (the LBMA), the LBMA or London Platinum and Palladium Market (the LPPM) Good Delivery Lists, the Chain-of-Custody and Code of Practices of the Responsible Jewellery Council, the Fairmined Standard for Gold from Artisanal and Small-Scale Mining of the Alliance of Responsible Mining, the Voluntary Principles on Security and Human Rights, and the International Code of Conduct for Private Security Providers. Transactions directly related to precious metals sourcing, custody, distribution and trading are assessed against precious metals' production by refineries that are listed on the London Good Delivery List (the LGD) or the Former London Good Deliver List (the FLGD) for precious metals produced up to refineries' removal from the LGD, as maintained by the LBMA and the LPPM. We do not provide financing where the stated use of proceeds is for mining operations that utilize tailings disposal in the sea or in rivers. We do not provide financing where the stated use of proceeds is for the exploration or extraction of mineral resources of the deep seabed. Transactions with companies that mine uranium are assessed against the companies' strategy and actions to manage water contamination, waste, and worker and community health and safety, especially in regard to radiation. Consideration is also given to the designated use of the mined uranium (or other radioactive material).

Diamonds	Transactions with companies that mine and trade rough diamonds are assessed on the client's commitment to and certification of voluntary standards, such as the ICMM, and rough diamonds must be certified under the Kimberley Process.
Project Finance	Project finance transactions, including project finance advisory services, project-related corporate loans, bridge loans, project-related refinance and project-related acquisition finance, are subject to enhanced due diligence in alignment with the Equator Principles.
Shipping	Transactions involving marine transportation are assessed against relevant factors such as greenhouse gas emissions and energy efficiency, human rights, safety and pollution prevention policies, and responsible ship recycling, in line with applicable international conventions and standards (e.g., International Maritime Organization conventions, the Hong Kong Convention and the Poseidon Principles). The carbon intensity and climate alignment of the ship financing portfolio are measured and reported in accordance with the Poseidon Principles.

1 Greenfield means a new mine/well or an expansion of an existing mine/well that results in a material increase in existing production capacity.

Sustainable Financing Guideline

Introduction

This groupwide guideline applies to all loans and bonds that are labelled, marketed, or promoted[1] as having intentions or objectives to achieve environmental, social or governance ("ESG") outcomes for which UBS acts as a lender, intermediary or issuer.[2] It sets out applicable Sustainable Product Labels as well as a set of minimum requirements for labelling purposes.

Sustainable Product Labels

The labels of sustainable loan and bond products are largely based on the definitions used by the Loan Market Association (LMA), Loan Syndication & Trading Association (LSTA), Asia Pacific Loan Market Association (APLMA) and the International Capital Market Association (ICMA).

Green, Social and Sustainability Loans and Bonds are instruments made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green and/ or Social Projects that form part of a credible program of the borrower/issuer to improve its environmental and/or social footprint.

Sustainability-Linked Loans and Bonds are any types of instruments which incentivize the borrower/ issuer's achievement of ambitious, predetermined Sustainable Performance Targets (SPTs) that are measured using predefined sustainability KPIs.

Other sustainable labelled products include but are not limited to:

– Loans or bonds with sustainability features that do not match the definition of any of the industry categories;

– Mortgage products linked to sustainability which are not covered by the Green Loan Principles.

1 "Labelled, marketed or promoted" should be construed broadly, including the name or label of the product and explicit statements and any related UBS documentation, and needs to be considered in its entirety to ascertain what a client or other external stakeholder may reasonably assume from reading the material. 2 For UBS issued bonds, the term "UBS", as used in this guideline, refers to the Investment Bank business division assuming the role of the intermediary, whereas the term "issuer" refers to UBS as issuer.

UBS minimum requirements

This guideline sets out UBS minimum requirements for sustainable lending and bond products and transactions. UBS must carry out due diligence procedures in accordance with the Group policy on sustainability and climate risks.

Product and transaction level requirements

		Green, Social, Sustainability Loan/Bond	Sustainability-linked Loan/Bond	Other labelled Loan/Bond
1	Each business division offering products and services in scope of this guideline must define and document one or several product standards ensuring compliance with UBS policies, alignment with market standards, product documentation, reporting and monitoring.	X	X	X
2	UBS must ensure that green/social projects to be financed or refinanced with the proceeds of green, social or sustainability loans/bonds are aligned with industry standards, referenced in the product's legal documentation and form part of a credible program of the borrower/issuer to improve their environmental and/or social footprint. Additionally, UBS must ensure that the borrower/issuer has adequate procedures (e.g., annual reporting) in place to ensure proceeds are exclusively used for the specified green/ social projects; and associated risks are managed accordingly.	X		
3	UBS must ensure that an external review is obtained by the borrower/issuer prior to the loan/bond being made available to ensure that KPIs are measurable and material to the borrower/ issuer's core sustainability and business strategy; represent a material improvement in the respective KPIs beyond a "Business as Usual" trajectory and are determined on a predefined timeline, set before or concurrently with the issuance of the loan/bond, and reflected in the legal documentation. Additionally, the external verification of the borrower/issuer's performance against the KPIs/SPTs should take place on an annual basis thereafter. Where the borrower opts out from such external review, the justification on KPIs materiality and SPTs ambitiousness must be articulated.		X	
4	UBS must structure the product in such a manner that it is meaningful (e.g., promoting one or several UN SDGs) and sufficiently material (in relation to the size and duration of the product), measurable and has a verifiable expected impact. For labelled real estate loans, UBS must ensure that the labelled real estate loan is intended to improve the environmental footprint and align greenhouse gas emissions of the property to UBS's decarbonization ambition.			X
5	UBS must ensure that the borrower/issuer has adequate incentives (e.g., margin incentives for SLL) to adhere to agreed objectives e.g., SPTs or project goals.	X	X	X

Greenhouse Gas Emissions Trading Guideline

Introduction

This groupwide guideline applies to all greenhouse gas emissions trading instruments and activities for which UBS engages in as an advisor, broker, issuer, investment manager or platform (co-)owner. It sets out instruments and activities UBS may engage in, as well as a set of minimum requirements.

Greenhouse gas emissions trading instruments and activities

Voluntary carbon credits (VCC) are issued by carbon projects to either reduce greenhouse gas emissions or to increase carbon sequestration. Projects that meet a set of verification standards can be certified by independent certification bodies and issue carbon credits denominated as a unit of carbon (i.e., one metric ton of CO_2 or the equivalent of any other greenhouse gas). These credits can be purchased in the voluntary carbon market by companies / organizations who wish to compensate (or 'offset') their own carbon footprint.

Carbon emission allowances (CEA) are standardized rights to generate a pre-defined quantity of carbon emissions e.g., one metric ton of CO_2, that can be traded in compliance carbon markets. They are issued by national or international governmental organizations in a fixed volume, which is determined based on national or international emission targets, and then either sold or allocated to market participants.

Derivatives and structured products may be structured with underlying features linked to VCCs or CEAs.

Other carbon-related/ labelled products and services include but are not limited to banking products and services labelled, marketed or promoted[1] as "net zero aligned", "carbon neutral", "carbon compensated" etc.

1 "Labelled, marketed or promoted" should be construed broadly, including the name or label of the product and explicit statements and any related UBS documentation, and needs to be considered in its entirety to ascertain what a client or other external stakeholder may reasonably assume from reading the material.

UBS minimum requirements

The guideline sets out UBS minimum requirements for GHG trading products and transactions. UBS must carry out due diligence procedures in accordance with the Group policy on sustainability and climate risks.

		VCC	CEA
1	Each business division engaging in the activities or offering products and services in scope of this guideline must define and document one or several product standards ensuring compliance with UBS policies, alignment with market standards, product documentation, reporting and monitoring.	X	X
2	Any VCC that UBS purchases, trades or invests in on its own account or on behalf of clients or uses as underlying asset in a derivative or structured product must be approved by internationally recognized registries and underlying projects must be verified in accordance with established international standards to provide assurance that the VCC comply with the ICVCM Core Carbon Principles.	X	
3	Voluntary offsetting of physical or financed emissions must adhere to the following principles: · REDUCE: Science-based climate targets and credible trajectories to achieve these targets must be clearly articulated with direct emission reductions being the priority · REPORT: Physical or financed greenhouse gas emissions must be measured and reported at least annually in accordance with accepted third-party standards for corporate greenhouse gas accounting and reporting · OFFSET: Offsets must be purchased by the borrowers / investees themselves, not by the bank.	X	
4	If UBS purchases VCC to offset its own or a client's emissions, UBS must make sure to retire these VCC permanently and not trade them any longer nor use them to offset further emissions.	X	
5	Any CEA that UBS purchases, trades or invests in on its own account or on behalf of clients or uses as underlying must be issued by an authorized Emissions Trading System (ETS).		X
6	Any transactions in CEAs in authorized Emissions Trading System (ETS) must be structured in a manner that: The purchase should not trigger any foreseeable counteracting responses by stabilization mechanisms built into the emissions trading system (e.g., new CEA being added or planned cancellations of CEA not taking place as a consequence of the purchases). If CEA are to be purchased with the intention to accelerate the path of reduction in the overall amount of carbon emissions allowed by the respective ETS, the CEA purchased cannot be traded anymore. Where supply reduction is not an explicit goal, the holding and trading of CEAs is permissible in line with relevant rules and policies of respective ETSs.		X

Sustainability and climate risk framework

UBS annually performs a sustainability and climate risk materiality assessment of its products, services and supply chain (in accordance with the ISO 14001 standard and UBS's Risk Control Self-Assessment). Products, services and activities deemed high risk are subject to the following framework.

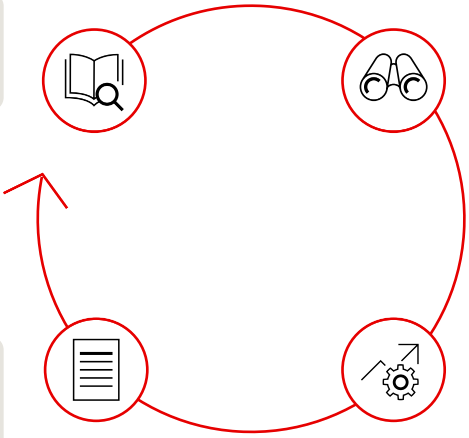
Sustainability and climate risk framework

1 Identification and measurement

Sustainability and climate risks are identified and their materiality is measured

2 Monitoring and risk appetite setting

Sustainability and climate risks exposures, emerging risks and regulations are monitored and metrics reported internally to enable risk appetite setting



4 Reporting

Key sustainability and climate risks considerations are included in internal reporting and external disclosures

3 Management and control

Management and control processes ensure that material sustainability and climate risks are identified, measured, monitored and escalated in a timely manner

Standard financial and non-financial risk processes ensure that material sustainability and climate risks are identified, assessed, approved and escalated in a timely manner. These include controls during client onboarding, transaction due diligence and product development, and as part of investment-decision processes, own operations, supply-chain management and portfolio reviews.

Governance

Given the many sustainability- and climate-related challenges globally, these topics will continue to increase in relevance for banks. These developments therefore require regular and critical assessment of our policies and practices, based on accurate monitoring and analysis of societal topics of potential relevance to UBS.

The management of sustainability and climate risk is steered at the GEB level. Reporting to the Group CEO, the Group Chief Risk Officer is responsible for the development and implementation of control principles and an appropriate independent control framework for sustainability and climate risk within UBS, and its integration into the firm's overall risk management and risk appetite frameworks. The Chief Risk Officer (the CRO) for Sustainability supports the GEB by providing leadership on sustainability in collaboration with the business divisions and Group Functions.

Integration in financial and non-financial processes

- *Client onboarding:* Potential clients are assessed for sustainability and climate risks associated with their business activities as part of UBS's know-your-client (KYC) processes.
- *Transaction due diligence:* Sustainability and climate risks are identified and assessed as part of standard transaction due diligence and decision-making processes.
- *Product development and investment-decision processes:* New financial products and services are reviewed before their launch in order to assess their compatibility and consistency with UBS's environmental and human rights standards. Sustainability and climate risks are also considered where relevant as part of the firm's overall ESG approach to investment-decision processes and when exercising ownership rights, such as proxy voting, and engagement with the management of investee entities.
- *Own operations:* Our operational activities and employees, and contractors working on UBS's premises, are assessed for compliance with relevant environmental, health and safety, and labor rights regulations.
- *Supply chain management:* Sustainability and climate risks are assessed when selecting and dealing with suppliers. UBS also evaluates goods and services that pose potential environmental, labor and human rights risks during the life cycle (production, usage and disposal) as part of its purchasing processes.

– *Portfolio review:* At the portfolio level, we regularly review sensitive sectors and activities prone to bearing sustainability- and climate-related risks. We assess client exposure and revenue in such sectors and attempt to benchmark the portfolio quality against regional and/or sector 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.

Clients, transactions or suppliers potentially in breach of our standards, or otherwise subject to significant climate, environmental and human rights controversies, are referred to our Sustainability and Climate Risk unit, which approves or rejects the cases after assessing their compliance with the firm's risk appetite standards. Advanced data analytics on companies associated with such risks is integrated into the web-based compliance tool used by our staff before they enter into a client or supplier relationship, or a transaction. The systematic nature of this tool significantly enhances our ability to identify potential risk.

In 2023, 3,297 referrals were assessed by our Sustainability and Climate Risk unit, of which 251 were rejected or not pursued, 356 were approved with certain qualifications and 419 were pending. The overall number of SCR referrals increased by 16% compared with 2022.

Sustainability and climate risk assessments

	UBS				Credit Suisse	
					Step Trace[2]	CETF[3]
	For the year ended			% change	For the year ended	
	31.12.23	31.12.22	31.12.21	31.12.22	**31.12.23**	**31.12.23**
Cases referred for assessment[1]	**3,297**	2,834	2,919	16	**316**	**830**
Cases referred for assessment: UBS Europe SE	**126**	88				
by region						
Americas	**611**	548	496	11	**85**	**151**
Asia Pacific	**785**	729	631	8	**93**	**18**
Europe, Middle East and Africa (excluding Switzerland)	**513**	481	556	7	**26**	**51**
Switzerland	**1,388**	1,076	1,236	29	**112**	**610**
by business division						
Global Wealth Management	**178**	151	278	18		
Personal & Corporate Banking	**1,209**	1,151	1,345	5		
Asset Management	**13**	11	24	18		
Investment Bank	**1,815**	1,443	1,162	26		
Group Functions[4]	**82**	78	110	5		
Credit Suisse Swiss Bank					**86**	**285**
Credit Suisse Investment Bank					**152**	**214**
Credit Suisse Wealth Management					**78**	**331**
by sector[5]						
Agriculture[6]	**419**	466	536	(10)	**44**	**17**
Industrials[7]	**439**	321	353	37	**55**	**81**
Financial services[8]	**509**	341	209	49	**17**	**0**
Real Estate[9]	**212**	76	82	179	**11**	**0**
Metals and mining	**583**	578	689	1	**38**	**10**
Fossil fuels	**320**	350	318	(9)	**55**	**291**
Services and technology[10]	**142**	144	190	(1)	**22**	**0**
Transportation	**91**	85	80	7	**11**	**340**
Utilities	**240**	204	225	18	**55**	**91**
Others[11]	**342**	269	237	27	**8**	**0**
by outcome[12]						
approved[13]	**2,123**	1,981	1,989		**278**	
approved with qualifications[14]	**356**	413	396		**4**	
rejected or not further pursued[15]	**251**	301	137		**20**	
pending[16]	**419**	125	17		**14**	
assessed[17]	**148**	14	380			**830**

1 Transactions and client onboarding requests referred to the SCR function. 2 StepTrace records all referrals, which Sustainability Risks considers having a nexus to significant environmental and/or social risks for the purposes of internal monitoring and reporting, internal training and awareness, and discretionary engagement with external stakeholders. 3 Client Energy Transition Framework (CETF) was developed to engage with clients on their approach to managing environmental and social risks as well as their transition strategy. The framework consists of the identification of priority sectors/industries and a methodology to categorize clients that operate in these sectors according to their energy transition readiness. 830 names have been assessed (new or updated categorization) for the year 2023. As CETF categorizations have been assigned at a counterparty level, in some cases different CETF categorizations can be linked to a parent group. 4 Relates to procurement / sourcing of products and services. 5 Amendment in sector calculation: sector is selected based on main assessed counterparty, following UBS GIC2 code approach. 6 Includes, e.g., companies producing or processing fish and seafood, forestry products, biofuels, food and beverage. 7 Includes e.g. chemical and pharmaceutical companies. 8 Includes, e.g., banks, commodity traders, investments and equity firms. 9 Includes e.g., real estate and construction and engineering companies. 10 Includes technology and telecom companies. 11 Includes, e.g., aerospace and defense, general industrials, retail and wholesale. 12 "By outcome" 2023 data is from 25 January 2024. Outcomes from 2022 and 2021 were also recalculated. 13 Client / transaction / supplier transactions approved at SCR. 14 Client / transaction / supplier subject to an SCR assessment and approved with qualifications. Qualifications may include ring-fencing of certain assets, conditions toward client / supplier or internal recommendations. 15 Client / transaction / supplier subject to an SCR assessment and rejected or not further pursued. 16 Decision pending. 17 Assessed companies related to portfolio reviews.

Key memberships and commitments of pertinence to the SCR policy framework

Topic	Relevance to UBS	Initiatives/commitment
Environment and climate change	Our approach to climate, as set out in the UBS Group Climate and Nature Report 2023. UBS Group AG excluding Credit Suisse is certified according to ISO 14001, the international environmental management standard.	1992 One of the first financial institutions to sign up to the UN Environment Programme bank declaration. 2002 CDP founding signatory. 2015 Founding member of the Task Force on Climate-related Financial Disclosures. 2020 Founding member of the Net Zero Asset Managers initiative. 2021 Founding member of the Net-Zero Banking Alliance.
Forestry and Biodiversity	Our approach to nature, as set out in the UBS Group Climate and Nature Report 2023	2012 Member of the RSPO. 2014 Endorsed the "Soft Commodities" Compact from the Banking Environment Initiative and the Consumer Goods Forum.
Human Rights	Our commitment to respecting human rights, as set out in the UBS Human Rights Statement	2011 Founding member of the Thun Group of Banks on banking and human rights.
Industry- wide sustainability topics	Our progress in implementing Group Sustainability and Impact objectives, as set out in the UBS Sustainability Report 2023 (externally assured in accordance with the Global Reporting Initiative (GRI) Standards)	2000 One of the first companies to endorse the UN Global Compact. 2000 Founding member of the Wolfsberg Group of Banks on financial crime prevention. 2019 Founding signatory of the UN Principles for Responsible Banking (the PRB).

Case studies on the management of sustainability and climate risks

Case study 1. Addressing sustainability and climate risk (SCR) in trade finance and commodity trade finance

Why is addressing SCR in trade finance relevant?

Trade finance supports a high proportion of world trade, playing a central role in facilitating the global trade in raw commodities and other goods. Commercial banks help importers, exporters and traders (for commodities) to secure or finance international transactions. Trade may be exposed to heightened environmental and social risks, especially when associated with the extraction of raw commodities and/or specific projects. Depending on the type of trade, such risks may arise for the producer, supplier, exporter and/or importer of traded goods, as well as for the bank providing the financing.

What do we do?

UBS enables buyers, sellers and traders to successfully trade goods and commodities by securing and financing transactions through a variety of financial instruments. For example, in commodity trade finance, UBS offers structured, short- to mid-term loans that finance deals trading metals, energy and soft commodities between producers and end users. Recognizing the role that UBS plays in facilitating and growing global trade, UBS applies its SCR policy framework in the context of individual transactions, supports clients in their transition to net zero, and advises on ESG best practices.

How do we implement the sustainability and climate risk framework in trade finance and commodity trade finance?

SCR controls are part of the usual transaction due diligence processes, and every transaction is checked against our standards. This means that for commodity trade finance, we use a risk-based approach by focusing on the originator of the commodity. For trade finance we focus on the counterparty and on projects that will use the goods involved, for example machinery produced by our clients in Switzerland. This means we apply checks extending beyond our clients to all relevant counterparties in a transaction. We may ask additional questions to clarify the origin, or the final use, of the goods and we may approve or reject. With a fast-moving underlying business (same-day in and out), additional in-depth due diligence is limited on a transactional level. It is, however, possible to perform enhanced due diligence during onboarding of prospects, periodic KYC reviews and separate deep-dive reviews in between transactions, which provide the opportunity for client engagement and are conducted before starting to work with a trader / client and on a periodic and ongoing basis.

Case study 2. Climate risks in financing electric utilities

What are the climate risks associated with electric utilities?

According to the International Energy Agency (the IEA), approximately 35% of global power generation today is coal-fired. As the world transitions to a low-carbon economy, reliance on coal-fired power generation will reduce significantly, eventually to 0%. Risks embedded in this transition are found with clients that have a significant reliance on coal-fired power plants in their own asset portfolios.

What do we do?

We are supporting the utility sector in providing solutions that are in line with a sustainable development pathway. Recognizing the climate implications created by the extraction and burning of coal, we are committed to not providing project-level financing for new coal-fired power plants globally and only supporting financing transactions for existing coal-fired operators that have less than 20% coal reliance or operators that have a transition strategy in place that aligns with a pathway under the Paris Agreement, or if the transaction is related to renewable energy.

How do we execute our commitment when financing electric utilities?

SCR controls are part of our standard transaction due diligence processes. Utilities companies are screened for exposure to coal-fired power plants. Where a client or related entity has coal-fired power plants in their portfolio, we first determine the current and future asset base of the client, by megawatt capacity of the various fuel types in the client's power generation portfolio (e.g., nuclear, natural gas, coal and renewables). This is determined through desk research, third-party specialty databases and engaging with the client in question. By cross-referencing the company's coal divestment trajectory against the Paris Agreement-aligned benchmarks for host countries, as determined by UBS's own tool aligned with transition pathways and IEA and NGFS scenarios, we are able to conclude whether the client is aligned with the Paris Agreement commitment.

How did our SCR approach impact a particular case?

UBS was in contact with a Brazilian utility company with more than 20% of its installed capacity linked to coal, which triggers the UBS standard. During the initial due diligence, the SCR team did not identify major negative media linked to the company; however, the company did not have a climate strategy in place aligned with the Paris agreement goals, so the SCR team deemed the client should be required to define its net-zero transition pathway. The business team engaged with the company for almost a year to make progress on its transition strategy and improve its disclosure related to coal. In 2022, the company publicly committed to not invest in additional coal-fired thermal capacity, gradually reduce the share of coal-generated energy in its overall matrix and fully divest from coal by 2040, thus aligning with Network for Greening the Financial System and IEA scenarios. The frequent and constructive contact between the company and the business, together with a strong collaboration with the SCR team, enabled the client to be onboarded and successful transactions delivered.

Case study 3. Non-compliance with the standards of the RSPO

Why is palm oil such a hot topic?

It is estimated that more than 50% of tropical deforestation is due to the production of palm oil, soy, timber and beef. Deforestation and forest degradation can cause biodiversity to decline. Deforestation is, in fact, second only to the energy sector as a source of global GHG emissions and accounts for up to 20% of global emissions. Furthermore, as millions of people rely directly on forests, deforestation continues to cause severe societal problems, sometimes leading to violent conflicts.

What do we do?

Before doing business with any company involved in palm oil production or trading, our SCR experts ask how the company manages environmental and social challenges in its palm oil operations, as required by UBS's standards for palm oil production. Due diligence depends on the client and the type of transaction that UBS faces. For example, when it comes to lending, trade finance, underwriting or investment banking advisory mandates, due diligence may involve desk research and interaction with companies and external experts, as well as global and local non-governmental organizations. Depending on the results, this can lead to a variety of actions, from requesting the client to certify its production or trading processes against the standards of the RSPO to declining to do business with the client.

How did our SCR approach impact a particular case?

UBS was negotiating a new relationship with a corporate client, the activities of which included the palm oil business. At that point the firm in question was not a member of the RSPO, which is a requirement under the relevant UBS standard. UBS therefore agreed to a conditional onboarding of the corporate entity under the condition that it adhered to the RSPO within a predefined period of time. After the agreed period had passed without the client taking the necessary steps, UBS exited the relationship.

Case study 4. Applying soy standards

Why is soy an important topic?

Global trade in, and the production of, agricultural commodities including soy not only impact biodiversity, but also contribute to climate change through the generation of greenhouse gases attributed to deforestation. The leading soy-producing countries are the US, Brazil and Argentina. Their combined soy production accounts for about 80% of the world's supply. Soybean is Brazil's most significant exported commodity by value, and concerns have been raised about the extent to which it is linked to deforestation in the Amazon and Cerrado biomes. In 2011, UBS developed SCR standards for palm oil, timber and soy to address these growing concerns around banks' involvement in financing agricultural and forestry products that may be contributing to deforestation. UBS's SCR framework has been aligned with pertinent industry certification standards on soy production.

What do we do?

UBS has an enhanced standard for companies involved in the production and trading of soybean. Before engaging in a client relationship with any company significantly involved in soy production and/or trading, our team of sustainability and climate risk experts evaluates the company and its practices. The SCR team checks if a company has certified its production and supply chain under any of the recognized standards (Roundtable on Responsible Soy, or a similar standard, such as Proterra, International Sustainability & Carbon Certification, Cefetra-Certified Responsible Soya) and how a company manages sustainability matters in its processes. If no certification or only partial certification is in place, an external third-party assessment is needed in order to identify gaps in the company's processes compared with one of the recognized certifications. Based on the output of this assessment and commitments made by the company, the SCR team will approve, reject or escalate the transaction.

How did UBS approach a particular case?

In 2022, UBS performed an in-depth due diligence assessment of a Brazilian company's sustainability policies and practices, specially related to soy traceability and blocking controls, in accordance with UBS's global soy standard, which is aligned with market best practices. During the due diligence process, an independent third-party expert was brought in to carry out a detailed analysis in the company's sustainability practices, in close collaboration with the business and SCR teams. Based on the final report from the external consultant, UBS made a number of recommendations to the company, in order to upgrade its processes to best market practices, with a special focus on enhancing company purchase controls to reduce deforestation risks. At the time of the transaction, UBS's business and SCR teams determined that the current processes and purchase controls of the company were not robust enough and did not provide enough mitigation for UBS to carry out a transaction.

Case study 5. Non-compliance with UBS controversial activities standards in oil and gas trade financing

What are the impacts associated with oil and gas exploration and production in protected areas?

Oil and gas exploration and production (E&P) activities in protected areas such as high conservation-value forests as defined by the six categories of the FSC or UNESCO World Heritage Sites may have a variety of environmental and social impacts. These can include impact on species and critical ecosystems, biodiversity and indigenous peoples, due to potential contamination or destruction of natural habitats, deforestation and erosion. The infringement upon indigenous peoples' rights, as recognized by International Finance Corporation Performance Standard 7, may materialize in the loss of identity, culture, natural resource-based livelihoods and lands without the free, prior and informed consent of the affected communities of indigenous peoples.

What do we do?

In line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multi-national Enterprises, our SCR experts perform standard risk-based due diligence to identify potential non-compliance with UBS controversial activities standards. In addition to the daily feed into the standard compliance tool, the SCR due diligence factors include different data sources, such as public information, third-party specialty databases and information sourced from client engagement (or in some cases through engagement with civil society groups and potentially affected communities). We maintain a constant dialogue with numerous stakeholders, such as non-governmental organizations, to assist us with considering and applying our approach to, and understanding of, societal issues and concerns, such as in the case of E&P of oil and gas in sensitive areas.

How does our SCR approach impact a particular case?

Recognizing the severe climate, environmental and social impacts resulting from E&P of oil and gas in protected areas as defined in our controversial activities standards or in violation of indigenous peoples' rights, we do not engage in financing trade activities where the origin of the oil and gas is verifiably associated with breaches of our aforementioned standards.

Case Study 6: Non-compliance with UBS controversial activities standards in the Southeast Asian manufacturing industry

What are the SCR issues commonly associated with the Southeast Asian manufacturing industry?

The ILO estimated in 2017 there were 163.8 million migrant workers in the world, of which the countries of Asia and the Pacific host 20.4%.[1] Poor governance and implementation of labor laws and policies in the Asian manufacturing industry may potentially lead to marginalization of migrant workers and in some instances, forced labor. According to the ILO, forced labor takes many forms, including debt bondage, trafficking and other forms of modern slavery. In the countries of Asia and the Pacific, forced labor, human trafficking and modern slavery remain a significant problem.[2]

What do we do?

In line with the UBS Human Rights Statement and Modern Slavery and Human Trafficking Statement,[3] our SCR experts perform an assessment to identify potential non-compliance with the SCR policy framework (controversial activities). Due diligence may involve desktop research, inquiring how a company manages environmental and social challenges in its operations, interaction with the company and external experts, as well as global and local non-governmental organizations.

1 For more details about labor migration in the countries of Asia and the Pacific refer to *ilo.org/asia/areas/labour-migration/lang--en/index.htm*
2 For more details about forced labor in the countries of Asia and the Pacific refer to *https://ilo.org/asia/areas/forced-labour/WCMS_634534/lang--en/index.htm*
3 For the UBS Human Rights Statement refer to *ubs.com/sustainability-reporting*

How did our SCR approach impact a particular case?

UBS negotiated the commencement of a relationship with a corporate client that faced several social issues, including allegations of forced labor in its operations. UBS conducted enhanced due diligence on the entity's labor policies and management systems. At that point in time, the company did not demonstrate to our satisfaction whether it was going to be able to improve the transparency and accountability of its management of social risks in its operations. In response, for a variety of commercial and social reasons, UBS did not pursue the opportunity.

Key policies and principles

Code of Conduct and Ethics

The Code of Conduct and Ethics of UBS (the Code) sets out the principles and commitments that define our ethical standards and the way we do business. By adhering to it, we foster a culture where responsible behavior is ingrained in a way that protects our people, our reputation and our ability to create lasting value for our shareholders, clients and societies. We also ensure our practices are aligned with our purpose. It is what we expect from ourselves and from each other. It covers our dealings with clients, counterparties, shareholders, regulators, business partners and colleagues, and it is the basis for our policies, guidelines and procedures.

› **Refer to the full text of the Code, available at *ubs.com/code***

Sustainability and climate risk policy framework

Our sustainability and climate risk policy framework is embedded in our culture and applies firm-wide to relevant activities, including client and supplier relationships. It is integrated in management practices and control principles and overseen by senior management. Furthermore, it supports the transition to a net-zero future.

› **Refer to the "Sustainability and climate risk policy framework" section of this Supplement**

Stewardship/voting rights

The stewardship policy of UBS AG Asset Management is expressed in our commitment to act as responsible stewards of the assets held and managed on behalf of our clients. We recognize that clients expect us to ensure that our approach aligns with their own investment beliefs, policies and guidelines. We have a strong interest in ensuring that the companies in which we invest on behalf of clients are successful, and through our stewardship activities we seek to encourage a high standard of corporate practices and develop a relationship with investee companies, as well as an understanding of mutual objectives and concerns. In addition, where Asset Management clients have delegated to us the discretion to exercise voting rights for shares that they beneficially own, we have a fiduciary duty to vote such shares in the clients' best interests and in a manner that achieves the best economic outcome for their investments.

We maintain a comprehensive database of our meetings with companies and our voting activities. We review progress over time and follow up on issues identified. In the 12-month period ended 31 December 2023, we gave instructions (based on UBS AG Asset Management's corporate governance principles) to vote on 117,512 separate resolutions at 11,445 company meetings, with 925 of these resolutions being directly related to environmental and social issues proposed by both management and shareholders. Information about such resolutions and company meetings is provided in our proxy voting dashboard.

› **Refer to *ubs.com/am-sustainability* and *vds.issgovernance.com/vds/#/MjU0/* for more information and the proxy voting dashboard**

In 2023, we actively engaged with 373 companies on environmental, social and governance (ESG) issues. Of the total of 536 engagements, 304 included dialogue regarding environmental and social issues.

Combating financial crime

We have developed policies, procedures and controls which are designed to prevent, detect and report money laundering, fraud, corruption, sanctions evasion and terrorist financing. These seek to protect the firm and its reputation from those who may be intending to use UBS to legitimize illicit assets.

› **Refer to "Appendix 1 - Governance" in the appendices to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information**

Contributions (political, charitable and sponsorship)

UBS has appropriate policies on political donations in place, which set out the principles (including by referencing UBS's anti-corruption standards) and approval processes for corporate political donations made on behalf of UBS or its entities.

Our community interaction (i.e., charitable contributions and employee volunteering) is guided by a global policy that governs responsibility for community impact activities within UBS and represents the official guidelines for all employees to follow. It defines the governance, principles, responsibilities, focus themes, criteria (including on anti-corruption and anti-bribery), financial planning framework and due diligence requirements applicable to all community impact activities and all financial contributions to non-profit organizations and social enterprises made by our firm.

Our sponsorship activities are guided by a Group-wide governance document that describes how our policy on brand and marketing should be implemented in sponsorship and events. The document clarifies roles and responsibilities (including as regards anti-corruption and anti-bribery), describes ways of working and is intended to ensure effective and efficient cooperation among the various stakeholders.

Human resources policies

The Code is the basis for all our human resources (HR) policies, guidelines and procedures. It includes a commitment to protect the health and safety of employees and external staff. Our firm has global and country-specific HR policies designed to ensure effective management practices, a strong culture and a safe and respectful working environment. The policies set the minimum hiring and employment standards for all UBS locations. They provide a framework for fair, consistent and transparent treatment for our employees, while taking into account local legal requirements, market best practices and shareholder interests. These policies are supplemented by employee handbooks that provide locally relevant information and resources.

› **Refer to the "Social" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting***

Tax

Following the principles articulated in the Code, the UBS Group Tax Code of Practice establishes more detailed operating guidelines with respect to tax matters. It delineates and describes five key principles that apply to tax matters across UBS Group. The UBS Group Tax Risk and Governance Policy establishes processes and procedures for the handling of all tax matters at UBS.

› **Refer to "Our approach to tax matters" at *ubs.com/sustainability-reporting* for further information**

Responsible marketing policies

At UBS, responsible marketing means that our marketing materials should be fair, clear and not misleading. Our policies and guidelines, across all business divisions, ensure that marketing materials provided to our clients and prospects adhere to both regulatory requirements and UBS standards on communications.

Sustainability-related training and raising awareness

We work to raise awareness among employees about the Code and we provide regular training. All employees are required to confirm annually that they have read UBS's key documents and policies, including the Code.

We actively engage in education and awareness-raising for employees, staff, clients and our local communities regarding corporate responsibility and sustainability topics and issues. Through employee onboarding, education and broader awareness-raising activities, we ensure that our employees understand their responsibilities with regard to complying with our policies and the importance of our societal commitments.

Better understanding of our sustainability strategy, ambitions and actions is promoted through a wide range of training and awareness-raising activities, as well as in our performance management process. For example, in 2023, specialist training on sustainability topics (including environmental topics, human rights and sustainable finance) was provided to more than 54,000 employees in front-office and support functions, which deal directly with related aspects in everyday business processes. In addition, employee volunteering activities across all regions helped to raise awareness of Group Sustainability and Impact's varied initiatives along with the firm's sustainability ambitions.

General information for our employees is published on the firm's intranet and, for all stakeholders, on our *Group Sustainability and Impact* internet site.

› **Refer to "Group sustainability and impact management indicators" in this Supplement**

Charter of the Corporate Culture and Responsibility Committee

Excerpt from *The Organization Regulations of UBS Group AG* (Annex B – Charter of the Committees of the Board)

7.1	**In general**	The CCRC supports the Board in its duties to safeguard and advance the Group's reputation for responsible and sustainable conduct. Its function is forward-looking in that it monitors and reviews societal trends and transformational developments and assesses their potential relevance for the Group. In undertaking this assessment, it reviews stakeholder concerns and expectations pertaining to the societal performance of UBS and to the development of its corporate culture. The CCRC's function also encompasses the monitoring of the current state and implementation of the programs and initiatives within the Group pertaining to corporate culture and corporate responsibility including sustainability.
7.2	**Responsibilities and authorities**	The CCRC's responsibilities and authorities are to: (i) General: (a) monitor and advise the Board on current and emerging societal trends and developments of potential relevance for the Group; (b) review and assess the current state and implementation of the corporate culture and corporate responsibility programs and initiatives within the Group; and (c) monitor the consistent application of the behaviors of accountability with integrity, collaboration and innovation within UBS; (ii) Frameworks and regulations: (a) monitor and advise the Board on evolving external corporate culture and corporate responsibility regulations, standards and practices; (b) conduct the annual review process for the Code of Conduct and Ethics of UBS and make proposals for amendments to the Board; and (c) reaffirm UBS's frameworks pertaining to the programs and initiatives outlined below on an annual basis; (iii) Strategy: (a) monitor the effectiveness of actions taken by UBS relating to the corporate culture and corporate responsibility regulations and policies, as well as the objectives of UBS; (b) support the GEB, if required, in the adjustment of processes pertaining to corporate culture and corporate responsibility; (c) approve Group Sustainability and Impact's overall strategy and annual objectives; (d) reaffirm the Group's memberships in organizations, as well as commitments with a sustainability and/or impact topic focus, on an annual basis; and (e) support a strong and responsible corporate culture firmly founded in a spirit of long-term thinking; (iv) Programs and initiatives: oversee UBS's corporate culture and corporate responsibility programs and initiatives, including: (a) Group Sustainability and Impact; (b) three keys to success; (c) sustainable finance (including sustainable and impact investing); (d) client and corporate philanthropy; (e) environmental and social risk management; (f) climate strategy (including net zero commitment); (g) human rights (including modern slavery prevention); (h) in-house environmental management; (i) responsible supply chain management; (j) diversity, equity and inclusion; (k) client satisfaction; (l) talent management; (m) working environment; and (n) other evolving initiatives; (v) Reporting, communications and engagements: (a) advise the Board on the reporting of the Group's corporate culture and corporate responsibility strategy and activities; (b) review and propose to the Board for approval the annual sustainability report including the relevant sections of the Group's annual reporting; (c) provide oversight of the annual sustainability report related disclosures and the sustainability disclosure assurance audit process; and (d) monitor and review communications on corporate culture and corporate responsibility with stakeholders (including relevant organizations and sustainability rating and ranking bodies) and their effectiveness with regard to the reputation of the Group.

Our Code of Conduct and Ethics

By following and affirming it, we foster a culture where responsible behavior is ingrained in a way that protects our clients, our people, our reputation and ensures stability and sustainable performance. This safeguards our ability to create lasting value for our shareholders, clients and societies. We also ensure our practices are aligned with our purpose: "Reimagining the power of investing. Connecting people for a better world."

The Code is reviewed annually

The Code has the full backing of the BoD and the GEB. Every year, the BoD and the GEB conduct a review of our Code to ensure that developments key to our clients, employees and other stakeholders are reflected. Following a substantial revision of the Code in 2021, we've made further adjustments in our 2022 and 2023 reviews, mainly focused on clarifying, simplifying and aligning language used.

The Code applies to everything and everyone

Like our purpose, our Code is owned by everyone at UBS. It's what we expect from ourselves and from each other. It covers our dealings with clients, counterparties, shareholders, regulators, business partners and colleagues. And it's the basis for our policies, guidelines and procedures.

Ignorance of the Code isn't an option and therefore there is no excuse for violating it.

Of course, the Code can't describe every possible situation. If you find yourself dealing with something unexpected, apply the Code's ethical standards in your judgment and seek appropriate guidance.

Thank you for your engagement.

Colm Kelleher
Chairman of the Board of Directors

Sergio Ermotti
Group Chief Executive Officer

Creating the right culture and conduct

Culture

We are committed to maintaining a culture based on high ethical standards and accountability with integrity. Our already strong, inclusive culture is grounded in our three keys to success, and we mobilize our workforce to do what we can to eradicate complexities. We stay focused and engaged to ensure we deliver on our commitments. For example, we don't just follow laws, rules and regulations – we do what is right based on our defined principles. This includes acting as one firm and increasing the ease of doing business through simplification and efficiency – for all of our internal and external stakeholders.

Fair dealing and fair and effective competition

We are committed to respecting the laws, rules and regulations that are designed to create a level playing field for all – including competition and antitrust laws. We act fairly, respectfully and honestly with everyone with whom we deal.

For example, we don't distort or try to hide the facts or the truth. Nor do we use to our own advantage information that we're not meant to have access to, and we strictly prohibit collusion with peers.

Client relationships

We are committed to looking after our clients for the long term, by protecting them from vulnerabilities and earning their trust. We aim to deliver a client experience that's personalized, on-time and seamless.

For example, we don't just make our products, services and interactions with or for clients relevant to them we also ensure they are not conflicting with laws, rules and regulations and that potential conflicts with clients' interests are properly addressed. We connect our clients to people who can help them achieve their goals, and handle their feedback with the utmost care and a sense of urgency.

Conflicts of interest

We are committed to holding ourselves accountable to identify and manage potential or perceived conflicts of interest – by raising and addressing them immediately.

For example, we don't create or withhold disclosure of any actual or perceived conflict of interest that could harm our clients, undermine the integrity and efficiency of the financial markets, cause UBS to breach legal and / or regulatory obligations, and / or harm UBS's reputation.

Behaving responsibly

Diversity and equal opportunity

We are committed to attracting and retaining people from different backgrounds, regardless of status, ethnicity, gender, gender identity, gender expression, nationality, age, ability, sexual orientation, or religion. Our culture is based on welcoming, respecting and valuing all team members, and creating an environment where everyone has the opportunity to succeed.

For example, we don't tolerate discrimination, bullying or harassment of any kind. And we encourage each other to speak up and escalate any concerns without fear of retaliation.

Performance and professionalism

We are committed to balancing sustainable performance and appropriate risk-taking, including sound conduct and risk-management practices. We remain focused, engaged, and diligent to prevent unintended misconduct. In line with stakeholder expectations, our balanced approach protects our capital and reputation and enhances the quality of our financial results.

For example, we apply compensation principles reflecting a pay-for- performance approach. Evaluation of individual performance reflects both the what (contribution) and the how (behavior). We also factor in adherence with laws, rules, regulations, the Code, policies, or procedures.

Health and safety

We are committed to a working environment that protects the health, safety and well-being of all. We don't do anything that may put anyone in danger or at the risk of harm. This includes the threat of unplanned disruptions or crises impacting business activities, processes and / or people – regardless of the reason.

For example, we don't put our business needs or strategic initiatives above the health and well-being of people – our employees, clients, partners, shareholders or anyone else. We build and maintain innovative workplaces that allow employees to work efficiently and collaboratively. Our flexible working arrangements, and our leave and benefit arrangements, are designed to support employees' work and personal lives.

Laws, rules and regulations

Compliance with law

We are committed to obeying the laws, rules and regulations of the areas where we live, work and do business, and heeding our own governance framework, documents and policies.

For example, we don't sell to, buy from, visit, or deal with prospects and / or clients from outside our respective location and / or jurisdiction without understanding and adhering to the laws, rules and regulations that apply, as well as our own policies. This also includes adherence with licensing requirements, product restrictions and tax rules. We engage with authorities and other governmental bodies openly and transparently.

Fighting crime

We are committed to doing whatever we can to combat money laundering, corruption and terrorist financing – including adhering to global sanctions in line with jurisdictional authorities and our internal policies. We have rigorous systems in place to detect, stop and report money laundering matters, including terrorist financing.

For example, we don't tolerate any form of corruption or bribery, including facilitating payments – nor do we offer or accept improper gifts or payments.

Tax matters

We are committed to paying and reporting all taxes due from UBS. As required by all applicable laws, rules and regulations, we accurately report information that relates to our own tax position and that of our clients and employees.

For example, we don't help or advise our clients, or any other party, to evade taxes or mis-report taxable income and gains. Nor do we support transactions where the tax outcome is dependent on unrealistic assumptions or the hiding of relevant facts. We also don't contract with third parties that provide services for us or on our behalf, where those services help others improperly evade taxes.

Sharing, using and storing information

Client confidentiality and management of data and assets

We are committed to safeguarding the information clients have shared with us, protecting all forms of data, information and assets and only using them in an ethical way and within jurisdictional laws, rules and regulations. Our principles, standards and procedures are designed to prevent data from being tampered with, seen or used by the wrong people, stolen, lost or destroyed. And they guide us in how we use data and information, as well as how we develop and deploy technological solutions.

For example, we don't share our clients' details with anyone outside of our firm unless we have their permission to do so – or where we have a legal duty to share it with the relevant authorities. And, even within our firm, we only share clients' details with colleagues on a 'need-to-know' basis – and in line with jurisdictional laws, rules and regulations. We also don't use data and information in ways that could harm our clients, employees, the public or the markets.

Reporting and information sharing

We are committed to ensuring that any information we share or report is accurate, relevant and easy to understand, and in line with laws, rules and regulations. This includes the robust preparation and fair representation of consolidated financial statements according to International Financial Reporting Standards.

For example, our independent external auditors express an opinion, based on their audit work, on our internal controls over financial reporting, as well as on the financial statements themselves.

Inside information

We are committed to making every effort to find out if information is inside information (material information that isn't public), and only share such information on a need-to-know basis. That applies to people inside and outside of our firm, in line with our internal procedures, as well as relevant laws, rules and regulations.

For example, we don't engage in or assist clients to engage in any form of improper market conduct including insider dealing, market manipulation or anticompetitive behavior.

Sustainability and social impact

We are committed to acting with the long term in mind and creating value for clients, employees, communities, and investors. We aspire to create a fairer, more prosperous society, championing a healthier environment and addressing inequalities at their root. This ethos underpins our purpose and is in line with our external commitments, such as our pledge to progress against the Sustainable Development Goals.

For example, we aim to develop products, offer our advice, and conduct business in a way that reflects our high standards and supports clients in their aim to progress towards positive outcomes for our environment and society.

Disciplinary procedures

We are committed to incentivizing the right behavior by establishing reward principles and internal control frameworks to support adherence with internal and external standards, and laws, rules and regulations. Anyone who breaches these will face consequences – up to, and including, dismissal. This may not only include the person who broke the rules but also their line manager and anyone who knew about it but did not escalate the matter.

For example, we don't condone or protect actions amounting to criminal behavior – and will not hesitate to bring it to the attention of the relevant authorities.

Upholding the Code

We are committed to living up to this Code at all times.

For example, we will not accept excuses for breaking the Code – whether for profit, convenience, competitive advantage or because a client or someone else asked us to.

Changes to the Code

We are committed to regularly reviewing and communicating changes to the Code to ensure it continues to reflect UBS's principles and standards and is consistent with applicable law.

Affirmation process

Each of us (internal employees and external staff)[1] declares that we have read and affirmed our awareness of the Code, as part of our annual affirmation process.

Speak up

We are committed to escalating any potential issues and violations to our line managers and control functions. These can be escalated in line with UBS's escalation framework. Alternatively, concerns may be raised confidentially and if preferred, anonymously via our internal whistleblowing channels at goto/speakup.

For example, we do not tolerate any form of retaliation or discrimination against employees for disclosing information relating to a concern that the employee reasonably believes constitutes an actual or likely violation of laws, rules, regulations, the Code, policies, or procedures.

Questions about the Code

Any questions or feedback about any part of this Code can be sent to *cr@ubs.com*

1 Includes parttime staff and contractors

Health and safety statement

UBS is committed to providing a healthy and safe working environment for all employees, contractors, clients and visitors on UBS premises. We devote the necessary resources to ensure that safety, health and wellbeing are assured throughout our consolidated banking group (UBS Group AG) and that our premises are compliant with all applicable health and safety legal requirements.

At UBS, everyone has a responsibility to help create a healthy and safe working environment. We expect all our staff to conduct themselves in ways that help ensure their own health and safety and that of their colleagues. Through our Code of Conduct and Ethics, we encourage and empower our staff to report any concerns regarding their health or safety at work and seek to promote their overall health and wellbeing.

As work patterns and employee expectations have changed, we have taken a proactive approach to ensure we continually fulfill our duty of care and legal obligations, and that our workplaces continue to meet the needs of our business, staff, clients, and business partners.

We are committed to the effective delivery and continual improvement of our safety, health and wellbeing framework and believe that a strong health and safety culture is a key element for the firm's sustainable growth.

Health and safety principles

- We aim to maintain a working environment that supports the general health and wellbeing of all staff.
- We build and maintain innovative workplaces that allow our staff to work efficiently and collaboratively.
- With many employees enabled to work in flexible ways, we support their comfort, health and wellbeing with continually updated resources and guidance for employees and line managers available on our intranet.
- Our Global Inclusive Accessibility Standard (GIAS) describes the design principles and standards we apply to our premises to deliver safe and inclusive physical accessibility for all. We actively promote an open and respectful work environment.
- We have measures in place to mitigate potential emergencies in the workplace and while travelling on business.
- Travel and security experts, crisis management committees, first aid providers, health specialists, social counselors and other specialists are available to employees.
- We care about our people's wellbeing and want everyone to thrive. A culture of collective wellbeing enables us to drive sustainable performance. We have appropriate routes for employees to raise their concerns, including documented grievance, complaint and whistleblowing processes.

Measures taken to ensure health and safety

- Social, physical, mental, and financial wellbeing elements are woven into our HR policies and practices, as well as into employee-centered initiatives to increase awareness and educate employees on how to improve their wellbeing. We also offer individual and confidential support with mental, financial, legal, and social challenges through our employee assistance programs and dedicated internal teams (e.g., social counseling).
- UBS consults and provides information and training on health and safety to employees.
- Our line managers help maintain a safe and healthy work environment and the firm gives them the information and support that is relevant to their role.
- We monitor our safety, proactively identify hazards and assess health and safety risks and introduce appropriate and effective controls that mitigate and control risks relating to our operations.
- We investigate accidents and incidents to determine the causes of the incident and put preventive measures in place to prevent similar occurrences.
- We conduct workplace inspections to help ensure workplace safety.
- We regularly review our health and safety activities to ensure issues are effectively managed and improvements are made where necessary.

Health and safety governance

- Responsibility for the governance and review of occupational health and safety sits with the Group Head Human Resources & Corporate Services.
- Day-to-day responsibility for the assurance of a safe workplace & healthy workforce is shared between GCS with respect to health and safety, and HR Reward in relation to employee mental health and wellbeing.
- The Corporate Culture and Responsibility Committee (CCRC) supports the Board of Directors in its duties to safeguard, oversee and improve our working environment.

How we ensure suitability

Clients expect to be provided with products and services that are suitable for them. This is particularly the case in the business divisions, where we serve personal clients as opposed to institutions. In nearly all the countries where we do business, this expectation has been turned into a legal or regulatory requirement for banks acting as financial advisors. Most jurisdictions also require the systematic assessment and documentation of the suitability of products (including third-party products) and services, including compliance with applicable eligibility criteria, investment preferences (e.g., sustainability criteria) and sales restrictions. These standards are reflected in local policies and procedures, as well as in the respective local control framework. The European Union's Markets in Financial Instruments Directive and the Swiss Financial Services Act are examples of how we reflect and implement specific standards required by regulators as part of a local control framework. Other locations apply similar standards as required by the relevant local regulators.

To meet both client expectations and regulatory requirements, we have established comprehensive rules for assessing the suitability of products and services and these are further supported by regular training across the firm. These rules are designed to align the assets in a customer's portfolio with their defined risk profile, and the customer is advised in line with his or her needs (i.e., client suitability). In addition, the rules require product documentation to contain appropriate and easily understandable information on its features, target audience and the scenarios in which the product can be used, as well as a balanced representation of the associated opportunities and risks (i.e., product suitability). We also recognize the importance of fair and transparent marketing of our products and services and have internal policies supporting their responsible sale and marketing.

Suitability framework

In our Global Wealth Management and Personal & Corporate Banking business divisions, a comprehensive suitability policy framework is in place and is reviewed on a yearly basis. This sets out the structured advisory process governing the way we advise and implement agreed solutions and also documents the steps taken during this process. In addition to other purposes, it includes requirements for monitoring and controlling activities that aim to capture tail risks.

Our Investment Bank and Asset Management business divisions take their guidance from UBS's suitability principles and have implemented processes to ensure appropriate oversight of suitability requirements where applicable.

In our framework we distinguish between client and product suitability. Client suitability refers to the alignment between the investor profile of the client and the products and services that are recommended or made available to the client (or already held in the client's portfolio), including risk information and disclosure. Product suitability refers to a consistent set of standards applied by a product management unit to define for which specific investors a product may be suitable.

Client suitability

Global Wealth Management and Personal & Corporate Banking have established a structured advisory process with four distinct steps: understand, propose, agree and implement, and review. This process is supported by a number of tools and forms that are available to client advisors. In the first step (understand), these forms and tools support the initial identification of a client's investor profile, including but not limited to investment objectives, risk tolerance and risk ability. In the further steps, they help client advisors match a client's investment strategy with appropriate investment proposals (propose) and agree with the client on the implementation, such as providing mandatory documentation and signing the necessary agreements (agree and implement). Furthermore, the established tools and platforms also support the fourth step (review). The Investment Bank and Asset Management have established cross-functional governance committees to ensure oversight for client suitability where specific criteria or triggers are met.

Product suitability

Advisory platforms and tools divide products according to their risk characteristics and, in doing so, help clients and client advisors to properly assess the impact of investment products and services on a client's portfolio. Additional processes are in place to make product documentation available to both client advisors and clients. Finally, specific legal documentation is required for certain products with specific risks (e.g., hedge funds).

Divisional approach to suitability

Primary ownership of suitability risk and the responsibility for addressing it rest with the business. The suitability policies applicable to Global Wealth Management, Personal & Corporate Banking, the Investment Bank, and Asset Management make this clear. Accordingly, we have pursued a divisional approach to ensure compliance with rapidly changing regulatory regimes, while also addressing particular suitability obligations and remediation of identified gaps relating to the business divisions.

Monitoring and controls

Monitoring and controls for suitability follow a three-tiered approach. The first-level controls are conducted by the business risk management team under its origination control framework, a set of controls designed to prevent and detect operational risks that arise within the front unit and to ensure that residual risk corresponds to risk appetite. The second-level controls are performed by Compliance & Operational Risk Control as global minimum control standards, which are part of the overall Operational Risk Framework. These controls focus on both a check-the-checker approach, and thematic, deep-dive reviews. The third-level controls are exercised by Group Internal Audit, as part of its annual audit plan.

After-sales communications

The UBS client experience also includes after-sales communication. Again, this communication is supported by a number of tools and platforms, including ready-to-use reporting and presentation material.

