Sustainability Report 2023

Thinking and acting with the long term in mind

UBS

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Introduction

The importance of sustainability and culture to UBS

The acquisition of the Credit Suisse Group made 2023 an exceptional year in our firm's history. We completed the first-ever combination of two global systemically important financial institutions (G-SIFIs) and have embarked on a major program to integrate the two banks. Our sustainability frameworks are no exception. We have made significant progress in aligning our frameworks for the combined firm and will continue with this alignment in 2024 and beyond. 2023 also saw significant developments in corporate disclosure requirements, particularly the European Union's Corporate Sustainability Reporting Directive (the CSRD), as well as in the availability of emissions data and standards. In addition, market volatility and the conflicts in Ukraine and the Middle East presented new challenges for sustainable investing.

Integration of Credit Suisse

We have made significant progress in integrating UBS and Credit Suisse's sustainability policy frameworks and processes:

– We have implemented a revised sustainability and climate risk policy framework and associated processes to reflect the full suite of activities of the combined business and a consistent approach.

– We are minimizing our scope 1 and 2 greenhouse gas (GHG) emissions through energy efficiencies and by switching to more sustainable energy sources, across the combined firm.

– We have developed updated scope 3 emissions targets reflecting the combined profile of the combined firm and evolving regulatory and data standards. We have updated our previous emissions targets for real estate mortgage lending, as well as the fossil fuels, power generation and cement sectors, reflecting both the combined portfolios of the two firms and methodology changes. We have added targets for shipping, and iron and steel based on the materiality of these sectors in our combined financing portfolio and have dropped sectors that are not material.

– We have made progress towards the alignment of our sustainable investing products standards across the firm and will benchmark Credit Suisse's products against these standards. We expect to incorporate products that meet our standards across our platforms in 2024.

– We have integrated our performance evaluation and compensation structures, including our fair pay practice. We are also aligning social plans or severance payments at UBS and Credit Suisse in the respective country to ensure that all employees are treated equally.

We still have significant milestones to deliver in 2024 and beyond. We firmly believe, however, that our activities are already strengthening our creation of long-term value for our shareholders, clients and other stakeholders. As we progress with the integration, we aim to leverage the most effective ideas and