Group sustainability and impact management indicators

Management indicators track the number of employees working on sustainability topics across UBS, and participation in sustainability training sessions. Reflecting UBS's ongoing commitment to sustainability, the number of personnel fully dedicated to driving our sustainability agenda increased in 2023 compared to the previous year.

We distinguish between specialized and awareness trainings. Specialized trainings address sustainability topics required for certain employee profiles. For example, they cover the launch of sustainability products or focus on aspects such as climate risk. Awareness trainings are designed to provide a general understanding of Group Sustainability and Impact key principles and policies, to inform about internal activities and engage employees. The total number of trainings in any given year can vary depending on the rollout of new trainings and recertification cycles.

In 2023, we continued to promote our firm-wide *Sustainability and Sustainable Finance Foundational Training* (categorized as awareness), with uptake increasing steadily across our employee population. The training's three modules cover i) general sustainability and sustainable finance concepts and how they apply to a financial institution like UBS; ii) UBS's approach to sustainability, and iii) sustainable finance and investing, the UBS client offering and greenwashing risks. Promotion of the training to former Credit Suisse employees is planned for 2024.

Mandatory training increasingly incorporates a consideration of sustainability. This includes our *Code of Conduct and Global Anti-Money Laundering* awareness training and our *Reputational Risk and Environmental and Social Risk* specialized training. In 2023, the mandatory *Financial Crime Prevention* awareness training included coverage of environmental crimes for the first time.

Reported awareness training figures also included completion of the *Risk and Reminders* training, a short mandatory training session taking about 20 minutes.

UBS Sustainability and Impact management indicators

	UBS Group excluding Credit Suisse			
	For the year ended			% change from
	31.12.23	31.12.22	31.12.21	31.12.22
Personnel in specialized units / functions (full-time equivalents)[1]	**373**	288	221	30
Participation in awareness raising training (headcount instances)[2,3]	**177,585**	114,519	97,618	55
Participation in specialized training (headcount instances)[2,3,4]	**54,364**	34,190	39,011	59

1 Employees that are part of the Group Sustainability and Impact organization and/or have specialized knowledge relevant for the Group Sustainability and Impact strategy. 2 Employees may complete multiple trainings in a year. 3 Training figures, on isolated occasions, include instances where Credit Suisse employees participated in UBS-administered trainings. 4 Specialized training is provided to employees in front-office and support functions who are dealing directly with sustainability-related aspects in everyday business processes.

Information on management approaches for material topics

Information relevant to all material topics

Governance

Refer to the "Governance" section of the UBS Group Sustainability Report 2023. Resources for material topics are allocated in accordance with corporate budgeting processes.

Grievance mechanisms

We have a global policy that provides whistleblowing protection for employees (and an internal intranet site with guidance and information about the different ways to speak up), as referenced in our Code of Conduct and Ethics. All employees are encouraged to promptly report any concerns, possible ethical breaches, or conduct by others that might breach policies, laws, regulations, or ethical codes, and they may do so anonymously, if they prefer.

Our HR Employee Relations function acts as a resource for employees to discuss concerns or grievances. Furthermore, mandatory training helps ensure all employees understand the firm's commitment, procedures, and responsibilities regarding employee conduct, with specific guidance for line managers. We are committed to protecting individuals from any discrimination or retaliation as a result of reporting whistleblowing concerns. Protection from retaliation is safeguarded through the escalation of concerns via Group Investigations, Group Legal, C&ORC, HR or via the firm's various whistleblowing channels.

Clients may raise concerns or give feedback through dedicated channels. Client feedback (including that collected through our quality feedback management system or through the "Report misconduct of UBS staff" online form) enables the firm to act and to continuously improve our products and client service standards in order to provide the best client experience.

› **Refer to *ubs.com/global/en/contact* to raise concerns or provide feedback**

› **For sustainability-related enquiries and concerns, the Corporate Responsibility team within the UBS Group Chief Sustainability Office can be contacted via *cr@ubs.com***

Grievance mechanisms – additional information

We were a member of the working group that supported the development of the Organisation for Economic Co-operation and Development (the OECD) guidance on Due Diligence for Responsible Corporate Lending and Securities Underwriting. We believe this guidance is particularly relevant in the context of a bank's actions to provide for, or co-operate in the remediation of, adverse impacts. It sets out that where adverse impacts are directly linked to a bank's lending or securities underwriting through a client, that bank should use its leverage to seek to prevent and mitigate those impacts. The guidance makes it clear that this is not intended to shift responsibility to the bank from the client that is causing or contributing to an adverse impact, i.e., that the responsibility for ceasing, mitigating and remedying the impact remains with the client that is causing or contributing to the impacts. The guidance also notes that, while the bank may not be able to address the impact itself, it should seek to influence client companies to prevent or mitigate and remediate the adverse impacts. Joint mechanisms such as the Roundtable on Sustainable Palm Oil (the RSPO), of which UBS is a member, are particularly valuable in this context.

The guidance goes on to acknowledge the constraints a bank may face in engaging directly with rightsholders impacted by the behavior of the bank's clients, including concerns about client confidentiality and logistical constraints, as well as other perceived legal risks associated with their interference in management activities. We strive to better understand how rightsholders are potentially impacted by the behavior of client companies through our regular interactions with non-governmental organizations (NGOs) representing rightsholders and/or facilitating direct dialogue with the latter.

› **Refer to *rspo.org/as-an-organisation/tools/remediation-and-compensation* for the RSPO's remediation and compensation procedure**

Evaluation of management approaches

We assess the effectiveness of the approaches, as listed in the management approach section (GRI 3 Material Topics), for each material GRI topic in the GRI content index through a number of measures, most visibly through:

- performance against targets;
- internal and external audits (e.g., ISO 14001 certification);
- external ratings (e.g., environmental, social and governance [ESG] ratings), employer awards / honors;
- stakeholder feedback (e.g., employee and client surveys);
- reputation measurement (through UBS-internal approaches);
- measurement systems (e.g., UBS-internal reporting, management reviews, impact measurements); and
- assessment and testing of controls.

The results from such evaluations may lead to potential adjustments to our approaches. In the reporting period, there were no significant changes in our approaches.

Information relevant to specific material topics

Technology

Digitalization continues to accelerate in our industry. Clients demand a seamless and personalized technology experience that involves both innovative and sustainable solutions. The rising rate of digital adoption can be seen across all regional, demographic and client segments. The rise of Artificial Intelligence (AI) has created an opportunity to significantly improve both employee efficiency and client service. Financial institutions are finding ways to accelerate artificial intelligence (AI) adoption in a risk- and regulatory-compliant manner and with ethical considerations in place. As a result, the shift from digitalizing and automating existing processes to digital-as-default solutions is well underway, while also taking into consideration human interaction, a component that continues to be an important competitive factor.

Continuous investment in technology is driving the automation and simplification of labor-intensive processes, improving banks' operational efficiency, and freeing up resources to focus on client needs. UBS's target of USD ~13bn gross cost reductions by the end of 2026 will provide the necessary capacity for reinvestment to reinforce the resilience of our infrastructure.

There is a risk posed by the increased demand for technology and it is our responsibility to balance increasing digitalization and our commitment to improving energy efficiency and usage of renewable electricity. Work is underway to increase awareness of technology-related energy usage, we are monitoring energy usage at the application level and offering development teams advice and tooling to help make their solutions more energy-efficient. A key risk we manage is protecting our clients and operations against the threat of cyberattacks that could lead to negative impacts, such as financial and reputational damage.

Employee topics

This section covers the management approach to the following topics: employment, training and education, diversity and equal opportunity, non-discrimination, and working culture and environment. This information is provided in the "People and culture make the difference" section of the aforementioned report, where we describe these topics and how we manage them. The purpose of our management approach is to engage and enable our employees to meet clients' needs while positively impacting our employees.

Group policies are global and apply to all employees. Additionally, there are local policies to address specific local requirements, where applicable.

Our Board of Directors (the BoD), our Group Executive Board and Group Head Human Resources have specific responsibility for defining and executing a human resources strategy aligned to our objectives and positioning the firm as an employer of choice. This includes giving advice and providing HR services to employees, as well as strategic advice to managers and executives to support them in attracting, engaging, developing and retaining talent.

The BoD's Corporate Culture and Responsibility Committee (the CCRC) regularly and critically reviews developments in key human resources areas, notably corporate culture, as well as employee health and well-being. The CCRC's responsibility to oversee our firm's corporate culture and sustainability programs and initiatives has been included in the Organization Regulations of UBS Group AG.

With regard to evaluating our management approach, and in addition to the measures outlined above, we undertake focused initiatives and take action in areas where we could do better. Each initiative has associated analysis, communication and accountability elements to ensure that we can continue to build on our strengths and particularly so that we can improve in areas of relative weakness or concern.

› **Refer to the "People and culture make the difference" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information on our objectives**

Environment

Key climate- and nature-related achievements

Transition plan theme	Progress in 2023
Foundation	– Made progress toward our ambition of achieving net-zero GHG emissions by 2050 across our scope 1 and 2, and specified scope 3 activities. – Continued to embed considerations of climate risks and opportunities across the Group. – Stayed committed to helping our clients navigate the challenges of an orderly transition to a low-carbon economy and mobilizing capital to support this transition.
Implementation strategy	– Updated our sustainability strategy and approach to climate. – Refined the UBS transition plan to support our own transition and that of our clients. – Undertook an extensive review of the decarbonization targets of the UBS Group, as part of the integration of Credit Suisse. – Underpinned targets in financing, investing and own operations with various actions that we strive to implement in the short-, medium- and long-term.
Engagement strategy	– Engaged with 179 companies regarding climate and achieved 57.3% of positive progress against pre-set objectives in Asset Management. – Continued to engage with clients to support them in their transition to low-carbon and climate-resilient business models. – Continued active participation in sustainability- and impact-related memberships such as the TCFD, the TNFD, the NZBA, the NZAM initiative, the GFANZ and the PCAF. – Co-chaired the UNEP FI Principles for Responsible Banking Nature Working Group. – Asset Management became a founding member of the Nature Action 100, a global investor engagement initiative, and joined the Principles for Responsible Investment's Advisory Committee for its stewardship initiative on nature.
Risk management	– Merged the Sustainability and Climate Risk (SCR) teams under the Chief Risk Office (CRO) for Sustainability. – Developed a combined Group policy for sustainability and climate risks, including new policies and guidelines on sustainability and climate risk for the combined entity and its risk appetite standards. – Continued to consolidate our sustainability and climate risk metrics and quantitative approaches across the combined entity.
Metrics and targets	– Established decarbonization targets to address the emissions of our in-scope lending activities for specified sectors and made progress toward them. – By the end of 2023, aligned 2.9 % of UBS AG Asset Management's total AuM with net zero. – Analyzed the facilitated emissions from capital markets activities for select carbon-intensive sectors. – Reduced net GHG footprint for scope 1 and 2 emissions by 21%.
Governance	– Continued oversight of our approach to climate and nature by the Board of Directors' Corporate Culture and Responsibility Committee including our net zero commitment and approval of targets. – Continued assignment of environmental, social and governance (ESG)-related goals for all GEB members. – The Sustainability and Climate Task Force continued to steer our efforts on climate and sustainability.
External recognition	– CDP A– rating and included in Leadership band. – S&P Global's Corporate Sustainability Assessment (CSA): 98% percentile ranking in the environmental dimension. – 2023 Euromoney award for "Best Bank for ESG Data and Technology".

Our approach to climate

Our approach to climate

Ambition

We will support clients through the world's transition to a low-carbon economy and embed considerations of climate change risks and opportunities in our bank for the benefit of our stakeholders, now and in the future.

	Supporting our clients' low-carbon transition	Reducing our climate impact	Managing the risks of climate change to our business
Key objectives of our approach to climate	– Mobilizing capital toward an orderly transition to a low-carbon economy. – Aligning our in-scope lending and investment portfolios to the objectives of the Paris Agreement. – Supporting the transition of our financing and investing clients to low-carbon and climate-resilient business models. – Embedding climate considerations into our financing, investment and capital markets offering.	– Minimizing our own operational footprint and utilizing resources in an efficient and sustainable way. – Measuring and managing our travel footprint, including reduction of air-travel-related emissions. – Engaging our suppliers on emissions reductions and managing our supply chain responsibly.	– Identifying, measuring, monitoring, managing and reporting sustainability and climate risks (including nature-related risks). – Applying sustainability and climate risk appetite as codified in UBS Group's Sustainability and Climate Risks Policy. – Continue integrating sustainability and climate risk regulatory requirements into financial risk management and stress-test frameworks. – Ensuring the sustainability and climate risk framework is embedded into our activities at Group and legal entity level compliance, the Credit Suisse integration strategy and UBS's target operating model.
Current metrics and targets	– Address our financed emissions by aligning specified sectors to decarbonization pathways. – Aim to align, by 2030, 20% of UBS AG Asset Management's total assets under management with net zero.[1] – USD 400 billion invested assets in sustainable investments in UBS AG by 2025.[2] – Disclosure of facilitated emissions for selected carbon-intensive sectors.	– Minimize our scope 1 and 2 emissions through energy efficiencies and by switching to more sustainable energy sources. After which, procure credible carbon removal credits to neutralize any residual emissions down to zero by 2025.[3] – Reduction of our own energy consumption by 15% from 2019 levels by 2025. – 100% renewable electricity coverage. – Offset historical emissions from own operations back to 2000 by 2025.[4] – Engage with our GHG key vendors, for 100% of them to declare their emissions and set net-zero-aligned goals by 2026, and reduce their scope 1 and 2 emissions in line with net-zero trajectories by 2035.[5]	– Exposure to climate-sensitive sectors (transition and physical). – Exposure to nature-related risks. – Climate-related materiality assessment.

Key enablers: Governance and accountabilities — Engagement and partnerships — Training and culture — Climate data and analytics

1 This Pre-acquisition UBS aspiration will be reassessed in 2024. 2 As part of the integration of Credit Suisse, UBS has retired the Pre-acquisition UBS sustainable investing aspiration of USD 400 billion in SI invested assets. 3 Scope 2 emissions are market-based emissions. The remaining scope 1 and 2 emissions may be in excess of the approximately 5–10% residuals required for net zero (per the definition of a "net-zero target" by the ESRS E1 Climate Change per delegated act, adopted on 31 July 2023), which is our ambition for 2050. In 2024, we will be reviewing our 2025 scope 1 and 2 target for achievability for the combined organization and alignment with latest guidance. 4 Target applies to UBS Group excluding Credit Suisse. 5 In 2024, we may review our targets for GHG key vendors for the combined organization and alignment with the latest guidance. Our GHG key vendors are those vendors that collectively account for more than 50% of our estimated vendor GHG emissions.

Supporting our approach to climate: key enablers

Four key enablers support the implementation of our approach to climate, all of which are relevant across our three key objectives.

Governance and accountabilities

The UBS Group Sustainability and Impact (GSI) framework provides an overview of the governance and key Group-wide policies, guidelines, and key topics that apply to sustainability and impact at UBS, including climate.

› **Refer to the "Governance" section of this Supplement for more information**

Engagement in partnerships

Partnerships within the financial services sector, as well as with standard-setters, regulators and clients, are a critical part of our sustainability strategy and approach to climate, underpinning our efforts to progress toward our stated ambitions. At the end of 2023, we were engaged in a variety of sustainability- and climate-related memberships and commitments, either at Group level or the level of business divisions or Group Functions. For example, UBS is a founding member or current signatory of groups such as the Task Force on Climate-related Financial Disclosures (the TCFD), the Net-Zero Banking Alliance (the NZBA), the Net Zero Asset Managers (the NZAM) initiative, the Glasgow Financial Alliance for Net Zero (GFANZ) and the Partnership for Carbon Accounting Financials (PCAF). Members of UBS senior management contribute to many of the working groups within these bodies and our Group CEO joined the GFANZ Principals Group in 2023. We have thorough processes in place for renewing existing memberships and vetting new ones.

› **Refer to the "Strategy" section of this Supplement for details about our partnerships**

Training and culture

Helping our workforce understand why sustainability and sustainable finance is a strategic priority, both for the Group and for our stakeholders, is an important part of ensuring we meet our sustainability and climate ambitions. In 2023, we established a dedicated education workstream within the Sustainability and Climate Initiative, which supports the co-ordination of sustainability training and awareness across UBS. Through this workstream we delivered a Foundational Sustainability Training Program, developed and launched at the end of 2022, to all UBS staff. This training complements the specialist sustainability training delivered by the business divisions to targeted cohorts, such as client advisors and risk specialists.

In 2023, the number of headcount instances of specialized training totaled 54,364, while headcount instances of awareness training on sustainability and climate totaled 177,585. For example, in 2023 the Sustainability and Climate Risk unit delivered training and education focused on sustainability and climate risks as well as emerging risks, such as the greenwashing risk, to relevant staff.

In Global Wealth Management, we renewed and launched an extensive education curriculum covering Sustainable Investing (SI), developments around SI regulation, and sales-enabling training for SI. This training was completed by almost all impacted staff, comprising client advisors, relationship managers, sales staff, investment advisors, product specialists and other support staff in Switzerland and EMEA.

We expect sustainability training and education to become an increasing focus for regulators in the coming years. We keep abreast of this changing landscape through regular updates with our regulatory monitoring teams and strive to continue developing and prioritizing the roll-out of climate- and net-zero-specific training for employees and the Board of Directors.

› **Refer to the "Appendix 1 – Governance" in the appendices of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about training and culture**

Climate data and analytics

Data and technology provide the foundation of our sustainability client offering and are critical in supporting our clients' and our own low-carbon transition. UBS's strategic multi-year and Group-wide ESG data and technology strategy is managed by a seasoned team of data and technology experts, following the creation of an ESG Data team in 2022 under the Chief Sustainability Office.

As part of the integration of Credit Suisse, we are leveraging best-in-class solutions across the Group to further accelerate our strategic ESG ambitions. For example, we are transitioning our business users toward sourcing their ESG data from a single, trusted, state-of-the art cloud-based platform. This allows us to scale ESG data consumption and avoid fragmentation, while ensuring we provide consistent and controlled data.

We also developed a Group ESG (data) architecture to support our business users' ESG needs and meet our sustainability ambitions for the foreseeable future. This includes enhancing capabilities in the data science and analytics space. For our clients, we offer solutions such as portfolio analytics, ESG scoring, reporting or design and the development of platforms providing innovative ways to access markets.

Climate-related methodologies – decarbonization approach for our financing activities

This section outlines the methodologies and processes used to calculate the climate-related lending metrics and the approach taken to define the UBS Group lending sector decarbonization targets.

The UBS Group had (as set out in the UBS Group Sustainability Report 2022) set targets to address in-scope lending emissions for the residential and commercial real estate, fossil fuels (oil, gas and coal), power generation and cement sectors, while the Credit Suisse Group had (as set out in the Credit Suisse Group Sustainability Report 2022) set targets for the oil, gas and coal, power generation, commercial real estate, iron and steel, aluminum, and automotive sectors. For the shipping sector, the Credit Suisse Group disclosed the portfolio climate alignment to the Poseidon Principles decarbonization index.

During 2023, following the acquisition of the Credit Suisse Group, we refined the UBS Group lending sector decarbonization targets based on the integration of the Credit Suisse Group portfolios and in alignment with our net-zero ambition. Overall, UBS and Credit Suisse followed a similar approach to set their decarbonization targets, but based on a different sector scope and with some methodological differences. We compared and reviewed priority sectors and methodologies to select the most relevant sector scope and design choices to establish decarbonization targets for the combined organization.

For financial market participants, net-zero alignment consists of drawing links between financing activities, the clients' carbon emissions and the objectives of the Paris Agreement. UBS's approach to target setting is built on the guidance from global standards and initiatives such as the NZBA, the Partnership for Carbon Accounting Financials (PCAF), the Paris Agreement Capital Transition Assessment (PACTA) and the Science-Based Targets Initiative (the SBTi). UBS acknowledges Credit Suisse's commitment to SBTi to have its 2030 targets externally validated. To develop the combined 2030 targets, we have utilized SBTi guidance where possible and continue to assess options on target validation and assurance.

UBS's approach to defining and operationalizing decarbonization targets can be broken down in five steps:

Our approach to alignment

1. Determine scope and priority sectors

   Example
   Priority sector: Power generation

2. Establish baselines and relevant emissions metrics to sectors

   Example
   Emissions measured in kg CO_2e / MWh, an emissions intensity figure

3. Select scientifically recognized reference scenarios

   Example
   Net zero by 2050 scenario as modelled by the International Energy Agency (the IEA)

4. Set decarbonization targets

   Example
   60% intensity reduction by 2030 compared with 2021 levels

5. Embed targets into business processes and client offerings

   Example
   Sustainability-linked offerings for renewable energy projects

Determine scope and priority sectors (1)

For our decarbonization targets, we have prioritized sectors that have the highest carbon impact, as per the guidelines of the Net-Zero Banking Alliance (the NZBA), and as per additional considerations which we have applied. These include the materiality of sectors in terms of financial exposure and the availability of data and applicable methodologies to estimate baselines and develop pathways toward the ambition of net-zero. We performed additional analysis to establish transparency around the contribution of each sector in our portfolio to the total.

For non-financial corporate loans, our decarbonization approach is closely aligned to the methodology outlined by Paris Agreement Capital Transition Assessment (PACTA) for Banks white paper. As such, we have considered parts of the value chain within carbon-intensive sectors that hold the bulk of the impact on the climate system and where the decision-making power or capacity to reduce carbon emissions directly or indirectly resides.

Corporate clients are allocated to industry sectors based on our internal sector classification (similar to NACE code[1]). Clients with more than 25% of revenues in activities considered in scope of the respective sectors (except coal activities where a threshold of 5% applies in line with NZBA guidance) are included. Additional reviews are also performed to verify that the sector-specific requirements (often based on the type of activity, the asset type, or the segment of the value chain) are captured correctly.

Targets are based on the full lending commitment made to our clients. This includes our outstanding loans, as well as undrawn irrevocable commitments and guarantees, i.e., amounts that we would be obliged to provide if requested by a counterparty. In our view, this is the most relevant approach to measure and steer our lending portfolio toward our ambitions. The assessment of total financed emissions is calculated based on our outstanding lending exposure in line with PCAF guidance.

Decarbonization targets have been established for Swiss real estate mortgages (commercial and residential real estate) and for financing of in-scope activities in the fossil fuels, power generation, iron and steel and cement corporate sectors. For our in-scope shipping portfolio, we continue to disclose the portfolio's climate alignment to the Poseidon Principles decarbonization index. As the automotive and aluminum sectors previously reported by the Credit Suisse Group did not meet the exposure or emissions materiality thresholds calculated based on estimated 2023 exposure for the combined portfolios, they have been deprioritized for target setting at this time. The revised scope for real estate, focusing on the Swiss portfolio, represents a change versus the scope disclosed in pre-acquisition UBS sustainability reports. Locations outside Switzerland are currently excluded, either for reasons of materiality, with Swiss properties represent 89% of the 2022 *pro forma* exposure for residential and commercial real estate of UBS Group and Credit Suisse Group, or for reasons related to the availability of emissions data. We will regularly re-assess the scope of our targets, considering materiality and the availability of data and methodologies.

We will continue to assess the materiality of the deprioritized sectors annually and aim to develop additional targets for the remaining material carbon-intensive sectors in line with our commitment to the NZBA and as data and methodologies become available.

Establish baselines and relevant emissions metrics to sectors (2)

Based on qualitative and quantitative criteria such as alignment and feasibility (following industry best practice, SBTi permitted time horizon and coverage and quality of data for the selected sectors) and consistency across sectors in existing UBS Group targets and targets previously disclosed by Credit Suisse Group, 2021 has been adopted as a baseline year for the 2023 Sustainability Report across all sectors. 2021 and 2022 metrics are calculated based on consolidated historical pro-forma lending exposure.

Scope 1, 2 and 3 greenhouse gas emissions

As defined in the PCAF standard[2], greenhouse gas (GHG) emissions accounting refers to the processes required to consistently measure the amount of GHGs generated, avoided, or removed by an entity, allowing it to track and report these emissions over time. The emissions measured are the seven gases mandated under the Kyoto Protocol and to be included in national inventories under the United Nations Framework Convention on Climate Change (UNFCCC) – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). For ease of accounting, these gases are usually converted to and expressed as carbon dioxide equivalents (CO_2e).

According to PCAF's GHG Protocol Corporate Accounting and Reporting Standard, direct emissions are emissions from sources owned or controlled by the reporting company. Indirect emissions are emissions that are a consequence of the operations of the reporting company but that occur at sources owned or controlled by another company.

1 NACE is the acronym used to designate the various statistical classifications of economic activities developed since 1970 in the European Union. The term NACE is derived from the French title "Nomenclature générale des Activités économiques dans les Communautés Européennes" (Statistical classification of economic activities in the European Communities).
2 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Direct and indirect emissions are further categorized by scope and distinguished according to the source of the emissions and where in an organization's value chain the emissions occur. The three scopes defined by the GHG Protocol – scopes 1, 2 and 3 – are briefly described below:

- Scope 1: Direct GHG emissions that occur from sources owned or controlled by the reporting company – i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.
- Scope 2: Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated.
- Scope 3: All other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions that occur in the supply chain (for example, from production or extraction of purchased materials) and downstream emissions that occur as a consequence of using the organization's products or services.

The GHG Protocol further categorizes scope 3 emissions into 15 upstream and downstream categories. For banks like UBS, emissions financed via lending activities fall under Scope 3 downstream emissions, more precisely under scope 3 category 15. Financed emissions reported under scope 3 category 15 include apportioned scope 1 and 2 emissions of the counterparties or assets being financed. Scope 3 is included for certain sectors where methodologies and data are widely available. We have included scope 3 emissions in our assessment of the fossil fuel and automotive sectors.

Quantifying clients´ emissions

To estimate the emissions from our clients we rely on data available in their own disclosures, data from specialized third-party providers and internal data. Current limitations on the availability of emissions data at company or asset level required us to include approximations in the calculations; for example, by applying a sector-level proxy where company- or asset-level data is not available. Corporates often disclose emissions at parent level and not for the specific entities being financed. Parent level data might be used in the calculations if entity level data is not available.

We expect the availability and quality of emissions data to improve in the next few years. Improved data may be used to strengthen the robustness of the reporting, which may result in restatements of our lending sector decarbonization targets and total financed emissions over time. In the preliminary assessment of our total financed emissions, we have included PCAF quality scores facilitating data transparency and encouraging improvements to data quality in the medium and long term.

For corporates, the inherent one-year time lag between the as-of date of our lending exposure and the as-of date of emissions can be explained by two factors: corporates disclose their emissions in annual reporting only a few months after the end of a financial year; and specialized third-party data providers take up to nine months to collect disclosed data and make it available to data users. Consequently, the updated baselines for our lending sector decarbonization targets are calculated on year-end 2021 lending exposure and 2020 emissions data. Our 2022 emissions actuals are calculated on year-end 2022 lending exposure and 2021 emissions data. For asset financing (e.g., real estate, shipping) there is no time lag and exposure and emissions actuals refer to the same year.

Financed emissions

Financed emissions represent the carbon emissions of our clients attributed to UBS. Following PCAF guidance, the attribution factor is the fraction of UBS loan exposure to the client's Enterprise Value Including Cash (EVIC) or the sum of equity and debt for private corporates.

$$\textit{Corporate financed emissions} = \sum \left(\textit{Company emissions} \times \frac{\textit{Financing to company}}{\textit{EVIC (or total equity + debt)}} \right)$$

In the case of real estate, the attribution is based on the loan-to-value (LTV) of the property. In accordance with PCAF guidance, residential real estate LTV is calculated using the original property value, while for commercial real estate the most recently available property valuation is used.

$$\textit{Real estate financed emissions} = \sum(\textit{Real estate emissions} \times \textit{LTV})$$

Physical emissions intensity

The physical emissions intensity is a metric that normalizes a corporate's emissions by its output (e.g., the megawatt-hours electricity or tons of cement produced). Through this metric, we can monitor whether our clients are becoming increasingly efficient. The physical emissions intensity effectively demonstrates the progress made to transition climate sensitive-sectors in our lending portfolio towards net-zero. Generally, we believe that most sectors will be best steered by using physical emissions intensity. This encourages the transition of our clients toward emissions-efficient technologies and makes sustainable growth possible. In addition, emissions intensity measures tend to be less volatile.

$$\textit{Corporate physical emis. intensity} = \sum\left(\frac{\textit{Corporate emissions}}{\textit{Corp. output (e.g., MWh, tons produced)}} \times \frac{\textit{Financing to corporate}}{\textit{Total sector financing}}\right)$$

For real estate, the physical emissions intensity is calculated by dividing the sum of financed emissions by the sum of financed areas.

$$\textit{Real estate physical emissions intensity} = \frac{\sum(\textit{Real estate emissions} \times \textit{LTV})}{\sum(\textit{Real estate area} \times \textit{LTV})}$$

For our in-scope shipping portfolio, the portfolio's climate alignment is calculated using the current technical guidance from the Poseidon Principles.[3]

Select scientifically recognized reference scenarios (3)

For Swiss real estate mortgage lending (commercial and residential real estate), targets are aligned to the Swiss Government's trajectory following the Implied Energy Perspectives 2050+ ZERO Basis benchmark.

For the fossil fuels (oil, gas, and coal), power generation, iron and steel and cement corporate sectors, we selected the scenario – IEA NZE by 2050 (updated in the last edition of IEA's World Energy Outlook of October 2023) – in accordance with NZBA guidelines, as one of the most recent and widely accepted models that achieves a temperature increase of 1.5°C by 2050. Over time we will seek to augment our sector pathways, as we gain greater clarity on the validity of key technological and regulatory uncertainties identified within the IEA NZE scenario (e.g., biofuels, carbon capture utilizations or CCUs). Until that point, the possibility of overshoot is factored into certain sector pathways due to the heavy reliance on external factors beyond our steering capabilities.

As previously mentioned, for our Credit Suisse AG in-scope shipping portfolio, we continue to disclose the portfolio's climate alignment to the Poseidon Principles decarbonization index in accordance with their current technical guidance following the new 2023 IMO ambition, which is not yet 1.5°C aligned.

Set decarbonization targets (4)

Combining our portfolio baseline and the selected reduction scenario, we developed tailored 2030 decarbonization targets for each sector.

For the fossil fuels sector (oil, gas and coal), we have defined absolute emissions reduction targets and applied the Absolute Contraction Approach, which means that we are using contraction of absolute emissions to get to net zero.

3 Poseidon Principles *Technical Guidance – Version 4.2*

For all other sectors in scope, we have defined physical emissions intensity targets, applying the Sector Decarbonization Approach (SDA). The SDA assumes global convergence of key sector's emissions intensities by 2050 and we set our 2030 decarbonization targets to be in line with this assumption. The graphs included in the sector approach section below include the 2050 convergence points used to define the 2030 targets.

For Shipping, we continue to disclose in-scope ship finance portfolios according to Poseidon Principles trajectory with the aim to align.[4]

We have opted for physical emissions intensity-based trajectories for sectors that have a clear primary metric that can be taken as reference (e.g., amount of CO_2e emitted per kWh in the case of power generation) to provide a fair representation of progress made, which is not biased by the amount of lending business that UBS undertakes in different years. On the other hand, setting an absolute target for a sector such as power generation may have led to constraints in lending, even to low-carbon clients, in addition to the existing book, thus acting as an obstacle in the provision of affordable and low-carbon energy. However, for transparency, we also disclose the total value of absolute emissions for the sectors covered by the trajectories. Although we do not set an explicit target for absolute emissions, we expect these figures to also trend down in line with intensity-based targets in the medium- to long-term, in the absence of large shifts in lending volumes.

Embed targets into business processes and client offerings (5)

We strive to measure and monitor progress toward our targets and their alignment against our climate commitments and emerging standards. We have deployed and will continue to improve relevant systems and metrics to enable a consistent measurement approach, allowing us to adjust our strategy if needed and steer our activities to ensure ongoing progress. We plan to disclose our progress publicly on an annual basis.

We recognize that there is more to do and aim to phase in additional scope 3 activities over time. Whilst we continue to take steps to align our business activities to our net zero ambition, it is important to note that progress towards our targets may not be linear, and year-on-year volatility is expected due to changes in the portfolios' composition over time. Our priority is to support the transition of clients to a low-carbon economy, and their transition-financing needs.

However, it is crucial to highlight that the decarbonization of the global economy, emissions reductions by clients, and the realization of our own targets and ambitions is dependent on various factors which are outside of our direct influence.

We will continue to adjust our approach in line with external developments, as well as evolving best practices for the financial sector and climate science. In line with NZBA guidelines for climate target setting, we intend to review our targets at a minimum every five years, and, if necessary, recalculate and revalidate our targets to reflect significant changes that would compromise the relevance and consistency of the existing targets.

- **Refer to the "Overview of climate-related targets and action" in the appendices to the UBS Group Sustainability Report, available at *ubs.com/sustainability-reporting* for a high-level overview of our activities to support our own transition and that of our clients**
- **Refer to the "Basis of Reporting" section in this Supplement for detailed information about our climate-related lending metrics**

4 As part of our ship finance strategy, we apply criteria which aim at portfolio´s alignment to the Poseidon Principles decarbonization trajectories. The Poseidon Principles are a framework for assessing and disclosing, on an annual basis, the climate alignment of in-scope ship finance portfolios to the ambition of the International Maritime Organization (the IMO), including its 2023 Revised GHG Strategy for GHG emissions from international shipping to decrease to net zero by or around 2050 (compared with 2008 levels).

2030 lending sector decarbonization targets

NZBA sectors and targets	2022 (proforma)		Target-related					
NZBA sectors **with** target	**Gross exposure (USD billion)[1]**	**Exposure covered with target (USD billion)**	Scope of targets	Carbon emissions scopes	Unit	2021 baseline	2022 actuals	2021–2030 target
Residential real estate	**364.9**	**224.9**	Region Switzerland only	1,2	kg CO_2e / m^2 ERA[2]	38.7	36.5	(45%)
Commercial real estate		**99.1**	Region Switzerland only	1,2	kg CO_2e / m^2 ERA[2]	31.3	32.1	(48%)
Fossil fuels (coal, oil and gas)[3]	**20.0**	**7.4**	B.05, B.06, C.19[6]	1,2,3	million metric t CO_2e	64.7	45.9	(70%)
Power generation	**13.7**	**12.2**	D.35.1.1, D.35.1.3[6]	1	kg CO_2e / MWh	339	297	(60%)
Iron and steel	**1.4**	**0.7**	C.24.1[6]	1,2	metric t CO_2 / metric t steel	1.75	1.68	(27%)
Cement	**1.1**	**1.0**	C.23.5.1[6]	1,2	metric t CO_2 / metric t cementitious	0.64	0.63	(24%)
Transportation								
– *Shipping*	**9.4**	**6.9** [7]	Poseidon Principles vessels in scope (Credit Suisse AG)	n/a	% delta alignment vs trajectory	n/a	-4.6%	n/a

	2022 (proforma)		
NZBA sectors **without** target	**Gross exposure (USD billion)[1]**	**Exposure in scope of target-setting standard (USD billion)**	Scope of target-setting standards
Transportation			
– *Automotive*	**2.1**	**1.2**	C.29[6]
– *Air* [4]	**6.2**	**2.0**	H.51[6]
Aluminum	**0.8**	**0.8**	C.24.4.2[6]
Agriculture[5]	**12.7**	**0.8**	A.01[6]

1 Gross exposure includes total loans and advances to customers, fair value loans and guarantees as well as irrevocable loan commitments. Refer to the Basis of Reporting for exclusions and parts of the value chain within sectors covered by metrics and targets. 2 ERA: Energy Reference Area. 3 For fossil fuels, a significant share of our gross exposure not covered by this target is commodity trade financing for which guidelines and methodologies have yet to be developed. Refer to "Climate-related methodologies – decarbonization approach for our financing activities" in the "Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at ubs.com/sustainability-reporting, for details about our climate-related methodologies. 4 For air transportation, a significant share of our gross exposure is to aircraft financing, for which guidelines and methodologies have yet to be developed. Target setting standards consider passenger and freight commercial airlines. 5 For agriculture, a significant share of our gross exposure is to food manufacturing. Target setting standards for agriculture focus on land related emissions (e.g. farming activities). 6 For corporate sectors, NACE codes are referenced. 7 In the case of ship finance, following the Poseidon Principles technical guidance, this value excludes irrevocable loan commitments.

Financed emissions covered by lending sector decarbonization targets

	2022 (proforma)						
	Gross exposure (USD billion)[1]	**Outstanding exposure (USD billion)[2]**	Financed emissions, scopes 1 and 2 (mt CO_2e)[3]	Financed emissions, scope 3 (mt CO_2e)[3]	PCAF score, scopes 1 and 2[4]	PCAF score, scope 3[4]	Economic intensity (mt CO_2e / USD billion)[3]
Exposure covered by target							
Swiss residential real estate	**224.9**	**223.6**	1.5		4		0.01
Swiss commercial real estate	**99.1**	**98.7**	1.0		4		0.01
Fossil fuels (coal, oil and gas)	**7.4**	**1.3**	1.0	6.5	2	2	5.61
Power generation	**12.2**	**2.4**	2.0		2		0.85
Iron and steel	**0.7**	**0.3**	0.5		2		1.69
Cement	**1.0**	**0.1**	0.5		3		3.10
Shipping (Credit Suisse AG)	**6.9** [6]	**6.9**	n/a	n/a	n/a	n/a	n/a
Exposure not covered by target							
Other non-financial corporates not covered by targets	**186.7**	**88.0**	2.9	0.2	5	4	0.03
Estimated total non-financial corporates and real estate mortgages (incl. fair value loans)[5]	**539.0**	**421.3**	**9.3**	**6.7**			
Financial services firms, private individuals and other	**348.1**	**253.8**					
Proforma total loans and advances to customers (incl. fair value loans)	**887.1**	**675.1**					

1 Gross exposure includes total loans and advances to customers, fair value loans, and guarantees as well as irrevocable loan commitments. 2 Outstanding exposure includes total loans and advances to customers and fair value loans. 3 Based on outstanding exposure. 4 PCAF scores shown represent weighted average based on outstanding exposures. 5 Based on outstanding exposure which includes total loans and advances to customers, fair value loans and guarantees as well as irrevocable loan commitments. Refer to the Basis of Reporting for exclusions and parts of the value chain within sectors covered by metrics and targets. 6 In the case of ship finance, following the Poseidon Principles technical guidance, this value excludes irrevocable loan commitments.

The sectors for which decarbonization targets have been set represent USD 352.3 billion, or 40%, of the USD 887.1 billion in total gross exposure for 2022, and 65% of the USD 539.0 billion in gross exposure for which data and methodologies are available to estimate emissions. These sectors account for 13.0 million metric tons of CO_2e emissions financed, or 81% of the total financed emissions of 16.0 million metric tons. We expect these numbers to be restated over time as the availability and quality of data improve.

A significant share of the remaining 19% of our estimated total financed emissions relates to lending to sectors outside of the NZBA's current scope, the gross exposure for the remaining sectors in the NZBA's current scope (transportation, aluminum, and agriculture) is USD 21.8 billion. However, only USD 4.8 billion of that total is to parts of the value chain currently addressed by net-zero target-setting standards.

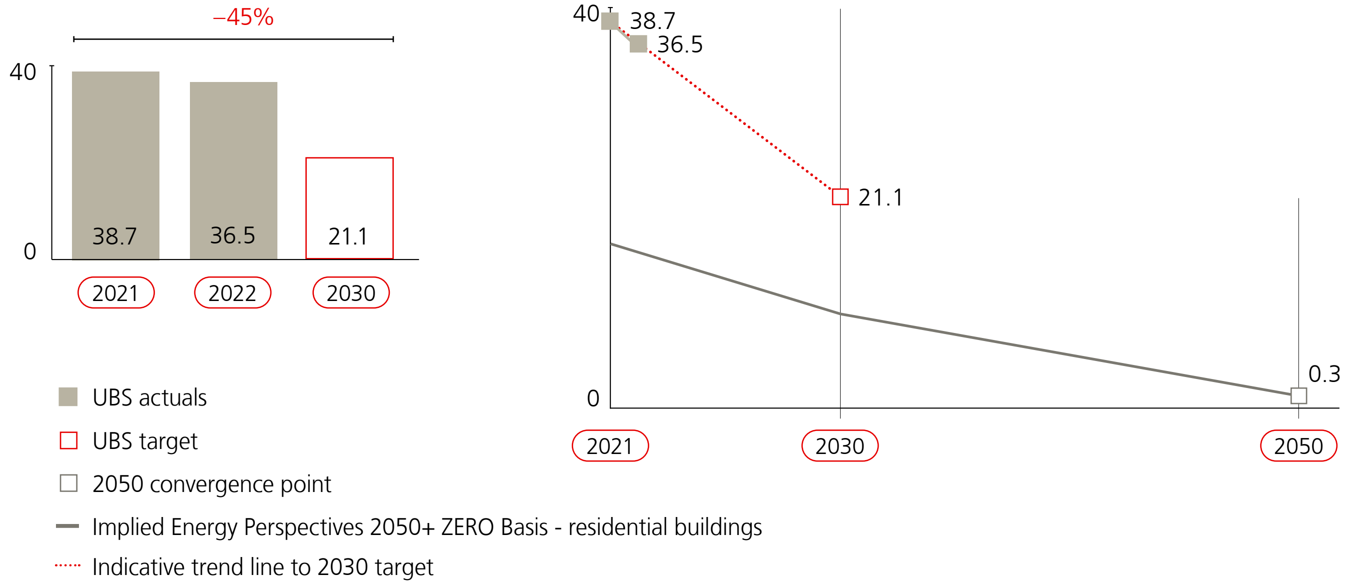
Approach for our lending sectors with decarbonization targets

Swiss residential real estate

UBS is committed to reducing the emissions intensity (measured in kilograms of CO_2e per m^2 ERA[5]) of our Swiss residential real estate financing activity by 45% by 2030 (compared with 2021 levels).

Swiss residential real estate decarbonization pathway, 2021 – 2030

Unit: kg CO_2e / m^2 ERA



Progress against target

Our residential real estate portfolio includes mortgage loans to finance owner-occupied properties and properties rented out on a non-commercial scale. The scope of this decarbonization pathway has been limited to our financing activity in Switzerland, as described previously.

As of the end of 2022, on a pro forma combined basis, UBS achieved an estimated emissions intensity reduction in the portfolio of 6% against a 2021 baseline, with an emissions intensity of 36.5 kg CO_2e / m^2 ERA. This reduction was primarily driven by clients upgrading their heating systems to more energy-efficient solutions. The reduction rate is in line with the decarbonization rate implied by the Swiss government's "Energy Perspectives 2050+ ZERO Basis" (EP 2050+) scenario for residential buildings that is used as benchmark. This scenario, which is a representative, country-specific pathway for the scope of this target and is reflective of the government's climate strategy, has been selected instead of the IEA Net Zero Emissions by 2050 scenario, which Pre-acquisition UBS had used. The EP 2050+ also informs Switzerland's decarbonization ambitions for real estate as prescribed in the Swiss Climate and Innovation Act. The reported emissions intensities for UBS's combined portfolio lie above the benchmark levels mainly as a result of conservative assumptions such as e.g., the use of higher emissions factors per unit of energy or the application of an oil heating where the actual heating system is not known.

Methodology aspects

- **Scenario:** "Energy Perspectives 2050+ ZERO basis for residential buildings"
- **Metric:** Portfolio emissions intensity reported as kg CO_2e / m^2 ERA
- **GHG coverage:** CO_2 as reported or estimated, other GHG are considered immaterial for this sector
- **Emissions scope:** Scopes 1 and 2
- **Value chain coverage**: Owners' operational use

5 ERA: Energy Reference Area

How we support the transition to a low-carbon economy

We have continued to build out our product and advisory offering to support our real estate clients in retrofitting their properties. For example, on the firm's website[6], we now offer a comprehensive online renovation journey and CO_2 calculator. These allow our clients to work out expected renovation costs and timelines, as well as calculate their CO_2 emissions footprint and energy consumption levels before and after renovation. Going beyond the requirements established by the mortgage-self regulation issued by the Swiss Bankers' Association, we have rolled out a training program to support client advisors in discussing the advantages and possibilities of refurbishment during the mortgage advisory process.

In addition, we have significantly invested in enhanced methodologies and data availability, including emissions calculations at a property-by-property level. In cases where data gaps remain e.g., regarding the type of heating system, we apply conservative assumptions. As a result of these changes, our residential real estate baseline is higher than the 2020 baseline shown in the sustainability reports 2021and 2022.

Globally, buildings contribute a substantial amount of the world's greenhouse gas emissions. Within Switzerland, the real estate sector overall (including commercial real estate) accounts for approximately 25% of the CO_2e emissions[7] and is thus at a central focus of Switzerland's net zero ambition, alongside the transport sector and industrial production.

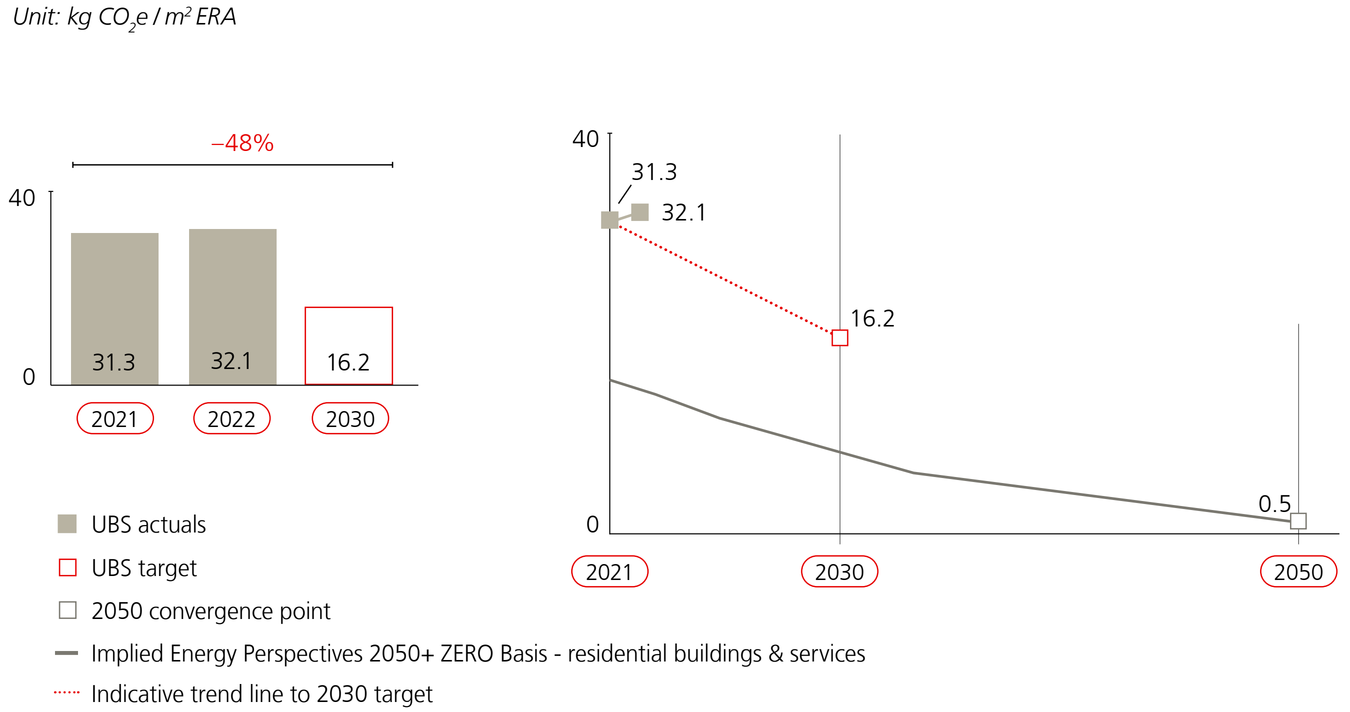
Our 2030 targets for Swiss residential real estate can only be achieved if supported by concerted policy action to further decarbonize real estate, e.g., by incentivizing improved building efficiency and the use of non-fossil fuel heating systems. UBS remains committed to contributing to a decarbonization of real estate in Switzerland and will continue to work closely with the industry associations, and government.

6 https://www.ubs.com/ch/en/private/mortgages/renovation-calculator.html
7 https://www.bafu.admin.ch/bafu/en/home/topics/climate/state/data/greenhouse-gas-inventory/buildings.html

Swiss commercial real estate

UBS is committed to reducing the emissions intensity (measured in kilograms of CO_2e per m^2 ERA[8]) of our Swiss commercial real estate financing activity by 48% by 2030 (compared with 2021 levels).

Swiss commercial real estate decarbonization pathway, 2021 – 2030



Progress against target

Our commercial real estate book includes loans that finance rented-out properties in multi-family homes, any other income-producing real estate, and own-use commercial real estate. This decarbonization pathway covers the lending engagements of our Swiss business, as described previously.. As for residential real estate, our commercial real estate financing portfolio has substantially expanded due to the acquisition of Credit Suisse Group.

As of the end of 2022, on a *pro forma* combined basis, UBS's estimated emissions intensity for the portfolio increased by 2% against the 2021 baseline, with an emissions intensity of 32.1 kg CO_2e / m^2 ERA. The increase was primarily driven by a change of the portfolio mix of properties financed by Credit Suisse Group, with an increased weight of properties with higher emissions characteristics.

This compares to a 7% reduction requirement implied by the Swiss government's "Energy Perspectives 2050+ ZERO Basis" scenario for residential buildings and services. We have selected this country-specific scenario as it is more representative than the IEA Net Zero Emissions by 2050 scenario used in Pre-acquisition UBS sustainability reports. This scenario also informed Switzerland's decarbonization ambitions for real estate as prescribed in the Swiss Climate and Innovation Act. UBS's emissions intensities actuals are higher than the benchmark for the reasons outlined above.

Methodology aspects

- **Scenario:** "Energy Perspectives 2050+ ZERO basis" for residential buildings & services
- **Metric:** Portfolio emissions intensity reported as kg CO_2e / m^2 ERA
- **GHG coverage:** CO_2 as reported or estimated, other GHG are considered immaterial for this sector.
- **Emissions scope:** Scopes 1 and 2
- **Value chain coverage:** Owners' or tenants' operational use

8 ERA: Energy Reference Area

How we support the transition to a low-carbon economy

Similar to the efforts made in respect to residential real estate, to help our clients with their renovations we have further developed our offering for Swiss commercial real estate clients and established partnerships with real estate specialists outside the financial industry. Among other benefits, these partnerships allow our clients to access a network of suppliers that can help implement energy efficiency measures for their investment properties.

As for residential real estate, we upgraded the approach for calculating the associated CO_2e emissions. We further aim to continue improving our methodology as well as the availability of building data, to ensure that we have consistent and accurate measurements, for example for the type of heating systems and energy-related building conditions, which will allow us to trade conservative assumptions for actual conditions.

As with residential real estate, the decarbonization of commercial real estate will be crucial for Switzerland to achieve its net zero ambition.

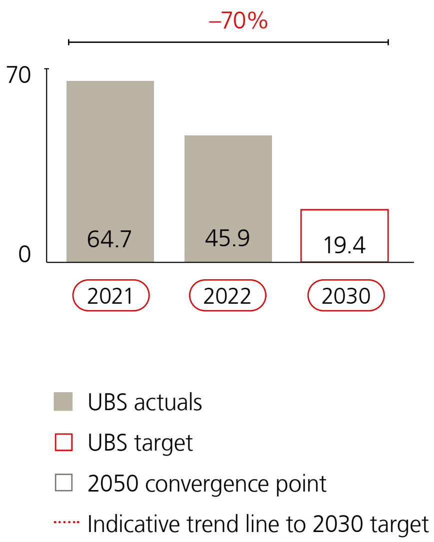
UBS remains committed to delivering on our 2030 decarbonization target across our commercial real estate portfolio and will continue to work with government and our industry peers to align on the required actions.

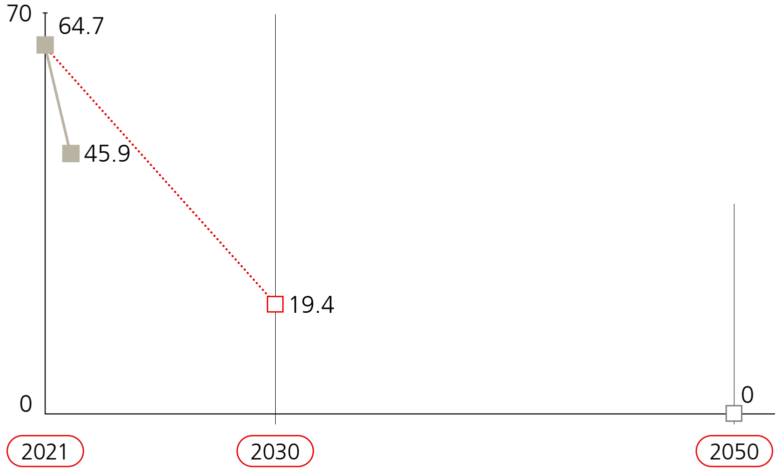
Fossil fuels

UBS is committed to an absolute emissions reduction (measured in millions of metric tons of CO_2e) of our fossil fuels portfolio by 70% by 2030 (compared with 2021 levels).

Fossil fuels decarbonization pathway, 2021 – 2030

Unit: million metric t CO_2e





Progress against target

As part of the acquisition of Credit Suisse Group, we have undertaken an extensive review of the combined fossil fuels portfolio. Informed by this review, we refined our fossil fuels target, which ensures the ambition level for absolute financed emissions reductions by 2030 is maintained relative to the previously disclosed targets of the separate entities.

As of the end of 2022, UBS achieved an estimated financed emissions reduction in the portfolio of 29% against the 2021 baseline, with financed emissions totaling 45.9 million metric tons of CO_2e, which is 23% below our indicative trend line to 2030. The reduction was primarily driven by an overall reduction of the financed portfolio and a significant reduction in exposure to coal.

Our assessment of the fossil fuels sector includes exploration, production, and refinery activities, as well as integrated companies operating across the value chain. Our baseline and target exclude activities such as transportation, retailing and trading. A significant share of our gross exposure not covered by this target is commodity trade financing for which guidelines and methodologies have yet to be developed.

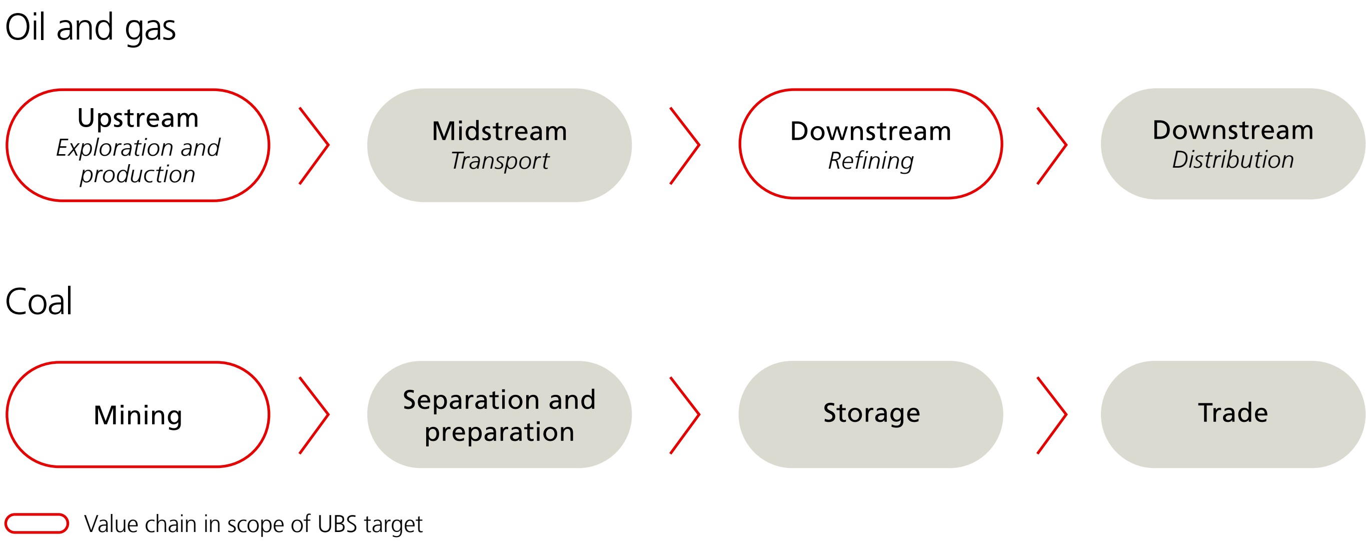
The energy market is gradually recovering from the COVID-19 pandemic and the impact of the Russia–Ukraine war. The IEA reported a record demand for oil in 2023[9] but still expects demand for all fossil fuels to peak before 2030.[10] In December 2023, COP28 ended with an historic agreement to accelerate action to transition away from fossil fuels in energy systems in this critical decade, so as to achieve net zero by 2050 in line with the science.

Methodology aspects

- **Scenario:** IEA NZE 2050 (WEO 2023 update)
- **Metric:** Absolute portfolio-financed emissions in million metric tons CO_2e
- **GHG coverage:** CO_2 as reported by counterparties
- **Emissions scope:** Scopes 1, 2 and 3
- **Value chain coverage:**

9 *https://www.iea.org/reports/oil-market-report-january-2024*
10 *https://www.iea.org/reports/world-energy-outlook-2023*

Part of the sectors' value chains in scope



How we support the transition to a low-carbon economy

Decarbonizing the fossil fuel sector is a key component of the transition to a low-carbon economy. Our clients are embarking on complex transition journeys and demand for transition financing is growing / remains robust.

We look for opportunities to help clients with diversifying their business mix, either through acquisitions, asset sales, or financing, as the world decarbonizes. For example, in 2023 UBS syndicated a loan for an independent Chinese energy client that has growth plans aimed at the energy transition, including areas such as clean energy infrastructure and aviation fuel.

The fossil fuels sectors account for a large proportion of global GHG emissions, while still being relied upon for energy security and affordability in many countries. The transition of oil and gas companies to provide lower-emissions energy will require the redeployment of capital toward low-carbon businesses such as renewables and green hydrogen, in addition to investments in energy efficiency, carbon capture and sequestration, and reduction of routine flaring.

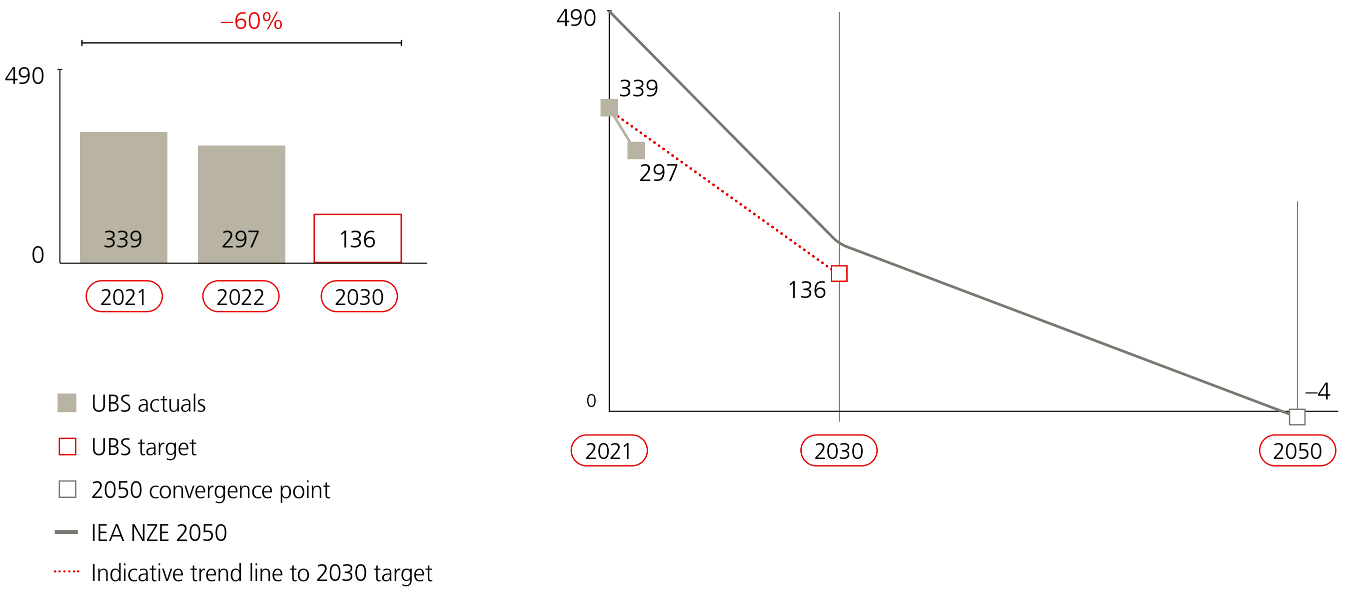
To achieve net zero by 2050 the sector remains dependent on the deployment of carbon capture utilization and storage (CCUS) for those facilities that are still in operation to cover the future demand. The oil and gas industry may be able to support the development at scale of several clean energy technologies which require high level of CAPEX investments, such as CCUS, low-carbon hydrogen, biofuels and renewables.

Power generation

UBS is committed to reducing the emissions intensity (measured in kg CO_2e / MWh) of our power generation portfolio by 60% by 2030 (compared with 2021 levels).

Power generation decarbonization pathway, 2021 – 2030

Unit: kg CO_2e / MWh



Progress against target

As of the end of 2022, UBS achieved an estimate emissions intensity reduction in the portfolio of 13% against the 2021 baseline, with an emissions intensity of 297 kg CO_2e / MWh, which is 6% below our indicative trend line to 2030. The reduction was primarily driven by an increase in exposure to clients with relatively low carbon intensity.

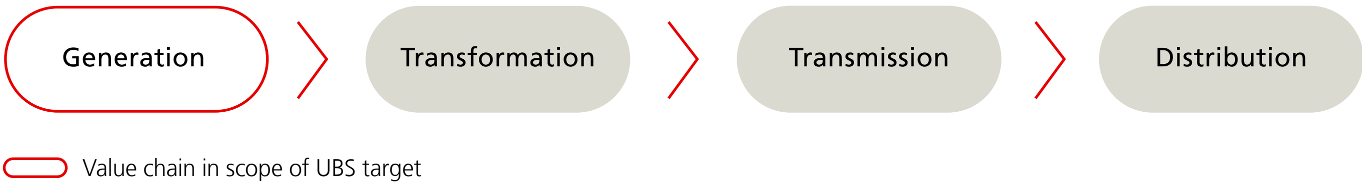
Recent data indicates that global annual investment in clean energy is growing faster than investment in fossil fuels, and the increased volatility in fossil fuels prices has accelerated the deployment of clean energy projects.[11] 90% of the increase in investments in clean energy in the period 2021–2023 took place in advanced economies (mainly the EU and the US) and China.[12]

Methodology aspects

- **Scenario:** IEA NZE 2050 (WEO 2023 update)
- **Metric:** Portfolio emissions intensity reported as kg CO2e / MWh
- **GHG coverage:** CO_2e as reported by counterparties.
- **Emissions scope:** Scope 1
- **Value chain coverage:**

Part of the sectors' value chain in scope

Power generation



11 *https://www.iea.org/reports/world-energy-investment-2023*
12 Idem

How we support the transition to a low-carbon economy

The power generation sector accounts for over 40% of global CO_2 emissions from fuel combustion.[13] Increased electric power demand, particularly driven by the electrification of the transport and industry sectors, will require a rapid scaling up of low-carbon and renewable power, especially in solar and wind.

We aim to engage with our clients to support them in adapting their energy mix and also increase our own exposure to lower emissions sources of energy. In 2023, we supported a power generation company based in Southeast Asia in the investment of a majority stake in an integrated developer and operator of solar power projects. The proceeds of the transaction will help fund a large solar photovoltaic and battery energy storage system (BESS) installation. It will displace approximately 2.8 million metric tons of coal per year and is a key project for the successful energy transition of the country. UBS's high share of renewable energy production, especially in Switzerland, contributes to our emissions intensity being below the IEA benchmark.

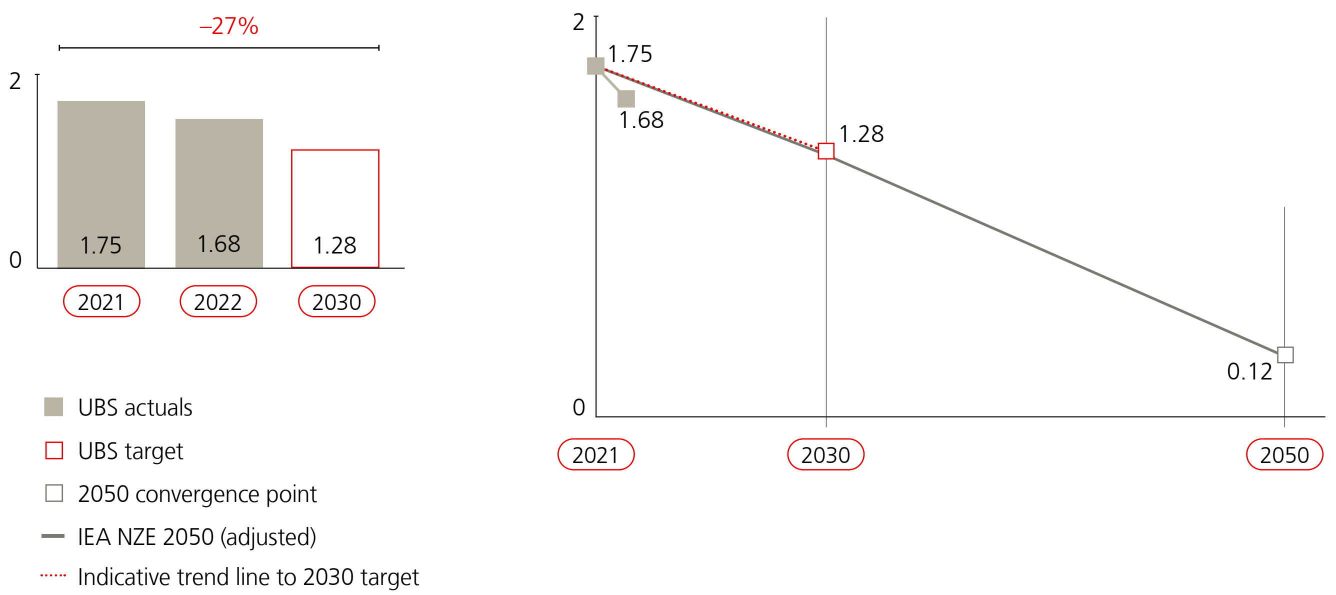
13 *https://www.iea.org/commentaries/tracking-the-decoupling-of-electricity-demand-and-associated-co2-emissions*

Iron and steel

UBS is committed to reducing the emissions intensity (measured in metric t CO_2 / metric t steel) of our iron and steel portfolio by 27% by 2030 (compared with 2021 levels).

Iron and steel decarbonization pathway, 2021 – 2030

Unit: metric t CO_2 / metric t steel



Progress against target

As of the end of 2022, UBS achieved an estimated emissions intensity reduction in the portfolio of 4% against the 2021 baseline, with an emissions intensity of 1.68 metric t CO_2 / metric t steel, which is 1% below our indicative trend line to 2030. The reduction was primarily driven by fluctuations in client exposure and emissions intensity reduction reported by our clients.

The iron and steel sector is the largest industrial coal user, being responsible for 7% of total energy-related CO_2 emissions. Shifting production to reduce the sector's reliance on coal while increasing scrap production and the use of direct reduction and electric arc furnaces will be crucial in the short term. While steel production decreased in 2022, it is expected to recover and grow in the coming years.[14]

Methodology aspects

- **Scenario:** IEA NZE 2050 (WEO 2023 update) The scenario is adjusted to consider scope 2 emissions.
- **Metric:** Portfolio emissions intensity reported as metric t CO_2 / metric t steel produced
- **GHG coverage:** CO_2 only as reported by counterparties and most material GHG for the sector
- **Emissions scope:** Scopes 1 and 2
- **Value chain coverage:**

Part of the sectors' value chain in scope

14 *https://www.iea.org/energy-system/industry/steel*

How we support the transition to a low-carbon economy

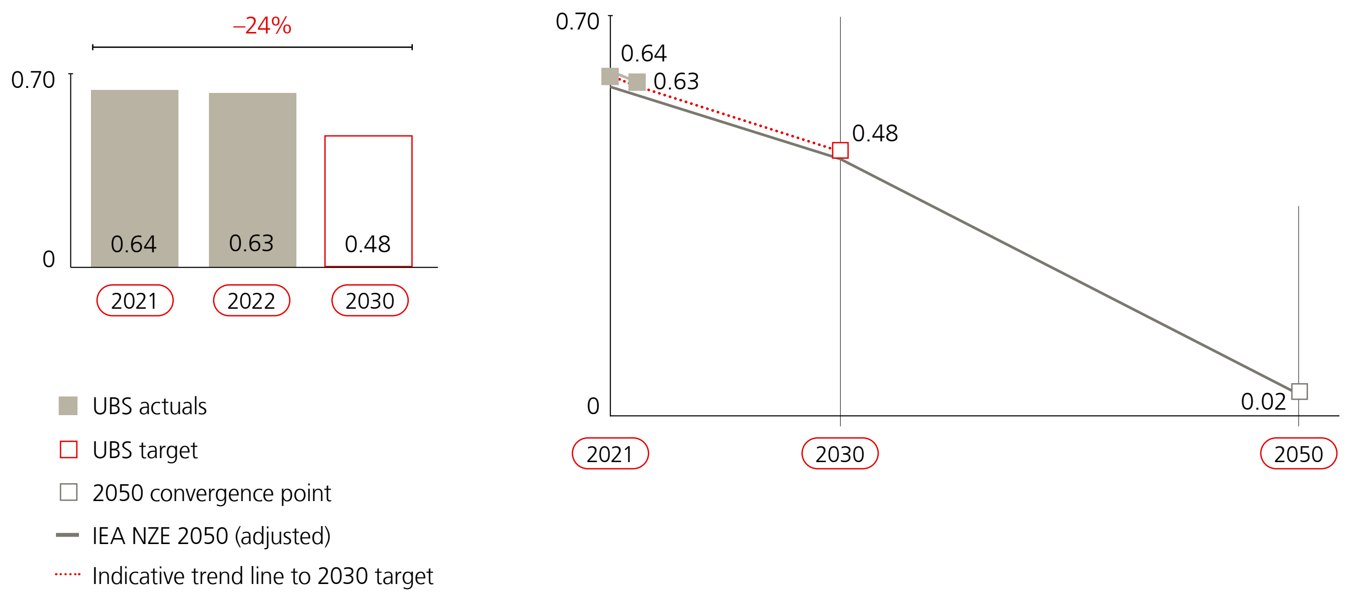
We will continue to support the transition of our clients' businesses. Transition projects in the steel sector are capital intensive and need to be adapted to their intrinsic long investment cycles. For one of our steel clients, green hydrogen is a key area of focus and a contributor towards its decarbonization journey. Our main clients are actively involved in engagement and transparency, showing commitment to reporting applying the Global Reporting Initiative (GRI) Standards and the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations as well as via CDP, and obtaining certifications for its sustainability efforts. We advise clients in strategic transformations to position their business for long-term viability and to support the low-carbon economy. To achieve net zero by 2050 the sector remains dependent on the commercialization and scaling up of low-carbon steelmaking technologies, which requires R&D, as well as robust policy and market incentives.

Cement

UBS is committed to reducing the emissions intensity (measured in metric t CO_2 / metric t cementitious) of our cement portfolio by 24% by 2030 (compared with 2021 levels).

Cement decarbonization pathway, 2021 – 2030

Unit: metric t CO_2 / metric t cementitious



Progress against target

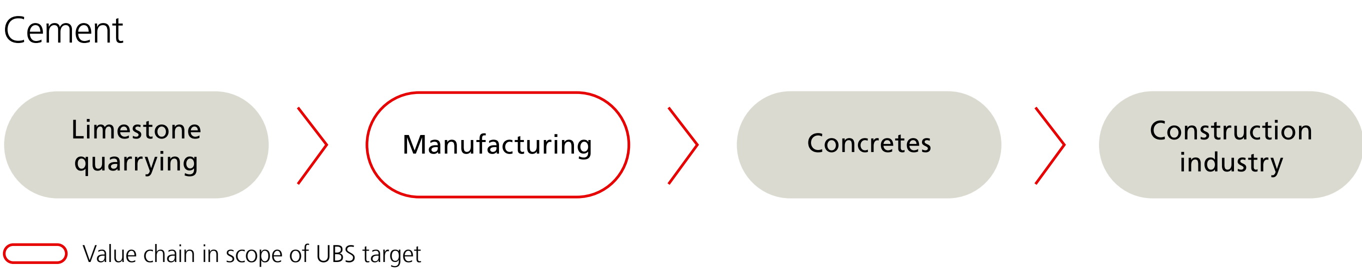
As of the end of 2022, UBS achieved an estimated emissions intensity reduction in the portfolio of 1% against the 2021 baseline, with an emissions intensity of 0.63 metric t CO_2 / metric t cementitious, which is 1% above our indicative trend line to 2030. The reduction was primarily driven by the reduction in emissions intensity achieved by our clients.

The global demand for cement declined in 2023, mainly as a result of China's real estate crisis and is expected to remain relatively flat in the IEA's Net-Zero Emissions scenario. Emissions intensity of cement production has remained flat in recent years, highlighting the need for development and deployment of new technologies.[15]

Methodology aspects

- **Scenario:** IEA NZE 2050 (WEO 2023 update) The scenario is adjusted to consider scope 2 emissions.
- **Metric:** Portfolio emissions intensity reported as metric t CO_2 / metric t cementitious
- **GHG coverage**: CO_2 only as reported by counterparties and most material GHG for the sector
- **Emissions scope:** Gross scope 1 and Scope 2
- **Value chain coverage:**

Part of the sectors' value chain in scope



15 *https://www.iea.org/reports/world-energy-investment-2023*

How we support the transition to a low-carbon economy

We believe our main clients in the cement industry are best in class in terms of ESG disclosures and externally verified emissions reduction targets, some of which contain interim 2030 targets. UBS has been a longstanding advisor to our larger cement clients, advising on various transactions across products, such as the acquisition of assets, disposal of certain business lines, equity raises and share buybacks. Our clients have identified significant opportunities to decarbonize and established credible climate roadmaps, with a proven track record of increasing emissions reductions. We will continue to support the transition of our clients, especially given the need for technological disruption in this sector.

Shipping (Credit Suisse AG – Poseidon Principles 2023 disclosure)

Purpose of the metric: To support our clients in the shipping sector to transition in line with our commitment to the Poseidon Principles (the PP). The PP are a framework for assessing and disclosing, on an annual basis, the climate alignment of in-scope ship finance portfolios (individual vessels weighted by their loan exposure with the reporting financial institution) to the ambition of the International Maritime Organization (the IMO),[16] including its 2023 Revised GHG Strategy[17] for GHG emissions from international shipping to decrease to net zero by or around 2050 (compared to 2008 levels) with interim targets in 2030 and 2040 on a well-to-wake (WTW) basis.

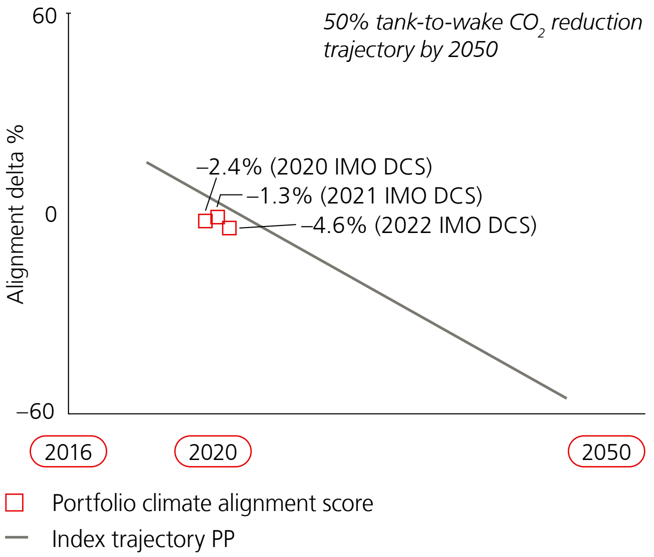
The first public disclosure of Credit Suisse's climate alignment took place through the PP organization in December 2021, alongside 22 reporting co-signatories,[18] based on 2020 data. The IMO's data collection regime is for each whole year, in arrears, with data collection being verified during the first half of the following year and provided to financiers thereafter. The PP initiative has since grown to 34 signatories, indicating that it is becoming well established in the ship finance industry. In December 2022, Credit Suisse made its second annual disclosure (based on 2021 data),[19] followed by its third public reporting under the PP (based on 2022 data).[20]

Coverage: Credit Suisse's reported portfolio (the Portfolio) is composed of in-scope vessels financed by the bank with individual vessel emissions assessed based on client data, all in accordance with the technical guidance of the PP. The reporting level for this year's disclosure is 96.9% (by loan exposure).

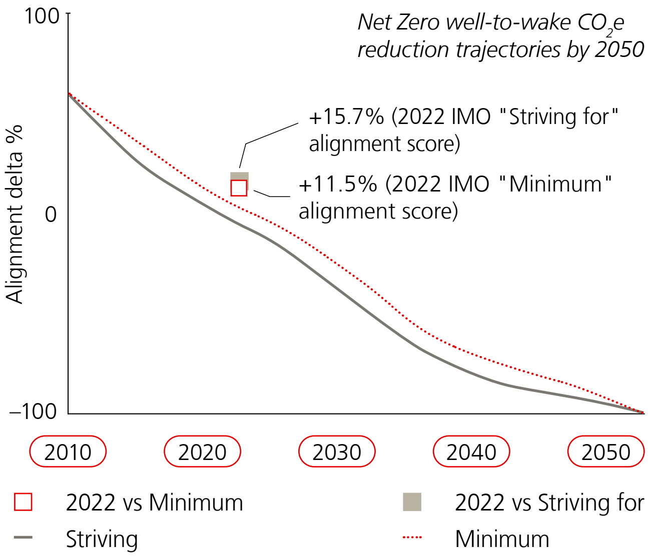
Direction: Credit Suisse has a focus on modern, energy-efficient tonnage operated by shipowners. The aim is to ensure that, notwithstanding fluctuations (largely due to vessel operational reasons and global market trends), the portfolio remains as closely aligned as possible to the decarbonization trajectories, as we support our clients in their transition to sustainable business models.

Shipping (Credit Suisse AG):

2018 IMO GHG Strategy (“IMO initial GHG Strategy”)



2023 IMO GHG Strategy (“IMO Revised GHG Strategy”)



16 "IMO 50" portfolio climate alignment with benchmark trajectory based on the IMO Initial GHG strategy to reduce GHG emissions by 50% until 2050 (measured on a tank-to-wake CO_2 basis, i.e., considers emissions from fuel usage).

17 The IMO Revised GHG Strategy sets out the following absolute reduction levels of ambition: (i) to reduce total annual GHG emissions by at least 20%, striving for 30%, by 2030 (compared with 2008); (ii) to reduce total annual GHG emissions by at least 70%, striving for 80%, by 2040 (compared with 2008); (iii) GHG emissions to peak as soon as possible and to reach net-zero GHG emissions by or around 2050; and (iv) carbon intensity to decrease in order to reduce CO_2 emissions per transport unit by at least 40% by 2030 (compared with 2008). The Revised GHG Strategy considers well-to-wake CO_2e emissions, i.e., it includes upstream emissions, as well as accounting for the impact of methane (CH_4) and nitrous oxide (N_2O).

18 Poseidon Principles 2021 annual disclosure reporting is published at: *https://www.poseidonprinciples.org/finance/wp-content/uploads/2021/12/Poseidon-Principles-Annual-Disclosure-Report-2021.pdf*

19 Poseidon Principles 2022 annual disclosure reporting is published at: *https://www.poseidonprinciples.org/finance/wp-content/uploads/2022/12/Poseidon-Principles-Annual-Disclosure-Report-2022.pdf*

20 Poseidon Principles 2023 annual disclosure reporting is published at: *https://www.poseidonprinciples.org/finance/wp-content/uploads/2023/12/Poseidon-Principles-2023-Annual-Disclosure-Report.pdf*

Progress against target

This is our third year of disclosure under the Poseidon Principles. We are pleased with the further improved reporting level and responsiveness of our clients. With our portfolio alignment under the "IMO initial GHG Strategy" remaining below trajectory we note that results under the "IMO Revised GHG Strategy" are reflective of the integration of lifecycle fuel emissions, methodological adjustments and the more ambitious stance taken by the IMO as an outflow of MEPC 80. Results continue to be materially driven and may fluctuate each reporting year by ship types, vessel operations, markets, trading patterns and portfolio composition. Ongoing work at the Poseidon Principles, enhanced regulatory guidance and other external factors such as the increasing availability of different fuel types are expected to impact future results. Whilst the use and publication of climate alignment scores facilitates transparency, long term and sustainable alignment of shipping portfolios will require further rigid and well-coordinated decarbonization efforts by the industry.

Methodology aspects

- Following the IMO Revised GHG Strategy adopted during MEPC 80 in July 2023, the PP reporting framework was revised so as to be aligned with the revised IMO ambition. The PP 2023 reporting consists of benchmarking against three trajectories, one based on IMO 50 as in previous years and two new trajectories based on the IMO Revised GHG Strategy for reporting accordingly: (i) defined by the minimum requirement with a 20% reduction by 2030, a 70% reduction by 2040 (compared with 2008 emissions) leading to net zero by 2050; and (ii) defined by the higher level of ambition with a 30% reduction by 2030, a 80% reduction by 2040 (compared with 2008 emissions) leading to net zero by 2050.
- The IMO Revised GHG Strategy based trajectories inter alia includes the expansion of reporting to WTW emissions, and emissions boundary now includes the impact of non-CO_2 GHG species, i.e., methane (CH_4) and nitrous oxide (N_2O).
- Following the inclusion of WTW CO_2e emissions by providing a set of emission factors that can be applied to the existing IMO DCS data and the Annual Efficiency Ratio (AER) calculation, the existing carbon intensity metric g CO_2 / dwt-nm for the IMO Revised GHG Strategy based trajectories is replaced by the WTW GHG intensity metric g CO_2e / dwt-nm. This metric is calculated by using the total possible annual transport work performed by a ship, obtained from its total distance travelled and DWT (in metric ton units).
- According to the PP, there is ongoing industry discussion on the usage of appropriate methodologies (such as AER and Energy Efficiency Operational Index) to measure shipping emissions, decarbonization trajectories and the means to drive improvement.
- Ongoing work at the PP and more granular guidance becoming available from the IMO will likely lead to further revisions of trajectories and underlying methodologies going forward.

How we support the transition to a low-carbon economy

The Poseidon Principles are embedded in our sustainability and risk assessment process for Ship Finance which forms part of the bank's ship financing strategy. Understanding clients' decarbonization strategies is important to us as determining our future alignment score under the Poseidon Principles. We are assisting clients in lowering the GHG emission intensity of their fleets through customized products (which include financings for vessels equipped with solar panels, air lubrication or other energy saving technologies as well as green loans). The transparency of data and the participation in decarbonization initiatives, including the Poseidon Principles, assist in informing and supporting our client discussions.

Entity-specific disclosure

UBS AG consolidated

Climate-related lending metrics (UBS AG consolidated)

	For the year ended		% change from
	31.12.22	31.12.21	31.12.21
Lending[1, 2]			Baseline 2021
Swiss residential real estate (scopes 1 and 2 kg CO_2e / m^2 ERA)[3]	**34.0**	36.4	(7)
Swiss commercial real estate (scopes 1 and 2 kg CO_2e / m^2 ERA)[3]	**26.1**	25.2	4
Fossil fuels (scopes 1, 2 and 3 million metric t CO_2e)	**6.4**	7.3	(13)
Power generation (scope 1 kg CO_2e / MWh)	**154**	157	(2)
Iron and steel (scopes 1 and 2 metric t CO_2 / metric t of steel)	**0.64**	0.78	(19)
Cement (scopes 1 and 2 metric t CO_2 / metric t of cementitious)	**0.64**	0.65	(1)

1 Refer to "Climate-related methodologies – decarbonization approach for our financing activities" in the "Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at ubs.com/sustainability-reporting, for more information about scope and methodologies used to estimate metrics. 2 Based on gross exposure, which includes total loans and advances to customers, fair value loans and guarantees as well as irrevocable loan commitments. Refer to the Basis of Reporting for exclusions and parts of the value chain within sectors covered by metrics and targets. 3 ERA: Energy Reference Area.

Credit Suisse AG consolidated

Credit Suisse AG had (as set out in the Credit Suisse Group Sustainability Report 2022) previously set targets for the automotive and aluminum sectors. As these sectors did not meet the exposure or emissions materiality thresholds calculated based on estimated 2023 exposure for the combined portfolios, they have been deprioritized for target setting at this time and are not included in the present appendix.

Climate-related lending metrics (Credit Suisse AG consolidated)

	For the year ended		% change from
	31.12.22	31.12.21	31.12.21
Lending[1, 2]			Baseline 2021
Swiss residential real estate (scopes 1 and 2 kg CO_2e / m^2 ERA)[3]	**40.7**	42.1	(3)
Swiss commercial real estate (scopes 1 and 2 kg CO_2e / m^2 ERA)[3]	**37.9**	37.5	1
Fossil fuels (scopes 1, 2 and 3 million metric t CO_2e)	**39.5**	57.4	(31)
Power generation (scope 1 kg CO_2e / MWh)	**324**	364	(11)
Iron and steel (scopes 1 and 2 metric t CO_2 / metric t of steel)	**1.77**	1.84	(4)
Cement (scopes 1 and 2 metric t CO_2 / metric t of cementitious)	**0.61**	0.62	(1)
Poseidon Principles disclosure [1]			
Shipping (delta alignment to Poseidon Principles "IMO 50" trajectory)[4]	**-4.6%**	-1.3%	n/a
Shipping (delta alignment to "IMO 2023 minimum trajectory")[5]	**11.5%**	n/a	n/a
Shipping (delta alignment to "IMO 2023 striving for trajectory")[5]	**15.7%**	n/a	n/a

1 Refer to "Climate-related methodologies – decarbonization approach for our financing activities" in the "Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at ubs.com/sustainability-reporting, for more information about scope and methodologies used to estimate metrics. 2 Based on gross exposure, which includes total loans and advances to customers, fair value loans and guarantees as well as irrevocable loan commitments. Refer to the Basis of Reporting for exclusions and parts of the value chain within sectors covered by metrics and targets. 3 ERA: Energy Reference Area. 4 Poseidon Principles "IMO 50" trajectory is not 1.5C aligned. 5 The IMO Revised GHG Strategy sets out the following absolute reduction levels of ambition: (i) to reduce total annual GHG emissions by at least 20%, striving for 30%, by 2030 (compared with 2008); (ii) to reduce total annual GHG emissions by at least 70%, striving for 80%, by 2040 (compared with 2008); (iii) GHG emissions to peak as soon as possible and to reach net-zero GHG emissions by or around 2050; and (iv) carbon intensity to decrease in order to reduce CO_2 emissions per transport unit by at least 40% by 2030 (compared with 2008). The Revised GHG Strategy considers well-to-wake CO_2e emissions, i.e., it includes upstream emissions, as well as accounting for the impact of methane (CH_4) and nitrous oxide (N_2O). The IMO updated trajectories are not 1.5°C aligned.

Climate-related methodologies – defining investment portfolios with net-zero ambition

To provide choice for our clients and to effectively monitor our progress towards our target, UBS AG Asset Management use a clearly defined framework to assess whether a product has a net-zero ambition. The framework is based on the Net Zero Asset Managers initiative's guidance on assets committed to be managed in line with attaining net-zero emissions by 2050 or earlier, as well as guidance from other industry bodies. From this we have derived the following guiding principles when defining an investment portfolio as having a net-zero ambition:

– The portfolio has a defined decarbonization target, a commitment to increasing portfolio coverage of SBTi-verified targets and/or invests in climate solutions that enable net-zero global GHG emissions by 2050.

– The portfolio makes a contribution to the transition to a low-carbon economy where relevant companies, partners, managers, borrowers, tenants and vendors that are not currently meeting or aligned with net zero are the subject of direct or collective engagement and stewardship actions.

– Offsets may be used to enable or support long-term carbon removal where there are no technologically and/or financially viable alternatives to eliminate emissions; and

– Monitoring and annual disclosure of progress toward portfolio-level targets.

Our framework provides guidance on using decarbonization pathways and net-zero-aligned benchmarks with the aim of reducing the weighted average carbon intensity of individual strategies consistent with a fair-share reduction of 50% in the period 2019–2030. Portfolio target levels are expressed in terms of interim milestones or an annualized decarbonization rate (absolute or intensity) and reference a relevant science-based net-zero pathway (currently defined in relevant climate models as 1.5°C). Targets are set using scope 1 and 2 emissions, with the inclusion of scope 3 guided by the availability of quality data and regulatory requirements. Decarbonization can be achieved through various approaches depending on the strategy. Some examples include tracking a relevant index that follows a net-zero pathway, actively managing the portfolio carbon profile against a relevant benchmark and managing carbon reduction to a specified pathway. During 2023, we also introduced the industry-accepted Science-Based Targets initiative (SBTi) verification of corporate targets as an additional indicator of net-zero alignment.

For our direct investments in real estate, we apply science-based carbon and energy reduction pathways and the IPCC "below 1.5°C with no or limited overshoot" scenario emissions-reduction target range to guide the decarbonization of assets. The pathways and decarbonization targets support the progress of an asset's carbon reduction performance toward achieving interim targets and reaching net zero by 2050.

Climate-related methodologies – our own operations

We have prepared our greenhouse gas (GHG) reporting in accordance with the key concepts and requirements stated by the International Organization for Standardization (the ISO) in ISO 14064-1:2018 (specification with guidance at the organization level for quantification and reporting of GHG emissions and removals), the World Business Council for Sustainable Development and the World Resources Institute in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

All GHG emission figures are in metric tons of carbon dioxide equivalents (CO_2e) and include three of the six GHGs covered by the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). Hydrofluorocarbons (HFCs) emissions have been included in our reporting where we've had losses of refrigerant gasses. We have no GHG sources contributing to perfluorocarbons (PFCs) or sulfur hexafluoride (SF_6) emissions.

Direct GHG emissions and indirect GHG emissions from electricity have been reported by UBS Group and its branches and representative offices, and entities where UBS has operational control and through which UBS conducts its banking and finance business or provides services in support of such business.

We have determined the GHG emissions associated with UBS's activities on the basis of measured or estimated activity data (e.g. kWh electricity used, km air travel), multiplied by relevant GHG emission factors. Where possible, fuel or energy use is based on direct measurement, purchase invoices or actual mileage data covering more than 80% of our reported energy usage. In other cases, it has been necessary to make estimations.

GHG emissions sources are included as follows:

Direct emissions (scope 1) incurred through: burning of fossil fuels (e.g. heating oil, gas), loss of refrigerants, use of company vehicles.

Indirect emissions (scope 2) incurred through: purchased electricity, including electricity related to IT usage at various type of data hosting facilities not under UBS operational control; district heating and cooling of buildings.

Other indirect GHG emissions (scope 3) incurred through: paper consumption, waste generation, water usage, business travel in non-company-owned or –controlled vehicles such as rental cars, employee cars, trains, commercial planes or chartered jets, energy related activities not covered under scopes 1 and 2.

We have used published national conversion factors and global warming potentials to calculate emissions from operations. In the absence of any such national data, the UK Department for Environment, Food & Rural Affairs (DEFRA)'s "Greenhouse Gas Conversion Factors for Company Reporting" and in some cases VfU[1] indicators have been used for the calculation of GHG emissions.

In June 2023, UBS acquired the Credit Suisse Group. Through the similarity of the operational scope and boundaries as well as both companies' history of voluntary GHG emissions disclosure, it was possible to integrate the GHG emissions calculations. The new joint base year was set to 2019 (Jan to Dec). The appropriateness of the base year is reviewed on an annual basis.

Due to the significant change in scope, UBS is therefore restating its 2019-2022 GHG emissions reporting.

1 Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V.

Climate-related methodologies – identifying GHG key vendors in our supply chain

We have used a combination of our annual spend with vendors and emission factors – with vendors' primary emission intensity taken from the CDP, where data is adequate and verified, and for others the WaterShed CEDA multi-regional input/output emission factor database per industry – to identify likely top emitters in our supply chain. When identifying supply-chain-relevant top emitters, we excluded any spend that is covered in scope 1 and 2 or in non-vendor relevant scope 3 subcategories. Vendors that collectively account for more than 50% of our estimated vendor GHG emissions are called GHG key vendors.

Formula:

Sum across purchased goods or services

$$\sum (\text{value of purchased goods or services (USD)} \times \text{emission factor of purchased good or service per unit of economic value (kg } CO_2e/\text{USD))}$$

Our GHG key vendor list is revised annually to take into consideration changes in spend and business relationships.

ESG-related methodologies – adequate ESG performance of vendors in our supply chain

We monitor the environmental, social, governance (ESG) performance of our vendors by reviewing ESG ratings provided by leading market data providers along with our own Responsible Supply Chain Management (RSCM) assessment. Vendors are classified as platinum, gold, silver, bronze or unsatisfactory, based on the range of their ESG performance (e.g., platinum if all green or unsatisfactory if more than one red). Vendors are considered as having a an adequately high ESG performance if they are platinum, gold or silver. A bronze or unsatisfactory performance is not considered an adequately high ESG performance.

Reducing our environmental footprint – additional information

Environmental targets and performance in our operations

Our environmental and greenhouse gas (GHG) reporting has been prepared based on UBS's financial reporting period (1 January 2023 to 31 December 2023). Unless otherwise stated, we have adopted UBS previously stated targets for the new combined group. To be able to show the joint progress against these targets and be aligned with the financial reporting year, we have revised the target baseline from 2020 (1 July 2019 to 30 June 2020) to calendar year 2019 (1 January to 31 December).

Approach to climate and GHG emissions

Our GHG footprint consists of direct (scope 1) emissions from gas, oil and fuel consumption as well as refrigerant losses, indirect (scope 2) emissions from electricity and district heating and other indirect emissions (scope 3) from energy-related activities, paper, waste, water and business travel. Since 2007, we have voluntarily purchased carbon avoidance credits equivalent to our air travel emissions for UBS Group excluding Credit Suisse. In 2021, Pre-acquisition UBS committed to also offset historical scope 1 and 2 emissions dating back to the year 2000.

We have set an ambitious target for minimizing our scope 1 and 2 emissions through energy efficiencies and switching to more sustainable energy sources. We will also procure credible carbon removal credits to neutralize any residual emissions down to zero by 2025[1]. Our first priority in reaching this target is reducing emissions at source. We are accelerating the switch from fossil fuel heating systems to heat pumps or district heating in our real estate and refurbishing our buildings to make them more energy-efficient. In addition, we purchase renewable electricity through recognized instruments (RECs, vPPA, PPA). Our second priority is ensuring that we have enough high-quality carbon removal certificates available from 2025 onward to neutralize the residual emissions[1]. Our focus here is on technology solutions, as we want to ensure that the captured CO_2 is permanently stored. To this end we opted in 2022 to contract more than 80,000 metric tons of carbon removal.

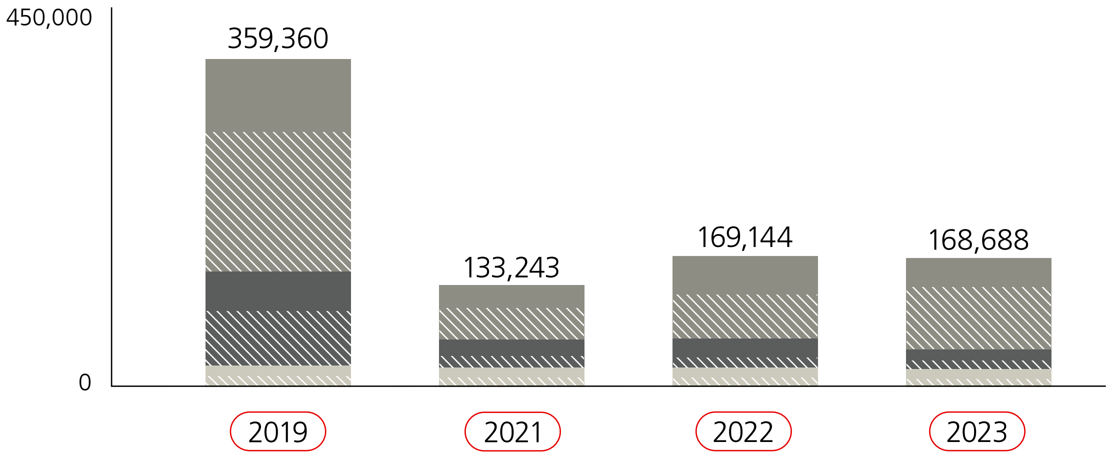
We are working with two Swiss companies, Climeworks and neustark, which both offer pioneering innovative carbon removal technologies. While neustark endeavors to remove CO_2 from the atmosphere and permanently store it in recycled concrete, Climeworks' Orca direct air capture and storage facility in Iceland captures CO_2 directly from the atmosphere and stores it underground in basalt rock for thousands of years. The solution provided by neustark is the first-ever technological carbon removal approach with a Gold Standard-approved methodology. We were also among the five companies joining the NextGen CDR Facility (NextGen) as founding buyers to scale up carbon removal technologies and catalyze the market for high-quality carbon removal.

As part of our transition strategy to 2025, we are committed to purchasing high-quality carbon offsets verified against the Gold, Verra VCS and additional Climate, Community and Biodiversity Standards for our net scope 1 and 2 emissions, as well as our scope 3 air travel emissions as part of beyond-value chain mitigation.[2] Our carbon offset commitments undergo rigorous due diligence processes with increasingly stringent internal quality checks with our Sustainability and Climate Risk team, to ensure that our projects have genuine and verifiable positive impact. We are also increasing our focus on transparent, credible, and sustainable projects that will form the core foundation of our net-zero commitment, and we will continue working with our partners and industry to support and invest in the most scalable and effective solutions in the market.

1 Scope 2 emissions are market-based emissions. The remaining scope 1 and 2 emissions may be in excess of the approximately 5-10% residuals required for net zero (per the definition of a "net-zero target" by the ESRS E1 Climate Change per delegated act, adopted on 31 July 2023), which is our ambition for 2050. In 2024, we will be reviewing our 2025 scope 1 and 2 target for achievability for the combined organization and alignment with latest guidance.
2 Scope UBS Group excluding Credit Suisse

Greenhouse gas (GHG) footprint UBS Group

In metric tons CO_2e



UBS Group excluding Credit Suisse – Direct GHG emissions (oil, gas, fuel, refrigerant losses)

UBS Group excluding Credit Suisse – Indirect GHG emissions (electricity, heat)

UBS Group excluding Credit Suisse – Other indirect GHG emissions (business travel, paper, waste, water)

Credit Suisse Group – Direct GHG emissions (oil, gas, fuel, refrigerant losses)

Credit Suisse Group – Indirect GHG emissions (electricity, heat)

Credit Suisse Group – Other indirect GHG emissions (business travel, paper, waste, water)

Sustainable real estate

Our commitment to sustainability is evident throughout our real estate footprint and the continual improvement of our sustainable real estate guidelines, a critical step in driving our locations' evolution toward achieving our long-term ambitions. We strive to align our real estate footprint with the needs of our clients, our employees and our businesses. This means rightsizing our portfolio, increasing the collaboration space and transforming our workplace as digitalization redefines the way we do business and use our space. Our buildings are built to the highest standards, as confirmed by our certification by internationally recognized green-building standards.

Total number of LEED certifications in UBS regions

UBS locations	LEED Platinum	LEED Gold	LEED Silver	LEED certified
Switzerland	1	1		
EMEA	5	2		
Americas	5	23	5	4
Asia Pacific	11	9		

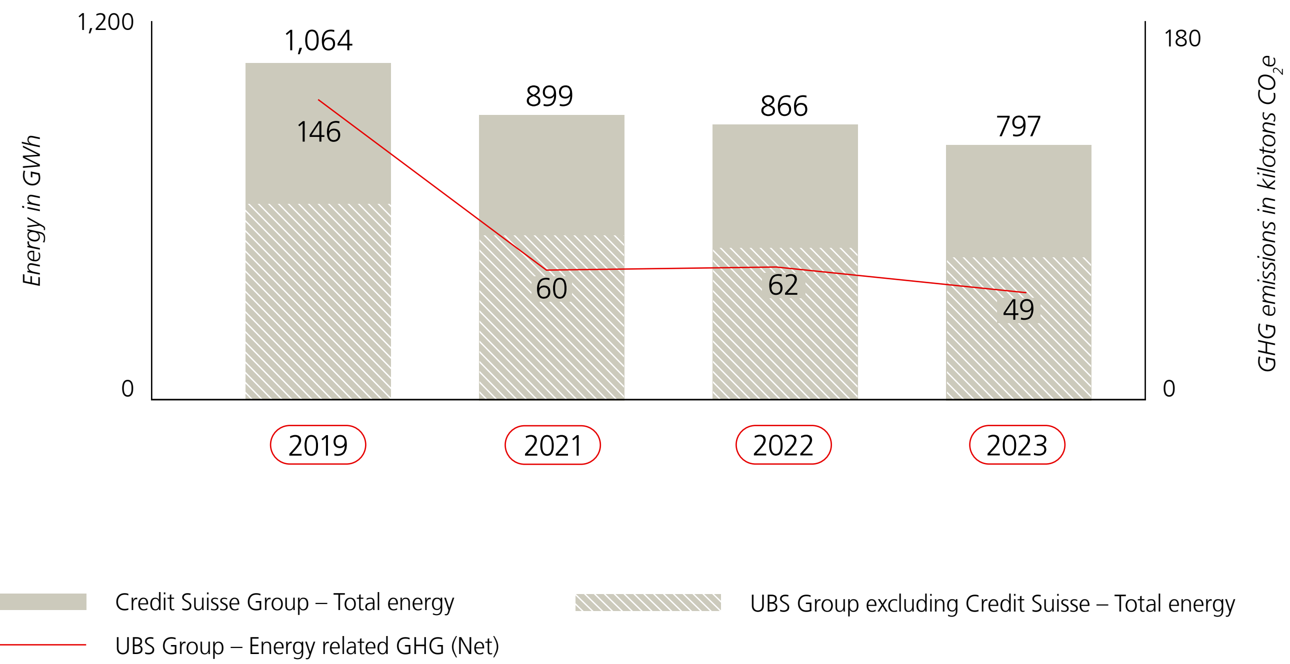
› **For more details on Leadership in Energy and Environmental Design (LEED) certifications refer to usgbc.org/projects**

Energy consumption

In 2023, we used 797 GWh gigawatt hours (GWh), an 8% reduction compared with 2022. Our success was mainly driven by firm-wide environmental and energy management measures and the transition to a flexible hybrid working model.

We recognize the need to reduce emissions at source and apply an "only use what you need" philosophy. Data centers account for a significant proportion of global carbon emissions. Our Sustainable Technology initiative is aimed at reducing that figure and boosting awareness of the issue among technology professionals and other stakeholders. Pre-acquisition UBS had already committed to a 15% reduction in energy consumption by 2025 and has now integrated Credit Suisse consumption into this target. A series of flagship consolidation projects will significantly contribute toward achieving this target.

Energy consumption and related greenhouse gas emissions UBS Group

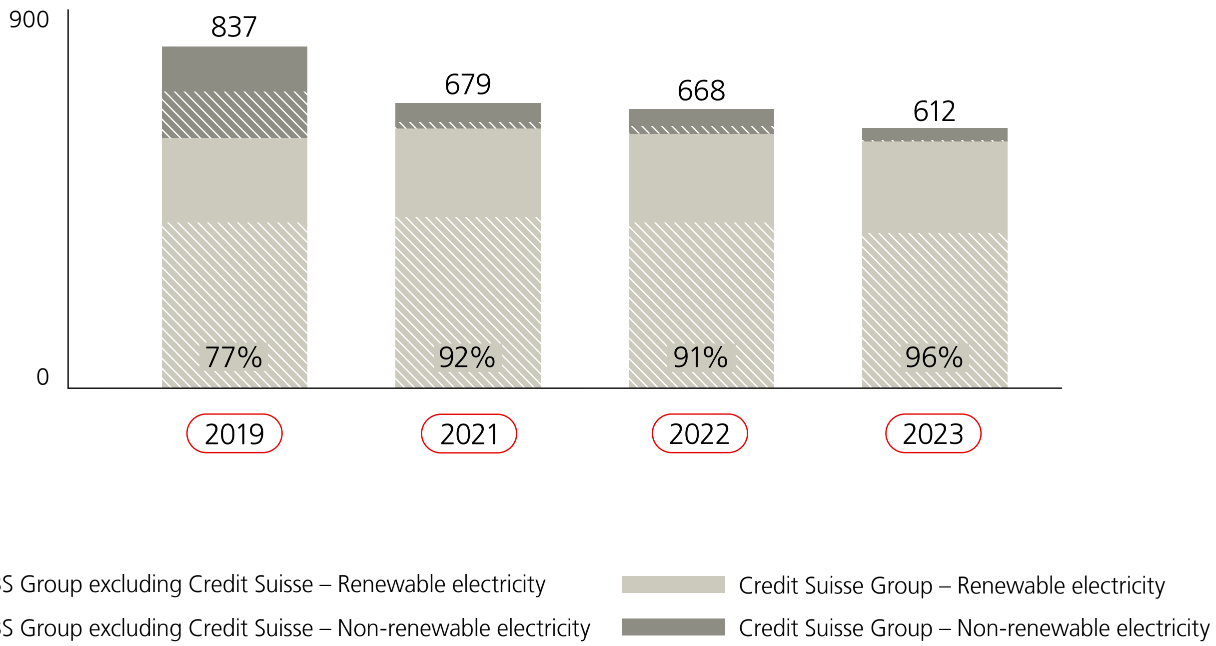


Renewable energy

We have significantly increased the level of renewable electricity consumed since the baseline year 2019. We have done this through recognized renewable electricity instruments, blending long-term agreements (vPPA/PPA) and the purchase of renewable energy credits (RECs). We opted to disclose only renewable electricity in line with RE100 in the UBS Group Sustainability Report 2023 as we are committed to achieving the sourcing of 100% according to this high standard across the combined group. Due to the increased real estate portfolio globally, and limited supply in certain markets, we were able to procure 96% renewable electricity according to RE100's guidelines. In keeping with UBS's high ambition in sustainability, we will analyze a feasible timeline for 100% RE100 compliance during 2024 and review our purchasing strategy to define acceptable quality criteria on the way to full compliance. We will continue to, wherever possible, invest in on-site renewables for our strategic sites.

Electricity consumption and share of electricity from renewable sources UBS Group

in GWh



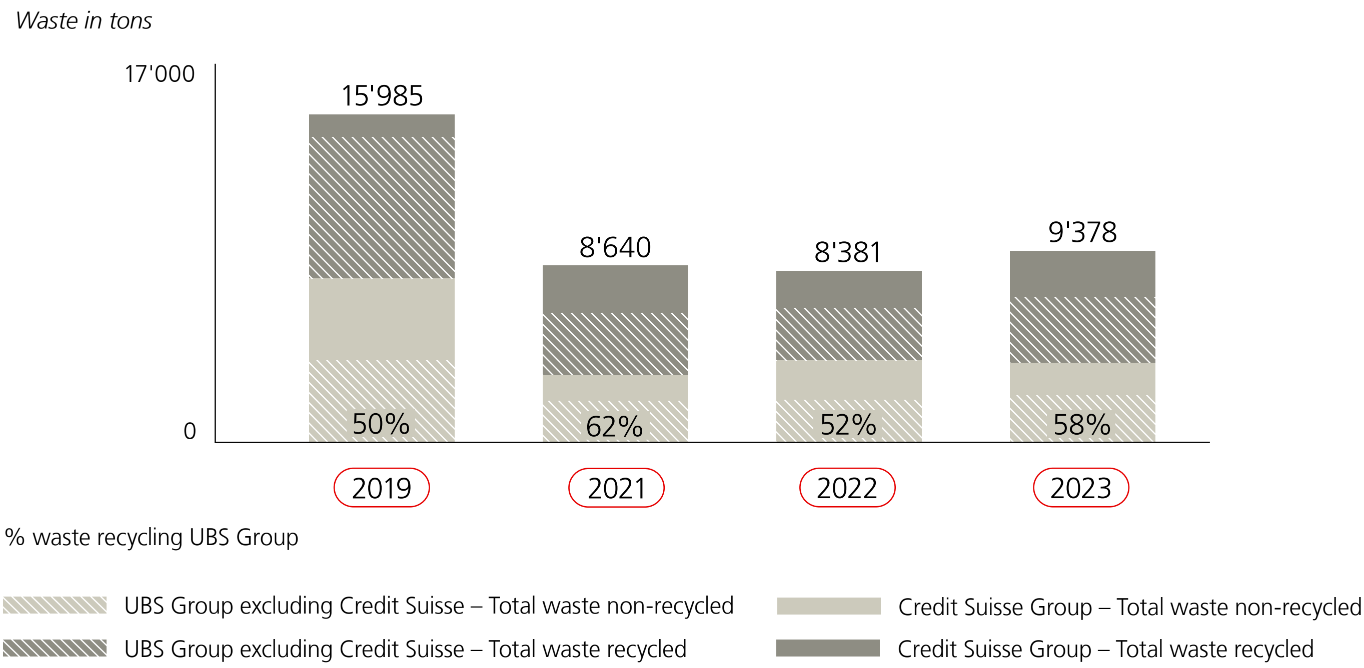
Business travel

In 2023, we saw an increase in business travel as the effects of the pandemic faded. Our commitment is to continue putting sustainability at the heart of our business travel program. Through transparent internal reporting of emissions associated with travel, targeted awareness measures and offering the most sustainable travel alternatives, we work to keep the environmental impact of travel at a low level.

Paper

The paper consumption per FTE increased in 2023 by 27% year on year. Globally, around 65% of our paper consumption originates from recycled sources or those certified by the Forest Stewardship Council (the FSC).

Waste generation and disposal method UBS Group



Waste and recycling

We continued our ongoing waste reduction activities but currently see an increase in the amount of waste generated per FTE as shown in the graph above. We donate, recycle and resell unwanted office furniture at sites across the globe. We also target food waste reduction through close collaboration with our catering partners.

Zero waste to landfill

In 2023, we sent approximately 2,009 metric tons of waste to landfill globally, which is a reduction by 21% compared to the prior year. We are working with local teams to explore opportunities to reduce general waste volumes and divert remaining general waste from landfill, in buildings where UBS has influence and alternatives are available.

Water

Preserving water resources remains critical. As part of our ongoing commitment to implement our sustainable real estate guidelines, we are focused on enhancing water efficiency within our premises. This helps us to accelerate our water savings, through measures such as rainwater collection and aerator taps. As a consequence of the rebound from the pandemic years when water consumption dropped to a minimum, we've seen an increase in our water consumption compared to 2022. We are however still overachieving the announced 2025 water consumption reduction target.

Environmental indicators (UBS Group)[1]

		GRI[3]	2023[2] Absolute normalized[4]	2023[2] Trend[5]	2022[2] Absolute normalized[4]	2021[2] Absolute normalized[4]
Environment	**Total direct and intermediate energy consumption[6]**	302	797 GWh	↘	866 GWh	899 GWh
	Total direct energy consumption[7]	302	104 GWh	→	109 GWh	119 GWh
	Natural gas		68.9%	→	70.6%	88.1%
	Heating oil		17.9%	↑	15.3%	5.2%
	Fuels (petrol, diesel, gas)[8]		12.6%	↘	13.5%	6.1%
	Renewable energy (solar power, etc.)		0.6%	→	0.6%	0.7%
	Total intermediate energy purchased[9]	302	693 GWh	↘	757 GWh	781 GWh
	Electricity		612 GWh	↘	668 GWh	679 GWh
	Electricity from gas-fired power stations[10]		2.0%	↓	2.8%	2.2%
	Electricity from oil-fired power stations[10]		0.6%	↘	0.6%	0.6%
	Electricity from coal-fired power stations[10]		1.4%	↓	3.2%	2.2%
	Electricity from nuclear power stations[10]		0.4%	↓	2.3%	2.7%
	Electricity from hydroelectric power stations[10]		37.9%	↑	29.5%	45.1%
	Electricity from other renewable resources[10]		57.7%	↘	61.6%	47.2%
	Heat (e.g., district heating)[11]		81 GWh	↘	89 GWh	102 GWh
	Share of electricity from renewable sources[12]	302	95.6%	→	91.1%	92.3%
Travel	**Total business travel**		310 m Pkm	→	311 m Pkm	88 m Pkm
	Rail travel[13]		3.6%	↗	3.1%	5.9%
	Road travel[13]		10.0%	↑	5.4%	13.7%
	Air travel		86.4%	↘	91.5%	80.3%
	Number of flights (segments)		130,836	→	137,218	40,383
Paper	**Total paper consumption**	301	4,150 t	↑	3,401 t	4,473 t
	Post-consumer recycled		4.5%	↓	6.0%	4.1%
	New fibers FSC[14]		60.6%	↑	46.7%	57.1%
	New fibers ECF + TCF[14]		34.9%	↓	47.3%	38.8%
	New fibers chlorine-bleached[14]		0.00%	↓	0.01%	0.01%
Waste	**Total waste**	306	9,378 t	↗	8,381 t	8,640 t
	Valuable materials separated and recycled		57.7%	↗	52.2%	61.5%
	Incinerated		20.9%	↑	17.3%	16.3%
	Landfilled		21.4%	↓	30.5%	22.2%
	Total water consumption[15]	303	1.22 m m^3	↑	1.04 m m^3	0.84 m m^3
Greenhouse Gas (GHG)	**Direct greenhouse gas (GHG) emissions (scope 1)[16]**	305-1	23,005 t	↘	25,167 t	24,941 t
	Gross location-based energy indirect GHG emissions (scope 2)[16]	305-2	156,316 t	↘	164,717 t	196,195 t
	GHG reductions from renewable energy[17]		130,799 t	→	128,257 t	161,247 t
	Market-based energy indirect GHG emissions (scope 2)[16]	305-2	25,517 t	↓	36,460 t	34,948 t
	Gross other indirect GHG emissions (gross scope 3)[16]	305-3	120,166 t	↗	107,517 t	73,354 t
	GHG offsets (business air travel)[18]		0 t	→	0 t	0 t
	Net other indirect GHG emissions (net scope 3)[16]		120,166 t	↗	107,517 t	73,354 t
	Total gross GHG emissions	305-3	299,486 t	→	297,401 t	294,490 t
	Total net GHG emissions (GHG footprint)[19]		168,688 t	→	169,144 t	133,243 t

Legend: GWh = gigawatt hour; Pkm = passenger kilometer; t = metric ton; m^3 = cubic meters; m = million; CO_2e = CO_2 equivalents

1 All figures are based on the level of knowledge as of January 2024. 2 Reporting period: 2023 (1 January 2023 to 31 December 2023), 2022 (1 January 2022 to 31 December 2022), 2021 (1 January 2021 to 31 December 2021). 3 Reference to GRI Sustainability Reporting Standards (see also globalreporting.org). 4 Non-significant discrepancies from 100% are possible due to roundings. 5 Trend: the respective trend is stable (→) if the variance is less than 5%, low decreasing / increasing (↘,↗) if it is bigger than 5% and less than 15% and decreasing / increasing (↓,↑) if the variance is bigger than 15%. 6 Refers to energy consumed within the operational boundaries of UBS Group. 7 Refers to primary energy purchased that is consumed within the operational boundaries of UBS Group (oil, gas, fuels). 8 Includes non-material share of biomass. 9 Refers to energy purchased that is produced by converting primary energy and consumed within the operational boundaries of UBS Group (electricity and district heating). 10 The percentages are approximates based on best available information. 11 Includes heating consumption, cooling consumption and steam consumption. 12 Includes self-generated renewable electricity. Non-significant deviations due to summing and rounding may occur. 13 Rail and road travel: where data available. 14 Paper produced from new fibers. FSC stands for Forest Stewardship Council, ECF for Elementary Chlorine Free and TCF for Totally Chlorine Free. UBS Group regards recycled paper as well as paper with FSC certification as renewable and sustainable. We disclose their share as "Share of recycled and FSC paper". New Fiber Chlorine Bleached is considered non renewable material. 15 Water consumption includes utility water and excludes unpolluted withdrawn water. 16 Refers to ISO 14064 and the "GHG Protocol Corporate Standard" (ghgprotocol.org), the international standards for GHG reporting: GHG emissions reported in metric tons of CO_2e; scope 1 accounts for direct GHG emissions by UBS Group; scope 2 accounts for gross indirect GHG emissions associated with the generation of imported / purchased electricity (location-based reflects grid average emission factor, market-based reflects emission factors from contractual instruments), heat or steam; gross scope 3 accounts for other indirect GHG emissions associated with business travel, paper and water consumption, energy related activities and waste disposal. Biogenic emissions are not reported separately as not material. Baseline 2019 in metric tons of CO_2e "Scope 1: 26,851, Scope 2 market based: 119,060, Net scope 3: 213,450. 17 GHG savings by consuming electricity from renewable sources. 18 As of the Sustainability Report 2023, UBS Group will no longer deduct carbon emissions from carbon avoidance offsets purchased, from the Gross GHG footprint. This change has been implemented from the 2019 baseline onwards. 19 GHG footprint equals total gross GHG emissions minus GHG reductions from renewable energy.

The table below shows our environmental indicators per full-time equivalent employee.

Environmental indicators per full-time employee (UBS Group)

	Unit[1]	2023	Trend	2022	2021
Direct and intermediate energy	kWh / FTE	**6,550**	→	6,854	7,212
Business travel	Pkm / FTE	**2,545**	→	2,459	708
Paper consumption	kg / FTE	**34.1**	↑	26.9	35.9
Waste	kg / FTE	**77.1**	↑	66.3	69.3
Water consumption[2]	m^3 / FTE	**10.0**	↑	8.3	6.7
CO_2 footprint[3]	t / FTE	**1.39**	→	1.34	1.07

Legend: FTE = full-time employee; kWh = kilowatt hour; Pkm = passenger kilometer; kg = kilogram; m^3 = cubic meter; t = metric ton

1 FTEs are calculated on monthly / quarterly average basis as applicable and include FTEs which were employed through third parties on short-term contracts. 2 Water consumption includes utility water and excludes unpolluted withdrawn water. 3 Total net GHG emissions.

Environmental indicators (UBS Group excluding Credit Suisse)[1]

	GRI[3]	2023[2] Absolute normalized[4]	Trend[5]	2022[2] Absolute normalized[4]	2021[2] Absolute normalized[4]
Environment					
Total direct and intermediate energy consumption[6]	**302**	**444 GWh**	↘	**471 GWh**	**511 GWh**
Total direct energy consumption[7]	**302**	**53 GWh**	→	**52 GWh**	**57 GWh**
Natural gas		**63.4%**	→	61.5%	79.4%
Heating oil		**15.3%**	→	14.9%	10.2%
Fuels (petrol, diesel, gas)[8]		**20.2%**	↘	22.4%	9.5%
Renewable energy (solar power, etc.)		**1.11%**	→	1.1%	0.9%
Total intermediate energy purchased[9]	**302**	**390 GWh**	↘	**419 GWh**	**454 GWh**
Electricity		**338 GWh**	↘	**362 GWh**	**390 GWh**
Electricity from gas-fired power stations[10]		**2.0%**	↓	2.8%	2.2%
Electricity from oil-fired power stations[10]		**0.6%**	↘	0.6%	0.6%
Electricity from coal-fired power stations[10]		**1.4%**	↓	3.2%	2.2%
Electricity from nuclear power stations[10]		**0.4%**	↓	2.3%	2.7%
Electricity from hydroelectric power stations[10]		**37.9%**	↑	29.5%	45.1%
Electricity from other renewable resources[10]		**57.7%**	↘	61.6%	47.2%
Heat (e.g., district heating)[11]		**53 GWh**	↘	**57 GWh**	**64 GWh**
Share of electricity from renewable sources[12]	**302**	**98.6%**	→	94.3%	93.9%
Travel					
Total business travel		**229 m Pkm**	↑	**157 m Pkm**	**39 m Pkm**
Rail travel[13]		**4.3%**	↘	4.7%	8.8%
Road travel[13]		**6.7%**	↓	8.0%	22.6%
Air travel		**89.0%**	→	87.3%	68.6%
Number of flights (segments)		**102,968**	↑	**69,468**	**17,196**
Paper					
Total paper consumption	**301**	**3,481 t**	↑	**2,570 t**	**3,314 t**
Post-consumer recycled		**5.4%**	↓	7.9%	5.6%
New fibers FSC[14]		**72.3%**	↑	61.8%	77.0%
New fibers ECF + TCF[14]		**22.4%**	↓	30.2%	17.4%
New fibers chlorine-bleached[14]		**0.00%**	↓	0.02%	0.01%
Waste					
Total waste	**306**	**5,466 t**	↑	**4,492 t**	**4,356 t**
Valuable materials separated and recycled		**58.6%**	→	57.5%	70.2%
Incinerated		**19.8%**	→	19.6%	16.3%
Landfilled		**21.6%**	↘	22.9%	13.5%
Total water consumption[15]	**303**	**0.75 m m³**	↑	**0.58 m m³**	**0.46 m m³**
Greenhouse Gas (GHG)					
Direct greenhouse gas (GHG) emissions (scope 1)[16]	**305-1**	**11,941 t**	→	**11,583 t**	**11,404 t**
Gross location-based energy indirect GHG emissions (scope 2)[16]	**305-2**	**87,849 t**	→	**89,393 t**	**110,374 t**
GHG reductions from renewable energy[17]		**77,641 t**	→	77,086 t	96,699 t
Market-based energy indirect GHG emissions (scope 2)[16]	**305-2**	**10,208 t**	↓	**12,307 t**	**13,675 t**
Gross other indirect GHG emissions (gross scope 3)[16]	**305-3**	**77,829 t**	↑	**54,570 t**	**40,411 t**
GHG offsets (business air travel)[18]		**0 t**	→	0 t	0 t
Net other indirect GHG emissions (net scope 3)[16]	**305-3**	**77,829 t**	↑	**54,570 t**	**40,411 t**
Total gross GHG emissions		**177,619 t**	↗	**155,546 t**	**162,188 t**
Total net GHG emissions (GHG footprint)[19]		**99,978 t**	→	**78,460 t**	**65,489 t**

Legend: GWh = gigawatt hour; Pkm = passenger kilometer; t = metric ton; m³ = cubic meters; m = million; CO_2e = CO_2 equivalents

1 All figures are based on the level of knowledge as of January 2024. 2 Reporting period: 2023 (1 January 2023 to 31 December 2023), 2022 (1 January 2022 to 31 December 2022), 2021 (1 January 2021 to 31 December 2021). 3 Reference to GRI Sustainability Reporting Standards (see also globalreporting.org). 4 Non-significant discrepancies from 100% are possible due to roundings. 5 Trend: the respective trend is stable (→) if the variance is less than 5%, low decreasing / increasing (↘,↗) if it is bigger than 5% and less than 15% and decreasing / increasing (↓,↑) if the variance is bigger than 15%. 6 Refers to energy consumed within the operational boundaries of UBS Group excluding Credit Suisse. 7 Refers to primary energy purchased that is consumed within the operational boundaries of UBS Group excluding Credit Suisse (oil, gas, fuels). 8 Includes non-material share of biomass. 9 Refers to energy purchased that is produced by converting primary energy and consumed within the operational boundaries of UBS Group excluding Credit Suisse (electricity and district heating). 10 The percentages are approximates based on best available information, indicative based on information for UBS Group. 11 Includes heating consumption, cooling consumption and steam consumption. 12 Includes self-generated renewable electricity. Non-significant deviations due to summing and rounding may occur. 13 Rail and road travel: where data available. 14 Paper produced from new fibers. FSC stands for Forest Stewardship Council, ECF for Elementary Chlorine Free and TCF for Totally Chlorine Free. UBS Group regards recycled paper as well as paper with FSC certification as renewable and sustainable. We disclose their share as "Share of recycled and FSC paper". New Fiber Chlorine Bleached is considered non renewable material. 15 Water consumption includes utility water and excludes unpolluted withdrawn water. 16 Refers to ISO 14064 and the "GHG Protocol Corporate Standard" (ghgprotocol.org), the international standards for GHG reporting: GHG emissions reported in metric tons of CO_2e; scope 1 accounts for direct GHG emissions by UBS Group excluding Credit Suisse; scope 2 accounts for gross indirect GHG emissions associated with the generation of imported / purchased electricity (location-based reflects grid average emission factor, market-based reflects emission factors from contractual instruments), heat or steam; gross scope 3 accounts for other indirect GHG emissions associated with business travel, paper and water consumption, energy related activities and waste disposal. Biogenic emissions are not reported separately as not material. Baseline 2019 in metric tons of CO_2e "Scope 1: 13,741, Scope 2 market based: 69,810, Net scope 3: 114,285. 17 GHG savings by consuming electricity from renewable sources. 18 As of the Sustainability Report 2023, UBS Group excluding Credit Suisse will no longer deduct carbon emissions from carbon avoidance offsets purchased, from the Gross GHG footprint. This change has been implemented from the 2019 baseline onwards. 19 GHG footprint equals total gross GHG emissions minus GHG reductions from renewable energy.

Environmental targets and performance in our operations (UBS Group excluding Credit Suisse)[1]

	GRI[2]	2023	Target 2025	Baseline[3]	% change from baseline	Progress / Achievement[4]	2022	2021
Total net greenhouse gas emissions (GHG footprint) in t CO_2e[5]	305	**99,978**	n/a[6]	137,066	-27	green	78,460	65,489
Scope 1 and net scope 2 greenhouse gas emissions in t CO_2e	305	**22,149**	0	83,551	-73	amber	23,890	25,079
Energy consumption in GWh	302	**444**	-15%	612	-28	green	471	511
Share of renewable electricity[7]	302	**98.6%**	100%	73.1%	35	amber	94.3%	93.9%
Paper consumption in kg per FTE[8]	301	**46.1**	-50%	67.3	-31	amber	34.8	45.0
Share of recycled and FSC paper	301	**77.6%**	100%	88.3%	-12	amber	69.8%	82.6%
Waste in kg per FTE[8]	306	**72.5**	-10%	183.8	-61	green	60.8	59.2
Zero waste to landfill[9]	306	**21.6%**	0%	25.1%	-14	amber	22.9%	13.5%
Waste recycling ratio	306	**58.6%**	60%	53.1%	10	amber	57.5%	70.2%
Water consumption in m m^3	303	**0.75**	-5%	0.68	10	amber	0.58	0.46

Legend: CO_2e = CO_2 equivalents; FTE = full-time employee; GWh = gigawatt hour; kWh = kilowatt hour; km = kilometer; kg = kilogram; m m^3 = million cubic meters; t = metric ton

1 Detailed environmental indicators are available at *www.ubs.com/environment*. Reporting period 2023 (1 January 2023 - 31 December 2023). 2 Reference to GRI Sustainability Reporting Standards (see also *www.globalreporting.org*). 3 Baseline year 2019. 4 Green: on track; Amber: improvements required. 5 GHG footprint equals gross GHG emissions minus GHG reductions from renewable energy (gross GHG emissions include: direct GHG emissions by UBS Group excluding Credit Suisse; indirect GHG emissions associated with the generation of imported / purchased electricity (grid average emission factor), heat or steam and other indirect GHG emissions associated with business travel, paper consumption and waste disposal). 6 Net Zero Target 2050. 7 Non-significant deviations due to summing and rounding may occur. 8 FTEs are calculated on monthly / quarterly average basis as applicable and include FTEs which were employed through third parties on short-term contracts. 9 In locations where UBS Group excluding Credit Suisse has influence and where alternatives are available.

The table below shows our environmental indicators per full-time equivalent employee.

Environmental indicators per full-time employee (UBS Group excluding Credit Suisse)

	Unit[1]	2023	Trend	2022	2021
Direct and intermediate energy	kWh / FTE	**5,881**	↘	6,382	6,945
Business travel	Pkm / FTE	**3,039**	↑	2,129	532
Paper consumption	kg / FTE	**46.1**	↑	34.8	45.0
Waste	kg / FTE	**72.5**	↑	60.8	59.2
Water consumption[2]	m^3 / FTE	**9.9**	↑	7.9	6.2
CO_2 footprint[3]	t / FTE	**1.33**	↑	1.06	0.86

Legend: FTE = full-time employee; kWh = kilowatt hour; Pkm = passenger kilometer; kg = kilogram; m^3 = cubic meters; t = metric ton

1 FTEs are calculated on monthly / quarterly average basis as applicable and include FTEs which were employed through third parties on short-term contracts. 2 Water consumption includes utility water and excludes unpolluted withdrawn water. 3 Total net GHG emissions.

We continue the work to quantify and provide transparency for our value chain emissions related to our operations. The table below shows a more detailed view of the greenhouse gas scope 3 categories.

Greenhouse gas scope 3 categories

Category number	Scope 3 subcategory	Status	GHG 2023 [tCO_2eq] UBS Group	GHG 2023 [tCO_2eq] UBS Group excl. Credit Suisse
Category 1	Purchased goods and services	Water, paper: reported	**3,941**	**3,253**
Category 2	Capital goods	Not separated from Cat. 1	-	-
Category 3	Fuel- and energy-related activities	Reported	**51,369**	**28,736**
Category 4	Upstream transportation and distribution	Not reported	-	-
Category 5	Waste generated in operations	Reported	**1,521**	**977**
Category 6	Business travel	Reported	**63,335**	**44,863**
Category 7	Employee commuting	Employees work from home: estimated[1]	**10,600**	**6,000**
Category 8	Upstream leased assets	Included under S1&2	-	-
Category 9	Downstream transportation and distribution	Not reported	-	-
Category 10	Processing of sold products	Not reported	-	-
Category 11	Use of sold products	Not reported	-	-
Category 12	End-of-life treatment of sold products	Not reported	-	-
Category 13	Downstream leased assets	Included under S1&2	-	-
Category 14	Franchises	No franchises	-	-
Category 15	Investments	See other chapters	-	-

1 Not included in total GHG footprint.

UK Climate Disclosures

These disclosures have been produced in connection with the legal entity reporting requirements of the environmental, social and governance (ESG) sourcebook found in the Business Standards section of the Financial Conduct Authority (the FCA) Handbook (the ESG Sourcebook). The ESG Sourcebook contains rules and guidance regarding the disclosure of climate-related financial information consistent with the Task Force on Climate-related Financial Disclosures (the TCFD) recommendations and recommended disclosures.

UBS AG Asset Management in the UK

In-scope entities

These disclosures are prepared on behalf of the three operating legal entities, namely UBS Asset Management (UK) Ltd, UBS Asset Management Funds Ltd, and UBS Asset Management Life Ltd (collectively referred to as Asset Management UK), which all form part of the Asset Management business division in the UK and are fully owned by UBS Group. UBS Asset Management (UK) Ltd provides portfolio services to pension funds, other institutional clients and collective investment schemes. This entity is a Markets in Financial Instruments Directive investment firm, authorized and regulated by the FCA. UBS Asset Management Funds Ltd is an Authorized Corporate Director (ACD) for a number of UK undertakings for collective investment in transferable securities (UCITS) schemes, as well as a UK alternative investment fund manager (AIFM). UBS Asset Management Funds Ltd is authorized and regulated by the FCA. UBS Asset Management Life Ltd is an insurance company subject to the Solvency II prudential regime. The principal activity is to provide long-term, unit-linked insurance benefits to pension funds in the UK, mainly institutional clients. UBS Asset Management Life Ltd has a range of unit-linked investment funds across a broad range of investment capabilities. It is authorized by the Prudential Regulation Authority (PRA) as well as being dual regulated by the PRA and the FCA.

All three operating entities fall in-scope for the regulatory obligations under the ESG Sourcebook and are required by the FCA to provide entity level climate-related disclosures. The disclosures follow the structure recommended by the TCFD with reporting period from 1 January 2023 to 31 December 2023 which is aligned to the financial reporting period and to the reporting period of the UBS Group Sustainability Report 2023 and UBS Group Climate and Nature Report 2023. All data included in the statement is therefore for this period, unless otherwise indicated.

Dependencies on the UBS Group Sustainability Report 2023

Asset Management UK is part of the Asset Management business division, which directly contributes to UBS's overall sustainability and impact strategy, as well as adhering to the governance and risk management frameworks.

By 2050, our ambition is to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3, activities. UBS AG Asset Management, including Asset Management UK, aims, by 2030, to align 20% of Asset Management's total assets under management (AuM) with net zero.[1] Based on the above, Asset Management UK deems it appropriate to leverage the climate-related disclosures made in this Sustainability Report 2023.

Certain activities of UBS that pertain to the implementation of its sustainability and impact strategy are 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 updated ESG Sourcebook); 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); and the furthering of transparency (e.g., pertaining to company disclosures of data). Activities of UBS with specific exposure to such factors are explained in the relevant sections of this Sustainability Report 2023.

The following sections on strategy, governance, risk management and metrics set out the structures and processes that are in place for Asset Management UK to take climate-related risk (e.g., risks related to the transition to a lower-carbon economy and risks related to the physical impacts of climate change) and opportunities (e.g., resource efficiency, energy source, products and services, markets, and resilience) into consideration.

1 This Pre-acquisition UBS aspiration will be reassessed in 2024.

Strategy

As part of UBS Group, UBS AG Asset Management and Asset Management UK are actively executing the approach to climate by managing climate-related financial risks and taking action on a net-zero future. Asset Management UK helps our clients assess, manage and protect their assets from climate-related risks by offering innovative products and services in investment, financing and research.

Building on the success of our AM Climate Aware strategy (e.g., helping clients reduce the carbon footprint of investments), Asset Management UK has continued to work with clients and prospects on aligning portfolios with net-zero emission frameworks. In 2023, we repositioned a number of funds in the UK to be net-zero ambition (e.g., UBS Global Equity Climate Transition Fund). Also, in July 2023, we launched the UBS Global Emerging Markets Equity Climate Transition Fund. The long-standing Triton Property Fund LP (Triton) has continued its focus on sustainability and is the only strategy in its peer group of 113 to be five-star rated by GRESB. Since July 2023, the fund has been net-zero ambition and repositioned to Art. 8 of the Sustainable Finance Disclosure Regulation (the SDFR). Article 8 of the SFDR applies to any fund that is marketed into the EU and that "promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the portfolio companies follow good governance practices".

› **Refer to the "Strategy" section of the Supplement to the UBS Group Sustainability Report 2023 as well as the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for additional information about our sustainability and climate approach**

Governance

Over the past years, Asset Management has strongly contributed to the UBS Group-wide strategy and expanded its collaboration with the Group-wide sustainability resources.

Within Asset Management, there are a number of governance forums that support and oversee implementation of respective Asset Management sustainability-related policies and the sustainable investing (SI) strategic program across the business division, including Asset Management UK. The SI Prioritization Forum provides oversight of the SI strategic program, sets key priorities and strategic direction, makes key decisions of commercial relevance and ensures a successful delivery of the SI program.

The SI Methodology Forum provides oversight of SI policies and guidelines, data and methodologies as well as the investment process criteria applied in the Sustainable Investing framework (including exclusions, ESG integration and the sustainability-focused and impact offering) across investment areas.

The Stewardship Committee oversees proxy voting standards and processes, and corporate governance practices, as well as engagement program activities (including exclusion decisions). It also oversees the research process on UNGC Global Compact credible corrective action and Sustainability and Climate Risk (SCR) Watchlist cases. The Stewardship Committee is the representative body for approving membership of industry organizations related to stewardship.

The boards of UBS Asset Management (UK) Ltd, UBS Asset Management Funds Ltd, and UBS Asset Management Life Ltd (the Boards) are ultimately responsible for oversight of climate-related risks as part of overall responsibility for adequate risk management. The Boards delegate general day-to-day business conduct and also risk management and monitoring (including sustainability risk) to the Asset Management UK Management and Risk Committee (UK MRC). At the monthly UK MRC meeting, investment teams, in addition to their independent risk control function, also report on sustainability-related matters across key asset classes as part of regular risk reporting.

The Boards meet quarterly and any matters of appropriate significance across all key risks (including, but not limited to, sustainability-risk-related issues and any other relevant risks that the firm may be subject to in the conduct of its on-going operations and business activities) are escalated to the relevant global forums or functions.

› **Refer to the "Governance" section of the Supplement to the UBS Group Sustainability Report 2023 as well as the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information on our sustainability governance**

Risk management

Asset Management UK will continue to align to UBS Group's sustainability and climate risk framework and to the ongoing Asset Management efforts to further integrate climate risk data and insights into our investment management processes.

› **Refer to the "Managing sustainability and climate risks" section of the Supplement to the UBS Group Sustainability Report 2023 as well as the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information on our sustainability and climate risk management framework**

Metrics and targets

To support our net-zero ambition, we have established a suite of metrics and targets across financing, investing and own operations. Helping our clients to navigate the challenges of an orderly transition to a low-carbon economy and build climate resilient business models, as well as mobilizing private and institutional capital toward this transition, is at the core of our ambition and approach to climate. UBS Asset Management UK is actively supporting the transition to a low-carbon economy within the Asset Management business division.

› **Refer to the "Environment" section of the Supplement to the UBS Group Sustainability Report 2023 as well as the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information on our climate-related metrics and targets and our approach to climate**

Compliance statement

We confirm that the disclosures (including any third-party or group disclosures cross-referenced in it) comply with the requirements under the ESG Sourcebook for TCFD entity reporting as at 28 March 2024.

Nasreen Kasenally
UBS Asset Management (UK) Ltd

Andrew Wood
UBS Asset Management Funds Ltd

Willem van Breugel
UBS Asset Management Life Ltd

UBS AG, London Branch

The discretionary portfolio management activities of the Global Wealth Management division undertaken by UBS AG, London Branch are in scope of the ESG Sourcebook requirements. These in-scope activities are in substance undertaken by UBS in Switzerland. The climate-related disclosures included in the UBS Group Sustainability Report 2023 for UBS Global Wealth Management therefore also apply to UBS AG, London Branch.

› **Please refer to the "Strategy", "Governance", "Managing sustainability and climate risks" and "Environment" sections of the UBS Group Sustainability Report 2023 as applicable to Global Wealth Management for these disclosures**

We confirm that the disclosures (including any third-party or group disclosures cross-referenced in it) relating to the activities of UBS AG, London Branch in scope of the ESG Sourcebook, comply with the requirements under the ESG Sourcebook for TCFD entity reporting as at 28 March 2024.

Chris Oliver
UBS AG, London Branch

Alexander Justham
UBS AG, London Branch

Social

Workforce by the numbers

This section provides supplementary information to "People and culture make the difference" in the "Social" section of the UBS Group Sustainability Report 2023.

As of 31 December 2023, we had 112,842 employees as full-time equivalents (FTEs), 40,245 FTEs more than 31 December 2022. This includes 56.2 FTE for UBS (29.3 women and 26.9 men) representing hotel staff at Ausbildungszentrum Wolfsberg and 491 HC for Credit Suisse (316 women and 175 men) non-guaranteed hours employees, all based in Switzerland. In addition, UBS Group had a total of 25,619 contractors, consultants and outsourcers employed at the end of 2023. These three categories together build our group of external core staff, primarily active in technology and operations roles. This included 2,285 FTEs employed through third parties on short-term contracts to fill positions on an interim basis. These workers, who are not employees, hold a wide variety of roles across different departments, such as software engineers, business analysts or tech engineers.

To give the most accurate view of our global workforce, human resources reporting considers one person (working full time or part time) as one headcount. This accounts for the total UBS Group employee number of 115,038 as of 31 December 2023 (compared with 74,025 as of 31 December 2022). The following tables are all reported on this basis, unless otherwise specified.[1, 2] The percentages in the tables may not total 100 as they are calculated on the basis of unrounded figures and several numbers in this section were restated due to workforce-related changes. The corrections are considered immaterial, with the change in headcount in single digits.

1 Our reporting covers key statistics relevant to full- and part-time employees, as well as relevant data about external staff. All data was calculated on / as of 31 December 2023, unless otherwise noted.
2 2023 UBS Group data are consolidated values based on separate UBS and Credit Suisse calculations that follow the same methodology. Changes in data from 2022 to 2023 will have been impacted by the integration of Credit Suisse into UBS Group.

Employees: full-time / part-time by region and gender

	UBS Group								
	31.12.23			31.12.22			31.12.21		
	Total	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**
Americas									
Full-time	**26,561**	**16,112**	**10,449**	21,755	13,061	8,694	21,218	12,998	8,220
Part-time	**344**	**65**	**279**	302	52	250	321	66	255
Asia Pacific									
Full-time	**27,868**	**16,104**	**11,764**	16,405	9,353	7,052	15,530	8,924	6,606
Part-time	**138**	**36**	**102**	123	48	75	171	79	92
EMEA									
Full-time	**22,502**	**13,009**	**9,493**	14,113	8,420	5,693	13,856	8,424	5,432
Part-time	**878**	**158**	**720**	560	94	466	572	91	481
Switzerland									
Full-time	**29,344**	**20,255**	**9,089**	16,495	11,505	4,990	16,869	11,931	4,938
Part-time	**7,403**	**2,199**	**5,204**	4,272	1,436	2,836	4,242	1,368	2,874
Total	**115,038**	**67,938**	**47,100**	74,025	43,969	30,056	72,779	43,881	28,898

Employees: employment term / region

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Americas						
Permanent	**26,905**	**100%**	22,057	100%	21,539	100%
Limited term[1]	**0**	**0.0%**	0	0.0%	0	0.0%
Total	**26,905**	**100%**	22,057	100%	21,539	100%
Asia Pacific						
Permanent	**27,957**	**99.8%**	16,454	99.6%	15,584	99.3%
Limited term[1]	**49**	**0.2%**	74	0.4%	117	0.7%
Total	**28,006**	**100%**	16,528	100%	15,701	100%
EMEA						
Permanent	**23,378**	**100%**	14,669	100%	14,423	100%
Limited term[1]	**2**	**0.0%**	4	0.0%	5	0.0%
Total	**23,380**	**100%**	14,673	100%	14,428	100%
Switzerland						
Permanent	**35,271**	**96.0%**	19,737	95.0%	20,054	95.0%
Limited term[1]	**1,476**	**4.0%**	1,030	5.0%	1,057	5.0%
Total	**36,747**	**100%**	20,767	100%	21,111	100%
Grand total	**115,038**		74,025		72,779	

1 Limited term employment is an employment relationship defined by the employee's contract with UBS being limited in duration. Most of these individuals are apprentices in Switzerland.

Employees by age group, gender and region[1]

	UBS Group								
	31.12.23			31.12.22			31.12.21		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Under 30	17.9%	52.5%	47.5%	18.9%	52.3%	47.7%	18.0%	53.1%	46.9%
Americas	20.4%	56.7%	43.3%	24.7%	57.6%	42.4%	24.1%	59.6%	40.4%
Asia Pacific	26.5%	48.5%	51.5%	24.8%	46.5%	53.5%	24.3%	46.7%	53.3%
EMEA	18.7%	49.8%	50.2%	18.8%	49.9%	50.1%	18.6%	50.5%	49.5%
Switzerland	34.5%	54.7%	45.3%	31.7%	54.3%	45.7%	32.9%	54.6%	45.4%
Between 30 and 50	61.2%	59.1%	40.9%	59.0%	59.9%	40.1%	59.9%	60.8%	39.2%
Americas	19.3%	60.2%	39.8%	24.4%	58.7%	41.3%	24.3%	60.3%	39.7%
Asia Pacific	29.3%	60.7%	39.3%	27.3%	60.8%	39.2%	26.4%	61.1%	38.9%
EMEA	23.1%	55.9%	44.1%	23.2%	58.4%	41.6%	23.3%	59.6%	40.4%
Switzerland	28.3%	59.4%	40.6%	25.1%	61.4%	38.6%	26.0%	62.1%	37.9%
Over 50	20.9%	64.4%	35.6%	22.1%	64.2%	35.8%	22.2%	64.7%	35.3%
Americas	37.9%	61.6%	38.4%	48.7%	61.3%	38.7%	48.4%	61.5%	38.5%
Asia Pacific	7.9%	50.3%	49.7%	6.8%	47.8%	52.2%	6.3%	48.5%	51.5%
EMEA	13.7%	66.1%	33.9%	11.6%	67.1%	32.9%	11.4%	67.1%	32.9%
Switzerland	40.5%	69.2%	30.8%	32.9%	70.8%	29.2%	33.9%	71.4%	28.6%
Grand Total	100%	59.1%	40.9%	100%	59.4%	40.6%	100%	60.3%	39.7%

1 Changes from 2022 to 2023 are due to differences in distribution of Credit Suisse staff.

Employees: employment term / gender

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	%	Number	%	Number	%
Male						
Permanent	67,102	98.8%	43,363	98.6%	43,231	98.5%
Limited term	836	1.2%	606	1.4%	650	1.5%
Total	67,938	100%	43,969	100%	43,881	100%
Female						
Permanent	46,409	98.5%	29,554	98.3%	28,369	98.2%
Limited term	691	1.5%	502	1.7%	529	1.8%
Total	47,100	100%	30,056	100%	28,898	100%
Grand total	115,038		74,025		72,779	

Distribution by employee category[1], gender and region

	UBS Group								
	31.12.23			31.12.22			31.12.21		
	Total	Male	Female[2]	Total	Male	Female	Total	Male	Female
Officers (Director and above)	**37.8%**	**70.5%**	**29.5%**	35.3%	72.2%	27.8%	35.2%	73.3%	26.7%
Americas	**27.7%**	**73.5%**	**26.5%**	36.4%	75.4%	24.6%	36.0%	76.2%	23.8%
Asia Pacific	**17.4%**	**63.7%**	**36.3%**	15.1%	61.3%	38.7%	14.8%	62.5%	37.5%
EMEA	**20.6%**	**69.5%**	**30.5%**	20.1%	70.9%	29.1%	20.0%	71.6%	28.4%
Switzerland	**34.4%**	**72.2%**	**27.8%**	28.4%	74.8%	25.2%	29.2%	76.3%	23.7%
Officers (other officers)	**36.0%**	**57.6%**	**42.4%**	39.8%	58.3%	41.7%	40.2%	59.4%	40.6%
Americas	**16.3%**	**59.3%**	**40.7%**	18.1%	58.4%	41.6%	18.1%	61.2%	38.8%
Asia Pacific	**29.7%**	**59.8%**	**40.2%**	29.0%	59.5%	40.5%	27.8%	59.4%	40.6%
EMEA	**22.5%**	**53.4%**	**46.6%**	23.0%	55.5%	44.5%	22.6%	57.2%	42.8%
Switzerland	**31.5%**	**57.5%**	**42.5%**	30.0%	59.2%	40.8%	31.5%	59.8%	40.2%
Employee rank	**26.2%**	**44.5%**	**55.5%**	24.9%	42.9%	57.1%	24.6%	43.3%	56.7%
Americas	**26.9%**	**41.1%**	**58.9%**	39.1%	39.2%	60.8%	39.2%	39.8%	60.2%
Asia Pacific	**27.0%**	**48.7%**	**51.3%**	22.0%	47.0%	53.0%	21.2%	47.7%	52.3%
EMEA	**17.0%**	**38.5%**	**61.5%**	14.4%	38.9%	61.1%	15.1%	39.6%	60.4%
Switzerland	**29.1%**	**47.5%**	**52.5%**	24.5%	47.7%	52.3%	24.6%	47.1%	52.9%
Grand total	**100%**	**59.1%**	**40.9%**	100%	59.4%	40.6%	100%	60.3%	39.7%

1 Officers (Director and above) incl. Managing Directors, Executive Directors and Directors from UBS and Managing Directors, Directors and Vice Presidents from Credit Suisse, Officers (other officers) incl. Associate Directors and Authorized Officers from UBS and Assistant Vice Presidents and Associates from Credit Suisse, and Employee rank incl. Employees for UBS and Staff for Credit Suisse. 2 The positive trend for female hiring reflects our DE&I strategy and our ongoing commitment to hire, promote and retain more women at all levels of the organization in support of our 2025 ambitions to have 30% of Director level and above roles held by women.

Distribution by employee category and gender

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	%	Number	%	Number	%
Officers (Director and above)	**43,449**	**37.8%**	26,144	35.3%	25,592	35.2%
Male	**30,652**	**70.5%**	18,882	72.2%	18,757	73.3%
Female	**12,797**	**29.5%**	7,262	27.8%	6,835	26.7%
Officers (other officers)	**41,394**	**36.0%**	29,477	39.8%	29,262	40.2%
Male	**23,835**	**57.6%**	17,184	58.3%	17,371	59.4%
Female	**17,559**	**42.4%**	12,293	41.7%	11,891	40.6%
Employee rank	**30,195**	**26.2%**	18,404	24.9%	17,925	24.6%
Male	**13,451**	**44.5%**	7,903	42.9%	7,753	43.3%
Female	**16,744**	**55.5%**	10,501	57.1%	10,172	56.7%
Grand total	**115,038**	**100%**	74,025	100%	72,779	100%

Distribution by employee category and age group

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Officers (Director and above)						
Under 30	**204**	**0.5%**	158	0.6%	136	0.5%
Between 30 and 50	**28,754**	**66.2%**	16,543	63.3%	16,426	64.2%
Over 50	**14,491**	**33.4%**	9,443	36.1%	9,030	35.3%
Total	**43,449**	**100%**	26,144	100%	25,592	100%
Officers (other officers)						
Under 30	**5,327**	**12.9%**	4,293	14.6%	4,094	14.0%
Between 30 and 50	**30,003**	**72.5%**	20,772	70.5%	20,698	70.7%
Over 50	**6,064**	**14.6%**	4,412	15.0%	4,470	15.3%
Total	**41,394**	**100%**	29,477	100%	29,262	100%
Employee rank						
Under 30	**15,096**	**50.0%**	9,533	51.8%	8,854	49.4%
Between 30 and 50	**11,596**	**38.4%**	6,342	34.5%	6,445	36.0%
Over 50	**3,503**	**11.6%**	2,529	13.7%	2,626	14.6%
Total	**30,195**	**100%**	18,404	100%	17,925	100%
Grand total	**115,038**		74,025		72,779	

Employee category "Officers (Director and above)" by ethnicity - UK only

	UBS Group		
	31.12.23	31.12.22	31.12.21
	%	%	%
Ethnic minority	**24.3%**	23.4%	21.9%
of which Black	***2.1%***	*2.2%*	*2.1%*
White	**53.6%**	54.0%	54.3%
Other	**22.1%**	22.5%	23.8%
Total	**100%**	100%	100%

Employee category "Officers (Director and above)" by ethnicity - US only

	UBS Group		
	31.12.23	31.12.22	31.12.21
	%	%	%
Ethnic minority	**25.1%**	20.5%	20.1%
White	**71.6%**	78.7%	79.4%
Other	**3.3%**	0.8%	0.5%
Total	**100%**	100%	100%

Employees by ethnicity - UK only

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Ethnic minority[1]	**2,702**	**29.2%**	1,853	29.0%	1,664	26.8%
of which Asian	***2,094***	***22.7%***	*1,413*	*22.1%*	*1,238*	*19.9%*
of which Black	***329***	***3.6%***	*225*	*3.5%*	*212*	*3.4%*
of which two or more ethnicities	***279***	***3.0%***	*214*	*3.3%*	*211*	*3.4%*
White	**4,487**	**48.5%**	3,090	48.3%	3,031	48.7%
Other	**2,055**	**22.2%**	1,454	22.7%	1,523	24.5%
Total	**9,244**	**100%**	6,397	100%	6,218	100%

1 Ethnic minority total includes one “Hispanic or Latino” employee in 2022 and three employees in 2021.

Employees by ethnicity - US only

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Ethnic minority	**8,020**	**31.9%**	5,954	28.2%	5,609	27.2%
of which Asian	***4,129***	***16.4%***	2,670	12.6%	2,595	12.6%
of which Hispanic / Latino	***2,074***	***8.2%***	1,835	8.7%	1,703	8.3%
of which Black	***1,226***	***4.9%***	962	4.6%	867	4.2%
of which two or more ethnicities	***524***	***2.1%***	430	2.0%	387	1.9%
of which other ethnicities	***67***	***0.3%***	57	0.3%	57	0.3%
White	**16,359**	**65.0%**	14,983	70.9%	14,923	72.3%
Other	**780**	**3.1%**	205	1.0%	96	0.5%
Total	**25,159**	**100%**	21,142	100%	20,628	100%
Ethnic minority - women	**3,700**	**46.1%**	2,870	48.2%	2,599	46.3%
Ethnic minority - men	**4,320**	**53.9%**	3,084	51.8%	3,010	53.7%
Total	**8,020**	**100%**	5,954	100%	5,609	100%

FA/CAs[1] by gender - Americas[2] only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22		31.12.21	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Female	**16.8%**	**49.8%**	16.6%	49.7%	15.9%	48.6%
Male	**83.2%**	**50.2%**	83.4%	50.3%	84.1%	51.4%
Total	**100%**	**100%**	100%	100%	100%	100%

1 FA = Financial Advisor and CA = Client Advisor 2 Americas incl. Canada, the United States (US) and Latin America

FA/CAs by ethnicity - US only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22		31.12.21	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Ethnic minority	**12.2%**	**35.5%**	12.4%	34.3%	11.2%	33.6%
White	**87.0%**	**63.5%**	86.9%	64.6%	88.1%	66.0%
Other	**0.7%**	**1.0%**	0.7%	1.1%	0.6%	0.4%
Total	**100%**	**100%**	100%	100%	100%	100%

External hires by age group

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Under 30	**5,391**	**47.1%**	5,769	45.4%	4,337	46.3%
Between 30 and 50	**5,463**	**47.8%**	6,313	49.7%	4,571	48.8%
Over 50	**581**	**5.1%**	612	4.8%	455	4.9%
Total external hires	**11,435**	**100%**	12,694	100%	9,363	100%

External hires by region[1]

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Americas	**2,442**	**21.4%**	3,468	27.3%	2,699	28.8%
Asia Pacific	**3,642**	**31.8%**	4,149	32.7%	3,244	34.6%
EMEA	**2,476**	**21.7%**	2,797	22.0%	2,033	21.7%
Switzerland	**2,875**	**25.1%**	2,280	18.0%	1,387	14.8%
Total external hires	**11,435**	**100%**	12,694	100%	9,363	100%

External hires by gender

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Male	**6,488**	**56.7%**	7,116	56.1%	5,288	56.5%
of which "Officers (Director and above)"	***1,200***	***18.5%***	*1,207*	*17.0%*	*966*	*18.3%*
Female	**4,947**	**43.3%**	5,578	43.9%	4,075	43.5%
of which "Officers (Director and above)"[1]	***545***	***11.0%***	*619*	*11.1%*	*396*	*9.7%*
Total external hires	**11,435**	**100%**	12,694	100%	9,363	100%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in calculation methodology. For details on the calculation methodology refer to the Basis of Reporting.

External hires by ethnicity - UK only

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Ethnic minority	**371**	**40.4%**	357	39.5%	239	35.5%
of which Black talent[1]	***61***	***16.4%***	*45*	*12.6%*	*43*	*18.0%*
of which "Officers (Director and above)"	***92***	***24.8%***	*104*	*29.1%*	*69*	*28.9%*
White	**384**	**41.8%**	396	43.9%	297	44.1%
of which "Officers (Director and above)"	***157***	***40.9%***	*159*	*40.2%*	*115*	*38.7%*
Other	**164**	**17.8%**	150	16.6%	138	20.5%
of which "Officers (Director and above)"	***58***	***35.4%***	*50*	*33.3%*	*40*	*29.0%*
Total external hires	**919**	**100%**	903	100%	674	100%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in calculation methodology. For details on the calculation methodology refer to the Basis of Reporting.

External hires by ethnicity - US only

	UBS Group					
	31.12.23		31.12.22		31.12.21	
	Number	**%**	Number	%	Number	%
Ethnic minority	**1,091**	**46.9%**	1,350	40.7%	950	37.5%
of which "Officers (Director and above)"[1]	***187***	***17.1%***	*227*	*16.8%*	*164*	*17.3%*
White	**1,199**	**51.5%**	1,835	55.4%	1,559	61.6%
of which "Officers (Director and above)"	***265***	***22.1%***	*395*	*21.5%*	*327*	*21.0%*
Other	**37**	**1.6%**	128	3.9%	23	0.9%
of which "Officers (Director and above)"	***8***	***21.6%***	*23*	*18.0%*	*3*	*13.0%*
Total external hires	**2,327**	**100%**	3,313	100%	2,532	100%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in calculation methodology. For details on the calculation methodology refer to the Basis of Reporting.

External hires – FA/CA gender percentage - Americas only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22		31.12.21	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Female	**26.0%**	**47.2%**	23.2%	50.1%	25.7%	46.7%
Male	**74.0%**	**52.8%**	76.8%	49.9%	74.3%	53.3%
Total external hires	**100%**	**100%**	100%	100%	100%	100%

External hires – FA/CA ethnicity percentage - US only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22		31.12.21	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Ethnic Minority	**39.5%**	**44.7%**	33.3%	41.8%	28.2%	38.8%
White	**59.8%**	**54.5%**	64.8%	54.0%	71.2%	60.2%
Other	**0.7%**	**0.8%**	1.9%	4.1%	0.6%	0.9%
Total external hires	**100%**	**100%**	100%	100%	100%	100%

Promotions by region and gender

	UBS Group					
	31.12.23		31.12.22[1]		31.12.21[1]	
	Male	Female	Male	Female	Male	Female
Americas	58.0%	42.0%	68.9%	31.1%	64.0%	36.0%
Asia Pacific	58.0%	42.0%	58.1%	41.9%	56.8%	43.2%
EMEA	56.4%	43.6%	54.8%	45.2%	55.3%	44.7%
Switzerland	59.2%	40.8%	58.5%	41.5%	60.5%	39.5%
Overall promotions	**58.0%**	**42.0%**	60.9%	39.1%	59.5%	40.5%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in reporting methodology. For details on the reporting methodology refer to the Basis of Reporting.

Promotions by rank and gender

	UBS Group					
	31.12.23		31.12.22[2]		31.12.21[2]	
	Male	Female	Male	Female	Male	Female
Officers (Director and above)	64.4%	35.6%	68.5%	31.5%	66.4%	33.6%
Officer (other officers)[1]	51.6%	48.4%	53.7%	46.3%	53.9%	46.1%
Overall promotions	**58.0%**	**42.0%**	60.9%	39.1%	59.5%	40.5%

1 Officer (other officers) rank group represents the employees who were promoted into Authorized Officer or Associate Director (UBS) or into Assistant Vice President or Associate (Credit Suisse) corporate title. 2 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in reporting methodology. For details on the reporting methodology refer to the Basis of Reporting.

Promotions by employee category and ethnicity - UK only

	UBS Group		
	31.12.23	31.12.22[1]	31.12.21[1]
	%	%	%
Officers (Director and above)			
Ethnic minority	28.7%	24.8%	26.4%
of which Black	*2.0%*	*1.7%*	*2.6%*
White	48.2%	47.6%	49.8%
Other	23.0%	27.6%	23.8%
Total	**100%**	100%	100%
Officers (other officers)			
Ethnic minority	28.6%	26.4%	26.3%
of which Black	*5.5%*	*3.1%*	*3.6%*
White	45.5%	51.5%	47.4%
Other	25.9%	22.0%	26.3%
Total	**100%**	100%	100%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in reporting methodology. For details on the reporting methodology refer to the Basis of Reporting.

Promotions by employee category and ethnicity - US only

	UBS Group		
	31.12.23	31.12.22[1]	31.12.21[1]
	%	%	%
Officers (Director and above)			
Ethnic minority	33.9%	19.6%	24.0%
White	59.3%	80.2%	75.6%
Other	6.8%	0.3%	0.4%
Total	**100%**	100%	100%
Officers (other officers)			
Ethnic minority	35.5%	29.7%	32.5%
White	59.6%	70.1%	67.5%
Other	4.9%	0.1%	0.0%
Total	**100%**	100%	100%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in reporting methodology. For details on the reporting methodology refer to the Basis of Reporting.

Promotions FA/CAs by rank and gender - Americas only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22[1]		31.12.21[1]	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Officers (Director and above)						
Male	**75.6%**	**61.8%**	83.2%	63.4%	82.8%	59.5%
Female	**24.4%**	**38.2%**	16.8%	36.6%	17.2%	40.5%
Total	**100%**	**100%**	100%	100%	100%	100%
Officers (other officers)						
Male	**74.0%**	**45.6%**	77.8%	51.8%	83.2%	52.0%
Female	**26.0%**	**54.4%**	22.2%	48.2%	16.8%	48.0%
Total	**100%**	**100%**	100%	100%	100%	100%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in reporting methodology. For details on the reporting methodology refer to the Basis of Reporting.

Promotions FA/CAs by ethnicity and gender - US only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22[1]		31.12.21[1]	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Ethnic minority	**18.4%**	**37.3%**	10.9%	34.9%	12.8%	35.0%
of which female	***41.9%***	***51.5%***	*26.3%*	*42.7%*	*27.3%*	*47.3%*
of which male	***58.1%***	***48.5%***	*73.7%*	*57.3%*	*72.7%*	*52.7%*
White	**80.3%**	**61.9%**	88.9%	64.9%	87.2%	64.7%
of which female	***21.3%***	***45.3%***	*17.1%*	*42.6%*	*15.7%*	*42.9%*
of which male	***78.7%***	***54.7%***	*82.9%*	*57.4%*	*84.3%*	*57.1%*
Other	**1.3%**	**0.8%**	0.2%	0.2%	0.0%	0.3%
of which female	***0.0%***	***44.4%***	*0.0%*	*50.0%*	*0.0%*	*33.3%*
of which male	***100.0%***	***55.6%***	*100.0%*	*50.0%*	*0.0%*	*66.7%*
Total	**100%**	**100%**	100%	100%	100%	100%

1 2021 and 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in reporting methodology. For details on the reporting methodology refer to the Basis of Reporting.

Internal mobility[1] by region

	UBS Group		
	31.12.23	31.12.22[2]	31.12.21
	%	%	%
Americas	**38.3%**	34.4%	37.8%
Asia Pacific	**23.9%**	33.7%	25.5%
EMEA	**35.5%**	34.1%	35.3%
Switzerland	**55.0%**	60.9%	68.2%
Total	**38.8%**	39.8%	39.3%

1 Internal mobility ratio shows the percentage of open positions that were filled by internal candidates, as part of all internal and external hires. 2 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in calculation methodology. For details on the calculation methodology refer to the Basis of Reporting.

Internal mobility by gender

	UBS Group					
	31.12.23		31.12.22[1]		31.12.21	
	Number	**%**	Number	%	Number	%
Male	**3,712**	**37.5%**	4,405	39.5%	3,060	38.3%
of which "Officers (Director and above)"	***1,214***	***50.3%***	*1,464*	*54.8%*	*966*	*50.0%*
Female	**3,181**	**40.5%**	3,550	40.3%	2,570	40.6%
of which "Officers (Director and above)"	***693***	***56.0%***	*816*	*56.9%*	*559*	*58.5%*
Total	**6,893**	**38.8%**	7,955	39.8%	5,630	39.3%

1 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in calculation methodology. For details on the calculation methodology refer to the Basis of Reporting.

Internal mobility by ethnicity

	UBS Group					
	31.12.23		31.12.22[1]		31.12.21	
	Number	**%**	Number	%	Number	%
Ethnic minority UK	**166**	**30.9%**	248	41.0%	165	40.8%
of which "Officers (Director and above)"	***68***	***42.5%***	*83*	*44.4%*	*76*	*52.4%*
of which UK Black	***20***	***24.7%***	*26*	*36.6%*	*31*	*41.9%*
of which "Officers (Director and above)"	**4**	**26.7%**	8	40.0%	10	66.7%
Ethnic minority US	**499**	**31.4%**	613	31.2%	484	33.8%
of which "Officers (Director and above)"	***131***	***41.2%***	*157*	*40.9%*	*116*	*41.4%*
Total	**665**		861		649	

1 2022 numbers differ from previously disclosed figures in the UBS Diversity, Equity and Inclusion Report 2022 due to a change in calculation methodology. For details on the calculation methodology refer to the Basis of Reporting.

Voluntary and involuntary turnover[1]

	UBS Group		
	31.12.23	31.12.22	31.12.21
	%	%	%
Voluntary turnover[2]	12.4%	12.6%	10.7%
Involuntary turnover	5.3%	2.5%	1.6%
Overall turnover	18.6%	15.9%	13.1%

1 Excluding neutral termination which refers to employees who left the bank due to neither bank nor employee-initiated reasons, e.g., end of employment contract, normal retirement, disability or death. 2 High voluntary turnover is mainly driven by Credit Suisse entities (21.6%) due to the acquisition, UBS excluding Credit Suisse entities has returned to a more normal level compared to previous years (7.0%). Generally, turnover was driven by increased demand for talent in the competitive environment across regions.

Turnover by age group

	UBS Group		
	31.12.23	31.12.22	31.12.21
	%	%	%
Under 30	22.6%	22.5%	22.0%
Between 30 and 50	18.6%	15.6%	11.9%
Over 50	15.1%	11.2%	8.8%
Overall turnover[1]	18.6%	15.9%	13.1%

1 Higher turnover compared to 2022 is mainly driven by Credit Suisse entities due to the acquisition, UBS excluding Credit Suisse entities has returned to a more normal level.

Turnover by region and gender

	UBS Group								
	31.12.23			31.12.22			31.12.21		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Americas	19.1%	20.0%	17.9%	13.4%	13.7%	13.0%	12.6%	12.6%	12.5%
Asia Pacific	23.8%	23.1%	24.7%	20.3%	21.3%	18.8%	18.4%	19.4%	17.0%
EMEA	19.0%	19.5%	18.3%	19.1%	19.7%	18.1%	13.9%	15.1%	12.0%
Switzerland	13.7%	13.5%	14.0%	12.7%	12.7%	12.6%	8.9%	8.6%	9.4%
Overall turnover[1]	18.6%	18.6%	18.7%	15.9%	16.2%	15.4%	13.1%	13.3%	12.7%

1 Higher turnover compared to 2022 is mainly driven by Credit Suisse entities due to the acquisition, UBS excluding Credit Suisse entities has returned to a more normal level.

Turnover by gender - "Officers (Director and above)" only

	UBS Group		
	31.12.23	31.12.22	31.12.21
	%	%	%
Male	17.5%	11.0%	9.1%
Female	16.6%	10.5%	8.8%
Overall turnover[1]	17.2%	10.9%	9.0%

1 Higher turnover compared to 2022 is mainly driven by Credit Suisse entities due to the acquisition, UBS excluding Credit Suisse entities has returned to a more normal level.

Turnover by ethnicity - UK only

	UBS Group		
	31.12.23	31.12.22	31.12.21
Ethnic minority	18.3%	13.6%	10.6%
of which Black talent	*22.2%*	*15.1%*	*14.7%*
of which "Officers (Director and above)"	*18.6%*	*10.7%*	*7.2%*
White	19.5%	11.3%	10.1%
of which "Officers (Director and above)"	*18.2%*	*8.9%*	*8.8%*
Other	26.4%	16.2%	13.7%
of which "Officers (Director and above)"	*26.6%*	*13.3%*	*10.1%*
Overall turnover[1]	20.7%	13.1%	11.1%

1 Higher turnover compared to 2022 is mainly driven by Credit Suisse entities due to the acquisition, UBS excluding Credit Suisse entities has returned to a more normal level.

Turnover by ethnicity - US only

	UBS Group		
	31.12.23	31.12.22	31.12.21
Ethnic minority	**21.6%**	17.5%	15.5%
of which "Officers (Director and above)"	***19.9%***	*13.6%*	*12.7%*
White	**16.1%**	11.7%	11.4%
of which "Officers (Director and above)"	***15.2%***	*8.5%*	*8.9%*
Other	**43.5%**	16.6%	7.2%
of which "Officers (Director and above)"	***48.6%***	*11.3%*	*8.4%*
Overall turnover[1]	**18.9%**	13.4%	12.5%

1 Higher turnover compared to 2022 is mainly driven by Credit Suisse entities due to the acquisition, UBS excluding Credit Suisse entities has returned to a more normal level.

Turnover by FA/CA - US only

	UBS Group excluding Credit Suisse		
	31.12.23	31.12.22	31.12.21
FA/CA	**8.8%**	8.0%	7.9%
Other staff	**11.6%**	15.5%	14.4%
Overall turnover	**10.8%**	13.4%	12.5%

Turnover by FA/CA and gender - Americas only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22		31.12.21	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Female	**10.2%**	**10.8%**	8.2%	13.6%	9.2%	12.9%
Male	**8.7%**	**12.1%**	8.0%	17.4%	7.7%	15.8%
Overall turnover	**9.0%**	**11.5%**	8.0%	15.6%	8.0%	14.4%

Turnover by FA/CA and ethnicity - US only

	UBS Group excluding Credit Suisse					
	31.12.23		31.12.22		31.12.21	
	FA/CA	**Other staff**	FA/CA	Other staff	FA/CA	Other staff
Ethnic minority	**19.7%**	**12.0%**	12.8%	18.1%	9.5%	16.3%
White	**7.3%**	**11.1%**	7.4%	14.1%	7.8%	13.4%
Other	**0.0%**	**20.6%**	9.7%	18.8%	2.8%	10.6%
Overall turnover	**8.8%**	**11.6%**	8.0%	15.5%	7.9%	14.4%

Parental leave taken (by gender)

	UBS Group		
	31.12.23	31.12.22	31.12.21
Male	2,817	2,294	2,334
Female	3,513	2,465	2,433
Total number of employees[1]	**6,330**	4,759	4,767

1 All employees are entitled to take paid parental leave as indicated in their local HR policies, incl. in the case of adoption. Primary caregivers in our major locations are offered a paid leave between 16 to 30 weeks, while non-primary caregivers are offered between 2 to 20 weeks. In Switzerland, the primary caregivers are entitled to a minimum of 26 weeks and non-primary caregivers are entitled to a minimum of 4 weeks. This table shows the number of employees that took parental leave as recorded in the UBS HRi and respective Credit Suisse HR system; data aggregation is subject to limitations such as the disparate definitions and permutations of parental leave across the firm and the various leave and absence tools used in the 52 countries in which we operate.

Training by gender

	UBS Group		
	Average training days		
	31.12.23	31.12.22	31.12.21
Female	2.02	2.03	2.14
Male	1.84	1.97	2.08
Total average training days	**1.91**	1.99	2.10

Training by rank group

	UBS Group		
	Average training days		
	31.12.23	31.12.22	31.12.21
Officers (Director and above)	1.79	2.02	2.37
Officers (other officers)	1.66	1.90	1.96
Employee rank	2.45	2.09	1.94
Total average training days	**1.91**	1.99	2.10

Charitable contributions

UBS AG's overall charitable contributions are measured using the industry-leading Business for Societal Impact (B4SI) framework and are broken down as follows.[1]

Cash

Direct cash contributions from UBS, including through partnerships in the communities that we operate in, support given through its affiliated foundations in Switzerland, and contributions to the UBS Optimus network of foundations.[2]

Employee time

Cost to UBS of the time that employees spend on community programs during working hours. This is calculated by multiplying the number of volunteer hours during working hours by the average hourly salary.

In-kind

Contributions of products, equipment, services and other non-cash items from the firm to communities. For UBS, this is primarily the cost of making our premises available to our partner charities for events.

Contributions by type (UBS AG, in USD million)	2023	2022	2021
Cash contributions	62.58	76.15	58.79
Time contributions	16.64	15.53	12.85
In-kind contributions	0.08	0.06	0.06
Total	79.30	91.74	71.70

Financial inclusion – non-financial support

In addition to the financial support offered to under-served groups through our social impact activities, we also offer non-financial support to these groups, enabling us to deepen our impact and make a longer-lasting change. Below are two examples of how we do this.

Employee volunteering

Through volunteering, we encourage employees to help make a positive impact by supporting our community partners. One way we do this is by engaging our employees to volunteer for activities that use their own skills to help develop the skills of the people we support e.g., business skills.

Our annual impact survey found that in 2023, our volunteers supported 135,602 beneficiaries with developing their business management skills, including increased business knowledge and improved management systems.

Street Business School, UBS Optimus network of foundations, Child Protection Portfolio

Poverty is seen as a major driver for family breakdown. In a bid to address the issue, the UBS Optimus network of foundations has commissioned Street Business School to enhance the financial element of the family strengthening programs for ten of its Child Protection portfolio grantees. This is intended to amplify the impact of these ten grantees, thereby advancing the Families Not Orphans work carried out within the Foundation's Child Protection portfolio. It will do this by training the grantees to customize and deliver Street Business School's proven training model to help families increase their incomes. In this way, it is hoped those families can then keep their children at home.

Rather than providing micro-loans or other direct financing, the Street Business School methodology helps women identify the capital resources and market opportunities available to their families and communities to launch businesses. It then provides coaching to help them build income streams and even start additional businesses over time. The grantees certified in Street Business School at the workshop will go on to train an estimated 3,600 women over the next five years. The positive gains in income these women will experience from business ownership will positively impact the lives of an estimated 18,000 children, increasing the likelihood that they are raised in the family environment instead of in an institution.

1 From 2024, charitable contributions reporting across UBS Group will be fully integrated and in accordance with the mentioned B4SI approach.
2 All cash contributions shown here are recognized on a cash rather than accrual basis. Separately, we recognize UBS Optimus network of foundations' contributions' on an accrual basis, reflecting committed grants made in the reporting period. The cash contribution does not include contributions totaling USD 1.9 million that are required by law (in India and South Africa). This is consistent with B4SI methodology. Lower cash contributions compared to previous years are due to the decision to exclude business-related contributions since these are donations made outside of UBS's strategic Social Impact strategy and do not support the longer-term impact we are striving to achieve with our strategic grantee and volunteering partners. In 2022, Business Related Contributions amounted to 28.7m, 38% of the report cash contributions. In 2023, UBS contributions to the UBS network of foundations increased by 60%, driven by an increase in matching of client contributions (43.9m vs. 27.4m in 2022), thereby offsetting some of the fall in cash contributions due to the decision to stop reporting Business Related Contributions.

Supporting opportunities

Additional information on business divisions

Global Wealth Management

Continued expansion of sustainable investing offering

During 2023, Global Wealth Management expanded its sustainable investing (SI) solutions shelf across major asset classes, including alternative investments. Notable solutions available to Global Wealth Management clients included seven impact private-market solutions, a low-carbon transition direct equities module and several long-only equity and fixed income solutions. Examples on the long-only solutions shelf included multi-thematic equity strategies as well as carbon-credit-related ETFs. The range of additional solutions was geared toward helping our clients further diversify their sustainable and traditional portfolios amid a volatile market environment.

Sustainability-focused fund of hedge funds solution

In 2023, Global Wealth Management launched a discretionary sustainability-focused fund of hedge funds solution, which provides clients in certain regions with the option to further diversify multi-asset class sustainable portfolios. The solution invests at least 80% of its assets in sustainability-focused hedge funds across equity long/short, credit and carbon markets.

The remaining 20% is invested in cash and traditional hedge funds incorporating key sustainability safeguards across their investment process. We anticipate further opportunities for diversification across strategies and fund managers as the universe of sustainability-focused hedge funds continues to evolve.

Inclusive investing for our clients

The Global Wealth Management US Inclusive Investing offering, which aims to address investor interest in strategies that support inclusion, continues to be relevant to our clients. We also continued our Platinum Sponsorship of the National Association of Investment Companies (NAIC), the largest industry association for diverse-owned alternative investment firms, through various events and programming in 2023.

Flagship sustainable investing strategic asset allocation (SI SAA)-aligned portfolios

Global Wealth Management manages or offers flagship SI SAA-aligned portfolios for clients, which provide diversified portfolio exposure to sustainable asset classes and strategies. As of 31 December 2023, USD 22.5 billion[1] was managed globally in a way that is aligned to the sustainable strategic asset allocation developed and maintained by our Global Wealth Management Chief Investment Office (CIO). We further enhanced our discretionary offering with a hedge fund allocation and a dedicated SI Strategic Asset Allocation focused on Asia. The latter allows clients to select a regional focus by utilizing the same diversified sustainable investing framework used by our global sustainable portfolios.

Asset Management

New client offerings

In 2023, we expanded our offering of SI strategies across asset classes and themes and partnered with clients to reflect their sustainability preferences in portfolios.

We enhanced our climate-related client offering, providing investors with several new solutions that contribute to a lower-carbon economy while satisfying various risk and return objectives. Some highlights include:

– *UBS Equities Global Climate Aware and UBS Equities Switzerland Net-Zero Ambition*
  In partnership with a Swiss institutional client, we developed the UBS Equities Switzerland Net-Zero Ambition fund to meet growing demand for net-zero-aligned products. It leverages UBS AM's award-winning proprietary Climate Aware methodology to align its carbon emissions profile with net zero (1.5 degree global warming) requirements, while also supporting social and governance objectives. Using the same approach, we repositioned our Switzerland-domiciled Global Climate Aware rules-based equity funds to pursue a net-zero ambition.

1 Figures include limited amounts of instruments not classified as sustainable investment, including cash and cash-like instruments that each portfolio holds for liquidity management purposes, as well as, subject to clear, limiting restrictions, client-directed investments included in sustainable investing mandates..

- *Triton Property Fund and European Office Fund*
  These two strategies are aligned to a real estate-specific net-zero framework that targets decarbonization through improving energy efficiency and using green energy sources for the properties invested in. Its decarbonization targets follow science-based pathways for carbon emission- and energy-reduction
- *UBS Global Emerging Markets Equity Climate Transition*
  *B*uilding on the successful UBS Global Equity Climate Transition strategy, which was launched in 2022 together with global investment consulting firm Aon, this strategy focuses on emerging market companies seeking to transition to a low carbon economy while aligning with SDG dimensions critical to a just transition. The solution leverages UBS *AM*'s proprietary Climate Aware framework and our global Climate Engagement Program.
- *UBS Global Green Bond ESG strategy*
  We collaborated with an index provider to develop a green bond index by enhancing the Bloomberg MSCI Green Bond framework. This new index considers investors' preferences for bond issuers, giving investors global exposure to green bonds with environmental benefits, while taking into account the ESG profile of the underlying issuer.

Asset Management continued to build on its healthcare expertise, launching the UBS Equity Healthy Living strategy to invest in innovative companies that foster healthy living and the prevention of diseases. To do so, we combine our healthcare sector specialist expertise with the UBS AG Asset Management Theme Engine, an artificial intelligence (AI)-powered tool, to identify companies that support healthy living themes such as good nutrition, healthy lifestyles, disease prevention, consumerization of health, mental well-being, and longevity.

Additional existing client offerings

Asset Management (Credit Suisse) offers the Credit Suisse Energy Evolution Equity strategy, which invests in companies that generate at least 50% of their revenues from products and services that support the transition from fossil-fuel-based to renewable energy sources.

Investment Bank

Global Markets

Carbon emissions solutions
Clients continued to access solutions linked to the UBS Constant Maturity Commodity Index (CMCI) Emissions Index, as well as accessing our execution and clearing capabilities for carbon-emissions futures. These capabilities showcased our continued commitment to offering an increasing portfolio of structured products and futures for our clients in the compliance carbon markets.

Actively managed certificates (AMCs)
We increased the number of portfolio certificates linked to a range of sustainability and climate investment themes, despite challenging market conditions throughout 2023. Assets under management remained strong, and the number of sector/thematic AMCs aligned to sustainable and climate investment themes grew.

Equity derivatives
The deployment of structured product/index strategies linked to a range of ESG methodology screenings was expanded during 2023. We continued to partner with third-party index providers to develop ESG indices.

Cross-divisional collaboration
In addition to the launch of the first carbon-compensated, physically backed gold exchange-traded fund, our Investment Bank and Asset Management business divisions are working together on a UBS European physical carbon exchange traded certificate (ETC), providing investors with exposure to EU emission allowances. This demonstrates our ambition to grow and develop ESG product capabilities across all product verticals within Global Markets.

Carbon-related products
In addition to our existing business with derivatives and structured products linked to physical compliance carbon credits, Global Markets is actively pursuing opportunities in voluntary carbon markets. This includes working with project advisors to securitize voluntary carbon credits and facilitating project-financing opportunities for family offices and institutional investors.

Additionally, UBS is a founding member of Carbonplace, a marketplace platform for secondary market trading of voluntary carbon credits. It seeks to provide a more seamless client journey and consolidate liquidity in this developing market. In 2023 we concluded preparatory work to become an operational member of the platform.

Personal & Corporate Banking

Private Clients

Launching the carbon tracker
In 2023, we took a step forward in providing our personal banking clients with greater transparency and sustainability insights by launching a carbon tracker in UBS key4. The tracker allows clients to track the CO_2 emissions footprint of their transactions using UBS credit and debit cards and through UBS TWINT in the mobile banking app. This helps them understand and manage the carbon emission footprints of those transactions in a simple fashion. The footprint is calculated using carbon intensities of corresponding merchant categories. The carbon tracker also provides comparative data and examples so as to help make the concept of carbon emissions footprinting easier to understand.

Corporate and institutional clients

To systematically drive our interactions with corporate clients, we developed a client centricity framework spanning data, products and client engagement. Our focus is on advising clients as part of a strategic dialogue and partnering with them to implement new solutions best suited to their particular business models and value chains.

We hosted several sector-focused roundtables across Switzerland, not only to better understand corporate client needs but also to offer a platform for partnership and networking.

Introducing sustainability-linked loans for multinationals
We have seen a strong increase in client demand for sustainable financing solutions. In 2023 we introduced sustainability-linked loans for multinational corporations which have specific sustainability-related key performance indicators (KPIs) that are agreed with each client. Examples include the closing of a CHF 500 million revolving credit facility as lead arranger, agent, and original lender for a listed Swiss real estate company, as well as a CHF 550 million bilateral sustainability-linked loan for a listed Swiss real estate company.

Leasing bonus for corporate clients
Through the UBS Energy Bonus, we support small and medium-sized enterprises (SMEs) that are aiming to improve their ecological footprint. We reward SMEs in Switzerland that invest in projects supporting higher energy efficiency, renewable energies or sustainability-focused projects (e.g., in the areas of mobility, transportation, production, infrastructure, communication and research). Eligible SMEs are reimbursed with a bonus of up to CHF 3000 of their lease amount. These investments are financed by UBS Leasing.

Supporting SME decarbonization
We are leveraging our partnership with *esg2go* to help support the decarbonization efforts of Swiss SMEs. esg2go offers KPI scores and overall ESG scores based on a methodology developed by the University of Fribourg's Center for Corporate Responsibility & Sustainability, including a CO_2 emissions calculator. We introduced additional features to the tool, providing clients with sustainability performance data that they can pass on to their own key stakeholders.

Continuing to support investing needs of institutional clients
Pension funds and insurance companies continued benefiting from tailored sustainable investment solutions made available by UBS AG Asset Management. We provide these clients with intelligent tools in order to obtain the greatest possible transparency about their portfolio with regards to sustainability aspects.

Swiss real estate

We further enhanced our Swiss real estate offering by launching a number of new advisory tools to support clients in retrofitting their properties.

Introducing the renovation journey and calculator
Our comprehensive online renovation journey and calculator for owner-occupied real estate allows our clients to work out expected renovation costs and timelines, as well as calculating their CO_2 emissions footprint and energy consumption levels before and after renovation.

Rolling out a subsidies calculator
We continued to build on the products and solutions we offer clients with Swiss real estate investments, by rolling out a subsidies calculator covering all cantons and municipalities. The tool is designed to provide clients with an estimate of sustainability-related subsidies available for their real estate investment properties.

Offering an enhanced key4 Energy Check
In collaboration with real estate advisory company *pom+*, we went live with the key4 Energy Check 2.0 (Supplier Network). This service helps real estate investment clients to analyze their investment properties and access a network of suppliers that can help implement energy efficiency measures.

Expanding insights

UBS seeks to act as a thought leader in sustainability, providing our clients with deep insights and research. During 2023, the UBS Sustainability and Impact Institute published thought leadership designed to provide insights into the long-term developments needed to support the transition toward a sustainable economy. Our Investment Bank and Global Wealth Management Chief Investment Office delivered actionable sustainable investment research for clients, while our Asset Management and Personal & Corporate Banking business divisions offered a variety of conferences, webinars, reports, white papers and associated events to discuss some of the most important developments and themes around sustainability with our clients.

The UBS Sustainability and Impact Institute

Established in 2021, the UBS Sustainability and Impact Institute (the Institute) is a cross-divisional initiative which aims to offer best-in-class thought leadership to advance the level of awareness and understanding of some of the most critical issues facing our planet and global society. The Institute achieved several milestones in 2023, including the addition of four full-time professionals, who have been instrumental in driving content creation and marketing efforts.

Throughout 2023, the Institute published a variety of insights, including blog posts, interviews with subject-matter experts, individual research reports and comprehensive white papers, all amplified globally via a dedicated social marketing engagement strategy that leverages senior leaders from across UBS.

Key publications in 2023

The Rise of the Impact Economy
The Institute released this publication to address the need to move beyond an output-centric economic system that came to dominate decision-making during the twentieth century and toward a more sustainable and equitable outcome-focused model that we see as essential for preserving precious natural resources and expanding prosperity during the twenty-first century.

Rethink, rebuild, reimagine
Released at Switzerland's Building Bridges Conference in October 2023, this white paper focused on the critical role that real estate can play in both reducing carbon emissions and improving social equity through a comprehensive approach to building. Topics covered include the best means for retrofitting and converting existing building structures, the importance of taking a more selective approach toward new construction, and an exploration of more creative means of decommissioning and repurposing non-usable structures.

The Institute Forum

During 2023 the Institute continued to advance the development of the Institute Forum, a body that promotes objective, fact-based debate on the most critical issues and trends related to the future of sustainability. It aims to do so primarily by bringing together recognized academic, scientific and business leaders as members, using their expertise to help the Institute explore the ways in which economics and financial solutions can intersect with particular sustainability topics.

All of the members are leaders in different fields, but all share a common and unwavering commitment to advancing the field of sustainability. Their expertise has helped the Institute to enhance the understanding and insight of its thought leadership across a range of issues, from inclusive economic development to climate change and social equity. In addition, the leadership and knowledge of the Institute Forum members have been an asset in encouraging more clients across our business divisions to engage with SII viewpoints and sustainability topics more broadly.

› **Refer to *ubs.com/global/en/sustainability-impact/sustainability-insights* for more information about the Institute and the Institute Forum**

Managing sustainability and climate risks

Climate- and nature-related risk methodologies and scenarios

This section provides an overview of our target approach to integrating climate risk into other risk categories, as well as an overview of our scenario analysis and of the methodological approaches taken in developing our sustainability and climate risk analytics. It includes detailed information on the methodology documentation, commensurate with the materiality and complexity of the heatmaps.

UBS's target approach to integrating climate risk into other risk categories

Integration of climate risk: target approach

Process	Credit risk	Market risk (traded and non-traded)	Non-financial risk (NFR)	Reputational risk
Systematically integrate sustainability and climate risks into the firm's risk identification processes and stress testing framework				
Risk identification and measurement	UBS assesses and monitors material concentrations of exposure to climate risk across sensitive geographies, sectors and counterparties. Climate risk scenario analysis and stress testing enable UBS to assess risks along different climate pathways and time horizons up to 30 years, for an assessment of capital and risk-weighted asset (RWA).	UBS identifies new transmission channels of market risk impacts by assessing market-based responses to climate risk drivers. This process involves monitoring potential impacts on the value of UBS's positions that may be materially affected by climate-risk-driven price and/or volatility shifts. UBS deploys custom climate stress modeling to quantify potential losses from changes in market variables, such as interest rates, credit spreads, equity and commodity prices, as well as correlations and volatility.	NFR implications are assessed across compliance, financial crime, and operational risk taxonomies including business continuity risk, to enable UBS to identify potential deficiencies in internal processes or vulnerabilities to external events.	Clients, new transactions, products and services go through standard review and decision processes prior to UBS conducting business. These processes support the identification, assessment and escalation of potential reputational risk. The design and operating effectiveness of the framework rely on including the climate-related risk management processes embedded in the step 1 frameworks below. Examples include: – client onboarding (financial crime prevention / anti-money laundering / know your customer); – sustainability and climate risks; – suitability and appropriateness review; – new business and complex transaction approval processes; and – third-party risk management and outsourcing and offshoring processes.
Execution of BoD- and GEB-defined risk appetite for sustainability and climate risks, based on identified material risks				
Monitoring and risk appetite setting	Integration of climate-related risks (quantitative) into the firm's risk appetite framework, including, but not limited to, climate-related credit limits (considering materiality thresholds) and/or carbon budgets and utilization aligned with UBS net-zero implementation targets. The process includes ongoing monitoring of potential new transmission channels.	Integration into market risk-monitoring processes reflecting insights from risk identification and ongoing assessment of exposure to industry sectors, sovereign debt, commodity prices, foreign exchanges rates and interest rates. This includes an assessment of potential material climate-sensitive exposure (to sectoral, geographic and/or asset type) against risk appetite, and timely escalation of potential concentrations.	Monitoring and tracking of global climate-related regulations via a dynamic assessment process enables UBS to understand and anticipate impacts on current operations, addressing greenwashing risks or central bank supervisory expectations.	Our Risk Appetite Framework ensures that risk-taking at every level of the firm is in line with our strategic priorities and capital and liquidity plans, as well as our pillars, principles and behaviors. The framework takes a comprehensive approach, integrating all material risks across the firm. Ongoing monitoring and surveillance activities, as well as escalation processes, are in place to protect UBS's franchise and reputation.

Quantitative and qualitative sustainability and climate risk principles integrated into risk management frameworks and processes				
Risk management and control	Integrating climate risk considerations into the credit lifecycle, including onboarding, deal review, collateral valuation and periodic credit processes, enables UBS to mitigate the potential for climate-related credit losses. Driven by proprietary methodologies (e.g., scorecards) and quantitative or qualitative integration into risk metrics (e.g., probability of default, loss given default) or decision-making. Mitigants may include the setting of limits, portfolio management measures (e.g., hedges) and/or business acceptance criteria.	Climate-related considerations are integrated into market risk appetite, which may result in enhancements to management systems and processes, and challenges to existing risk control measures.	Embed ESG (environmental, social, governance) factors into NFR assessment and control frameworks including enhancements to new business initiatives, client onboarding, oversight of marketing materials related to sustainability, business continuity planning adaptations and/or minimum product standards of sustainability characteristics.	On-going review of framework design and the operating effectiveness and ESG controls embedded in key processes, such as new business controls and suitability and appropriateness reviews, enables UBS to continuously evolve its reputational risk management capacity.

Dashboards on climate-driven risk insights, internal and external reporting on climate risk management framework status	
Risk reporting and disclosure	Timely reporting of material changes in climate-driven risk identification, quantification, monitoring, as well as utilization of risk appetite, and/or key risk management and control decisions. This includes integration of climate-related credit and market risk metrics (e.g., climate-driven delta risk or expected credit loss from climate-sensitive loans) in standard internal risk reports at the level of the Group, significant Group entities and/or business divisions. A Group-consolidated view of all high inherent risk cases that have been raised through the reputational risk review process is provided quarterly into the Group Risk Report. Automation of risk metrics into external disclosure processes, accompanied by materially relevant information on climate risk identification, monitoring (e.g., new transmission channels), exposure trends and mitigating actions. Roll-out of independent ESG data assurance to our Sustainability Report initially (to be extended to other Sustainability Dashboard metrics on risk-based approach over time) and SOX 302 style certification by senior management on our Sustainability Report

Our plan for liquidity risk
We aim to integrate identified material risks into our internal liquidity risk management framework. We recognize climate risk drivers may transmit to liquidity adequacy through our ability to raise funds and liquidate assets, or indirectly through our customers' demands for liquidity (e.g., given a market or physical climate shock). We plan to assimilate insights gained from our efforts to quantify and integrate climate-related credit and market risks, to collectively determine how liquidity risks may be more accurately captured. We see the integration of climate risk into liquidity risk management (as with other climate-driven risks) as an iterative process, improving the quality of data, analytics and insights over time, as further described in the "ESG data" section below.

Note: As climate risk analysis is a novel area of research, with methodologies, tools and data availability still evolving, we will continue to develop our risk identification and measurement approaches.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendix of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information about Credit Suisse's climate- and nature-related risk methodologies**

Climate- and nature-related risk methodologies

We have developed climate- and nature-related risk methodologies, which rate geographic cross-sectoral exposures to sustainability and climate risk sensitivity on a scale from high to low. Following a risk segmentation approach, these methodologies define "climate- (or nature-) sensitive" exposures by aggregating the top three of five risk ratings (absolute, in USD) over the total lending exposure to customers (on- and off-balance sheet, percent). In general, our climate and nature-related sector-level heatmaps provide three key benefits in UBS risk management strategy, by helping with:

– risk identification and measurement: by identifying sectors and segments that are potentially vulnerable to the transmission channels of climate and nature-driven financial and non-financial risks, which in turn, enables resource prioritization for detailed bottom-up risk analysis;

– risk management and control: by helping to understand the materiality (both financial and non-financial) of climate and nature-related risks, and which transmission channels may increase or augment the risk profile supporting a risk mitigating strategy; and

– risk reporting and disclosure: by providing decision-useful information in internal reports to executive and board leadership and external disclosure to stakeholders.

	Transition risk	Physical risk	Nature risk
Methodology	Expert-based transition risk ratings obtained from the UNEP-FI and Oliver Wyman for sectors (e.g., energy, and agriculture and forestry) and industry segments are rated to a score (between 0 and 1) and used to obtain a final transition risk score ranged within a rating (low / moderately low / moderate / moderately high / high). As a result, lending exposure data is categorized by risk ratings, through their sectoral and country designation.	A score is calculated at sector / country level from a geographically and economically representative asset population collected from vendor data. This hazard exposure score is an average, with a penalty applied for the variance of the population, and it is augmented by channels that amplify the risk at sectorial level. A final score is then obtained by aggregating across hazards. This score is ranged within a rating (low / moderately low / moderate / moderately high / high). As a result, lending exposure data is categorized by risk ratings, through their sectoral and country designation.	Expert-based ratings obtained from the ENCORE Framework (Exploring Natural Capital Opportunities, Risks and Exposure) are used to assign industry segments a score (0-1) for both dependency and impact. These scores are mapped to internal UBS GIC2 industry codes. Final scores are defined as the maximum value between dependency and impact. This score is banded into a rating range (aligned with the same ranges used In climate-relate risks). As a result, lending exposure data is categorized by risk ratings, through their sectoral designation.
Timelines	Short term (0–3 years)	Short term (0–3 years)	Short term (0-2 years)
Scenario	Ambitious and disorderly approach to meeting <2˚C goals of the Paris Agreement	Business as usual	Business as usual
Interpretation	Reflect levels of risk and likelihood of financial impact and exposure based on the defined scenario.	Reflect level of risk and likelihood of financial impact and exposure based on a business-as-usual scenario.	Reflect levels of risk and likelihood of financial impact and exposure based on a business-as-usual scenario.
Examples	High for most fossil fuel sectors, moderate for commercial real estate, most transportation and industrial sectors.	Moderately high for some manufacturers in Southeast Asia (due to typhoons), moderately low for the same manufacturers in Switzerland (due to fluvial dynamics).	Moderate to moderately high for resource-intensive sectors, such as agriculture, metals & mining and industrial activities.

Transition risk heatmap

We have based our transition risk heatmap methodology on dividing economic sectors with similar risk characteristics into risk segments and rating those segments according to their vulnerability to (i) climate policy, (ii) low-carbon technology risks and (iii) revenue or demand shifts, adopting an immediate and ambitious approach toward meeting Paris Agreement goals differentiating between emerging and industrialized economies. As a result, the ratings in the heatmap reflect the levels of risk that would likely occur under an ambitious transition (in a short-term time horizon).

This climate risk heatmap rates UBS's cross-sectoral gross financial exposures to climate-driven transition risk vulnerability from high to low (sensitivity for financial impacts to the creditworthiness and/or value of corporate entities, sovereigns and real estate assets). We base our ratings upon climate risk ratings that are determined by ratings agencies, regulators, and expert consultants and are further developed by the firm. The rating given may be considered a proxy for the likelihood (e.g., a high rating for most fossil fuel sectors), while our exposure classification to those ratings (and sub-sectors) may be considered a proxy for inherent risk.

Our findings show relatively low year-on-year exposure to high-risk economic activities (risk segments, mostly concentrated in fossil fuel energy extraction), and a relatively low exposure to moderate-risk economic activities (risk segments, mostly concentrated in commercial real estate, industrial, and transportation activities). UBS first developed the transition risk heatmap in partnership with 35 peer banks, coordinated by the United Nations Environment Program (UNEP-FI), and under the guidance of the consulting firm Oliver Wyman. Since initially disclosing UBS exposure to transition risk using this methodology, UBS has further in-housed the approach by annually refining risk segments in line with UBS's own credit footprint and further developing the assessment of vulnerability to the three risk factors defined above.

Physical risk heatmap

We developed our physical risk heatmap methodology in-house to reflect the exposure and vulnerability to physical risk across all regions (Switzerland, North America, Europe and Central Asia, Latin America and the Caribbean, East Asia and Pacific, the Middle East and North Africa, and sub-Saharan Africa), as well as sectors and related value-chain risk factors. These are derived from asset-level exposure data, which is aggregated and enhanced using a range of academic and expert sources. As a result, the ratings in the physical risk heatmap reflect the levels of risk exposure that would likely occur under a business-as-usual scenario (in a short time horizon).

The physical risk heatmap methodology groups corporate counterparties together, based on exposure to key physical risk factors, by rating sectoral and geographical exposures and vulnerabilities to specific physical risk hazards, where no additional policy action is assumed. These are then aggregated across assets, transmission channels (including value chains), and hazards to provide a sector- or country-based output.

Ratings from low to high are based on the aggregation of hazard-specific scores, each of which is determined by combining an exposure metric calculated from a sector- and geography-specific population of asset-level data (from vendor feeds) with sector-specific adjustments to account for further transmission channels. Scores are given based on the following inputs:

- an aggregated metric capturing the physical risk exposure to a given hazard (short term, no additional action scenario) of an asset population sharing the sectoral activity and the geographical location of the counterparty; and
- conservative hazard- and sector-specific adjustments to the exposure metric that capture the effects of other transmission channels of physical risk, including value-chain effects.

We will continue to enhance our methodology in 2024, with the expansion of vendor data sources, refinement of methodological assumptions, and the creation of dedicated data-driven approaches to other counterparty types.

Nature-related risk methodology

The nature-related risk metric measures our risk exposures within sectors with a moderate to high dependency and/or impact on the natural environment, as defined through the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) methodology. ENCORE identifies production processes that are most vulnerable to financial impacts due to their dependency on ecosystem services, as well as the production processes that may have potential impacts on natural capital assets. In 2022, we piloted a quantification approach for nature-related risk based on nature-related dependency data using the ENCORE database. In 2023, we enhanced our methodology to also assess our exposure to sectors that may have an adverse impact on the natural environment because of their resource- or emission-intensive business practices. We continue to improve the methodology as new data and guidance become available, considering different approaches towards quantifying both dependencies and impacts on nature-related topics. The September 2023 release of the final recommendations by the Taskforce on Nature-related Financial Disclosures (the TNFD) will also inform future enhancements.

To calculate the metric and adapt the ENCORE methodology to UBS's risk management and reporting systems, UBS primary industry codes (GIC 2.0) were mapped to the ENCORE database and respective ratings were then assigned at the sector level.

- The ratings for the nature-related risk dependencies of a sector consider the potential (i) loss of functionality of a production process and (ii) financial loss, if, for example, the ecosystem service is disrupted.
- The ratings for nature-related impact consider how severely, quickly and frequently a production process may disrupt ecosystem services or deplete natural capital stocks.
- Ratings (ranging from low to high) are based on integral scores (ranging from 0 to 5), which are aggregated and scaled at the production process level.
- Where there is more than one production process for a respective subsector, the highest associated score is assigned. For each GIC 2.0 code, an overall nature-related exposure rating is determined by taking the maximum score across dependency and impact sectoral risk exposure.

Our exposure classification to those ratings (and sub-sectors) may be considered a proxy for nature-related risk, which considers both potential dependencies and impacts to ecosystem services. The metric of nature-related risk / total lending exposure (as a percentage) is calculated, in line with the climate sensitive metrics. Sensitive sectors are defined as those business activities that are rated as having high, moderately high or moderate vulnerability to nature-related risks, as with climate-related risks.

In 2023 we continued expanding the coverage of UBS's entire balance sheet. This meant developing new metrics targeting issuer and traded products in our risk monitoring and reporting capabilities. The newly expanded reporting scopes and enhanced methodologies underly metrics illustrated in the following table.

Risk management – Climate- and nature-related metrics

	For the year ended
	31.12.23
Climate- and nature-related metrics (USD billion)[1, 2]	
Exposure to climate-sensitive sectors, transition risk: Traded products, UBS AG (standalone)[3]	***0.23***
Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Switzerland AG (standalone)[3]	***0.66***
Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Europe SE (standalone)[3]	***0.00***
Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS AG (standalone)[4]	***4.29***
Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Switzerland AG (standalone)[4]	***0.00***
Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Europe SE (standalone)[4]	***0.00***
Exposure to climate-sensitive sectors, physical risk: Traded products, UBS AG (standalone)[3]	***4.51***
Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Switzerland AG (standalone)[3]	***1.08***
Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Europe SE (standalone)[3]	***0.44***
Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS AG (standalone)[4]	***8.52***
Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Switzerland AG (standalone)[4]	***0.84***
Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Europe SE (standalone)[4]	***0.23***
Exposure to nature-related risks: Traded products, UBS AG (standalone)[3]	***0.22***
Exposure to nature-related risks: Traded products, UBS Switzerland AG (standalone)[3]	***0.82***
Exposure to nature-related risks: Traded products, UBS Europe SE (standalone)[3]	***0.03***
Exposure to nature-related risks: Issuer risk, UBS AG (standalone)[4]	***3.06***
Exposure to nature-related risks: Issuer risk, UBS Switzerland AG (standalone)[4]	***0.00***
Exposure to nature-related risks: Issuer risk, UBS Europe SE (standalone)[4]	***0.00***

1 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. **2** Metrics are calculated and restated based on the 2023 methodology, across three years of reporting, 2021–2023. **3** Traded products are newly disclosed for FY 2023. Risk exposures consist of receivables from securities financial transactions, cash collateral receivables on derivative instruments and financial assets measured at amortised cost. **4** Issuer Risk is newly disclosed for FY 2023. Risk exposures consist of HQLA assets, debt securities, bonds, liquidity buffer securities.

Scenario analysis

We have been using scenario-based approaches to assess our exposure to physical and transition risks stemming from climate change since 2014. The table below summarizes the scenarios used by UBS.

Scenario name	Developed by	Temperature alignment	Type[3]	Carbon dioxide removal (CDR)[4]	Description (as provided by the developing organization)
Net Zero 2050 (2021)	NGFS[1]	1.5°C	Orderly	Moderate reliance	Net Zero 2050 is an ambitious scenario that limits global warming to 1.5°C, with stringent climate policies and innovation, reaching net-zero CO_2 emissions around 2050. Some jurisdictions, such as the US, the EU and Japan, reach net zero for all greenhouse gases by this point. This scenario assumes that ambitious climate policies are introduced immediately. CDR is used to accelerate decarbonization but is kept to the minimum possible and broadly in line with sustainable levels of bioenergy production. Net CO_2 emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (< 0.1 °C) of 1.5°C in earlier years. Physical risks are relatively low, but transition risks are high.
Below 2°C (2021)	NGFS	1.8°C	Orderly	Moderate reliance	Below 2°C gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C. This scenario assumes that climate policies are introduced immediately and become gradually more stringent, though not as high as in Net Zero 2050. CDR deployment is relatively low. Net-zero CO_2 emissions are achieved after 2070. Physical and transition risks are both relatively low.
Divergent Net Zero (2021)	NGFS	1.5°C	Disorderly	Low reliance	Divergent Net Zero reaches net zero by 2050 but with higher costs due to divergent policies introduced across sectors and a quicker phase-out of fossil fuels. This scenario differentiates itself from Net Zero 2050 by assuming that climate policies are more stringent in the transport and building sectors. This mimics a situation where the failure to coordinate policy stringency across sectors results in a high burden on consumers, while

Scenario name	Developed by	Temperature alignment	Type[3]	Carbon dioxide removal (CDR)[4]	Description (as provided by the developing organization)
					decarbonization of energy supply and industry is less stringent. Furthermore, the availability of CDR technologies is assumed to be lower than in Net Zero 2050. Emissions are in line with a climate goal giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (<0.1°C) of 1.5°C in earlier years. This leads to considerably higher transition risks than Net Zero 2050 but, overall, the lowest physical risks of the six NGFS scenarios.
Delayed Transition (2021)	NGFS	1.8°C	Disorderly	Low reliance	Delayed Transition assumes that global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited. This scenario assumes that new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies, leading to a "fossil recovery" out of the economic crisis brought about by COVID-19. The availability of CDR technologies is assumed to be low, pushing carbon prices higher than in Net Zero 2050. As a result, emissions exceed the carbon budget temporarily and decline more rapidly than in well-below 2°C after 2030, to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than Net Zero 2050 and below 2°C scenarios.
Nationally Determined Contributions (2021)	NGFS	~2.5°C	Hothouse world	Low reliance	Nationally Determined Contributions (NDCs) includes all pledged policies, even if not yet implemented. This scenario assumes that the moderate and heterogeneous climate ambition reflected in the NDCs at the beginning of 2021 continues over the course of the 21st century (low transition risks). Emissions decline but lead nonetheless to about 2.5°C of warming associated with moderate to severe physical risks. Transition risks are relatively low.
Current Policies (2021)	NGFS	+3.0°C	Hothouse world	Low reliance	Current Policies assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions increase until 2080, leading to about 3°C of warming and severe physical risks. This includes irreversible changes, such as higher sea levels. This scenario can help central banks and supervisors consider the long-term physical risks to the economy and financial system if we continue on our current path to a "hothouse world."
Early Action	BoE – CBES 2021[2]	1.8°C	Orderly	Moderate reliance	The transition to a net-zero economy started in 2021, so carbon taxes and other policies intensify relatively gradually over the scenario horizon. Global CO_2 emissions are reduced to net zero by around 2050. Some sectors are more adversely affected by the transition than others, but the overall impact on GDP growth is muted, particularly in the latter half of the scenario, once a significant portion of the required transition has occurred and the productivity benefits of green technology investments begin to be realized.
Late Action	BoE – CBES 2021[2]	1.8°C	Disorderly	Low reliance	The implementation of policy to drive the transition is delayed until 2031 and is then more sudden and disorderly. The more compressed nature of the reduction in emissions results in material short-term macroeconomic disruption. This affects the whole economy but is particularly concentrated in carbon-intensive sectors. Output contracts sharply in the UK and international economies. The rapid sectoral adjustment associated with the sharp fall in GDP reduces employment and leads to some businesses and households not being able to make full use of their assets, with knock-on consequences for demand and spending. Risk premia rise across multiple financial markets.
No Additional Action	BoE – CBES 20212	3.3°C	Hothouse world	Low reliance	Primarily explores physical risks from climate change. Here, there are no new climate policies introduced beyond those already implemented. A growing concentration of greenhouse gas emissions in the

Scenario name	Developed by	Temperature alignment	Type[3]	Carbon dioxide removal (CDR)[4]	Description (as provided by the developing organization)
					atmosphere and global temperature levels lead to chronic changes in precipitation, ecosystems and sea level. There is also a rise in the frequency and severity of extreme weather events such as heatwaves, droughts, wildfires, tropical cyclones and flooding. There are permanent impacts on living and working conditions, buildings and infrastructure, realized through GDP. Changes in physical hazards are unevenly distributed with tropical and subtropical regions affected more severely. Many of the impacts from physical risks are expected to become more severe later in the 21st century and some will become irreversible.
Representative Concentration Pathways (RCP) 6	IPCC / scientific community	3–4°C	Hothouse world	Low reliance	The RCP 6.0 scenario uses a high greenhouse gas emission rate and is a stabilization scenario where total radiative forcing is stabilized after 2100 by employment of a range of technologies and strategies for reducing greenhouse gas emissions. Emissions peak around 2080, then decline.
Sustainable Development Scenario (2021)	IEA	1.65°C	Orderly	Moderate reliance	A well-below-2°C pathway, this scenario is a gateway to the outcomes targeted by the Paris Agreement. It is based on a surge in clean-energy policies and investment that puts the energy system on track for key Sustainable Development Goals (the SDGs). In this scenario, all current net-zero pledges are achieved in full and there are extensive efforts to realize near-term emissions reductions; advanced economies reach net-zero emissions by 2050, China around 2060, and all other countries by 2070 at the latest.
The Net-Zero Emissions by 2050 Scenario (2021)	IEA	1.5°C	Orderly	Moderate reliance	This is a normative IEA scenario that shows a narrow but achievable pathway for the global energy sector to achieve net-zero CO_2 emissions by 2050, with advanced economies reaching net-zero emissions in advance of others. This scenario assumes stable and affordable energy supplies, providing universal energy access, and enabling robust economic growth, while minimizing costs.
Stated Policies Scenario (2021)	IEA	2.6°C	Hothouse world	Low reliance	This scenario provides a more conservative benchmark for the future because it does not take for granted that governments will reach all the announced goals. Instead, it takes a more granular, sector-by-sector look at what has actually been put in place to reach these and other energy-related objectives, taking into account not only existing policies and measures but also those that are under development. The policies assessed in the Stated Policies Scenario cover a broad spectrum. These include Nationally Determined Contributions (NDCs) under the Paris Agreement, and many others.

1 Network for Greening the Financial System. 2 Bank of England / Climate Biennial Exploratory Scenario 2021. The BoE built upon the reference scenarios published by the NGFS; UBS performed additional in-house expansion of BoE scenarios, to undertake the analysis across multiple regions and sectors. 3 Orderly: low transition risk and low physical risks; disorderly: higher transition risks and low physical risks; hothouse world: low transition risks and high physical risks. 4 Carbon Dioxide Removal (CDR): indicates reliance on CDR policies and technologies, such as carbon capture and storage (CCS).

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendix to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information about Credit Suisse's scenario analysis**

Additional UBS Europe SE considerations for sustainability and climate risk management

UBS Europe SE is a significant entity of UBS Group. Therefore, UBS Group's management of sustainability and climate risks, and related risk assessments, implicitly cover UBS Europe SE's portfolios. In addition, UBS Europe SE carries out explicit management and assessment of sustainability and climate risk. This includes a tailored risk strategy and business strategy, review of the UBS net-zero ambition at entity level, as well as dedicated materiality assessments, stress testing, a control framework and reporting with respect to sustainability and climate risks.

Materiality assessment

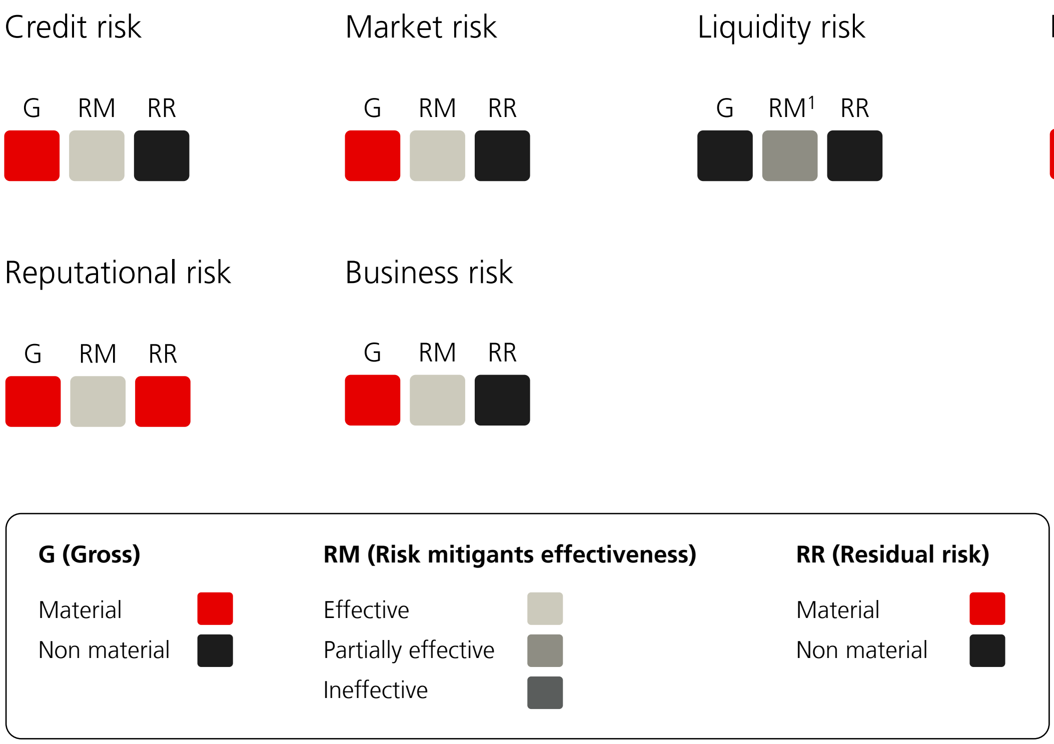
UBS Europe SE considers sustainability and climate risk as part of the regular risk identification process that feeds into its risk strategy. This includes an evaluation of whether sustainability and climate risk has a material impact on other risk categories, such as credit risk, market risk, liquidity risk, operational risk (including Compliance and BCM (Business Continuity Management)), reputational risk (incl. greenwashing), litigation risk and business risk. It also considers distinct risk types (climate risk, both transition risk and physical risks, as well as environmental risk / nature-related risk).

The materiality assessment is performed leveraging different analyses and capabilities, from sensitivity analysis based on heatmap methodology to scenario-analysis capabilities as they develop, as well as qualitative subject-matter expert assessments. It also takes into consideration the relevant offering for UBS Europe SE across the different business divisions and covers different time horizons.

As further quantitative capabilities are developed to assess the impact of sustainability and climate risk across the different risk categories and quantitatively different time horizons, the materiality assessments will be enhanced leveraging these capabilities.

Based on these evaluations, and as reflected below, as of Q4 2023, sustainability and climate risk in UBS Europe SE as a whole is currently assessed as material, after considering effective risk-mitigating measures driven by non-financial risks and reputational risk. There is a defined and implemented framework and adherence to the established framework is guaranteed by implementing and executing clear established controls as well as having ESG-related metrics in place.

The detailed analyses underpinning these materiality assessment results are documented further internally.



1 In line with the ECB deadline, full integration of SCR into the liquidity risk management framework is planned by December 2024, where specific sustainability and climate risks mitigants will be established.
Note: Methodologies for assessing climate and nature related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, UBS will further develop its risk identification and measurement approaches. UBS continues to collaborate to resolve methodological and data challenges.

Business model

Pursuant to the German Banking Act in connection with the European Banking Authority guidelines on Internal Governance and the Minimum Requirements for Risk Management (MaRisk) published by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin), UBS Europe SE executes a robust and durable business strategy. The business strategy, risk strategy and risk profile of UBS Europe SE are core documents for the approach to, and assessment of, sustainability and climate risks. The risk profile, which considers all business activities as described in the business strategy, allows UBS Europe SE to understand the risks and impacts on the business environment and to inform the risk appetite as established in the risk strategy. Further, the risk profile informs the business strategy, which sets targets for all relevant business activities and defines the measures required to achieve these, which are updated at least on an annual basis.

In line with UBS Group, sustainability and climate risks are dealt with as a focus topic in UBS Europe SE's business strategy, where applicable targets and measures are established, monitored and annually reviewed at entity level. Assessing the different risks and opportunities which are linked to sustainability is crucial to developing a consistent sustainability business strategy. Hence, UBS Europe SE analyzes topics such as market trends, regulatory frameworks, climate risks and clients' needs across its business divisions from a sustainability perspective to ensure such aspects are fully embedded in its business strategy.

As one of Europe's largest managers of private and institutional wealth, UBS Europe SE has a role to play in tackling the challenges faced within sustainable finance. It has established targets and KPIs following the UBS Group sustainability and impact strategy's Planet, People and Partnerships topics.

UBS Europe SE has determined the following topics as its sustainability priorities:

Planet: Continue addressing and progressing within the Group's approach to climate and net-zero ambition. Furthermore, it intends to apply the Group's environmental aspirations and KPIs across the entity and its business model. This allows UBS Europe SE to have a more tailored approach to monitoring and progressing within the topic. With regards to progress across its environmental aspirations, since 2023 UBS Europe SE has been disclosing entity-specific achievements on targets related to electricity, waste and greenhouse gas emissions reduction, as well as progress on financed emissions.

People: UBS Europe SE has made sustainable progress when it comes to its workforce and social impact aspirations. Diversity, equity and inclusion are core to our culture. UBS Europe SE has achieved all its established targets with regard to female positions across the entity. It aims to continue leading in this area and further enhancing our initiatives in this field.

Partnerships: To build strategic, resilient, and innovative partnerships is one of the entity's priorities. UBS Europe SE cooperates with different stakeholders and initiatives to ensure promotion of positive impact.

› **Refer to the "Strategy" section of the Supplement and the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our sustainability and impact strategy, which fully applies to UBS ESE**

Globally, UBS Group is a member of several associations and networks, supporting sustainable finance principles based on international standards, where the aforementioned topics are addressed and further considered, including for European entities. At the specific level of UBS Europe SE this includes: the Green and Sustainable Finance Cluster Germany; the Association of German Banks (Bundesverband deutscher Banken e.V.); the European Bank Federation (Sustainable Finance Team); and the Sustainable Finance teams of the Association for Financial Markets in Europe (AFME). In 2022, UBS Europe SE became a member and sponsor of the International Sustainability Standards Board (ISSB) to support the development of more consistent corporate reporting on sustainability matters which can in turn support the integration of sustainability factors into financial markets and decision-making.

› **Refer to the "Strategy" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting,* for more information about "Evolving and informing our strategy" and "Supporting our strategic goals – our engagement in partnerships"**

The following sections explain the methodologies used by UBS Europe SE to assess the impact that transition risk, physical risk and environmental- / nature-related risk have on the risk profile and business model of the legal entity.

› **Refer to "Managing risks" the "Climate- and nature-related risk methodologies and scenarios" section of this Supplement**

› **Refer to the "Managing sustainability and climate risks" section of this document, in particular the transition, physical and nature-related risks sections and the "Risk identification and measurement" section of the UBS Group Sustainability Report 2023 available at *ubs.com/sustainability-reporting***

UBS Europe SE climate transition and physical risks exposures and nature-related risk exposures are shown below.

Risk exposures by sector[1, 2, 3, 4, 5]

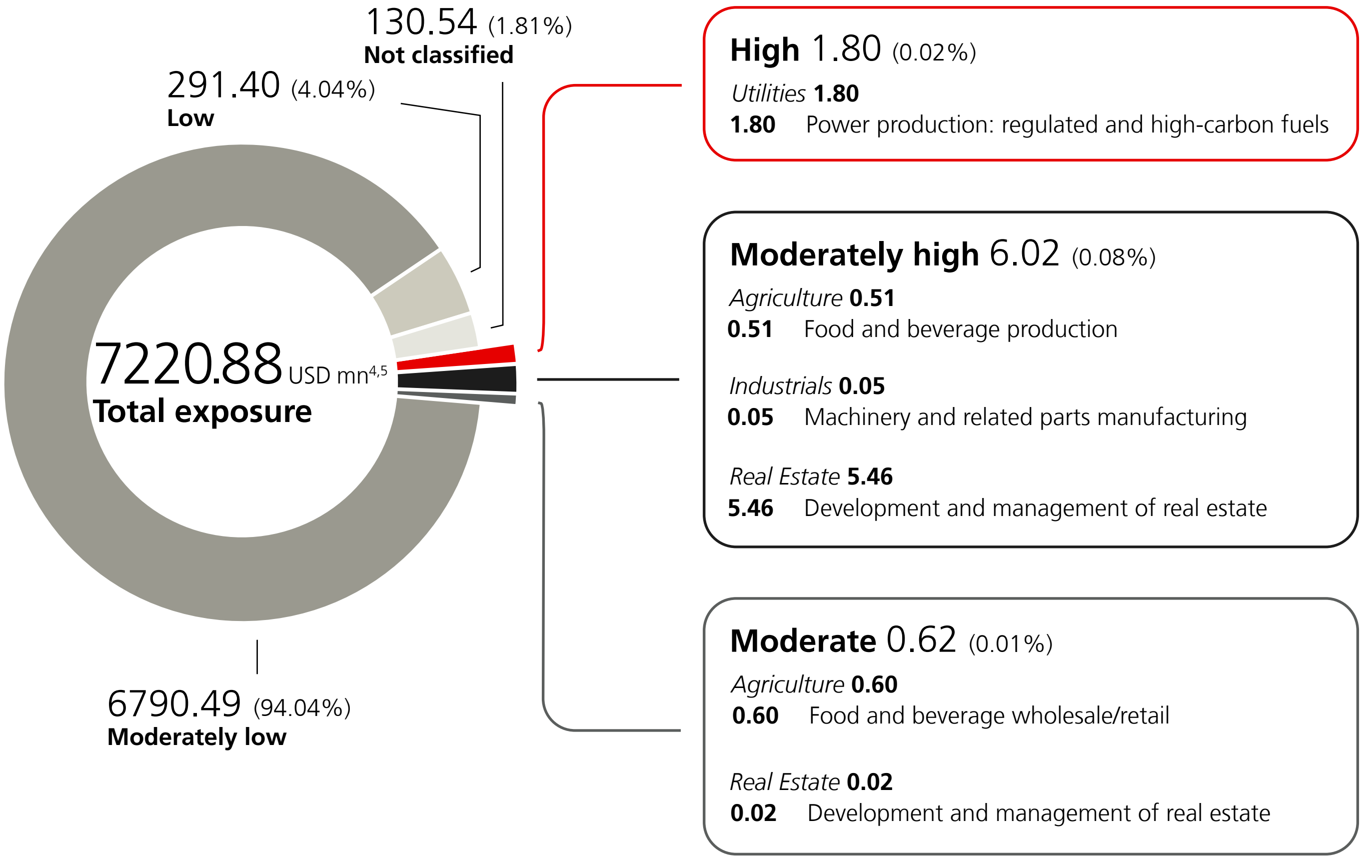
		Transition risk	Physical risk	Nature-related risk[6]
Sector / Subsector	2023 exposure (USD mn)	2023 transition risk climate sensitive exposure (USD mn)3	2023 physical risk climate sensitive exposure (USD mn)3	2023 nature-related risk climate sensitive exposure (USD mn)
Agriculture				
Food and beverage	1.11	1.11	0.60	1.11
Financial services				
Financial services	295.89	0.00	0.00	0.00
Industrials				
Electronics manufacture	0.06	0.00	0.00	0.00
Machinery manufacturing	0.05	0.05	0.00	0.05
Private lending				
Lombard	6,537.41	0.00	0.00	0.00
Private lending, credit cards, other[7]	14.32	0.00	0.00	0.00
Real estate				
Development and management	5.47	5.47	0.00	5.47
Residential real estate	192.92	0.00	0.00	0.00
Services and technology				
Services and technology	55.61	0.00	20.63	47.99
Utilities				
Power generation	1.80	1.80	0.00	1.80
Not classified[7]	**116.22**	**0.00**	**0.00**	**0.00**
Grand Total	**7,220.88**	**8.45**	**21.24**	**56.44**

1 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 2 Metrics are calculated and restated based on the 2023 methodology, across three years of reporting, 2021–2023. 3 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated and standalone IFRS numbers. 4 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 5 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 6 Nature-related risk metric methodology has been further strategically enhanced, as part of an ongoing collaboration between UBS and UNEP-FI. 7 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. private Individuals.

Transition risk:
The transition risk heatmap below shows that at year-end 2023, the majority of UBS Europe SE exposure is rated as moderately low (94.04%), whereas the climate-sensitive exposure of total customer lending is immaterial (0.12%). The majority of the climate-sensitive exposure is concentrated mainly in the real estate sector.

UBS Europe SE climate risk heatmap (transition risk)[1,2,3]

In USD million



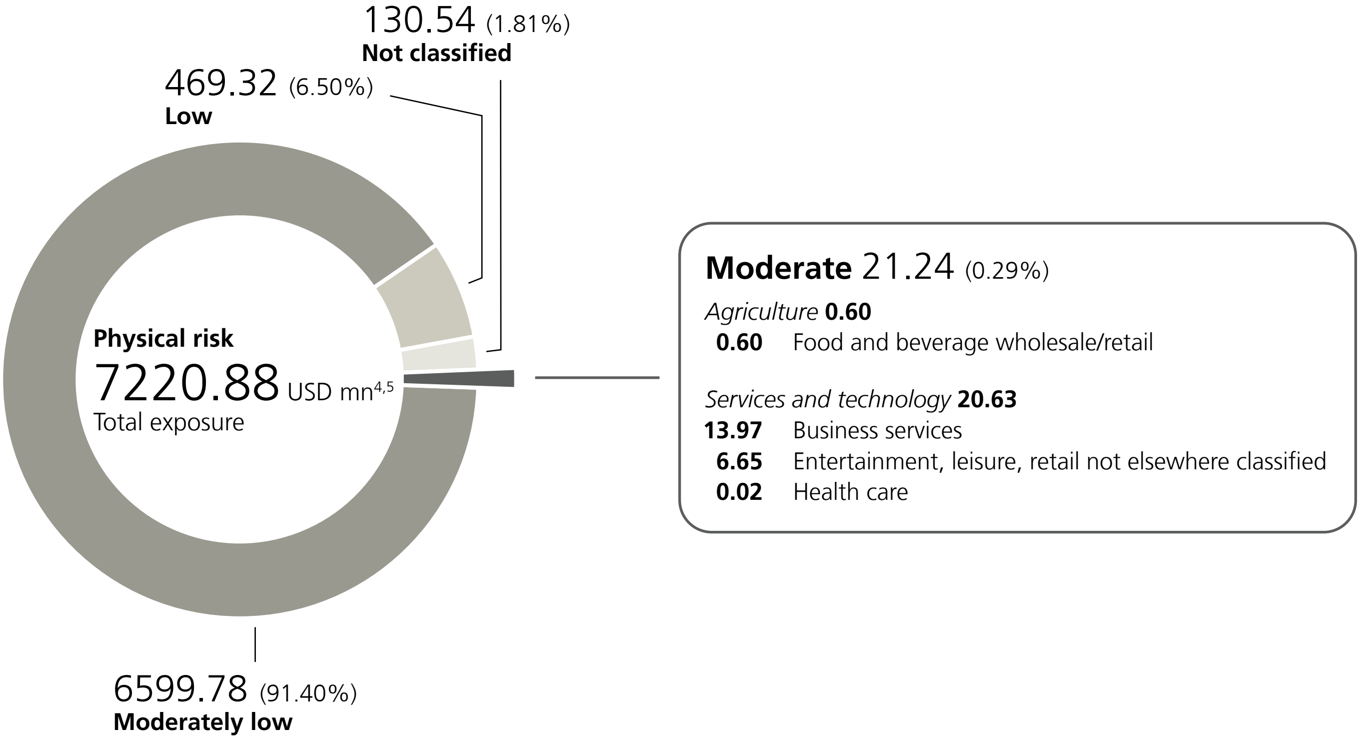
1 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated and standalone IFRS numbers. Total and subtotal exposure calculation is subject to rounding to two decimal places, hence potential deviation from actual. 2 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 3 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 4 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 5 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. private Individuals.

Physical risk:

The physical risk heatmap below shows that at year-end 2023 94.04% of UBS Europe SE's exposure is rated as moderately low, being the climate-sensitive exposure of total customer lending is immaterial (0.29%).

UBS Europe SE climate risk heatmap (physical risk)[1,2,3]

In USD million



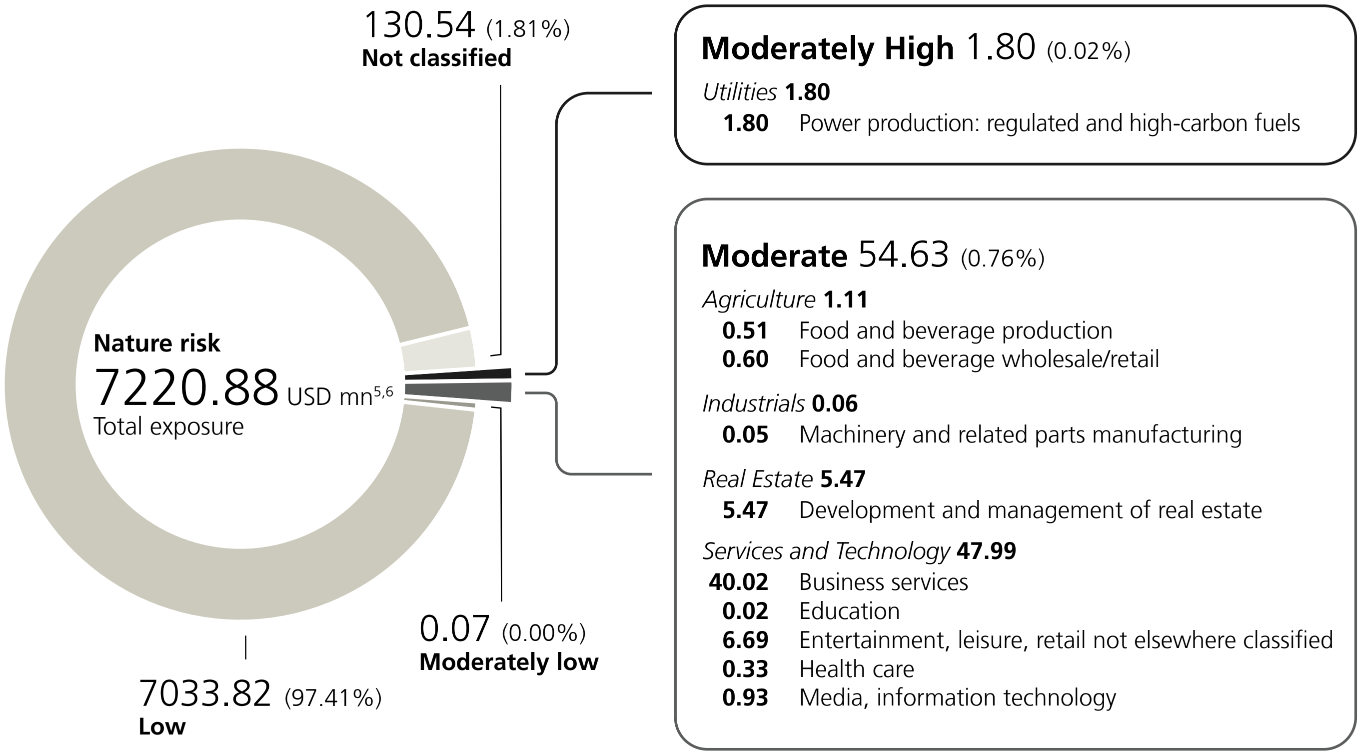
1 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated and standalone IFRS numbers. Total and subtotal exposure calculation is subject to rounding to two decimal places, hence potential deviation from actual. 2 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 3 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 4 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 5 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. private Individuals.

Nature-related risk:

The nature-related risk heatmap below shows that at year-end 2023 the majority of UBS Europe SE exposure is rated as low (97.41%), whereas the nature-sensitive sectors exposure is immaterial (0.78%).

UBS Europe SE climate risk heatmap (nature risk)[1,2,3,4]

In USD million



1 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated and standalone IFRS numbers. Total and subtotal exposure calculation is subject to rounding to two decimal places, hence potential deviation from actual. 2 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 3 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 4 Nature-related risk metric methodology has been further strategically enhanced, as part of an ongoing collaboration between UBS and UNEP-FI. 5 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 6 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. private Individuals.

Governance

The members of the UBS Europe SE's Management Board are ultimately responsible for adequate risk management and for establishing an integrated and institution-wide risk culture. This includes determining the firm's risk principles, risk appetite, major portfolio limits and their allocation to the business divisions and Treasury. The Management Board implements the risk framework, oversees the entity's risk profile and approves key UBS Europe SE risk policies. The oversight and controls include all business conducted in the entity including its branches, the risks associated with the branch business, and ensuring compliance with local legal and regulatory requirements. Notwithstanding the joint responsibility of the Management Board, each member of the Management Board is responsible for establishing adequate controls and monitoring processes in their respective area of responsibility.

UBS Europe SE's Supervisory Board is responsible for overseeing and challenging the Management Board, which informs the Supervisory Board about risk-relevant topics, including risk strategy and risk appetite. The Supervisory Board has established a Supervisory Board Risk Committee, which monitors and oversees the firm's risk profile and the implementation of the risk framework as approved by the Management Board, as well as reviewing the firm's key risk measurement methodologies, including sustainability and climate risk.

UBS Europe SE's risk management organization is embedded into the broader risk governance framework of the UBS Group and operates on a "three lines of defense" model, fulfilling the general risk management requirements according to "Mindestanforderungen an das Risikomanagement (MaRisk) AT°4.3.1" (Minimum Requirements for Risk Management).

The objective of the control functions on all three lines of defense is to support the Management Board in implementing a comprehensive and sound risk management and risk control framework across UBS Europe SE and to continuously improve it.

According to the Sustainability and Climate Risk Framework, the business (first line of defense – 1st LoD) identifies sustainability and climate risks in products, services, instruments, activities, transactions and in client / supplier onboardings or periodic KYC reviews (PKR) and product development, and refers them to the Sustainability and Climate Risk (SCR) unit, as the second line of defense, in accordance with the responsibilities, processes and tools specified in the SCR Policy.

The SCR unit (second line of defense – 2nd LoD) approves or declines the referred cases after assessing their compliance with the firm's Risk Appetite standards defined by the UBS Europe SE Management Board. The SCR unit measures, monitors and reports the exposure to sustainability and climate risks. According to UBS Europe SE´s Schedule of Responsibilities the responsibility for sustainability and climate risk at Management Board level is allocated to the Chief Risk Officer (CRO), with the Head of GCRG acting as deputy. Moreover, the SCR unit supports the CRO in overseeing sustainability topics. It develops and implements UBS Europe SE´s risk framework, specifically risk appetite, for sustainability and climate risk topics, monitors emerging issues and reviews UBS Europe SE´s exposure to sustainability and climate risk. Furthermore, it ensures the Sustainability and Climate Risk Framework is embedded in UBS Europe SE´s culture, management practices and control principles across the firm and conducts sustainability and climate risk-specific assessments of transactions and client and supplier onboarding.

The framework applied by the Group Compliance, Regulatory & Governance (GCRG) function as part of the 2nd LoD includes (but is not limited to) embedded periodic sustainability and climate risk-related controls defined in (i) the product service lifecycle through the New Business Enablement framework; (ii) the client lifecycle framework (at onboarding and during the lifetime of the business relationships); (iii) the pre- and post-sale practices (i.e. controls designed for early identification of potential greenwashing); and (iv) the investment suitability framework (capturing of client sustainability preferences in the investors' profiles).

GCRG has furthermore enhanced its control framework by (i) designing and setting up a 2nd LoD monitoring of greenwashing risks focusing on performing a periodic, sample-based control (front-to-back) in all jurisdictions where SI-labelled products are distributed and (ii) on-going mapping of materially-relevant ESG 1st and 2nd LoD controls to support a focused assessment of residual risk to ESG risk drivers by Non-Financial-Risk (NFR) taxonomy.

From a 3rd line of defense (3rd LoD) perspective, Internal Audit is an independent and objective function that supports both the firm in achieving its defined strategic, operational, financial and compliance objectives, and the UBS Europe SE Management Board and its committees in discharging their governance responsibilities.

Regarding the governance of sustainability and climate risk, in addition to the UBS Group structure, UBS Europe SE has established its own organization. Since 2021 UBS Europe SE has had in place a Sustainability and SCR Steering Forum. It meets monthly, with Management Board representation including CEO and four additional members, and oversees the strategy and the implementation of plans to address regulatory expectations concerning the impact of climate-related and environmental risk on the legal entity. Furthermore, to ensure sustainability is handled as a key priority, in 2022 the UBS Europe SE Chief Risk Officer formally became the Management Board Member responsible for Sustainability Risks for UBS Europe SE, while the CFO UBS Europe SE became responsible for sustainability in January 2024, with responsibility previously under the Head Global Wealth Management Luxembourg & Nordics and Head Asset Management. Both co-chair the Sustainability and SCR Steering Forum. In 2022 the role of UBS Europe SE SCR Lead was established (2nd LoD), part of Group Risk Control, as well as the role of UBS Europe SE Sustainability Lead (1st LoD), part of the Group's Chief Sustainability Office.

In 2023, enhancements were made to the Sustainability and SCR Steering Forum and the formal reporting to the Management Board, providing quarterly, and when required bespoke updates. This allows sustainability to be addressed and monitored at the highest level in the entity. Also, a new ESG GCRG Monthly Forum has been established. Additionally, a new semi-annual report to the Management and Supervisory Boards on progress against the net-zero commitment was implemented in 2023.

› **Refer to the "Our sustainability governance" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information about UBS Sustainability governance**

Risk management

The UBS Sustainability and Climate Risk Framework, defined in the Supplement "Managing sustainability and climate risks" to the UBS Group Sustainability Report 2023, is also embedded in the UBS Europe SE risk control framework.

The sustainability and climate risk initiative follows a multi-year roadmap across our firm's business divisions and legal entities, and hence also covers UBS Europe SE. It is designed to integrate sustainability and climate risk considerations into our firm's various traditional financial risk management frameworks, and related policies and processes. This is necessary to meet expectations regarding the management of sustainability and climate risks and to deliver on climate stress-test exercises. There will be continuous enhancement of the sustainability and climate risk management framework as additional capabilities and enhanced data become available.

› **Refer to the "Managing sustainability and climate risks" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* and in particular to the "Sustainability and climate risk framework" section for further details on the implementation plans to integrate sustainability and climate risk into other risk categories as well as progress to date.**

With regard to climate risk scenario analysis and stress testing, UBS Europe SE's internal climate risk scenario analysis and stress testing capabilities are currently being developed aligned to UBS Group. UBS is developing a climate risk scenario analysis and stress testing framework, which includes the development of internal climate risk scenarios covering transition and physical risks. Further, UBS Group is in the process of developing corresponding climate risk models for major risk types including credit risks and non-financial risks. This will allow risk assessments across different severities of climate change and time horizons.

Currently, UBS Europe SE assesses climate risk in an internal capital adequacy assessment process (ICAAP)-related annual sensitivity assessment. This assessment covers most relevant credit risks in the ICAAP economic perspective. It is based on the heatmaps for physical and transition risks that primarily focus on sectoral vulnerabilities.

› **Refer to the "Managing sustainability and climate risks" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for further information on climate scenario analysis**

Metrics and targets

Regarding climate-related metrics, UBS Europe SE's exposure to carbon-related assets and climate-sensitive sectors (both physical and transition risk) is disclosed in the following referred sections, and also information on UBS AG and UBS Europe SE pursuant to Art. 8 of the EU Taxonomy Regulation in this appendix. This year the analysis has been expanded so it also captures nature-related exposure.

› **Refer to the "Managing sustainability and climate risks" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for the "Climate- and nature-related risks metrics" table**

› **Refer to the "Sustainability and climate risk policy framework" section of this document for the sustainability and climate risk assessments table**

› **Refer to the "Information pursuant to Art. 8 of the EU Taxonomy Regulation" section of the UBS Group Sustainability Report 2023**

In relation to the net-zero commitment and associated aspirations and targets, UBS Europe SE, as part of the UBS Group, is fully committed to supporting the goals of the Paris Agreement, which includes aligning our own operations and business activities with the pathway of a five-step net-zero plan to: (i) measure carbon emissions; (ii) define a roadmap and set targets; (iii) reduce climate impact; (iv) finance climate action and support the transition of our clients; and (v) communicate and engage. These ambitions, activities and related targets are coordinated at Group level, and then reviewed from a UBS Europe SE materiality perspective.

› **Refer to the "Supporting the net-zero goals of our financing clients" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for detailed information on financed emissions and targets**

› **Refer to the "Environment" section of this document for more information about financed emissions methodologies (with UBS Europe SE fully embedded in these)**

Regarding financed emissions, UBS Europe SE has low exposure to the high-priority sectors defined by the G
For the reporting period, the exposure in scope of UBS Europe SE to net-zero financing target
one single position with a power generation company that is being tracked in the Group process. In relation
exposure to the residential real estate sector, the mortgages portfolio is very limited and it is not an active busines
its situation in relation to the net-zero commitment is in line with the Group targets.

From a regulatory perspective, in June 2023, and in compliance with the Sustainable Finance Disclosure Regulation (SFDR), UBS Europe SE published its first Principle Adverse Sustainability Impacts (PASI) report. With this publication, UBS Europe SE disclosed the most significant negative impacts of our investment decisions on sustainability factors relating to environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters in its discretionary portfolios.

Information pertaining to environmental / climate-related risk management regulations in Asia Pacific

Our investment management approach to sustainability and climate risks

Specific climate risk disclosure for client investment assets in Singapore and Hong Kong.

In accordance with Monetary Authority of Singapore's Environmental Risk Management Guidelines for Asset Managers (applicable for Singapore) and Securities and Futures Commission's requirements for management and disclosure of climate-related risks by fund managers (applicable for Hong Kong), we provide the following climate scenario monitoring and oversight.

Climate scenarios

For physical risk, we consider as our central scenario representative concentration pathways (RCP) 4.5 (reflecting expected global warming of 2–3°C by 2100) and associated modeled physical risk implications on asset values by 2030. Additionally, we perform scenario analysis on RCP 2.6 (below 2°C) and RCP 8.5 (more than 4°C under a business-as-usual scenario) into the longer term (2050).

For transition risk, we perform scenario analysis based on three carbon price trajectories (low, medium, high) across three time horizons: short (2025) to long-term (2050), with medium (2030) as our central scenario.

The identification of the middle-of-the-road pathway and 2030 as the central scenario balances multiple factors, namely: the relevance of financial projections, current policies and implementation rates, and the need for near-term checkpoints within long-term climate action.

We define any portfolio with high or very high risk exposure to either physical or transition risk as bearing material climate risk. We monitor material risk exposure based on the central scenario, and flag material risk across other scenarios.

Asset Management

Monitoring and 2023 portfolio disclosure

Our proprietary ESG (environmental, social, governance) Dashboard, used in our public markets business, includes climate physical and transition risk data, and highlights the highest risk issuers. We are continuing to enhance this process and are planning to integrate additional transition-related mitigation data in 2024. Combining risk and mitigation data enables research analysts to consider the physical and transition climate risks holistically in their assessment of the ESG risks of an issuer. At a portfolio level, Asset Management's global risk system provides transparency to portfolio managers of GHG emissions and intensity and in our Risk Control activities we are identifying portfolios with increased risks across a range of scenarios.

In our private markets business, there is a climate risk management process to identify, assess and potentially mitigate climate risks to improve adaptation and/or the resilience of our portfolios to climate change-related hazardous events and the transition to a net-zero world. This approach is embedded throughout the investment lifecycle for underlying assets in portfolios. During the acquisition stage, climate (physical and transition) risks and opportunities are assessed during due diligence and captured in an IC memo. On an ongoing basis, standardized quarterly risk processes are run by our independent risk teams quarterly and include indicators on physical and transition risk exposure, as well as other ESG metrics. This uses the latest available data to identify high risks and mitigation options; this is incorporated into annual business planning process and where necessary these are escalated to investment decision-making bodies.

For Asset Management, based on the 2023 environmental risk analysis, no strategies with material physical risks were identified. However, our transition risk analysis highlighted selected strategies with elevated mid-term exposure, driven mostly by Asia Small Cap Equities. Portfolio managers have assessed the drivers of the climate risk and integrated these into investment decisions as appropriate. For some of our portfolios, the assessment of climate-related risks is not possible in the investment management and risk management processes due to lack of data. For these portfolios, risk assessments will incorporate climate physical and transition risk as data becomes available.

Governance – Singapore
The Board of Directors and senior management of UBS Asset Management (Singapore) Ltd. (UBSSG) are informed and kept updated on environment-related risks. These risks are reviewed by the following bodies in UBSSG:

- Board of Directors of UBSSG: The Board of Directors is the governing body of UBSSG and is responsible for following the overall direction from global level as well as the supervision and implementation of climate-related risks. It assumes ultimate responsibility for the conduct, operations and financial soundness of the respective entity, including quarterly meetings to monitor climate-related risks.
- Designated management-level positions: The responsibilities of designated management include ensuring the development, implementation and review of framework, policies, and metrics and allocating adequate resources with appropriate expertise. Regular management meetings are held to monitor the status and progress of efforts to manage climate-related risks.

Governance – Hong Kong
The Board of Directors and senior management of UBS Asset Management (Hong Kong) Ltd. (UBSHK) are informed and kept updated on climate-related risks. These risks are reviewed by the following bodies in UBSHK:

- Board of Directors of UBSHK: The Board of Directors is the governing body of UBSHK and is responsible for following the overall direction from global level as well as the supervision of climate-related risks. It assumes ultimate responsibility for the conduct, operations and financial soundness of the respective entity, including quarterly meetings to monitor climate-related risks.
- Designated management-level positions: The responsibilities of designated management include ensuring the development, implementation and review of framework, policies, and metrics and allocating adequate resources with appropriate expertise. Regular management meetings are held to monitor the status and progress of efforts to manage climate-related risks.

Global Wealth Management
For UBS AG Global Wealth Management, based on the 2023 environmental risk analysis, no strategies with material physical risks were identified. However, our transition risk analysis highlighted select strategies with elevated mid-term exposure, driven mostly by Asian equities, which are being monitored, and have been reviewed and acknowledged by the relevant governance bodies.

Governance
Global Wealth Management has developed a governance and control framework to ensure quality and consistency of data and ongoing monitoring of climate risks. Material risks identified are presented to the relevant governance forums / committees for review and acknowledgement. This includes the regional and global Risk Forums of CIO Global Investment Management, as well as regional Location Risk Committees and Business Risk Forums. Responsibilities for management of climate risks have been set out in accordance with the three lines of defense model, covering various functions including but not limited to business line staff, risk management and compliance, and internal audit. Our framework will be reviewed periodically and progressively enhanced as data availability and quality increases, and industry practices develop.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for information about implementing the Credit Suisse MAS ERM Guidelines**

Information on UBS Group AG pursuant to the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor

The Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (the Swiss Ordinance) regulates the due diligence and reporting obligations of Swiss companies under Articles 964j–964l of the Swiss Code of Obligations in relation to importing or processing certain minerals and metals from conflict-affected and high-risk areas (CAHRA) and in relation to child labor, by UBS Group AG consolidated (UBS). Where Credit Suisse had deviating processes in place in 2023, such deviations are highlighted below. As the integration into UBS progresses, Credit Suisse has already aligned and will continue to align its processes with UBS's guidelines.

Minerals and metals

Gold is one of the four in-scope minerals and metals of the Swiss Ordinance and the only one relevant to UBS, and this appendix identifies and quantifies risks within the gold bullion supply chain of UBS.[1] Pursuant to article 9 (and appendix A, 1) of the Swiss Ordinance, companies with their registered office in Switzerland that comply with, and report on their compliance with, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas[2] (the OECD Guidance) are exempt from the due diligence and reporting obligations of the Swiss Ordinance. Given that UBS operates its gold bullion businesses in compliance with said OECD Guidance and hereby reports in accordance with it, UBS is exempt from these obligations.

UBS is a "bullion bank" and "downstream company" within the meaning of the OECD Guidance, and therefore its in-scope gold bullion supply chain covers the refineries where such gold bullion was manufactured. Gold bullion verifiably manufactured prior to 1st January 2012 is out of the scope (Grandfathered Stocks).

To ensure that existing due diligence and management systems within UBS address the risks associated with gold from CAHRA, it checks and documents which gold bars imported by UBS on its own account into Switzerland were refined in CAHRA[3]; it has adopted a Gold Bullion Supply Chain Risk Management Plan that addresses the supply chain risks (red flags) illustrated in OECD Guidance "Supplement On Gold".

According to this Plan, UBS only sources and accepts (both on its own and on clients' account) gold bullion produced by refineries that are listed on the London Good Delivery List (LGD)[4] or the Former London Good Delivery List (FLGD)[5] as maintained by the London Bullion Market Association (the LBMA)[6]. In the case of a refinery listed on the FLGD, only bullion produced up to their removal from the LGD is acceptable. This principle is also part of the UBS Sustainability and Climate Risk (SCR) Policy Framework, which is also applicable for Credit Suisse since October 2023.

› **Refer to the "Governance" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about the SCR Policy Framework**

LBMA LGD refineries are required to operate their businesses according to the relevant LBMA Responsible Sourcing Program, in particular the Responsible Gold Guidance (RGG). The RGG requires refineries to comply with the OECD Guidance.[7] The LBMA makes publicly available on its website certificates of compliance for individual refineries, alongside annual RGG compliance audits conducted by third-party auditors.

UBS identifies the refineries of gold bars that are received by means of the bar lists accompanying a shipment and by auditing the received bars against the bar list. Our risk identification (red flags) is limited to whether the refinery has a due diligence framework in place. Therefore, UBS may rely on the LBMA's accreditation as proof that such a refinery has in place the relevant due diligence processes to identify red flags in its own supply chain. Should we identify any red flag in a LGD refinery, as per the Gold Bullion Supply Chain Risk Management Plan, we will report the matter to the LBMA for investigation.

1 Gold bullion supply chain means the sourcing and importation of gold bullion by UBS into Switzerland for its own account.
2 See: OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, dated 2016.
3 For this check, UBS relies on the location of the refinery (i.e., the refinery, which is engraved on the incoming gold bar).
4 See: *Good Delivery Current List – Gold.*
5 See: *Good Delivery Former List – Gold.*
6 Exception: Grandfathered Stocks that are out of scope of the OECD Guidance (see OECD Guidance, page 62).
7 See: *LBMA Responsible Gold Guidance.*

Individual gold bullion bars received by the UBS vault in Zurich are inspected for compliance with the LGD rules as per the operating procedures maintained by the UBS vault manager. The Credit Suisse vault applies the equivalent procedure. Therefore, direct responsibility for policing the incoming gold falls to the vault manager and their immediate line manager. The UBS vault managers and the Credit Suisse vault managers, who are part of the Investment Bank's COO and Global Operations functions respectively, are responsible for the inspection of the inventory.

UBS and Credit Suisse vault managers track and archive the following information on each accepted gold bullion bar in the system: date of receipt, immediate sender (refinery / counterparty / client) and immediate receiver (to whom the bank delivered the gold bullion bar) of the gold bullion bar, the metal, bar-number, weight and fineness, name of the refinery, year of production (if available), and - for UBS, but not for all imports of Credit Suisse - also the country of origin of the refinery. These details are archived in the internal system for 10 years.

In the event that an allegation is received by UBS that an LGD refinery is failing in its due diligence responsibilities under the OECD Guidance, then, in line with the OECD Guidance principle of allowing companies to implement risk mitigation measures through associations, UBS will refer the matter to the LBMA for investigation. The LBMA has oversight of the LGD list and administers the LBMA disciplinary process. During an investigation by the LBMA, UBS will suspend acceptance of gold bullion produced by the refinery subject to the investigation.

As a member, we support the LBMA financially and in other ways through our participation in various LBMA committees and working groups. We constantly monitor LBMA member communications with regard to actions the LBMA takes on LGD refineries. Violation of the RGG can lead to removal of a refinery from the LGD list by the LBMA. From the effective date of such removal, new bullion production will be deemed unacceptable to UBS, barring reinstatement by the LBMA. In this way, UBS will meet the recommendations of the OECD Guidance to cease sourcing from non-compliant refineries.

Child labor

Pursuant to article 5 of the Swiss Ordinance, UBS checked and concluded that there are no reasonable grounds to suspect that the products or services we offer have been manufactured or provided using child labor. These findings were documented internally. Therefore, UBS is exempt from the due diligence and reporting obligations of the Swiss Ordinance.

Supply chain risks associated with child labor are covered under the UBS Responsible Supply Chain Management (RSCM) framework, which is based on identifying, assessing and monitoring vendor practices in the areas of human and labor rights, the environment, health and safety and anticorruption. Central to the RSCM framework are our Responsible Supply Chain Standards, to which UBS direct vendors are bound by contract – this has specific expectations for our vendors to avoid child labor. Additionally, supply chain risks associated with child labor are covered under the SCR Policy Framework. The framework covers all pertinent activities for UBS Group as of the end of 2023.

In 2023, for Credit Suisse, potential child labor risks in connection with applicable third-party suppliers' sourcing and procurement activities were covered by its Third Party Risk Management (TPRM) framework.

Both UBS's and Credit Suisse's frameworks include initial screening and ongoing monitoring of suppliers. We also explicitly communicate our standards, commitments and prohibitions with regard to environmental and social issues, including child labor, both internally and externally, via policies, public statements and codes of conduct.

Other supplemental information

UBS Sustainability objectives and achievements 2023 and objectives 2024

Objectives and achievements 2023

Sustainability and impact

For our reporting against our sustainability and impact key mid- and long-term aspirations, please refer to the respective sections of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*

- **Refer to the "Introduction" section of the aforementioned report for more information about our achievements in 2023 including sustainability ratings**
- **Refer to "Our aspirations and progress" in the "Strategy" section of the aforementioned report for an overview of our priorities and progress**
- **Refer to the "Environment" section of the aforementioned report for more information about how we are supporting our clients' climate transition and reducing our environmental impact**
- **Refer to the "Supporting opportunities" section of the aforementioned report for more information about our sustainable finance ambitions and approach**
- **Refer to the "Social" section of the aforementioned report for more information about how we are building an inclusive workplace and managing our supply chain responsibly**

Material GRI topics	Objectives 2023	Achievements 2023	Status
GRI 302: Energy; GRI 305: Emissions; GRI 201: Economic Performance; GRI 308: Supplier Environmental Assessment; FS Product Portfolio; FS Active Ownership; FS Audit	**Net zero**[1] Progress on our ambition to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities by 2050: – Target net scope 1 and 2 emissions of 12 kt CO_2e – Maintain 100% renewable electricity according to RE100 commitment – Reduce our own energy consumption by 15% from 2019 levels – 60% of GHG key vendors declare their emissions in CDP and set net zero-aligned goals.	Progressed on our ambition to achieve net-zero GHG emissions across our scope 1 and 2, and specified scope 3 activities by 2050: – Our net scope 1 and 2 emissions for 2023 amount to 48,522t CO_2e. We reduced our net GHG footprint for scope 1 and 2 emissions by 21%. The target for scopes 1 and 2 emissions as published in the 2022 Sustainability Report is no longer valid. – We were able to achieve 96% renewable electricity coverage in line with RE100 despite challenging market conditions. – We achieved 8% energy reduction (compared with 2022) and thereby reached our target. In addition we continue to replace fossil fuel heating systems and monitored delivery of contracted carbon removal credits. – 65% of GHG key vendors have declared their emissions on CDP and set net zero-aligned goals.	On track
	– Address our financed emissions by aligning specified sectors to decarbonization pathways and strengthen our sustainable lending operating model. – Asset Management: Launch new climate focused products across traditional and alternative asset classes.	– Refined the UBS Group lending sector decarbonization and calculated progress against pathways for revised UBS Group lending sector decarbonization targets. Continued to embed sustainability and climate considerations into our lending operating model. – We enhanced our climate-related client offering, providing investors with several new solutions that contribute to a lower-carbon economy while satisfying various risk and return objectives. Refer to the "Supporting opportunities" section of the aforementioned report where product opportunities are described in detail.	

1 Following the acquisition of the Credit Suisse Group, we have conducted an extensive review of the decarbonization targets to reflect the activities of the combined organization and evolving standards and methodologies (refer to "Our aspirations and progress" in the "Strategy" section of the aforementioned report for more information about our revisions to the decarbonization targets and progress toward them).

Material GRI topics	Objectives 2023	Achievements 2023	Status
GRI 401: Employment; GRI 201: Economic Performance; FS Product Portfolio; FS Active Ownership	**Educate and engage** Drive employee engagement and education and deepen understanding of sustainability strategy and capabilities to address client/stakeholder need.	**Educate and engage** – Established an Educate and Engage workstream as part of our GEB-sponsored Sustainability and Climate Initiative. This cross-divisional forum aims to align educational offerings to strategic priorities, share best practice and strengthen UBS's focus on sustainability education and awareness. – Re-launched and increased uptake of our firm-wide Sustainability and Sustainable Finance Foundational Training. – Continued to hold all-staff townhalls dedicated to sustainability and social impact topics and hosted by the GEB lead for Sustainability and Impact, Chief Sustainability Officer and Head Social Impact.	Achieved
FS Product Portfolio; GRI 405: Diversity and Equal Opportunity	**Philanthropy[1]** – Deliver UBS social impact strategy through raising USD 1 billion in donations to our client philanthropy foundations (for 2023, USD 763.9 million cumulated philanthropic donations since 2021) and reach 26.5 million beneficiaries by 2025 (for 2023, 18.5 million people reached cumulated since 2021).	**Philanthropy** – Achieved a UBS Optimus network of foundations donation volume of USD 328 million (figure includes UBS matching contributions). – Reached 7 million beneficiaries across our social impact activities.	On track
GRI 405: Diversity and Equal Opportunity; GRI 406: Non-Discrimination:	**Drive our culture, promote inclusive, diverse and equitable communities** Progress on our DE&I aspirational goals and inclusive growth plans: – Continue progress towards the 2025 aspiration to increase global female representation at Director level and above to 30%. – Continue progress towards the 2025 aspiration to have 26% ethnic minority representation at Director level and above in the UK, including a Black aspiration of 4%. – Continue progress towards the 2025 aspiration to have 26% ethnic minority representation at Director level and above in the US. – Continue to focus on building a culture of belonging, including leadership and line manager training. – Continue to build our disability-inclusive practices and support our physical and digital accessibility.	**Drive our culture, promote inclusive, diverse and equitable communities** Progress on our DE&I aspirational goals and inclusive growth plans: – Increased to 29.5% (2022: 27.8%) female representation at Director level and above. – Increased to 24.3% (2022: 23.4%) ethnic minority representation at Director level and above in the UK. – Increased to 25.1% (2022: 20.5%) ethnic minority representation at Director level and above in the US. – Implemented supporting initiatives that: i. resulted in strong hiring ratios for women at all levels and improved hiring ratios for UK and US ethnic minority talent ii. increased female, UK and US ethnic minority promotion rates for Director level and above promotions – Delivered tailored development programs for female and ethnically diverse future leaders and talent who have been out of the workforce. – Delivered training for recruiters and hiring managers to help mitigate unconscious bias in the hiring process and hire the best-suited candidate for each role, regardless of background. – Integrated all UBS and Credit Suisse employee networks by the end of 2023, which are vital to building a sense of belonging and strengthening our inclusive culture. – Delivered mentoring, including reverse mentoring programs as part of our networks. – Implemented initiatives to build on our disability-inclusive practices and to support physical and digital accessibility in our workplaces.	On track
GRI 414: Supplier Social Assessment	70% of spend in deals over USD 1 million is undertaken with vendors that have an adequately high ESG performance.	– 90% of spend in deals over USD 1 million is undertaken with vendors that have an adequately high ESG performance.	Achieved
FS Product Portfolio; FS Active Ownership; FS Audit	Maintain leading sustainability disclosures and ESG ratings for transparency towards our investors and other stakeholders.	– We continue to adapt our sustainability disclosures in alignment with the increasing regulatory requirements and growing demand for transparency. – We maintained leading positions in various ESG ratings, including that of S&P Global's Dow Jones Sustainability Index family, where we have again remained a member. MSCI ESG Research maintained our rating at AA, and CDP gave UBS a score of A-.	On track

1 The objective for Philanthropy was revised in 2023 to align with internal re-organization for social impact which brought together our Philanthropy Services and Community Impact teams.

Material GRI topics	Objectives 2023	Achievements 2023	Status
FS Product Portfolio; FS Active Ownership; GRI 201: Economic Performance	**Sustainable products**[1] – Assist our financing clients with their transition to a low-carbon economy: underwrite 100 green, social, sustainable and sustainability-linked (GSSS) bonds.	**Sustainable products** – The invested assets in sustainable investments in UBS AG increased to USD 292.3 billion (compared with USD 266 billion in 2022). – The Investment Bank facilitated 102 GSSS transactions in 2023.[2]	On track

1 The list of externally released objectives was revised in 2023. As part of the integration of Credit Suisse, UBS has retired the Pre-acquisition UBS sustainable investing aspiration of USD 400 billion in SI invested assets. 2 Investment Bank figure is 102 of which UBS AG figure is 93 and Credit Suisse figure is 16. This includes transactions such as, but not limited to, Investment Bank Global Banking bonds issued under the voluntary ICMA Green Bond Principles, Sustainability Bond Principles, and Sustainability-Linked Bond Principles. The principles include a recommendation that the issuer appoints an external review provider to undertake an independent external review (e.g., second-party opinion). This is consistent with market practice. Includes also sustainability-themed bonds (e.g., Transition). Transactions are counted only once, there is no double counting. UBS ensured all Credit Suisse green, social, sustainability and sustainability-linked bonds reported in the 2023 Sustainability Report are aligned to UBS sustainable bond guidelines.

Other GRI-relevant areas

Material GRI topics	Objectives 2023	Achievements 2023	Status
GRI 201: Economic Performance	**Financial targets** – 15–18% return on CET1 capital (RoCET1). – 70–73% cost-income ratio. – 10–15% profit before tax growth in Global Wealth Management.[1]	**Financial targets** – Our performance in 2023 reflected the costs from the integration of Credit Suisse, the challenging operating conditions for the financial industry, and the uncertainty and market volatility resulting from continued geopolitical tensions. On a consolidated basis, reported profit before tax was USD 28,739m, including USD 27,748m of negative goodwill related to the acquisition, as well as integration-related expenses of USD 4,478m and negative goodwill related pull to par and other purchase price allocation effects. On an underlying basis, pre-tax profit for the combined businesses was USD 3,963m.	Not comparable
GRI 205: Anti-corruption	Ongoing delivery of alignment opportunities between financial crime and ESG risk management frameworks.	– FCP training: Global annual FCP training (mandatory for all staff) included case studies covering environmental crime, building on the enhancements to the Global AML Policy in November 2022, which specifically highlighted environmental crime as a predicate money laundering offence. – ESG training: GCRG Intermediate ESG training was delivered across all GCRG business divisions and group functions in 2023 which included a module on FCP risks and mitigants delivered by the ESG SME in FCP. – Gap analysis: A gap analysis was undertaken on ESG topics, which concluded that significant areas of SCR are covered by the FCP framework. The main way is through the SCR leverage of the UBS in-house name and media screening Compliance tool, COSIMA (Compliance Structured Intelligence Management), which also incorporates the ESG database RepRisk. – SCR escalations: An agreement was reached between FCP and the SCR teams that the former may refer scenarios which fall outside formal SCR policy-mandated escalation criteria. This enables the application of a risk-based approach, for scenarios where FCP concerns have been addressed but there may be residual reputational risk concerns relevant for SCR.	Achieved
GRI 401: Employment	– Continuously empower our employees to drive our client promise, focus on our strategic imperatives and strengthen our culture with the firm's purpose at the center of everything we do. – Continue to be an employer of choice. Foster internal mobility and offer our employees opportunities to build long and satisfying careers at UBS. Develop employees and leaders to further build our diverse and inclusive culture with a relentless focus on collaboration. – Motivate, inspire and empower our diverse workforce through effective people-management practices and continuous employee appreciation. – Continue our agile transformation. Upskill employees in agile practices for teams to deliver value quickly and reliably in an aligned way of working.	– Promoted culture-building behavior through a number of Group-wide, divisional and regional initiatives. One example is Three Keys on Air. – Familiarized our new colleagues with our three keys to success to build a unified culture. – Recognized employees for cross-divisional collaboration and for suggesting innovative or simplification ideas with our Group Franchise Awards program. – Employees gave nearly 439,000 Kudos to recognize and appreciate their colleagues' above-and-beyond behavior to promote excellence and increase engagement and employee satisfaction through our peer-to-peer appreciation program (called Kudos). – Conducted employee lifecycle surveys, analyses of specific business issues and "pulse" surveys. One such pulse survey showed high levels of psychological safety, respect, collaboration and empowerment. – Filled 38.8% of all our open roles by internal candidates. – Continued supporting our agile transformation in selected teams and functions, also as part of the integration. This included a specialized knowledge-sharing community, and training delivered through UBS University.	On track

1 Over the cycle.

Material GRI topics	Objectives 2023	Achievements 2023	Status
GRI 404: Training and Education	– Foster our systematic talent management approach to develop and retain people with the capabilities and commitment needed to power current and future success. – Build a robust talent and future-leader pipeline for a purpose-driven organization. – Emphasize future-skills development, including digital literacy and agile working practices. – Support ongoing personal growth with emphasis on employee resilience and health and well-being for all employees. – Sustain our high-performance culture with a performance management approach that is easy to understand, with specific goals, regular feedback, transparent reviews, and with a clear link to reward/recognition. – Ensure that our leaders have the resources to live up to our purpose, embrace an agile mindset and the UBS culture and are empowered (and empower others) to create impact and growth in an age of agile and digital transformation.	– Ran annual talent and succession reviews to ensure strong talent pipelines and succession plans. – Offered group-wide talent programs, supplemented by specific programs in business divisions, functions and regions targeting senior leaders to junior talent, along with women and employees from diverse backgrounds. – Offered various training and development activities through our UBS University, such as client advisor certification and regulatory, business, and line manager training, alongside topics such as culture, sustainable finance, data literacy, agile, and well-being. Credit Suisse employees transitioned to the UBS University platform in January 2024. – Invested more than USD 92 million in training in 2023, with permanent employees completing more than 2.3 million learning activities (including mandatory training), an average of 1.91 training days per employee. – Supported employee health and well-being with a range of programs, benefits and resources, along with a bespoke eLearning curriculum, aimed at helping employees manage their health, foster well-being and resilience, and support the firm's sustainability. – Helped employees across the combined organization adapt to changes related to the integration, with guidelines and instructor-led sessions on managing organizational change, uncertainty, and resilience. – Ran a combined fully integrated performance management approach reflecting our strategy and supporting our high-performance culture. We set both performance- and behavior-related objectives, enabled regular feedback with our embedded Feedback app and supported fair and transparent decision-making through self- and line manager reviews, along with additional management discussions to validate performance. – Registered more than 296,330 instances of feedback across the combined organization by the end of 2023, and 100% of eligible employees received a performance review for the year. – Offered targeted development for new line managers and those wanting to improve on various aspects. Regular leadership events align business heads with our strategy and further our corporate and cultural integration. – Announced that the social plans or severance payments at UBS and Credit Suisse in the different countries will be aligned to ensure that all employees are treated equally. The terms of the social plans or severance payments are harmonized according to a "best of both" principle to support employees affected by redundancy.	On track
Client experience	**Client needs** – Ensure the personalized, relevant, timely and seamless processing of client requests by coaching, supporting and giving guidance to client servicing units. – Develop and implement a BOT to provide subject-matter experts directly with relevant client feedback to be included in the development of products and processes according to client needs.	**Client needs** – Enhanced support to client service units by adapting the complaints-handling process (intensified collaboration with CSS Quality Management team and dedicated instruction to all new Quality Feedback Managers in the Originations). – Due to Credit Suisse integration the BOT resources allocation was reprioritized. To be reviewed in 2024.	Achieved On track
	Commercial aspirations – Make progress toward our aspiration of more than USD 6 trillion invested assets across Global Wealth Management, Asset Management and Personal & Corporate Banking. – More than 5% growth in net new fee-generating assets of Global Wealth Management.[1]	**Commercial aspirations** – Invested assets across the divisions reached USD 5,714 billion in FY23. – Generated USD 131.7 billion in Net New Assets in 2023.	Achieved

1 Due to the acquisition of Credit Suisse Group, this objective for Commercial aspirations could not be measured in 2023.

Material GRI topics	Objectives 2023	Achievements 2023	Status
GRI 417: Marketing and Labeling	**Suitability** – Continue implementation of regulatory sustainability framework changes in jurisdictions where UBS operates. – Further enhance the control framework regarding ESG including "greenwashing" controls. – Additional training and awareness on sustainable investing topics for UBS staff. – Enhance product governance in relation to sustainable investing products and services.	**Suitability** – Implementation of a strategic solution enabling systematic capturing and consideration of clients' sustainability preferences, as required by MiFID II regulation and the Swiss Bankers Association in Switzerland. – Enhancements to the internal control framework through quarterly risk assessments and implementation of new second line of defense anti-greenwashing controls. – Roll out of new, and updates to existing, sustainability-related training for UBS staff. – Reviewed and strengthened product due diligence processes and frameworks.	Achieved
GRI 206: Anti-Competitive Behavior; GRI 418: Customer Privacy	– Enhance design of group-wide computer-based training (CBT) module and review approach for defining audience to ensure appropriate coverage of business areas with heightened inherent competition law risk. – Promote and maintain an effectively designed and operating conduct risk framework that supports a holistic and actionable assessment of the firm's exposure to conduct risk.	– CBT re-design complete training audience now defined using new risk-based approach. – We continue to maintain a conduct risk framework that supports a holistic and actionable assessment of the firm's exposure to conduct risk. In January 2024, we integrated the UBS and CS conduct risk frameworks to align our handling of conduct risk across the firm.	Completed
GRI 207: Tax	– Engage with external stakeholders on the topic of tax. – Ensure sustainable compliance with international tax norms: full compliance of UBS's applicable cross-border transfer pricing arrangements with the OECD standards.	– Regular engagement with key external stakeholders, including tax authorities globally. – UBS's transfer pricing comports with OECD standards wherever OECD standards are relevant. UBS will implement processes to fully comply with OECD Pillar 2 rules once they enter into force in Switzerland in 2024, and earlier for early-adopting countries.	Completed
Technology (formerly called Digitalization)	– Continue delivering on our technology strategy from an enabler to a differentiator and drive firm-wide innovation with UBS Next. – Support the delivery of digital initiatives across all business divisions and Group Functions. – Execute the ADA Group-wide strategy by establishing a center of expertise that brings together capabilities, resources and knowledge to drive successful outcomes for the firm through data. – Drive the Digital Assets strategy by (i) implementing the operating model and governance, and (ii) delivering on core strategic priorities and risk-controlled experiments.	– Continued working with the business divisions to deliver digital solutions for clients, with a main focus in 2023 on the integration of Credit Suisse, with plans to decommission applications and migrate clients, positions and portfolios. – Established a Group Emerging Technology function to cover AI, investing and Digital Assets, with a focus on researching, developing, and accelerating technical solutions across the firm. Artificial Intelligence: – +100 AI use cases into production, supporting informed decisions and process automation in Group Functions / business divisions. – Generative AI initial research and experimentation underway across UBS, based on real business challenges (e.g., translations, chatbots, extraction of data). – Defined a Data Mesh strategy to make high quality data across UBS safely available, mainly across Group Functions. – Fostered a data-driven culture with a certified Data Scientist program and AI guild. Digital Assets: – Digital Asset Initiative well established with Group-wide "Hub and Spoke" model successfully rolled out. – +20 projects delivered and first commercial products launched (e.g., UBS Tokenize, UBS Gold) and further pilots and proof-of-concepts running (e.g., funds, crypto, digital cash). UBS Next: – USD 90 million allocated across 11 investments.	On track

Objectives 2024

Sustainability and impact

To implement our sustainability and impact strategy, we have defined firm-wide mid- and long-term goals.

› **Refer to "Our aspirations and progress" in the "Strategy" section of the aforementioned report for an overview of our priorities and progress**

Material GRI topics	Objectives 2024
GRI 302: Energy; GRI 305: Emissions; GRI 201: Economic Performance; GRI 308: Supplier Environmental Assessment; FS Product Portfolio; FS Active Ownership; FS Audit	**Planet** Progress on our ambition to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities by 2050. **Scope 1 and 2** – Continue to minimize our scope 1 and 2 emissions through energy efficiencies and by switching to more sustainable energy sources (after which, by procuring credible carbon removal credits to neutralize any residual emissions down to zero by 2025).[1] **Scope 3** – Continue to engage with our greenhouse gas (GHG) key vendors, for 100% of them to declare their emissions and set net zero-aligned goals by 2026, and reduce their scope 1 and 2 emissions in line with net-zero trajectories by 2035.[2] – Continue to reduce emissions (financed / intensity) associated with UBS in-scope lending by 2030 from 2021 levels.[3] – Continue to make progress on the aim by 2030 of aligning 20% of UBS AG Asset Management's total assets under management (AuM) with net zero. This Pre-acquisition UBS aspiration will be reassessed in 2024 – Deliver a revised 2030 target covering the combined UBS and Credit Suisse Asset Management business.
GRI 401: Employment; GRI 201: Economic Performance; FS Product Portfolio; FS Active Ownership	Engage, empower and reward employees for delivering on our sustainability objectives.
FS Product Portfolio; GRI 405: Diversity and Equal Opportunity	**Empowering UBS, our clients and partners to build the impact economy** Deliver the UBS social impact strategy by: – raising USD 1 billion in donations to our client philanthropy foundations by 2025 (cumulated since 2021); – reaching 26.5 million Social Impact beneficiaries by 2025 (cumulated since 2021).
GRI 405: Diversity and Equal Opportunity; GRI 406: Non-Discrimination	**Drive our culture, promote inclusive, diverse and equitable communities** Progress on our DE&I aspirational goals and inclusive growth plans: – Continue progress towards the 2025 aspiration to increase global female representation at Director level and above to 30%. – Continue progress towards the 2025 aspiration to have 26% ethnic minority representation at Director level and above in the UK, including a Black aspiration of 4%. – Continue progress towards the 2025 aspiration to have 26% ethnic minority representation at Director level and above in the US. – Continue to focus on building a culture of belonging, including leadership and line manager training. – Continue to build our disability-inclusive practices and support our physical and digital accessibility.
GRI 414: Supplier Social Assessment	85% of spend in deals over USD 1 million is undertaken with vendors that have an adequately high ESG performance.
FS Product Portfolio; FS Active Ownership; FS Audit	Maintain leading sustainability disclosure and ESG ratings for transparency towards our investors and other stakeholders.

Material GRI topics	Objectives 2024
FS Product Portfolio; FS Active Ownership; GRI 201: Economic Performance	**Sustainable products** Mobilize sustainable and transition finance capital through investing and financing solutions: – Underwrite 100 green, social, sustainable and sustainability-linked (GSSS) bonds.

1 Scope 2 emissions are market-based emissions. The remaining scope 1 and 2 emissions may be in excess of the approximately 5-10% residuals required for net zero (as per the definition of a "net-zero target" by the ESRS E1 Climate Change per delegated act, adopted on 31 July 2023), which is our ambition for 2050. In 2024, we will be reviewing our 2025 scope 1 and 2 target for achievability for the combined organization and for alignment with latest guidance. 2 In 2024, we may review our targets for GHG key vendors for the combined organization and for alignment with latest guidance. Our GHG key vendors are those vendors that collectively account for more than 50% of our estimated vendor GHG emissions. 3 While we continue to take steps to align our business activities to our targets, it is important to note that progress towards our targets may not be linear and that the realization of our own targets and ambitions is dependent on various factors which are outside of our direct influence. We will continue to adjust our approach in line with external developments and evolving best practices for the financial sector and climate science. Refer to the "Climate-related methodologies – decarbonization approach for our financing activities" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about parts of the value chain within sectors covered by metrics and targets. Metrics are based on gross exposure, which includes total loans and advances to customers, fair value loans and guarantees as well as irrevocable loan commitments. Exclusions from the scope of analysis primarily comprise financial services, credit card and other exposure to private individuals.

Other GRI-relevant areas

Material GRI topics	Objectives 2024
GRI 201: Economic Performance	**Financial targets** Work towards our 2026 exit rate targets of: – Underlying return on CET1 capital: ~15% – Underlying cost / income ratio: <70%
GRI 205: Anti-corruption	– **SIAP:** the area of Sensitive Industry Affected Parties (SIAP) is an ongoing focus for the year 2024. Part of this assessment includes a review of certain SCR relevant industries and their potential inclusion in the UBS AML Group Policy. – **RAS**: with the integration, a number of Risk Appetite Statements (RAS) have been identified from CS. There is ongoing work to assess these, to determine which will continue to apply going forward. – **PPP**: Develop FCP's engagement in Public Private Partnerships (PPP) and involvement (where available) in workstreams with focus on SCR-relevant items.
GRI 401: Employment	– Continuously empower our employees to drive sustainable business performance and strengthen our culture, with our three keys to success at the center of everything we do. – Continue to be an employer of choice. Foster internal mobility and offer our employees opportunities to build long and satisfying careers at UBS. Develop employees and leaders to further build our diverse and inclusive culture, with a clear focus on collaboration. – Motivate, inspire and empower our diverse workforce through effective people-management practices and continuous employee appreciation.
GRI 404: Training and Education	– Build a robust talent and future-leader pipeline with a systematic talent management approach to develop and retain people with the capabilities and commitment needed to power current and future success. – Continue to drive culture integration across the combined firm. – Sustain our high-performance culture with a performance management approach that is easy to understand, with specific goals, regular feedback, transparent reviews, and a clear link to reward/recognition. – Support ongoing personal growth with emphasis on employee resilience and health and well-being for all employees. – Ensure that our leaders have the resources to live up to our culture, are empowered (and empower others) to create impact throughout the ongoing digital transformation and integration of Credit Suisse.
GRI 417: Marketing and Labeling	**Suitability** – Implement regulatory developments as changes continue to evolve across global jurisdictions. – Enhance policy and control frameworks in response to evolving regulations and new risks. – Anti-greenwashing control enhancements and continued education. – Align sustainability-related product and suitability processes in relation to the Credit Suisse and UBS merger.
Client experience	**Client needs** Booking Center Switzerland, GWM and P&C – Support Credit Suisse integration regarding client feedback-handling processes by preparing a consistent handling process for UBS and CS clients. – Evaluate the use and benefits of AI to analyze customer feedback and identify potential risk indicators. – Prepare joint data subject request process (for UBS and Credit Suisse clients in Booking Center Switzerland).
Client experience	**Global Wealth Management** Work towards our long-term ambitions to: – Surpass USD 5 trillion of invested assets in Global Wealth Management by end-2028. – Achieve USD ~100 billion of Net New Assets per annum in Global Wealth Management through 2025, building to USD ~200 billion per annum by 2028.

Material GRI topics	Objectives 2024
GRI 206: Anti-competitive Behavior	Integration of the UBS and CS competition/antitrust policies to deploy consistent standards across UBS Group, supported by rollout of competition law CBT Group-wide.
GRI 418: Customer Privacy	Promote and maintain an effective data privacy framework ensuring that personal data is processed in accordance with data privacy laws and regulations.
GRI 207: Tax	– Engage with external stakeholders on the topic of tax. – Ensure sustainable compliance with international tax norms: full compliance of UBS's applicable cross-border transfer pricing arrangements with the OECD standards.
Technology (formerly called Digitalization)	– Evolve the efficiency and effectiveness of GOTO by delivering digital solutions for our clients through partnership with the business divisions / Group Functions. – Deliver the 2024 GOTO Integration milestones while maintaining operational stability, including enabling the firm's legal entity roadmap and integrating CS Operations into the business divisions. – Progress the digital principles of modernizing our technology estate, adopting the cloud, building a culture of engineering excellence, and automating at scale. – Drive the Emerging Technology strategy including AI, Digital Assets and UBS Next. – Identify opportunities across Group Operations to automate and optimize day-to-day operational processes and controls.

Direct economic value generated and distributed by UBS Group AG consolidated in 2023

	UBS Group	
USD million	**31.12.23**	31.12.22
Revenues	**40,834**	34,563
Credit loss expense / (release)	**1,037**	29
Operating expenses	**38,806**	24,930
of which: Personnel expenses	***24,899***	*17,680*
of which: Charitable cash contributions	***63***	*76*
Distributions paid on UBS shares	**1,679**	1,668
Tax expenses, excluding deferred taxes	**1,567**	1,448
Economic value retained	**-2,254**	6,488

1 Due to inheriting a heavily loss-making business in Credit Suisse, as well as the expenses associated with its integration, the economic value retained by UBS was negative during 2023.

This table has been assembled in accordance with GRI Standard 201: Economic Performance.

› **Refer to Global Reporting Initiative (GRI) Content Index, available at *ubs.com/gri***

Basis of Reporting

Sustainable investments

Theme	Sustainable products
Metric(s)	Total sustainable investments (USD billion) (UBS AG) Total sustainable investments (USD billion) (UBS AG Asset Management) Sustainability focus (USD billion) (UBS AG) Impact investing (USD billion) (UBS AG) Sustainable investments proportion of UBS AG total invested assets (%)
Definition and method – overall (UBS AG)	Sustainable investment (SI) focuses on investment decisions that seek to make a difference while generating competitive financial returns. Accordingly, UBS's sustainable investment products exhibit a defined and explicit intention to align with or contribute to sustainability-related objectives, while targeting market-rate financial returns. UBS's sustainable investments are defined as the sum of invested assets in the following two categories: – Sustainability Focus: investment strategies that have explicit sustainable intentions or objectives that drive the strategy. Underlying investments may contribute to positive sustainability outcomes through products / services / use of proceeds and target market-rate investment returns. – Impact Investing: investment strategies that have an explicit intention to generate measurable, verifiable, positive sustainability outcomes. Impact generated is attributable to investor action and/or contribution. The underlying investments target market-rate investment returns. Sustainability objectives or outcomes may include, but are not limited to, the UN Sustainable Developments Goals (SDGs) as identified in the United Nations' 2030 Agenda for Sustainable Development. At a UBS AG level, this high-level framework has been established to classify sustainable investment products. It is designed to ensure a consistent approach to product development and marketing across the different investment businesses of UBS. The high-level character of this Group framework is reflective of i) the need to cover and be compatible with different regional regulatory regimes as well as ii) UBS's diversified business model. The classification of individual investment products as Sustainability Focus or Impact is performed at a business division level, following divisional product processes and governance as specified further below.
Definition and method – UBS AG Asset Management	In designating any specific investment fund or mandate as sustainable, the two-step identification / classification process below is followed. This is applied to new product onboardings as well as changes to existing classifications. – Assigning of a specific Sustainable Investment classification to a product by the Product Manager (for funds) or Customer Relationship Manager (CRM) (for mandates). – Review of assigned classification for both funds and mandates by investment specialist (by asset class). Criteria applied in determining whether an investment strategy for both funds and mandates qualifies as Sustainability Focus or Impact Investing include the following: – Sustainability Focus: certain exclusions (e.g., thermal coal-based power generation, controversial business activities) as per UBS Asset Management Sustainability Exclusions Policy (for funds). ESG risk (i.e., negative) screening is incorporated into portfolio construction. Promotion of positive sustainability characteristics. – Impact Investing (in addition to Sustainability Focus criteria): sustainability goals and the investment universe of the strategy are currently linked to UN SDGs. Strategy-specific voting and/or engagement intended to generate company and/or investor contribution. Taking into account ESG factors as part of the portfolio construction process is mandatory for Sustainability Focus and Impact strategies.
Definition and method – UBS AG Global Wealth Management	Investment products included by UBS AG Global Wealth Management in UBS AG's sustainable investments include: Mutual funds (e.g., UCITS) and Separately Managed Accounts (SMAs): In determining whether an investment fund qualifies as a sustainable investment, UBS AG Global Wealth Management's Fund Investment Solutions and Investment Manager Analysis teams perform detailed due diligence, with a focus on assessing the intentionality of the ESG criteria utilized in the investment process. The due diligence process involves ESG questionnaires and can include interviews with fund managers. The fund due diligence is designed to determine whether a fund strategy should be labeled as Sustainability Focus or Impact Investing. The fund must be approved via designated approval bodies within Global Wealth Management to obtain a Sustainable Investing / Impact product classification. Private Market and Hedge Funds: In determining whether a hedge fund qualifies as a sustainable investment, UBS AG Global Wealth Management's Global Alternative Investment Solutions team partners with our Chief Investment Office to assess the degree to which the fund manager systematically addresses sustainability and/or impact objectives across the investment process and the overall portfolio. Currently, UBS AG Global Wealth Management only considers private market funds that meet the Impact Investing criteria (see below), while hedge fund investments are mostly classified as Sustainability Focus. Direct holdings of green, social, sustainability and sustainability-linked bonds, as well as of multilateral development bank bonds: based on bond coverage by our Chief Investment Office with explicit use of proceeds or issued by multilateral development banks (MDBs).[1] For Impact Investing strategies only, the assessment process additionally considers whether an investment fund / strategy complies with our Chief Investment Office's criteria for impact investments as specified in a dedicated governance document. The assessment can be conducted across asset classes; at the present time, only shareholder and bondholder engagement funds, private market funds and multilateral development bank bonds are considered impact investments by UBS AG Global Wealth Management.

› **Refer to the "Strategy" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our firm's investment approaches.**

1 Please note that direct holdings of green, social, sustainability and sustainability-linked bonds are currently only included for clients of Global Wealth Management in the United States, mainly due to regulatory reasons.

UBS AG Global Wealth Management clients' impact investing assets

Theme	Sustainable products
Metric(s)	UBS AG Global Wealth Management clients' impact investing assets (USD billion)
Definition and method	UBS AG Global Wealth Management clients' impact investing assets focus on investment decisions that seek to make a difference while generating competitive financial returns. Accordingly, UBS AG Global Wealth Management impact investment products exhibit investment strategies that have an explicit intention to generate measurable, verifiable, positive sustainability outcomes. Impact generated is attributable to investor action and/or contribution. Targeting market-rate investment returns, sustainability objectives or outcomes may include, but are not limited to, the UN Sustainable Developments Goals (SDGs) as identified in the United Nations' 2030 Agenda for Sustainable Development. The metric is the sum of market value of (in USD billion): – private market funds recognized as Impact Investments, – investment funds and ETF recognized as Impact Investments, and – multilateral development bank bonds. The objective of the metric is to illustrate the volume of Impact Investments

UBS AG Global Wealth Management clients' discretionary assets aligned to SI Strategic Asset Allocation

Theme	Sustainable products
Metric(s)	UBS AG Global Wealth Management clients' discretionary assets aligned to SI Strategic Asset Allocation (USD billion)

Definition and method	The metric comprises the sum of assets under management (AuM) for UBS AG Global Wealth Management discretionary offerings aligned to SI Strategic Asset Allocation (SI SAA). For further details on SI SAA please see: UBS Sustainable Investing (SI) Portfolio.
	The metric is the sum (in USD billion) of the following products:
	– UBS Manage SI mandates:
	    – UBS Manage [Sustainable Investing]
	    – UBS Manage Advanced [Sustainable Investing]
	    – UBS Manage Premium [Sustainable Investing]
	    – For more information please see: *UBS Discretionary Mandates*
	– UBS Asset Allocation Funds CIO SI SAA aligned. These are CIO SI SAA aligned funds which meet SI requirements as outlined in: *UBS Sustainable Investing (SI) Portfolio*
	– UBS Sustainable Investment Portfolio Separately Managed Accounts (SMAs) (US). Please refer to UBS Sustainable *Investing (SI) Strategic Asset Allocation*.

Sustainable investment in UBS AG Personal & Corporate Banking – Personal Banking

Theme	Sustainable products
Metric(s)	% SI share of assets under custody in UBS AG Personal & Corporate Banking – Personal Banking % Net new sustainable investments in UBS AG Personal & Corporate Banking – Personal Banking
Definition and method	The percentage represents the sum of Sustainable Investing-related holdings (CHF) of clients booked in UBS AG Personal & Corporate Banking – Personal Banking in relation to the overall volume of Custody Account Assets in Personal & Corporate Banking – Personal Banking. The percentage represents the sum of net new sustainable investments (CHF) of clients booked in UBS AG Personal & Corporate Banking – Personal Banking in relation to overall volume of net new investment products in UBS AG Personal & Corporate Banking – Personal Banking. The metrics consider the following investment solutions as sustainable: – 100% of UBS Manage [SI] – 100% of UBS Manage Advanced [SI] – 50% of UBS Manage [Selection] – 100% of UBS Vitainvest Funds Sustainable – 100% of UBS Strategy Funds Sustainable – 100% of UBS SI Strategy Funds UBS sustainable product information is found here: *UBS Discretionary Mandates* 50% of UBS Manage [Selection] is a blended managed solution between UBS Manage SI and non-SI mandates. The overall share of sustainable investments is between 60–80% depending on the investment strategy. 50% is used for the metric based on a conservative assumption.

Green, social, sustainability and sustainability-linked (GSSS) bond deals

Theme	Sustainable products
Metric(s)	**Total GSSS metrics for UBS, and 2023 CS bond deals prior to merger, combined** Number of green, social, sustainability and sustainability-linked (GSSS) bond deals Total deal value of GSSS bond deals (USD billion) UBS / CS apportioned deal value of GSSS bonds deals (USD billion) **Climate-related metrics** Number of green, sustainability and sustainability-linked bond deals Total deal value of green, sustainability and sustainability-linked bond deals (USD billion) UBS apportioned deal value of green, sustainability and sustainability-linked bond deals (USD billion)
Definition and method	The bond deals are issued by UBS / CS clients with the support of UBS AG Investment Bank Global Banking or Investment Bank (Credit Suisse) Investment Banking & Capital Markets. The climate-related metrics do not include social bonds or sustainability-linked bonds with only social KPIs. The categorization of green, social, sustainability and sustainability-linked (GSSS) bonds is aligned with but not limited to the voluntary *ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Guidelines, ICMA Sustainability-Linked Bond Principles (SLBP)*. The principles include a recommendation that the issuer appoints an external review provider to undertake an independent external review (e.g., Second Party Opinion – SPO). This is consistent with market practice. The number of green, social, sustainability and sustainability-linked (GSSS) deals is defined as the sum of all bonds in line with the referenced ICMA Principles and guidelines, where UBS has a role (e.g., bookrunner, sustainability structuring advisor, coordinator). Dual tranche issuances with the same ESG labels are counted as one transaction, whereas dual tranche issuances with different ESG labels are counted as two transactions. Dual tranches with different currencies are also counted as two transactions. The climate-related metrics follow a similar approach to the GSSS bonds. The metric categorization is aligned with but not limited to the ICMA Principles (excluding Social Bond Principles), with GSSS methodology applied to the volume and apportionment calculations. The percentage for the calculation of UBS-apportioned deal value is obtained from third-party provider Dealogic. In cases where the transaction is not listed in Dealogic, the percentage is obtained from deal documentation, for example the term sheet or subscription agreement. GSSS bond and climate-related bond transactions are compiled from an internal transactions database and are corroborated against external sources, Bloomberg and Dealogic. Transactions are screened against the qualifying ESG criteria.

Green, social and sustainability bonds in Group Treasury

Theme	Sustainable products
Metric(s)	Green, social and sustainability bonds in the Treasury Asset Portfolios (USD billion)
Definition and method	UBS Group tracks the market value of green, social and sustainability bonds in the Treasury asset portfolios (as defined by use-of proceeds bonds) (USD billion). Group Treasury invest its high-quality liquid assets portfolios under a dedicated Treasury ESG Investment Framework as described in *UBS's net zero ambition statement of 2021*. This framework integrates ESG considerations in the investment process and is aligned with, but not limited to, the *ICMA Green Bond Principles, ICMA Social Bond Principles and Sustainability Bond Guidelines*. The metric is the sum of the market value in USD billion equivalent of green, social and sustainability bonds held in the Treasury asset portfolios. The green, social and sustainability bonds balance is provided by UBS Group Treasury based on a download of the internal booking system. Bloomberg (external data source) is used for the use-of-proceeds validation.

Number of Net Zero ambition portfolios (UBS AG Asset Management)

Theme	Sustainable products
Metric(s)	Number of Net Zero ambition portfolios
Definition and method	The metric "Number of Net Zero ambition portfolios" is the number of funds and mandates which are flagged as "net zero ambition" by UBS AG Asset Management. Portfolios are flagged as net zero ambition following a review of investment process and product documentation and with the approval of UBS AG Asset Management's Sustainable Investment Methodology Forum. The metric demonstrates our progress in converting existing, and developing new, funds and mandates onto net zero alignment. The metric is derived from a comprehensive database of UBS AG Asset Management products containing their various characteristics including those related to ESG. One of these ESG characteristics is "Net Zero Ambition". The total number of portfolios refers to the individual fund families and specific mandates managed in line with net zero by 2050. In order to provide a fair representation of UBS AG Asset Management progress on the net zero ambition of portfolios, the number does not include feeder funds or additional share classes where these exist. The calculation is: – total number of individual products flagged as Net Zero ambition – minus: number of feeder funds – minus: number of additional share classes

Weighted average carbon intensity (WACI) revenue (UBS AG Asset Management)

Theme	Climate-related investing
Metric(s)	Weighted average carbon intensity – Active Equity Assets (in metric tons CO_2e per USD million of revenue) % AuM weighted average carbon intensity below benchmark (active equity) Weighted average carbon intensity – active fixed income assets (in metric tons CO_2e per USD million of revenue) % AuM weighted average carbon intensity below benchmark (active fixed income) Weighted average carbon intensity – indexed equity assets (in metric tons CO_2e per USD million of revenue) Weighted average carbon intensity – indexed fixed income assets (in metric tons CO_2e per USD million of revenue)

Definition and method

For UBS AG Asset Management, the metrics aggregate portfolio-weighted average carbon intensity (WACI) for selected asset classes.

The asset class metrics represent an aggregation of portfolio WACI weighted by the Assets Under Management (AuM) of the respective portfolios. Reporting scope is defined by areas of business where carbon emissions data is most widely available. This comprises:

- Active Equities
- Active Fixed Income
- Indexed Equities
- Indexed Fixed Income

For the active equity and active fixed income assets, UBS AG Asset Management also calculates a secondary metric demonstrating the % AuM in portfolios with a portfolio WACI lower than their respective benchmark. Portfolios are managed against different benchmarks and for each portfolio we compare its WACI to that of the benchmark that is used for monitoring investment performance. As the data coverage varies between portfolios, an adjustment is undertaken in which the carbon intensity of individual portfolios is scaled so that all portfolio carbon footprints reflect 100% data coverage.

The metrics are limited to the portfolios identified by UBS AG Asset Management as relevant to the respective asset types where data is captured, and calculations can be undertaken on centralized systems. In some asset classes the calculations exclude smaller portfolios which are serviced subject to separate managed agreements. This is especially relevant to the active equities asset class.

Individual portfolios are also excluded from the calculation where data coverage is below 50% (indicating insufficient data) or above 150% (indicating the heavy influence of derivative positions). This reduces the value of in-scope assets by less than 10% across the selected asset classes.

UBS calculates portfolio WACI according to the Supplemental Guidance for the Financial Sector for TCFD recommendations on Metrics and Targets. It is a measure of the efficiency of emitting carbon in support of economic activities and allows for comparisons between companies and products.

For this metric, UBS AG Asset Management calculates the carbon intensity of individual issuers based on issuer-specific Scope 1 and 2 carbon emissions divided by company revenue.

WACI at the portfolio level or benchmark is calculated in metric tons CO_2e per USD million of revenue by taking the Scope 1 and 2 carbon intensities of the issuers in the portfolio and determining the weighted average according to position size. UBS AG Asset Management calculates the asset level weighted average carbon intensity metric as follows:

$$\textit{Weighted average carbon intensity of an asset class} = \frac{\sum \textit{Portfolio carbon intensity } (tCO_2e/\textit{revenue}) \times \textit{Portfolio value (USD)}}{\sum \textit{Value of all portfolios in in asset class calculation (USD)}}$$

The % AuM WACI below benchmark metric is reported for active equity assets and active fixed income assets. This metric is calculated by comparing the carbon intensity of a portfolio to the carbon intensity of the benchmark used for measuring investment performance. Both the carbon intensity of the portfolio and the carbon intensity of the benchmark are calculated using the methodology described above. As with portfolio carbon intensity, the value of benchmark carbon intensity is rescaled to reflect the coverage of data. The portfolio carbon intensity values are compared to the relevant benchmark carbon intensity values to determine inclusion in the calculation.

UBS AG Asset Management calculates the % AuM WACI below benchmark at asset class level as follows:

$$\textit{\% AuM below benchmark at asset class level} = \frac{\sum \textit{Value of all portfolios with weighted average carbon intensity below benchmark}}{\sum \textit{Value of all portfolios compared to benchmark}}$$

Issuer scope 1 and 2 carbon intensity data is requested from an external provider, MSCI. The metrics are representative to the extent that they measure the carbon intensity of portfolios covered by core UBS AG Asset Management systems. The scope of the metric is limited by the availability of issuer data and to ensure data quality, certain portfolios are excluded from the aggregation where data may be available but coverage across the portfolio is outside the required range of 50-150% data coverage. To ensure consistency, data is scaled to reflect the data coverage of individual portfolios and benchmarks.

Carbon footprint (UBS AG Asset Management)

Theme	Climate-related investing
Metric(s)	Carbon footprint – Active Equity Assets (in metric tons CO_2e per USD million invested) % AuM carbon footprint below benchmark (active equity) Carbon footprint – active fixed income assets (in metric tons CO_2e per USD million invested) % AuM carbon footprint below benchmark (active fixed income) Carbon footprint – indexed equity assets (in metric tons CO_2e per USD million invested) Carbon footprint – indexed fixed income assets (in metric tons CO_2e per USD million invested)
Definition and method	For UBS AG Asset Management, the metrics aggregate portfolio carbon footprint by asset class for selected asset classes. The asset class metrics represent an aggregation of portfolio carbon footprint weighted by the Assets Under Management (AuM) of the respective portfolios. Reporting scope is defined by areas of business where carbon emissions data is most widely available. This comprises: – Active Equities – Active Fixed Income – Indexed Equities – Indexed Fixed Income For the active equity and active fixed income assets, we calculate a secondary metric demonstrating the % AuM in portfolios with a portfolio carbon footprint lower than their respective benchmark. Portfolios are managed against different benchmarks and for each portfolio we compare its carbon footprint to that of the benchmark that is used for monitoring investment performance. As the data coverage varies between portfolios, an adjustment is undertaken in which the carbon intensity of individual portfolios is scaled so that all portfolio carbon footprints reflect 100% data coverage. The metrics are limited to the portfolios identified by UBS AG Asset Management as relevant to the respective asset types and where data is captured and calculations can be undertaken on centralized systems. In some asset classes the calculations exclude smaller portfolios which are serviced subject to separate managed agreements. This is especially relevant to the active equities asset class. Individual portfolios are also excluded from the calculation where data coverage is below 50% (indicating insufficient data) or above 150% (indicating the heavy influence of derivative positions). This reduces the value of in-scope assets by less than 10% across the selected asset classes. The Partnership for Carbon Accounting Financials was also considered in the development of this metric. Portfolio and benchmark carbon footprint (i.e. emissions intensity) is calculated based on the carbon intensities (Scope 1 and 2 emissions divided by enterprise value including cash) and the weighting of issuers within the portfolio or the benchmark. UBS AG Asset Management calculates the asset level carbon footprint metric as follows: $$\textit{Carbon footprint of an asset class} = \frac{\sum \textit{Portfolio carbon intensity } (tCO_2e/\textit{invested}) \times \textit{Portfolio value (USD)}}{\sum \textit{Value of all portfolios in in asset class calculation (USD)}}$$ The % AuM carbon footprint below benchmark metric is reported for active equity assets and active fixed income assets. This metric is calculated by comparing the carbon intensity of a portfolio to the carbon intensity of the benchmark used for measuring investment performance. Both the carbon intensity of the portfolio and the carbon intensity of the benchmark are calculated using the methodology described above. As with portfolio carbon intensity, the value of benchmark carbon intensity is rescaled to reflect the coverage of data. The portfolio carbon intensity values are compared to the relevant benchmark carbon intensity values to determine inclusion in the calculation. UBS AG Asset Management calculates the % AuM carbon footprint below benchmark at asset class-level as follows: $$\textit{\% AuM below benchmark at asset class level} = \frac{\sum \textit{Value of all portfolios with carbon footprint below benchmark}}{\sum \textit{Value of all portfolios compared to benchmark}}$$ Issuer scope 1 and 2 carbon intensity data is requested from external provider MSCI. The metrics are representative to the extent that they measure the carbon intensity of portfolios covered by core UBS AG Asset Management systems. The scope of the metric is limited by the availability of issuer data and to ensure data quality, certain portfolios are excluded from the aggregation where data may be available but coverage across the portfolio is outside the required range of 50-150% data coverage. To ensure consistency, data is scaled to reflect the data coverage of individual portfolios and benchmarks.

Weighted average carbon intensity (WACI) – Direct Real Estate (UBS AG Asset Management)

Theme	Climate-related investing
Metric(s)	Weighted average carbon intensity – Direct Real Estate (in metric kilograms CO_2e per square meter)
Definition and method	WACI measures the UBS AG Asset Management Direct Real Estate portfolio's carbon emissions. It is a measure of efficiency of emitting carbon in support of economic activities and allows comparisons between companies and products. The WACI of a portfolio is derived from the carbon intensity of the underlying investments arising from the investment decisions within a portfolio and aggregated to asset class level for Direct Real Estate.

The metric is calculated in metric kilograms CO_2e per square meter per gross interior building area by taking the scope 1, scope 2 and if available scope 3 carbon intensities of the properties in the portfolio and calculating the weighted average according to property size in square meters.

Scope 1 emissions, also known as direct emissions, are defined as emissions from sources that are owned or controlled by the property. This might include, for example, natural gas combusted in a boiler.

Scope 2 emissions, also known as indirect emissions, are emissions from purchased electricity, heat, steam or cooling consumed by the building, but generated elsewhere.

Scope 3 emissions are emissions associated with tenant areas.

"Weighted" is defined as "weighted by total property size". Since UBS has operational control rights on each asset, the weight reflects the entirety of the ownership or total property size. This is equivalent to an equity approach, e.g., where a 0.01 weight is applied to a 1% holding of an equity fund and a 1.00 weight is applied to 100% of the same equity fund. UBS applies a 1.00 weight across all of these assets.

UBS AG Asset Management calculates the WACI – Direct Real Estate metric as follows:

$$\textit{WACI for Direct Real Estate} \left(\frac{kg\ CO_2e}{sqm} \right)$$

$$= \frac{\sum \textit{proxy GHG emissions over the UBS direct real estate assets}}{\sum \textit{square meters over the UBS direct real estate assets}}$$

$$= \frac{\sum \left(\frac{\textit{tons GHG emissions}}{sqm} \right) \textit{for individual property x sqm for individual property)}}{\sum \textit{square meters over the UBS direct real estate assets}} \times \textit{1000 kg / ton}$$

$$= \textit{Carbon intensity weighted by size of property}$$

UBS AG Asset Management reports aggregated figures for carbon intensity assets for a specified set of asset classes within the scope of Direct Real Estate (discretionary funds and mandates that participate in the Global Real Estate Sustainability Benchmark).

Data is collected from direct real estate assets for discretionary funds and mandates that participate in the Global Real Estate Sustainability Benchmark by third-party consultants and is shown with a one-year lag.

The numbers used represent either reported data grossed up to 100% (where area coverage, ownership days or occupancy is less than 100%) or an estimate based on the benchmark as a proxy where area coverage, ownership days or occupancy is less than 50%. Data as of December 31, 2022. This represents around 96% of Direct Real Estate's Assets under Management. The assets included are all of our discretionary funds' assets plus a number of separate mandates that have elected to participate in GRESB (but not all mandates).

"Area coverage" is defined as percentage of floor area where GHG emissions for all scopes are tracked.

"Ownership days" is defined as percentage of time where GHG emissions for all scopes are tracked.

"Occupancy" measures the level of occupied space calculated based on the asset's total net leasable area (NOT the rental value of the asset).

Due to the lag in the availability of emissions data, our disclosure is reported with a one-year time lag. In the 2022 Sustainability Report, the number calculated in 2022 was incorrectly reported as 2022 and t CO_2e, when the underlying data was related to 2021 and kg CO_2e. The 31.12.21 comparative number has now been updated to reflect methodology changes and increased data availability since the previous reporting period.

Investment-associated emissions (UBS AG Asset Management)

Theme	Climate-related investing
Metric(s)	UBS AG Asset Management investment-associated emissions (absolute in t CO_2e) UBS AG Asset Management carbon intensity (in t CO_2e per USD million invested)
Definition and method	UBS AG Asset Management investment-associated emissions are the total aggregated attributed scope 1 and scope 2 carbon emissions of investment portfolios derived from the attributed emissions of underlying investments. These arise from the total size of assets as well as various investment decisions within a portfolio (some of which are related to managing portfolio carbon emissions and some of which are not). Absolute investment-associated emissions are calculated from individual portfolio carbon emissions where the underlying investments are in corporate and sovereign issuers. The scope of the metric is limited to UBS AG Asset Management and to investment areas where emissions data is available and data coverage is sufficient. The metric therefore principally encompasses portfolios in Active Equities, Active Fixed Income, Indexed Equities, Indexed Fixed Income, Investment Solutions, and selected portfolios in other asset classes accounting for approximately 53% of UBS AG Asset Management's total invested assets. UBS AG Asset Management investment-associated carbon intensity represents total aggregated attributed scope 1 and scope 2 carbon emissions of investment portfolios per USD million invested. It is calculated from individual portfolio carbon emissions where the underlying investments are in corporate and sovereign issuers. These are attributed to underlying investments based on their share of the enterprise value including cash of the issuer, and reported in metric tons of carbon dioxide equivalent per USD million invested. These metrics are in line with UBS's commitment to TCFD which recommends "organizations should provide their Scope 1 and Scope 2 GHG emissions and, if appropriate, Scope 3 GHG emissions". Investment-associated emissions are described under Scope 3 Category 15: Investments in the GHG Protocol. Emissions data is sourced from MSCI, a third-party data provider. A data coverage threshold is also applied for inclusion in the metrics calculations. Only portfolios with carbon emissions data coverage between 50-150% are included in the aggregated figure. As the data coverage varies between portfolios, an adjustment is undertaken in which the carbon intensity of individual portfolios is rescaled so that all portfolio carbon footprints reflect 100% data coverage. UBS AG Asset Management uses data from external sources where this is available and does not develop specific proxy data for these metrics. Investment-associated emissions and carbon intensity metrics are not calculated for UBS AG Asset Management's invested assets in separate managed accounts, real estate and private markets, hedge fund services, fund-of-fund, and non-public equity and fixed income activities. For this metric, UBS AG Asset Management calculates the carbon intensity of individual issuers within a portfolio based on company Scope 1 and 2 emissions divided by enterprise value including cash. The investment-associated emissions of an individual portfolio is calculated based on the carbon intensity and the weighting of issuers within the portfolio. The investment-associated carbon intensity of UBS AG Asset Management is calculated as follows: $\text{Investment – associated carbon intensity} = \dfrac{\sum \text{(Portfolio carbon intensity (tCO}_2\text{e/invested)} \times \text{Portfolio value (USD))}}{\sum \text{Value of all portfolios in-scope for calculation (USD)}}$ The total absolute investment-associated emissions of UBS AG Asset Management are calculated by multiplying the emissions intensity of a portfolio by the value of the portfolio, with the final figure representing the sum of all in-scope portfolios.

% AuM Net Zero aligned (UBS AG Asset Management)

Theme	Climate-related investing
Metric(s)	% AuM Net Zero aligned
Definition and method	% AUM Net Zero Aligned is the proportion of UBS AG Asset Management's assets under management that are being managed in line with net zero by 2050. The metric demonstrates our progress in converting existing, and developing new, funds and mandates onto net-zero alignment. It is used to show our progress towards our 2030 interim target, disclosed as part of our membership of the Net Zero Asset Managers initiative. The metric is derived from a comprehensive database of UBS AG Asset Management products containing their various characteristics including those related to ESG. One of these ESG characteristics is "Net Zero Aligned". These flags are linked to the respective assets under management for the specific portfolios. The aggregate of this figure is related to the total assets under management of UBS AG Asset Management. The calculation is: – AuM assigned to individual portfolios flagged as Net Zero Aligned – Total AuM for UBS AG Asset Management – The final figure is AuM Net Zero Aligned (USD bn) / Total AuM for UBS AG Asset Management (USD bn)

Climate-related lending metrics

Theme	**Climate-related lending metrics**
Metric(s)	**Swiss real estate:** – Swiss residential real estate (scopes 1 and 2; kg CO_2e / m^2 ERA) – Swiss commercial real estate (scopes 1 and 2; kg CO_2e / m^2 ERA) **Corporates:** – Fossil fuels (scopes 1, 2 and 3; million metric tons CO_2e) – Power generation (scope 1; kg CO_2e / MWh) – Iron and steel (scopes 1 and 2; metric t CO_2 / metric t of steel produced) – Cement (gross scopes 1 and 2; metric t CO_2 / metric t cementitious produced) **Financed emissions for non-financial corporates and real estate mortgages:** – Financed emissions across sectors (million metric tons CO_2e) – PCAF quality scores across sectors (1-5) – Economic intensity (million metric tons CO_2e / USD billion) **Facilitated emissions:** – Facilitated emissions for capital markets (million metric tons CO_2e) – Facilitated intensity (emissions per dollar of financing facilitated) (million metric tons CO_2e / USD billion) – Facilitated amount (apportioned deal volumes) (USD billion) **Shipping Annual Efficiency Ratio** (scopes 1, 3 cat. 3; g CO_2 / dwt-nm I g CO_2e / dwt-nm)

Swiss Real Estate	
Swiss residential real estate (scopes 1 and 2; kg CO_2e / m^2 ERA)	**Definition** This metric measures the physical emission intensity related to Swiss residential real estate financed by both UBS Group and Credit Suisse Group in 2021 and 2022, including Credit Suisse's Swiss business (pre-acquisition) **Scope** – Financial indicator: gross lending exposure (loans and advances to customers, guarantees and irrevocable loan commitments). – Real estate scope: owner-occupied properties and properties rented out on a non-commercial scale. – Regional scope: emissions are estimated for properties in Switzerland only, across the two sectors residential and commercial real estate. Switzerland represents approximately 89% of the UBS Group and Credit Suisse Group exposure as at year end 2022. **Measuring indicator** – Type: physical emission intensity – Metric unit: kg CO_2e / m^2 ERA – Emissions scope: scopes 1 and 2 – GHG coverage: CO_2 as reported or estimated, other GHG are considered immaterial for this sector – Data availability: emissions estimated at property-by-property level where the required CO_2-relevant real estate data is available, approximately 71% in 2022, otherwise proxies are applied, including the conservative assumption of oil heating if the heating system is unknown. **Calculation** – The intensity metric normalizes the real-estate emissions by the Swiss-specific floor space measurement in square meters (energy reference area, ERA). – The physical emissions intensity is calculated by dividing the sum of financed emissions by the sum of financed areas. The attribution is based on the loan-to-value (LTV) of the property. $\textit{Real estate physical emissions intensity} = \frac{\sum(\textit{Real estate emissions} \times \textit{LTV})}{\sum(\textit{Real estate area} \times \textit{LTV})}$
Swiss commercial real estate (scopes 1 and 2; kg CO_2e / m^2 ERA)	**Definition** – This metric measures the physical emissions intensity related to Swiss commercial real estate financed by both UBS Group and Credit Suisse Group in 2021 and 2022 including Credit Suisse's Swiss business (pre-acquisition). **Scope** – Financial indicator: gross lending exposure (loans and advances to customers, guarantees and irrevocable loan commitments). – Real estate scope: rented-out properties in multi-family homes, any other income-producing real estate, and own-use commercial real estate. – Regional scope: emissions are estimated for properties in Switzerland only, across the two sectors commercial and residential real estate Switzerland represents approximately 89% of the UBS Group and Credit Suisse Group exposure as at year end 2022. **Measuring indicator** – Type: physical emissions intensity – Metric unit: kg CO_2e / m^2 ERA – Emissions scope: scopes 1 and 2 – GHG coverage: CO_2 as reported or estimated, other GHG are considered immaterial for this sector – Data availability: emissions estimated at property-by-property level where the required CO_2-relevant real estate data is available, approximately 75% in 2022, otherwise proxies are applied, including the conservative assumption of oil heating if the heating system is unknown. **Calculation** – The intensity metric normalizes the real estate emissions by the Swiss-specific floor space measurement in square meters (energy reference area, ERA). – The physical emissions intensity is calculated by dividing the sum of financed emissions by the sum of the financed areas. – The attribution is based on the loan-to-value (LTV) of the property. $\textit{Real estate physical emissions intensity} = \frac{\sum(\textit{Real estate emissions} \times \textit{LTV})}{\sum(\textit{Real estate area} \times \textit{LTV})}$

Climate-related lending metrics for Corporate Sectors:	
Fossil fuels (scopes 1, 2 and 3; million metric tons CO_2e)	**Definition** – This metric measures the emissions related to fossil fuel activities financed by both UBS Group and Credit Suisse Group in 2021 and 2022. This metric is calculated based on the gross lending exposure and provides a framework for setting and managing decarbonization targets for the fossil fuel sector. **Scope** – Financial indicator: gross lending exposure (loans and advances to customers, guarantees, irrevocable loan commitments and fair value loans). Capital markets transactions, derivatives, treasury holdings, loans that are traded on a market are excluded. A materiality threshold of USD 1 million is applied for corporate loans. – Activities scope: oil and gas exploration and production, oil and gas refining, coal extraction (including thermal and metallurgic), and integrated companies operating across the value chain are included. For oil and gas, the scope includes clients with more than 25% of revenues derived from oil and gas activities. For coal, the scope includes clients with more than 5% of revenues related to coal extraction. Midstream companies, transportation, trading storage and retail activities are out of scope. A significant share of our gross exposure not covered by this metric is commodity trade financing, for which guidelines and methodologies have yet to be developed. – NACE code scope: B.05, B.06, C.19 **Measuring indicator** – Type: financed emissions – Metric unit: million metric tons CO_2e – Emissions scope: scopes 1, 2 and 3 – GHG coverage: CO_2e as reported by counterparties, estimated by 3rd party vendors or proxied **Calculation** – Counterparty-financed emissions: amount of CO_2e emissions in million metric tons that are attributed to UBS Group and Credit Suisse Group based on financing provided in relation to portfolio company's enterprise value including cash (EVIC) or the sum of equity and debt for private companies. – Portfolio-financed emissions: sum of counterparties' emissions attributed to UBS Group and Credit Suisse Group. $$\textit{Corporate financed emissions} = \sum\left(\textit{Company emissions} \times \frac{\textit{Financing to company}}{\textit{EVIC (or total equity + debt)}}\right)$$
Power generation (scope 1; kg CO_2e / MWh)	**Definition** – This metric measures the physical emissions intensity related to power generation activities financed by both UBS Group and Credit Suisse Group in 2021 and 2022. This metric is calculated based on the gross lending exposure and provides a framework for setting and managing decarbonization targets for the power generation sector. **Scope** – Financial indicator: gross lending exposure (loans and advances to customers, guarantees, irrevocable loan commitments and fair value loans). Capital markets transactions, derivatives, treasury holdings, loans that are traded on a market are excluded. A materiality threshold of USD 1 million is applied for corporate loans. – Activities scope: power generation and integrated electric utility companies are included. The scope includes clients with more than 25% of revenues derived from power generation activities. Power transmission and distribution companies, energy storage and manufacturers of power plant parts are out of scope. – NACE code scope: D.35.1.1, D.35.1.3 **Measuring indicator** – Type: physical intensity – Metric unit: kg CO_2e / MWh – Emissions scope: scope 1 – GHG coverage: CO_2e as reported by counterparties, estimated by 3rd party vendors or proxied **Calculation** – Counterparty physical intensity: metric that normalizes a company's emissions by its output (e.g., the megawatt hours produced). Through this metric we can monitor whether our clients are becoming increasingly efficient. – Portfolio physical intensity: to allocate multiple companies' intensities at a portfolio level, a portfolio weight approach is applied, which is an average of the companies' intensities weighted by their gross exposure. $$\textit{Corporate physical emis. intensity} = \sum\left(\frac{\textit{Corporate emissions}}{\textit{Corp. output (e.g., MWh, tons produced)}} \times \frac{\textit{Financing to corporate}}{\textit{Total sector financing}}\right)$$

Iron and steel (scopes 1 and 2; metric t CO_2 / metric t of steel produced)	**Definition** – This metric measures the physical emissions intensity related to steel manufacturing activities financed by both UBS Group and Credit Suisse Group in 2021 and 2022. This metric is calculated based on the gross lending exposure and provides a framework for setting and managing decarbonization targets for the iron and steel sector. **Scope** – Financial indicator: gross lending exposure (loans and advances to customers, guarantees, irrevocable loan commitments and fair value loans). Capital markets transactions, derivatives, treasury holdings, loans that are traded on a market are excluded. A materiality threshold of USD 1 million is applied for corporate loans. – Activities scope: production of pig iron and production of pig iron and production of steel, coking coal manufacturing and/or steel hot rolling are included. The scope includes clients with more than 25% of revenue derived from in-scope activities. Mining of raw materials, steel finishing, and use of steel are out of scope. – NACE code scope: C.24.1 **Measuring indicator** – Type: physical intensity – Metric unit: metric t CO_2 / metric t of steel produced – Emissions scope: scopes 1 and 2 – GHG coverage: CO_2 only as reported by counterparties, estimated by 3rd party vendors or proxied. CO_2 is the most material GHG for the sector. **Calculation** – Counterparty physical intensity: metric that normalizes a company's emissions by its output (e.g., the quantity of steel produced). Through this metric we can monitor whether our clients are becoming increasingly efficient – Portfolio physical intensity: to allocate multiple companies' intensities at a portfolio level, a portfolio weight approach is applied, which is an average of the companies' intensities weighted by their gross exposure. $\textit{Corporate physical emis. intensity} = \sum \left(\frac{\textit{Corporate emissions}}{\textit{Corp. output (e.g., MWh, tons produced)}} \times \frac{\textit{Financing to corporate}}{\textit{Total sector financing}} \right)$
Cement (gross scope 1 and 2; metric t CO_2 / metric t cementitious produced)	**Definition** – This metric measures the physical emissions intensity related to cement and clinker production activities financed by both UBS Group and Credit Suisse Group in 2021 and 2022. This metric is calculated based on the gross lending exposure and provides a framework for setting and managing decarbonization targets for the cement sector. **Scope** – Financial indicator: gross lending exposure (loans and advances to customers, guarantees, irrevocable loan commitments and fair value loans). Capital markets transactions, derivatives, treasury holdings, loans that are traded on a market are excluded. A materiality threshold of USD 1 million is applied for corporate loans. – Activities scope: counterparties producing cement and clinker are included. The scope includes clients with more than 25% of revenues derived from cement or clinker production activities. Mining of raw materials, production of concrete and users of cement or concrete are out of scope. – NACE code scope: C.23.5.1 **Measuring indicator** – Type: physical intensity – Metric unit: gross metric t CO_2 / metric t cementitious produced – Emissions scope: scopes 1 and 2 – GHG coverage: CO_2 only as reported by counterparties, estimated by 3rd party vendors or proxied. CO_2 is the most material GHG for the sector. **Calculation** – Counterparty physical intensity: metric that normalizes a company's emissions by its output (e.g., quantity of cementitious produced). Through this metric we can monitor whether our clients are becoming increasingly efficient. – Portfolio physical intensity: to allocate multiple companies' intensities at a portfolio level, a portfolio weight approach is applied, which is an average of the companies' intensities weighted by their gross exposure. $\textit{Corporate physical emis. intensity} = \sum \left(\frac{\textit{Corporate emissions}}{\textit{Corp. output (e.g., MWh, tons produced)}} \times \frac{\textit{Financing to corporate}}{\textit{Total sector financing}} \right)$

Financed emissions for non-financial corporates and real estate mortgages

Financed emissions (million metric tons CO_2e)	**Definition** – This metric measures the total financed emissions for non-financial corporate loans and real estate mortgages. This metric is calculated based on the outstanding lending exposure according to PCAF reporting guidance. **Scope** – Financial indicator: outstanding lending exposure (loans and advances to customers and fair value loans). Guarantees, irrevocable loan commitments, capital markets transactions, derivatives, treasury holdings, loans that are traded on a market are excluded. A materiality threshold of USD 1 million is applied for corporate loans. – Corporate sector scope: all corporate sectors except financial and insurance activities, private households with employees, extraterritorial organizations, ship / aircraft financing – Real estate scope: owner-occupied properties, properties rented out on a non-commercial scale, rented-out properties in multi-family homes, any other income-producing real estate, and own-use commercial real estate **Measuring indicator** – Type: financed emissions – Metric unit: million metric tons CO_2e – Emissions scope: scopes 1 and 2 emissions are considered across sectors except for the power generation sector where only scope 1 emissions are considered. Scope 3 emissions are considered for the fossil fuels and automotive sectors (car manufacturers). – GHG coverage: CO_2e as reported by counterparties, estimated by 3rd party vendors or proxied **Calculation** – Corporate financed emissions are the sum of counterparties' emissions attributed to UBS Group and Credit Suisse Group in 2021 and 2022: $$\textit{Corporate financed emissions} = \sum\left(\textit{Company emissions} \times \frac{\textit{Financing to company}}{\textit{EVIC (or total equity + debt)}}\right)$$ – In the case of real estate, the attribution factor is the loan-to-value (LTV) of the property: $$\textit{Real estate financed emissions} = \sum(\textit{Real estate emissions} \times \textit{LTV})$$
PCAF quality scores across sectors (1-5)	**Definition** – This metric measures the PCAF quality scores of corporate loans and real estate mortgages. This metric is calculated based on the outstanding lending exposure according to PCAF reporting guidance. **Scope** – Financial indicator: outstanding lending exposure (loans and advances to customers and fair value loans). Guarantees, irrevocable loan commitments, capital markets transactions, derivatives, treasury holdings, loans that are traded on a market are excluded. A materiality threshold of USD 1 million is applied for corporate loans. – Corporate sector scope: all corporate sectors except financial and insurance activities, private households with employees, extraterritorial organizations, ship / aircraft financing – Real estate scope: owner-occupied properties and properties rented out on a non-commercial scale **Measuring indicator** – Type: 1-5 score – Emissions scope: PCAF score for scopes 1 and 2 emissions PCAF scores are calculated across sectors except for the power generation sector where only scope 1 PCAF score emissions is considered. Scope 3 PCAF score for scope 3 emissions is calculated for the fossil fuels and automotive sectors (car manufacturers) **Calculation** – Counterparty PCAF quality score: a score from 1 (best) to 5 (worst) is assigned to a counterparty's emissions as a function of the data source (reported, production proxy, economic activity-based proxy). – Portfolio and sector PCAF quality score: weighted average sum based on outstanding exposure. The weighted average PCAF scores vary per sector. Sectors where we have set targets tend to have PCAF scores between 1-3 reflecting the better quality of the underlying data. Other sectors tend to rely more on economic activity-based proxies (PCAF scores 4 and 5) reflecting a higher estimation uncertainty. $$\textit{PCAF quality score} = \sum\left(\textit{PCAF corporate quality score} \times \frac{\textit{Financing to corporate}}{\textit{Total financing}}\right)$$

Economic intensity (million metric tons CO_2e / USD billion)	**Definition** – This metric measures the economic intensity of corporate loans and real estate mortgages. This metric is calculated based on the outstanding lending exposure according to PCAF reporting guidance. **Scope** – Financial indicator: outstanding lending exposure (loans and advances to customers and fair value loans). Guarantees, irrevocable loan commitments, capital markets transactions, derivatives, treasury holdings, loans that are traded on a market are excluded. A materiality threshold of USD 1 million is applied for corporate loans. – Corporate sector scope: all corporate sectors except financial and insurance activities, private households with employees, extraterritorial organizations, ship / aircraft financing – Real estate scope: all mortgage products and real estate collateralized loans **Measuring indicator** – Type: million metric tons CO_2e / USD billion – Emissions scope: scopes 1 and 2 emissions are calculated across sectors except for the power generation sector where only scope 1 emissions are considered. Scope 3 emissions are calculated for the fossil fuels and automotive sectors (car manufacturers). **Calculation** – Counterparty economic intensity: financed emissions calculated based on outstanding exposure (million metric tons CO_2e) divided by the outstanding exposure – Portfolio financed emissions: sum of counterparties' financed emissions divided by the outstanding exposure $\text{Economic intensity} = \sum \text{Financed emissions} / \sum \text{Outstanding exposure}$
Data sources and reporting	Exposures considered in the metrics described include: – **Outstanding (drawn) exposure**: loans and advances to customers and fair value loans – **Gross exposure**: loans and advances to customers, fair value loans, guarantees and irrevocable loan commitments These exposures have been sourced from the respective systems in UBS AG and Credit Suisse AG. UBS Group and Credit Suisse Group have historically had different accounting methodologies and therefore the exposures are reported under IFRS for UBS Group and US GAAP for Credit Suisse Group. The exposure value comprises both accrual-accounted and fair value elected exposures under IFRS and US GAAP. The exposure values under both US GAAP and IFRS were combined to prepare the metric. To estimate the emissions from our clients, we rely on data available in their own disclosures, data from specialized third-party providers and internal data. Current limitations on the availability of emissions data at company or asset level required us to include approximations in the calculations; for example, by applying a sector-level proxy where company- or asset-level data is not available. In the preliminary assessment of our total financed emissions, we have included PCAF quality scores, facilitating data transparency and encouraging improvements to data quality in the medium and long term. For corporate sectors, there is an inherent one-year time lag between the as-of date of our lending exposure and the as-of date of emissions can be explained by two factors: corporates disclose their emissions in annual reporting only a few months after the end of a financial year; and specialized third-party data providers take up to nine months to collect disclosed data and make it available to data users. Consequently, the updated baselines for our lending sector decarbonization targets are based on year-end 2021 lending exposure and 2020 emissions data. Our 2022 emissions actuals are based on year-end 2022 lending exposure and 2021 emissions data. For asset financing (e.g., real estate, shipping) there is no time lag and the exposure and emissions actuals refer to the same year.

Climate-related metrics for facilitated emissions	
Facilitated emissions	**Definition** – The metric, measured in million metric tons CO_2e, assesses the facilitated emissions arising from capital markets activities (in billion USD). **Scope** – Includes UBS Group transactions where UBS AG and / or Credit Suisse have been designated global coordinator, joint bookrunner, lead manager, co-manager roles are also included. – Includes DCM (debt capital markets) and ECM (equity capital markets) transactions. – Green bonds have been included in scope and treated as general purpose facilitation. PCAF methodology for calculating emissions associated with green bonds to be assessed once available. – The following products are out of scope: sovereign bonds, securitized products (including asset backed securities), derivative financial products, advisory services such as Mergers & Acquisitions (M&A). – Syndicated loans are currently out of scope. Private placements are included only where captured in Dealogic reporting. Following their inclusion in the final PCAF Standard (Part B), further work is required in 2024 to reassess for potential future inclusion in scope of facilitated emissions. – Emissions scope and value chain activity in scope for facilitated emissions calculations: oil and gas (oil and gas exploration and production, oil and gas refining and integrated companies); coal mining (incl. thermal and metallurgical); power generation; cement manufacturing; iron and steel making and hot rolling; primary or secondary aluminum; transport – car manufacturers and airline operators. **Method** – Calculation methodology followed PCAF's draft accounting and reporting standard for facilitated emissions (September 2022). Following release of the final PCAF Standard (Part B) in December 2023, three areas have been identified for further exploration in 2024 (scoping of syndicated loans and private placements, methodology for green bonds). – The capital markets transaction is accounted for only in the year the facilitation occurs (flow-based approach), using the reported and/or estimated emissions of the issuer for the previous year due to the time-lag in availability of emissions data. – The facilitated amount is calculated as the total amount raised divided between the financial institutions involved using league table credit (fee-based apportionment). – A 33% weighting factor (as per PCAF Standard Part B) is applied to the capital markets issuances in scope, to account for the difference between a financing activity and a facilitation activity. **Measuring indicator** – Type: facilitated emissions – Metric unit: million metric tons CO_2e – Emissions scope: scopes 1, 2 and 3 (scope 3 included for oil, gas and coal; automotive) – GHG coverage: CO_2e as reported by counterparties, estimated by 3rd party vendors or proxied **Calculation** $\text{Facilitated emissions} = \sum_c \frac{\text{Facilitated amount}_c}{\text{EVIC or Equity + Debt}} \times \text{Weighting factor} \times \text{Annual emissions}_c$ **Limitations and assumptions:** – Deal level data and overall clients in scope are based on the Dealogic dataset. Some of the private placements will be included if captured by Dealogic. The split of the facilitated amount between banks is based on Dealogic revenue (fees) apportioning of the total deal amount. – Company valuations and revenues are currently sourced from a third-party data vendor. There will be companies which might not have the required financial data available. In such a case, other resources would be explored, including third-party data vendor, public reporting, internal data. – Where emissions data is not available, production-based proxies, or sector revenue-based proxies would be applied. The quality of each proxy might be of a lower level than the reported figures, but at this point these are considered as the best available alternative. – Sector mapping can be limited if a company has an incorrect industry classification, not reflective of its main business activity or revenue generation.

Facilitated intensity (emissions per dollar of financing facilitated)	**Definition** – The metric, measured in million metric tons CO_2 per USD billion, assesses the facilitated emissions intensity arising from capital markets activities (in billion USD). **Scope** – Includes UBS Group transactions where UBS AG and / or Credit Suisse have been designated global coordinator; joint bookrunner, lead manager, co-manager roles are also included. – Includes DCM (debt capital markets) and ECM (equity capital markets) transactions. – Green bonds have been included in scope and treated as general purpose facilitation. PCAF methodology for calculating emissions associated with green bonds to be assessed once available. – The following products are out of scope: sovereign bonds, securitized products (including asset backed securities), derivative financial products, advisory services such as Mergers & Acquisitions (M&A). – Syndicated loans are currently out of scope. Private placements are included only where captured in Dealogic reporting. Following their inclusion in the final PCAF Standard (Part B), further work is required in 2024 to re-assess for potential future inclusion in scope of facilitated emissions. – Emissions scope and value chain activity in scope for facilitated emissions calculations: oil and gas (oil and gas exploration and production, oil and gas refining and integrated companies); coal mining (incl. thermal and metallurgical); power generation; cement manufacturing; iron and steel making and hot rolling; primary or secondary aluminum; transport – car manufacturers and airline operators. **Method** – The calculation methodology followed PCAF's draft accounting and reporting standard for facilitated emissions (September 2022). Following release of the final PCAF Standard (Part B) in December 2023, three areas have been identified for further exploration in 2024 (scoping of syndicated loans and private placements, methodology for green bonds). – The capital markets transaction is accounted for only in the year the facilitation occurs (flow-based approach), using the reported and/or estimated emissions of the issuer for the previous year due to the time-lag in availability of emissions data. – The facilitated amount is calculated as the total amount raised, divided between the financial institutions involved using league table credit (fee-based apportionment). – A 33% weighting factor (as per PCAF Standard Part B) is applied to the capital markets issuances in scope, to account for the difference between a financing activity and a facilitation activity. **Measuring indicator** – Type: facilitated emissions intensity – Metric unit: million metric tons CO_2e / USD billion – Emissions scope: scopes 1, 2 and 3 (sector dependent) – GHG coverage: CO_2e as reported by counterparties, estimated by 3rd party vendors or proxied **Calculation** $\textit{Facilitated emissions intensity} = \sum_c \frac{\textit{Facilitated emissions}_c}{\textit{Total attributed facilitated amount}}$ **Limitations and assumptions:** – Deal level data and overall clients in scope are based on the Dealogic dataset. Some of the private placements will be included if captured by Dealogic. The split of the facilitated amount between banks is based on Dealogic revenue (fees) apportioning of the total deal amount. – Company valuations and revenues are currently sourced from a third-party data vendor. There will be companies which might not have the required financial data available. In such a case, other resources would be explored, including third-party data vendor, public reporting, internal data. – Where emissions data is not available, production-based proxies, or sector revenue-based proxies would be applied. The quality of each proxy might be of a lower level than the reported figures, but at this point these are considered as the best available alternative. – Sector mapping can be limited if a company has an incorrect industry classification, not reflective of its main business activity or revenue generation.
Climate-related metric for facilitated amount – apportioned deal volumes	**Definition** – The metric, measured in USD billion, aggregates the total facilitated amount arising from capital markets activities (in billion USD). **Scope** – Includes UBS Group transactions, where UBS AG and / or Credit Suisse have been designated global coordinator; joint bookrunner, lead manager, co-manager roles are also included. – Includes DCM (debt capital markets) and ECM (equity capital markets) transactions. – Green bonds have been included in scope. PCAF methodology for calculating emissions associated with green bonds to be assessed once available. – The following products are out of scope: sovereign bonds, securitized products (including asset backed securities), derivative financial products, advisory services such as Mergers & Acquisitions (M&A). – Syndicated loans are currently out of scope. Private placements are included only where captured in Dealogic reporting. Following their inclusion in the final PCAF Standard (Part B), further work is required in 2024 to re-assess for potential future inclusion in the scope of facilitated emissions. – Value chain activity in scope for facilitated emissions calculations: oil and gas (oil and gas exploration and production, oil and gas refining and integrated companies); coal mining (incl. thermal and metallurgical); power generation; cement manufacturing; iron and steel making and hot rolling; primary or secondary aluminum; transport – car manufacturers and airline operators. **Method** – The calculation methodology followed PCAF's draft accounting and reporting standard for facilitated emissions (September 2022). Following release of the final PCAF Standard (part B) in December 2023, three areas have been identified for further exploration in 2024 (scoping of syndicated loans and private placements, methodology for green bonds). – The capital markets transaction is accounted for only in the year the facilitation occurs (flow-based approach), using the reported and/or estimated emissions of the issuer for the previous year due to the time-lag in the availability of emissions data. – The facilitated amount is calculated as the total amount raised, divided between the financial institutions involved using league table credit (fee-based apportionment). **Measuring indicator** – Type: facilitated amount – apportioned deal volumes – Metric unit: USD billion **Calculation**

$$\text{Apportioned deal volumes} = \sum_{c} \text{Facilitated amount per deal}_c$$

Limitations and assumptions:

– Deal-level data and overall clients in scope are based on the Dealogic dataset. Some of the private placements will be included if captured by Dealogic. The split of the facilitated amount between banks is based on Dealogic revenue (fees) apportioning of the total deal amount.
– Sector mapping can be limited if a company has an incorrect industry classification, not reflective of its main business activity or revenue generation.

Poseidon Principles Alignment delta

Lending metric for shipping: Poseidon Principles alignment delta

– Shipping AER (scopes 1 and 3 cat. 3 (fuel- and energy-related activities (not included in scope 1 or scope 2)), grams of CO_2 per deadweight tonne – nautical mile (g CO_2 / dwt-nm, IMO Initial Strategy) or grams of CO_2 equivalent per deadweight tonne – nautical mile (g CO_2e / dwt-nm, IMO Revised Strategy))

Trajectory:

IMO Initial Strategy (“IMO 50”):

– Poseidon Principles trajectory as in previous years (CO_2, ambition to reduce total annual GHG emissions by 50% (compared with 2008 emissions) by 2050, calculations on tank-to-wake basis using size bucket concept as set out in the Poseidon Principles Technical Guidance)

IMO Revised Strategy (“Minimum” Ambition):

– Poseidon Principles New Trajectory reflecting new IMO “Minimum” ambition (CO_2e, ambition to reduce total annual GHG emissions by 20% by 2030, 70% by 2040 (compared with 2008 emissions) reaching net-zero GHG emissions around 2050), calculations on well-to-wake basis using concept for calculating individual trajectories based on actual vessel size as set out in the Poseidon Principle Technical Guidance)

IMO Revised Strategy (“Striving” Ambition):

Poseidon Principles New Trajectory reflecting new IMO “Striving” ambition (CO_2e, ambition to reduce total annual GHG emissions by 30% by 2030, 80% by 2040 (compared with 2008 emissions) reaching net-zero GHG emissions around 2050), calculations on well-to-wake basis using concept for calculating individual trajectories based on actual vessel size as set out in the Poseidon Principle Technical Guidance)

Definition

– Poseidon Principles (PP) framework for assessing and disclosing the climate alignment of ship finance portfolios and promoting international shipping decarbonization

Scope

– Financial indicator: credit products (drawn amounts in case of loans) – including bilateral loans, syndicated loans, club deals and guarantees – secured by vessel mortgages, finance leases secured by title over vessel, or unmortgaged export credit agency (ECA) loans tied to a vessel
– Activities scope according to PP Technical Guidance comprises vessels that fall under the purview of the International Maritime Organization (“IMO”), i.e. vessels operating internationally, 5,000 gross tonnage and above which have an established PP trajectory whereby the emissions intensity can be measured with data generally provided by shipowners to the IMO under the IMO Data Collection System for fuel consumption (“IMO DCS”)
– UBS in 2023 was not a party to the Poseidon Principles and hence, exposures in scope for the 2023 reporting cycle (based on 2022 data) remain limited to Credit Suisse AG as a signatory to the Poseidon Principles

Measuring indicator

– Type: Annual Efficiency Ratio (AER)
– Metric: AER (expressed as) g CO_2 / dwt-nm (IMO Initial Strategy) and g CO_2e/dwt-nm (IMO Revised Strategy)
– Carbon emissions scope: scopes 1 and 3 cat. 3 (fuel- and energy-related activities (not included in scope 1 or scope 2))
– GHG gas coverage: CO_2 (IMO Initial Strategy) and CO_2e (IMO Revised Strategy) respectively

Calculation:

– AER intensity (on per vessel basis):

$$AER = \frac{\sum_i C_i}{\sum_i dwtD_i}$$

– For each vessel, the Annual Efficiency Ratio (“AER”) is determined using the parameters of fuel consumption (to determine CO_2/CO_2e emissions by applying the respective emission factors in accordance with the Poseidon Principles Technical Guidance), distance travelled (in nautical miles, “nm”), and deadweight (“dwt”). For certain asset types (cruise vessels, ferries, vehicle carriers) gross tonnes (“gt”) is used instead of dwt. The Climate Alignment Delta is then determined by comparing the actual AER to the respective trajectory value applicable for the vessel under the IMO Initial Strategy and the respective IMO Revised Strategy determined in accordance with the Poseidon Principles Technical Guidance. The deviation is expressed as positive (i.e. above/worse than trajectory) or negative (i.e. below/better than trajectory) alignment delta as a percentage. To establish the portfolio result, in accordance with the Poseidon Principles Technical Guidance, each individual vessel result is weighted with the vessel’s associated drawn exposure at the end of the relevant reporting year, with the portfolio´s Climate Alignment Delta result constituting the weighted average of the individual vessel results.
– The reporting level is determined by dividing the drawn exposure of the in-scope reporting vessels by the drawn exposure of the overall in-scope fleet. Reasons for non-reporting are incomplete data sets, clients being non-responsive, refusing to or unable to provide data (e.g. due to confidentiality considerations, exit of lending relationship or data being produced/owned by a 3rd party).
– Applicable trajectories, emission factors and calculation methodologies are provided by the Poseidon Principles Association and are set out in the Poseidon Principles Technical Guidance provided to its signatories.

The Poseidon Principles Technical Guidance can be found here: *Poseidon_Principles.pdf (poseidonprinciples.org)*

The Poseidon Principles public report issued in December 2023 can be found here: *Poseidon-Principles-2023-Annual-Disclosure-Report.pdf (poseidonprinciples.org)*

- **For more information, please refer to the "Environment" section of the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for "Climate-related methodologies – decarbonization approach for our financing activities"**
- **For our definition on "Carbon emissions scopes" refer to the *Greenhouse Gas Protocol* to which we align, available on *ghgprotocol.org***
- **For PACTA guidelines referenced, see PACTA for Banks Methodology Document, available on *transitionmonitor.com***
- **For PCAF guidance referenced, see *PCAF guidance* available on *carbonaccountingfinancials.com***

Climate-related resolutions

Theme	Climate-related
Metric(s)	Number of climate-related resolutions voted upon Proportion of climate-related resolutions supported (%)
Definition and Method	Climate-related resolutions voted upon by UBS AG Asset Management on behalf of clients during the reporting period, including the percentage of such proposals that were supported out of the total, as identified by ISS (Institutional Share Services) categorization. The metrics include UBS AG Asset Management business only and cover all resolutions made by companies that are held on behalf of clients and by Asset Management directly. Only climate-related resolutions are considered in this metric; with votes for other resolutions, e.g., Director election, being excluded. The percentage represents the number of climate resolutions that were supported, i.e., voted in favor, out of the total climate resolutions that UBS AG Asset Management voted on. The ISS ProxyExchange categorization is utilized for "climate" resolution identification, as defined in the "ISS Code 2022 Category Descriptions." ISS ProxyExchange is a third-party vendor service used by market participants for proxy voting.

ESG-related resolutions

Theme	ESG-related
Metric(s)	Number of resolutions voted upon Number of shareholder meetings where votes cast Number of ESG related resolutions voted upon Number of E&S resolutions voted upon
Definition and Method	Total meetings voted upon by UBS AG Asset Management on behalf of clients during the reporting period, including the number of Environmental, Social and Governance (ESG) proposals, and Environmental and Social (E&S) proposals that were voted upon, as identified by ISS (Institutional Shareholder Services) categorization. The metrics include the UBS AG Asset Management business only and cover all positions held on behalf of clients and by Asset Management directly. The ISS ProxyExchange categorization is utilized for "ESG" and "E&S" resolution identification, as defined in the "ISS Category Codes". ISS ProxyExchange is a third-party vendor service used by market participants for proxy voting.

Companies actively engaged on climate / ESG topics

Theme	ESG-related
Metric(s)	Number of companies engaged on ESG topics Number of engagement meetings on ESG topics Number of ESG engagement meetings conducted regarding Environmental and Social Issues % companies engaged on ESG topics with progress Number of companies engaged on climate topics % companies engaged on climate topics with progress
Definition and Method	We regard engagement as a two-way mutually beneficial dialogue with a company, with the objective of enhancing information and understanding and improving business performance. The focus on discussion is important, as we believe simply asking companies questions without providing feedback and encouraging improvements does not constitute an engagement. We focus on the quality of our engagement, not the quantity of discussions we have. In order to manage our engagements, we set goals or objectives and determine progress against these in the recording of our engagement efforts. – The metrics are derived from UBS AG Asset Management and Asset Management (Credit Suisse) business only and are comprised of individual corporate issuers who have been engaged on ESG topics broadly, of which a smaller number have been engaged on climate change. – Companies engaged on ESG topics represents the number of individual corporate issuers with whom UBS AG Asset Management and Asset Management (Credit Suisse) have engaged during the reporting period, where an ESG topic has been one of the topics of engagement. – Number of engagement meetings on ESG topics represents the total number of engagement contacts made by UBS AG Asset Management and Asset Management (Credit Suisse) with companies where ESG has been one of the topics of engagement. – Number of ESG engagement meetings conducted regarding Environmental and Social issues represents the total number of engagement contacts made by UBS AG Asset Management and Asset Management (Credit Suisse), where an Environmental or Social topic has been one of the topics of engagement. – Companies engaged on climate topics represents the number of individual corporate issuers with whom UBS AG Asset Management and Asset Management (Credit Suisse) have engaged during the reporting period, where climate change has been one of the topics of engagement. – % share of corporate engagements with progress against preset objectives is the proportion of individual corporate issuers with whom UBS AG Asset Management and Asset Management (Credit Suisse) have engaged on ESG topics during the reporting period, where it has been deemed that progress has been made against engagement objectives. The calculation is: $\textit{\% share of corporate engagements on ESG topics with progress against preset objectives} = \dfrac{\textit{number of corporate issuers with progress against objectives}}{\textit{number of corporate issuers engaged}}$ – % share of corporate engagements on climate topics with progress against preset objectives is the proportion of individual corporate issuers with whom UBS AG Asset Management and Asset Management (Credit Suisse) have engaged on climate change during the reporting period, where it has been deemed that progress has been made against engagement objectives. The calculation is: $\textit{\% share of corporate engagements on ESG topics with progress against preset objectives} = \dfrac{\textit{number of corporate issuers with progress against objectives}}{\textit{number of corporate issuers engaged}}$

Carbon-related assets

Theme	Sustainability and climate risk
Metric(s)	Carbon-related assets Proportion of total customer lending exposure, gross (expressed as percentage)
Definition (and Method)	Carbon-related assets are defined as significant concentrations of credit exposure to assets tied to the four non-financial groups as defined by the Task Force on Climate-related Financial Disclosures (TCFD) (using Global Industry Classification Standard, GICS). These four groups are (i) energy; (ii) transportation; (iii) materials and buildings; and (iv) agriculture, food and forest products. Recognizing that the term carbon-related assets is currently not well defined, the TCFD encourages banks to use a consistent definition to support comparability. The metric is calculated for UBS Group excluding Credit Suisse, UBS AG standalone, UBS Switzerland AG and UBS Europe SE consolidated, on the total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on standalone and consolidated IFRS numbers. Credit exposure is drawn from the UBS Group Chief Financial Officer (and related reporting systems). The credit exposure includes portfolio adjustment bookings, which are either directly impacting the metrics, and have been reflected in the heatmaps, or are impact assessed and immaterial to the metrics representation. The carbon-related assets metric is the total exposure of assets in the four non-financial groups as defined by the TCFD in its expanded definition published in 2021. UBS defines carbon-related assets through the industry-identifying attributes of the firm's banking book. UBS further includes the four non-financial sectors addressed by the TCFD, including but not limited to, fossil fuel extraction, carbon-based power generation, transportation (air, sea, rail, and automotive manufacture), metals production and mining, manufacturing industries, real estate development, chemicals, petrochemicals, and pharmaceuticals, building and construction materials and activities, forestry, agriculture, fishing, food and beverage production, as well as including trading companies who may trade in any of the above (e.g. oil trading or agricultural commodity trading companies). This metric is agnostic of risk rating, and therefore may include exposures of companies who may be already transitioning or adapting their business models to climate risks, unlike UBS climate-sensitive sectors methodology, which takes a risk-based approach to defining material exposure to climate impacts. Economic sectors are classified according to the Group Industry Code 2.0 (GIC 2.0) which comprises a hierarchical structure, and are further dissected using the heatmap segmentation. Internal UBS GIC2 sectors / subsectors are utilized. The proportion of total customer lending exposure, gross (%), is calculated by including those exposures in the denominator. The carbon-related assets metric is calculated using the total customer lending exposure, gross (%) dataset. Carbon-related assets are defined as the credit exposure to assets tied to the four non-financial groups as defined by the TCFD (using GIC2.0 UBS classification). TCFD recognized that the term "carbon-related assets" is not well defined and therefore the TCFD encourages banks to use a consistent definition to support comparability.

Total exposure to climate-sensitive sectors – transition risk

Theme	Sustainability and climate risk
Metric(s)	Total exposure to climate-sensitive sectors, transition risk Proportion of total customer lending exposure, gross (expressed as percentage), transition climate risk
Definition (and Method)	Sustainability and climate risks may manifest as credit, market, liquidity and/or non-financial risks for UBS, resulting in potential adverse financial, liability and/or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g., real estate). Climate risks can arise from efforts to mitigate climate change (transition risks). Transition risks from efforts to address a changing climate may contribute to a structural change across economies and consequently can affect banks and the stability of the broader financial sector through financial and non-financial impacts. The metric is calculated for UBS Group excluding Credit Suisse, UBS AG standalone, UBS Switzerland AG and UBS Europe SE consolidated for banking products, traded products, and issuers (issuer risk). Credit exposures are drawn from the UBS Group Chief Financial Officer (and related reporting systems). The credit exposure includes portfolio adjustment bookings, which are either directly impacting the metrics, and have been reflected in the heatmaps, or are impact assessed and immaterial to the metrics representation. For banking products, the metric is calculated upon total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss), and is based on consolidated and standalone IFRS numbers. For traded products, the metric is calculated upon receivables from securities financing transactions, cash collateral receivables on derivative instruments, and financial assets measured at amortized costs. For issuer risk, the metric is calculated upon HQLA assets, debt securities, bonds, liquidity buffer securities. The transition risk heatmap methodology is based upon a risk segmentation process, first dividing financing types and then rating economic sectors and sub-industry segments that share similar climate risk vulnerability characteristics. Climate transition risk scores and rating are assigned to sectors and segments according to their vulnerability to (i) climate policy, (ii) low-carbon technology risks, and (iii) revenue or demand shifts under an immediate and ambitious approach to meeting the well-below-2°C Paris goal. The risk ratings can be used to support identification of potential climate-sensitive concentrations and further analysis. The ratings in the heatmap reflect the levels of risk that would likely occur under an ambitious transition (in the short term, 0-3yrs) that is disorderly with respect to diversification of policy stringency across developing and industrialized countries. UBS derived the methodological approach for transition risk assessment from an active collaboration with the UNEP FI and Oliver Wyman. Assessments are derived as part of the 2018–2022 collaboration with the UNEP-FI and are based on IAMC scenario information as well as academic research supporting risk rating analysis. The collaboration included development of the initial transition risk heatmap methodology. Since the original version, UBS has further in-housed the ratings and risk segmentation process, reflecting changes of risk profile on the ground, evolving in-house views on climate risk materiality, and UBS's own business footprint. The transition risk heatmap methodology is a top-down methodology based on a sector-classification approach (assuming exposures are proxy-rated through the average subindustry risk rating to which it is mapped), considering counterparty- and asset-specific information in materially relevant cases. Geographic information of assets/ counterparties is captured by distinguishing between emerging and industrialized countries. UBS exposure is then mapped to these sector/country-based risk ratings using the counterparty's country of risk domicile and sectoral classification. Economic sectors are classified according to the Group Industry Code 2.0 (GIC 2.0) which is hierarchical in structure. Sensitive sectors and subsectors are defined as those business activities that are rated as having high, moderately high, or moderate vulnerability (according to the methodology as described in the methodology annex of the Sustainability Report) to climate transition risks. Furthermore, internal UBS GIC2 sectors / subsectors are utilized.

	At the current stage of the methodology, a look-through analysis for Lombard lending, real estate financing, and private clients with mortgages has not yet been fully carried out. For this reason, the Lombard lending rating is assigned a rating based on the average riskiness across the collateral which is posted to back the loans (yielding overall a moderately low-risk rating). Real estate ratings are assigned based on benchmark analyses of UBS real estate portfolios in Switzerland, the United Kingdom, and the United States, (yielding a moderately low-risk rating) and in the case of commercial real estate, also based on the riskiness of the counterparty. The proportion of total customer lending exposure, gross (%), transition risk, is then ultimately calculated by summing all transition climate risk-sensitive exposures and dividing that by all total customer lending exposures (regardless of risk rating and across all financing types). This denominator includes exposures that cannot be classified into any risk rating due to lack of information.

Total exposure to climate-sensitive sectors – physical risk

Theme	Sustainability and climate risk
Metric(s)	Total exposure to climate-sensitive sectors, physical risk Proportion of total customer lending exposure, gross (expressed as a percentage), physical climate risk
Definition (and Method)	Sustainability and climate risks may manifest as credit, market, liquidity and/or non-financial risks for UBS, resulting in potential adverse financial, liability and/or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g., real estate). Climate risks can arise from changing climate conditions (physical risks). Physical risks from a changing climate may contribute to a structural change across economies and consequently can affect banks and the stability of the broader financial sector through financial and non-financial impacts. The metric is calculated for UBS Group excluding Credit Suisse, UBS AG standalone, UBS Switzerland AG and UBS Europe SE consolidated for banking products, traded products, & issuers (issues risk). Credit exposures are drawn from the UBS Group Chief Financial Officer (and related reporting systems). The credit exposure includes portfolio adjustment bookings, which are either directly impacting the metrics, and have been reflected in the heatmaps, or are impact assessed and immaterial to the metrics representation. For banking products, the metric is calculated upon total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss), and is based on consolidated and standalone IFRS numbers. For traded products, the metric is calculated upon receivables from securities financing transactions, cash collateral receivables on derivative instruments, and financial assets measured at amortized costs. For issuer risk, the metric is calculated upon HQLA assets, debt securities, bonds, liquidity buffer securities. This is the first year that UBS is publishing its newly developed physical risk heatmap methodology, developed during 2023. This is therefore a new methodology and is retroactively applied to previous years' exposures to provide a consistent year-to-year comparison in the metrics reporting table. The physical risk heatmap methodology groups corporate counterparties based on how four acute physical risk hazards (wildfires, heatwave, floods and tropical cyclones) may drive UBS exposure to financial impacts (transmission channels), by rating the sectoral and geographical vulnerabilities of corporate counterparties to these hazards. The assumptive scenario that is leveraged is one that assumes a short-term "worst-case" – in order to avoid understating the risk exposure of UBS. This scenario is therefore one in which no additional climate mitigating policies are actioned by nation-states. The physical risk heatmap methodology is a top-down methodology based on a sector and country-classification approach (assuming exposures are proxy-rated through the average subindustry risk rating to which it is mapped), considering counterparty or asset-specific information in design. In particular, the geographic location and associated physical risk of sufficiently representative asset datasets (constrained by data limitations: data collection by ESG data vendors tends to concentrate on industrialized countries and on particularly vulnerable sectors) are then aggregated across assets, transmission channels (including value chains), and hazards to provide a sector/country-based output. UBS exposure is then mapped to these sector/country-based risk ratings using the counterparty's country of risk domicile and sectoral classification. Economic sectors are classified according to the Group Industry Code 2.0 (GIC2) which is hierarchical in structure. To drive the top-down classification of risk, internal UBS GIC2 classification codes are used. Sensitive sectors are defined as those business activities that are rated as having high, moderately high or moderate vulnerability to physical risk. The metric sums normalized scores for sector and location (country of risk domicile). Ratings from low to high are based on the aggregation of hazard-specific scores, each of which is determined by combining an exposure metric calculated from asset-level data with sector-specific adjustments to account for further transmission channels. More concretely, a population of representative assets sharing the same sector and country as those to be rated is isolated. Due to data limitations from our vendor feed, for some sector-country combinations, such a representative population is not large enough to infer reliable metrics. In those cases, increasingly wider geographies are considered until reliability is minimally ensured. Scores are given by the following inputs: – an aggregated metric capturing the physical risk exposure to a given hazard (short-term, no additional action scenario) of an asset population sharing the sectoral activity and the geographical location of the counterparty; – conservative hazard- and sector-specific adjustments to the exposure metric which capture the effects of other transmission channels of physical risk, including value-chain effects. At the current stage of the methodology, a look-through analysis for Lombard lending, real estate financing, and private clients with mortgages has not yet been fully carried out. For this reason, the Lombard lending rating is assigned a rating based on the average riskiness across the collateral which is posted to back the loans (yielding overall a moderately low-risk rating). Real estate ratings (both residential and commercial real estate) are assigned based on benchmark analyses of UBS real estate portfolios in Switzerland, the United Kingdom and the United States. For both residential and commercial real estate a default risk rating of low-risk is assigned, and in the case of commercial real estate, the rating is also based on the riskiness of the counterparty. The proportion of total customer lending exposure, gross (%), physical risk, is then ultimately calculated by summing all physical climate risk sensitive exposures and dividing that by all total customer lending exposures, (regardless of risk rating and across all financing types), This denominator includes exposures that cannot be classified into any risk rating due to lack of information.

Total exposure to nature-related risks

Theme	Sustainability and climate risk
Metric(s)	Total exposure to nature-related risks (USD billion) Proportion of total customer lending exposure, gross (expressed as a percentage), nature-related risks (two-way risks: dependency on and impact on)
Definition (and Method)	Sustainability and climate risks may manifest as credit, market, liquidity and/or non-financial risks for UBS, resulting in potential adverse financial, liability and/or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g., real estate). Nature-related risks can arise from economic and human dependency upon ever-changing environmental conditions and/or how human activities (and economies) may adversely impact those same conditions, which we rely upon. A degrading environment, and its ecosystem services (such as biodiversity, clean air, fresh water, and more) may contribute to structural change across economies and consequently can affect banks and the stability of the broader financial sector through financial and non-financial impacts. This year's nature-related metric is an enhancement on our first-ever nature-related risk metric published in UBS's 2022 Sustainability Report. The metric measures the amount of exposure UBS has to both high-level drivers of nature-related risks: the dependency of our clients on the environment and the potential for clients in specific sectors to adversely impact the environment. The metric is calculated for UBS Group excluding Credit Suisse, UBS AG standalone, UBS Switzerland AG and UBS Europe SE consolidated for banking products, traded products, and issuers (issuer risk). Credit exposures are drawn from the UBS Group Chief Financial Officer (and related reporting systems). The credit exposure includes portfolio adjustment bookings, which are either directly impacting the metrics, and have been reflected in the heatmaps, or are impact assessed and immaterial to the metrics representation. For banking products, the metric is calculated upon total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss), and is based on consolidated and standalone IFRS numbers. For traded products, the metric is calculated upon receivables from securities financing transactions, cash collateral receivables on derivative instruments, and financial assets measured at amortized costs. For issuer risk, the metric is calculated upon HQLA assets, debt securities, bonds, liquidity buffer securities. This year's nature-related risk metric provides a snapshot of UBS's exposure (as defined above) to economic sectors rated as nature-sensitive. This metric is defined as the maximum (worst-case) rating of either that sector's dependency on the environment (or impacts on the environment. As with climate-related risks, sensitivity is defined as the top three ratings on a rating scale of five (high, moderately high, or moderately rated). The driving methodology is still derived from the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) methodology. ENCORE was developed by the Natural Capital Finance Alliance in partnership with the UNEP World Conservation Monitoring Centre. UBS collaborated with other banks and UNEP-FI to help develop this methodology, over the past five years. ENCORE is based on a four-tier system: 1. Natural capital assets: defined as the most basic unit of the environment (e.g. geology, soil, air, water). 2. Ecosystem services: where assets combine to form services (i.e. air and trees combine to purify carbon dioxide and provide oxygen) 3. Economic production processes 4. The scientifically-informed ratings given by ENCORE on how production processes may impact and/or depend on ecosystem services. Production processes are further grouped into more classical economic sub-sectors. UBS primary industry codes (GIC 2.0) were mapped to the ENCORE database through the link to ENCORE sub-industries, manually and through several rounds of independent review and challenge amongst environmental scientists and trained finance professionals in the Sustainability and Climate Risk unit of UBS, with further independent review and challenge with UBS's Chief Sustainability Office. The ratings for nature-related risk dependencies of a sector consider the potential (i) loss of functionality of a production process and (ii) financial loss, if for example the ecosystem service is disrupted. The ratings for nature-related impact consider how severely, quickly and frequently a production process may disrupt ecosystem services or deplete natural capital stocks. Ratings (ranging from low to high) are based on integral scores (ranging from 0 to 5 for dependencies, 0 to 4 for impacts), which are summed at the production process level and standardized based on a normalized sum approach. This approach, for dependency and impact ratings respectively, divides the sum of all drivers for each production process by the maximum. Where there is more than one production process for a respective ENCORE sub-industry, the highest associated score is assigned. For each UBS GIC2 code, an overall nature-related risk rating is determined by taking the maximum score across dependency and impact. The summary metric, as defined here, may be considered a suitable proxy for the potential for UBS to have financial impacts due to nature-related transmission channels of financial risk. The metric of nature-related risk / total lending exposure (as a percentage) is calculated in line with the climate sensitive metrics. In the current stage of the methodology, a look-through analysis for Lombard lending, real estate financing and private clients with mortgages is not yet fully carried out. For this reason, Lombard lending rating is assigned a rating based on the average riskiness across the collateral which is posted backing the loans (yielding overall a low-risk rating). Real estate ratings (both residential and commercial real estate) are assigned based on benchmark analyses of UBS real estate portfolios in Switzerland, the United Kingdom, and the United States. For both residential and commercial real estate a default risk rating of low-risk is assigned, and in the case of commercial real estate, the rating is also based on the riskiness of the counterparty. Geographic location of assets/counterparties is not currently integrated in the methodology due to data and systems limitations. The proportion of total customer lending exposure, gross (%), nature-related risk, is then ultimately calculated by summing all nature risk-sensitive exposures and dividing that by all total customer lending exposures (regardless of risk rating and across all financing types). This denominator includes exposures that cannot be classified into any risk rating due to lack of information.

Cases referred for assessment

Theme	Sustainability and Climate Risk
Metric(s)	Cases referred for assessment
Definition (and Method)	The metric measures the total number of cases that were referred to the Sustainability and Climate risk team on the UBS side and total number of cases assessed by Credit Suisse SCR unit (referrals recorded in StepTrace and clients assessed against the sector-specific CETF). As part of the Credit Suisse process, StepTrace records all referrals which Sustainability Risk considers as having a nexus to significant environmental and/or social risks for the purposes of internal monitoring and reporting, internal training and awareness, and discretionary engagement with external stakeholders. The Client Energy Transition Framework (CETF) was developed to engage with clients on their approach to managing environmental and social risks as well as their transition strategy. The framework consists of the identification of priority sectors/industries and a methodology to categorize clients that operate in these sectors according to their energy transition readiness. As part of the UBS process, the metric is produced by taking the total number of cases referred for assessment from the internal tools. The cases referred to as part of this metric are divided by region such as EMEA, APAC etc., business division, sector, and outcome. The business (as the first Line of Defense "1LoD") identifies sustainability and climate risks in those products, services, activities, transactions, onboardings or periodic reviews that are in scope of SCR policy and refers them to Sustainability and Climate Risk (SCR, as the second Line of Defense "2LoD"). The SCR unit takes a risk decision on the cases referred to it after assessing their compliance with the firm's risk appetite standards. Transaction outcome includes: – Approved: client / transaction / supplier approved at SCR – Approved with qualifications: client / transaction / supplier subject to an SCR assessment and approved with qualifications. Qualifications may include ring-fencing of certain assets, conditions toward client / supplier or internal recommendations – Rejected or not further pursued: client / transaction / supplier subject to an SCR assessment and rejected or not further pursued – Pending: decision pending for client / transaction / supplier – Assessed: assessed companies related to portfolio reviews

ESG integration and exclusion invested assets (UBS AG Asset Management)

Theme	Sustainable products
Metric(s)	ESG integration and exclusion (USD billion) ESG integration (USD billion) Exclusion (USD billion)
Definition and method	We identify two approaches that consider ESG factors in the investment process to varying degrees, but which on their own are not considered sustainable investment. The investment products in scope for reporting Invested Assets (IA) for these two categories are exclusively UBS AG Asset Management products under the direct management of UBS AG Asset Management. – ESG Integration; considers ESG factors alongside traditional financial metrics to assess the risk-return profile in the investment process. – Exclusion: individual companies or entire industries are excluded from portfolios because their activities do not meet certain ESG criteria, and/or do not align with the values of clients and/or UBS. For UBS AG Asset Management's approach to exclusions for funds, please consider the *UBS Asset Management Exclusion Policy.*

› **Refer to the *UBS AM Sustainable Investing Policy* for details, available on *ubs.com/am-si***

Workforce metrics

Theme	Workforce
Introduction	In 2020 UBS set and communicated aspirational goals relating to gender and ethnic diversity. These goals are, by 2025, to have: – 30% of Director and above roles globally held by women – 26% of Director and above roles in the US and UK held by ethnic minority employees Separately, the Americas, US and UK also have a further subset of aspirational goals relating to their respective populations. These goals are, by 2025, to have: – 4% UK representation of Black employees at Director level and above – 25% Americas female representation among financial/client advisors (FA/CA) – 18.8% US racial and ethnic minority representation among financial/client advisors (FA/CA)
Metric(s)	**Global** – Representation, hiring, promotion and turnover for male/female employees at Director and above level globally, expressed as a percentage of all Director and above headcount **UK** – Representation, hiring, promotion and turnover for ethnic minority employees at Director and above level in the UK, expressed as a percentage of all Director and above headcount in the UK – Representation, hiring, promotion and turnover for Black employees at Director and above level in the UK, expressed as a percentage of all Director and above headcount in the UK **US** – Representation, hiring, promotion and turnover for ethnic minority employees at Director and above level in the US, expressed as a percentage of all Director and above headcount in the US – Representation, hiring, promotion and turnover for female financial advisors (FA)/client advisors (CA), in the Americas at all levels, expressed as a percentage of all FA/CA headcount in the Americas – Representation, hiring, promotion and turnover for Ethnic minority FA/CAs in the US at all levels, expressed as a percentage of all headcount FA/CA headcount in the US Note: All metrics listed above are calculated using data from the firm's Human Resource IT system.
Definition - overall	– Gender: For UBS reporting purposes, gender refers to male/female. – Female: By extension of that, female is considered to be the number or percentage of employees globally who are recorded as "F" or "female" in the firm's Human Resource IT system. Definition also covers women, female. Male is considered to be the number or percentage of employees globally who are recorded as "M" or "Male" in the aforementioned system. – Ethnic minority: For UBS reporting purposes, ethnic minority refers to employees in our UK or US populations who have self-declared themselves as one of the categories highlighted below (see table). By extension of that, ethnic minority is considered to be the number or percentage of employees in the UK or the US who self-identify as an ethnic minority and declare this in the firm's Human Resource IT system. Definition also covers race, racial, ethnic.

UK categories comprising ethnic minority calculation	US categories comprising ethnic minority calculation
Asian	American Indian or Alaska Native
Black	Asian
Two or more ethnicities	Black
	Hispanic /Latino
	Other ethnicities
	Two or more ethnicities

	– Black: For UBS reporting purposes, Black is considered to be the number or percentage of employees in the UK who self-identify as Black and declare this in the firm's Human Resource IT system. – Other: For UBS reporting purposes, all other categories except "ethnic minority" and "white" are comprised under "other". "Other" include self-declared responses such as "not disclosed", "other" and "prefer not to say". – All levels: For UBS reporting purposes, all levels are mapped to globally consistent corporate titles. These include: employee, authorized officer, Associate Director, Director, Executive Director or Managing Director. For previous years, formerly used corporate titles may be included. – Director+ / D+: Director level or higher i.e. employees who hold the corporate title of Director or above. These include Director, Executive Director or Managing Director. – FA: financial advisor: i.e. employees who hold the role title of financial advisor in the Human Resource IT system. Scope of review only includes Americas or US-based employees with this role title. – CA: client advisor: i.e. employees who hold the role title of client advisor in the Human Resource IT system. Scope of review only includes Americas or US-based employees with this role title.
Method – Representation (headcount)	Basic calculations are summarized as follows: The Employee Headcount is calculated as the number of employees at year-end (HC relevant only). UBS Group defines permanent headcount as Group Consolidation and Reporting System (GCRS) Headcount Category = Local, Assignee and Trainee, where Employee Status is Active, or Leave of Absence (Paid and Unpaid). As an example: Representation of female Director and above employees: Headcount for female employees at Director and above level as of 31 December in the current year / Headcount for all employees at Director and above level as of 31 December in the current year.
Method – Hiring	Basic calculations are summarized as follows: External Hiring is calculated as the sum of employees hired from external sources in the given period, and where required with breakdown for gender and ethnic minority (UK/US) or grouping by FA/CA[1]. Please note that the reporting methodology differs from the methodology used in the UBS Diversity, Equity and Inclusion Report 2022, where hires based on gender or ethnic group were calculated as a percentage of all external hires.

	As an example: External hires by gender: the UBS Diversity, Equity and Inclusion Report 2022 calculated female Director and above level hires as the total female external hires at Director and above level in the current year / total external hires at Director and above level in the current year. For this Sustainability Report 2023, it is calculated as the total female external hires at Director and above level in the current year / total external female hires in the current year.
Method – Promotion	Basic calculations are summarized as follows: The promotions metric is calculated by taking the headcount of employees who were promoted in 2023 as part of the year-end performance review process in the 2022. Please note that the reporting methodology differs from the methodology used in the UBS Diversity, Equity and Inclusion Report 2022, which reported the headcount of employees who had a change in corporate title between March and February of the year following the reporting year. As an example: Percentage of female FA/CA promotees in Americas - headcount as of 31 March in the current year for female FA/CAs in the Americas who took part in the year-end performance review process and had a change in corporate title between February and March / headcount as of 31 March in the current year for all FA/CAs in the Americas who took part in the year-end performance review process and had a change in corporate title between February and March.
Method – Turnover	Basic calculations are summarized as follows: Turnover is calculated by dividing the number of employees (in FTE) who left for any reason (unless otherwise specified) by the average number of employees (in FTE) over the full year period. The average FTE headcount is calculated as the sum of FTE headcount for each month of the year divided by 12, where required with breakdown for gender, region, rank group and ethnic minority (UK/US) or FA/CA[1] group. As an example: Turnover of female Director and above employees: Turnover of female Director and above employees – total FTE terminations by female employees at Director or above level in the current year / average FTE headcount of female employees at Director or above level in the current year.
Method – Absentees	Basic calculations are summarized as follows: The absentee rate is the % of days lost due to sickness or accident in the total of all working days for entire HC population. It is calculated as the total number of workdays lost due to accident or sick leave / total (average HC by country) *number of expected workdays. The number of expected workdays is calculated as total calendar days – weekends – public holidays (different per country) – vacation days (different per country). For CS it is calculated as the number of Swiss absentees.
Method – Internal Mobility	Number of employees who transferred internally to a different job, which has been marked in the HR system with an “internal mobility” flag. The internal mobility rate is calculated as: internal mobility headcount / (internal mobility headcount + external hires (eligible for IM) headcount). For example, UK Black internal mobility headcount / (UK Black internal mobility headcount + UK Black external hires (eligible for IM) headcount). Please note that the calculation methodology differs from the methodology used in the UBS Diversity, Equity and Inclusion Report 2022, which, for example, was calculated as: UK Black internal mobility headcount / total UK internal mobility headcount

1 Please refer to definition and method section for FA/CA definitions

Financial literacy

The topic is mainly relevant in Switzerland, the only country where we offer comprehensive financial products and services to retail and small and medium-sized entity (SME) clients. Many of our products and services that contribute to enhancing financial literacy are therefore limited to our Swiss clients. Examples include:

- financial check-ups for young people and students;
- saving tips for young people and students;
- a budget calculator for young people and students;
- a mortgage calculator; and
- a download center for SMEs, which offers a collection of our broad range of publications, documents and resources, such as succession-planning checklists and basic knowledge on business administration topics such as accounting, payrolling, payment solutions.

Services not limited to Swiss clients include:

- know-how regarding structured products from UBS Key Invest;
- the UBS Dictionary of Banking;
- Chief Investment Office Wealth Management Research; and
- UBS Financial Education Program (for US clients only).

Assurance and certification

ISO 14001 and 50001 certifications

UBS Group excluding Credit Suisse is globally certified according to ISO 14001, the international environmental management system standard. In 1999, UBS was the first bank to obtain ISO 14001 certification for its worldwide environmental management system. The management system covers the entire scope of UBS's products, services and in-house operations that may give rise to an environmental impact. Additionally, we have further developed our environmental and energy management system in our European locations in order to be compliant with ISO 50001. We received our first ISO 50001 certification (energy management system standard) in 2017. The integrated management system is externally audited annually and recertified every three years. These comprehensive audits verify that appropriate policies and processes are in place to manage environmental and energy-related topics and that they are executed in day-to-day practice.

In 2023, UBS Group excluding Credit Suisse passed the ISO 14001:2015 recertification audit of its global environmental management system. Additionally, 26 locations in the EU and the UK were recertified against the requirement of ISO 50001:2018. The 2023 certifications do not include activities or premises acquired through the acquisition of Credit Suisse. Credit Suisse was separately certified against ISO 14001 in 2021, and the certificate was revalidated in 2023 - the scope covered Credit Suisse in-house operations, procurement and IT globally.

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Certificate

Certificate number: 2017-015

Certified by EY CertifyPoint since: September 1, 2017

Based on certification examination in conformity with defined requirements in ISO/IEC 17021-1:2015, the Environmental Management System as defined and implemented by

UBS Group AG*

located in Zurich, Switzerland is compliant with the requirements as stated in the standard:

ISO 14001:2015

Issue date of certificate: August 17, 2023
Expiration date of certificate: August 19, 2026
Last certification cycle expiration date: August 19, 2023

EY CertifyPoint will, according to the certification agreement dated April 27, 2023, perform surveillance audits and acknowledge the certificate until the expiration date noted above.

**The certification is applicable for the assets, services and locations as described in the scoping section at the back of this certificate.*

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Jatin Sehgal
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J. Sehgal | Director, EY CertifyPoint

Page 1 of 3 Digital version

UBS Group AG

Scope for certificate 2017-015

The scope of this ISO 14001:2015 certification is as follows:

The Environmental Management System (EMS) includes global banking business activities, products and services with environmental aspects of the following business divisions: Group Functions, Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank governed under the Group Sustainability and Impact governance and framework (refer to ubs.com/gri). Social Impact is excluded from the scope.

The global banking business scope mentioned above applies to the global banking business activities conducted from the jurisdictions listed below. The physical locations are out of scope unless mentioned on the following page for in-house operations.

Argentina	Israel	Qatar
Australia	Italy	Saudi Arabia
Austria	Japan	Singapore
Bahamas	Jersey	South Africa
Brazil	Korea, South	Spain
Canada	Luxembourg	Sweden
Cayman Islands	Malaysia	Switzerland
China Mainland	Mexico	Taiwan
Denmark	Monaco	Thailand
France	Netherlands	United Arab Emirates
Germany	New Zealand	United Kingdom
Hong Kong SAR	Panama	United States
India	Philippines	Uruguay
Indonesia	Poland	
Ireland	Puerto Rico	

The Environmental Management System is centrally managed out of the in-scope headquarter location in Zurich, Switzerland (Bahnhofstrasse 45, 8001).

This scope is only valid in connection with certificate 2017-015.

Digital version

UBS Group AG

Scope for certificate 2017-015

The EMS applies to all in-house operations at the major locations and data centers in the following geographical locations (as per the UBS Building List ISO 14001, dated May 27, 2023.)

The in-house operations scope mentioned above applies to the following physical locations:

Australia, Sydney
Brazil, Sao Paulo
China, Beijing
China, Shanghai
China, Wuxi
France, Paris
India, Airoli
India, Hyderabad
India, Mumbai
India, Pune
Germany, Frankfurt
Hong Kong, Hong Kong
Italy, Milano
Japan, Tokyo
Luxembourg, Luxembourg
Mexico, México
Panama, Panamá
Poland, Krakow
Poland, Wroclaw
Puerto Rico, San Juan
Singapore, Singapore
Switzerland, Aarau
Switzerland, Basel
Switzerland, Bern
Switzerland, Carouge
Switzerland, Genève
Switzerland, Lugano
Switzerland, Lausanne
Switzerland, Luzern
Switzerland, Manno
Switzerland, Opfikon
Switzerland, Renens
Switzerland, Schaffhausen
Switzerland, St. Gallen
Switzerland, Urdorf
Switzerland, Zürich
Taiwan, Taipei
United Kingdom, London
United States, Phoenix
United States, Stuart
United States, Atlanta
United States, Bethesda
United States, Stamford
United States, Nashville
United States, Shelton
United States, Chicago
United States, Weehawken
United States, New York
United States, Nashville

The Environmental Management System mentioned in the above scope is restricted as defined in the "UBS Building List ISO 14001", dated May 27, 2023.

This scope is only valid in connection with certificate 2017-015.

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Certificate

Certificate number: 2017-017

Certified by EY CertifyPoint since: September 1, 2017

Based on certification examination in conformity with defined requirements in ISO/IEC 17021-1:2015 and ISO 50003:2021, the Energy Management System as defined and implemented by

UBS Group AG*

located in Zurich, Switzerland is compliant with the requirements as stated in the standard:

ISO 50001:2018

Issue date of certificate: August 17, 2023
Re-issue date of certificate: February 12, 2024
Expiration date of certificate: August 19, 2026
Last certification cycle expiration date: August 19, 2023

EY CertifyPoint will, according to the certification agreement dated April 27, 2023, perform surveillance audits and acknowledge the certificate until the expiration date noted above.

**The certification is applicable for the assets, services and locations as described in the scoping section at the back of this certificate.*

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Jatin Sehgal
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J. Sehgal | Director, EY CertifyPoint

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Scope for certificate 2017-017

The scope of this ISO 50001:2018 certification is as follows:

The EnMS includes all in-house operations conducted at 27 locations, consisting of offices and datacenters at selected European countries and cities as listed in the UBS Multi Site List ISO 50001_relevant locations, dated May 27, 2023. Included in the scope is the UBS Headquarter in Zurich.

The Energy Management System is centrally managed out of Bahnhofstrasse 45, 8001 Zurich, Switzerland. The scope mentioned above applies to the following locations:

France, Bordeaux	Italy, Bologna	Luxembourg, Luxembourg
France, Lyon	Italy, Brescia	Poland, Fabryczna
France, Paris	Italy, Firenze	Poland, Kraków
France, Strasbourg	Italy, Milano	Poland, Wroclaw
Germany, Berlin	Italy, Modena	United Kingdom, London (2 sites)
Germany, Düsseldorf	Italy, Napoli	Switzerland, Zurich (HQ only)
Germany, Frankfurt	Italy, Padova	
Germany, Hamburg	Italy, Roma	
Germany, München	Italy, Torino	
Germany, Stuttgart	Italy, Treviso	

The Energy Management System mentioned in the above scope is restricted as defined in the "UBS Multi Site List ISO 50001_relevant locations", dated May 27, 2023.

This scope is only valid in connection with certificate 2017-017.

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Digital version

Certificate CH97/2013

The management system of

Credit Suisse

Paradeplatz 8
CH - 8001 Zürich
has been assessed and certified as meeting the requirements of

ISO 14001:2015

For the following activities

The Management System of Credit Suisse has been assessed and certified as meeting the requirements of ISO14001:2015. For the following activities:

- **Group Business Support Services (GBSS)**
- **Procurement**
- **Group Chief Information Officer (Group CIO)**

This certificate is valid from 5 November 2021 until 26 June 2024 and remains valid subject to satisfactory surveillance audits. Re certification audit due before 60 days prior to expiry date. Issue 2. Certified since April 1997.

This is a multi-site certification. Additional site details are listed on the subsequent page.

Authorised by

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Certificate CH97/2013.00, continued

Credit Suisse

ISO 14001:2015

Issue 2

Additional facilities

Regional HQ locations	Country	City	Nr. of
CH	Switzerland	Aarau	1
		Baden	1
		Brugg	1
		Bellinzona	1
		Bern	1
		Basel	1
		Chiasso	1
		Geneva	3
		Guemligen	1
		Horgen	1
		Lamone-Cadempino	1
		Lausanne	3
		Lucerne	1
		Lugano	2
		St. Gallen	1
		Zug	1
		Zurich	9
Americas	Canada	Toronto	1
	USA	Chicago	1
		Houston	1
		New York	1
		Pinceton	1
		Raleigh	2
		San Francisco	1
	Mexico	Mexico City	1
	Brazil	Sao Paulo	1
	Bahamas	Nassau	1

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Certificate CH97/2013.00, continued

Credit Suisse

ISO 14001:2015

Issue 2

APAC	Thailand	Bangkok	1
	China	Hongkong	1
	Indonesia	Jakarta	1
	Malaysia	Kuala Lumpur	1
	Australia	Melbourne Sydney	1 1
	India	Mumbai Pune	4 2
	South Korea	Seoul	1
	Singapore	Singapore City	2
	Taiwan	Taipei	1
	Japan	Tokyo	2
EMEA	UK	Dublin Guernsey London	1 2 2
	Germany	Frankfurt	1
	Luxembourg	Luxembourg	1
	Spain	Madrid	1
	Italy	Milan	1
	Russia	Moscow	1
	France	Paris	1
	Poland	Warsaw	1

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Certificate CH97/2013.00, continued

Credit Suisse

ISO 14001:2015

Issue 2

	Wroclaw	2
Saudi Arabia	Riyadh	1
United Arab Emirates	Dubai	1

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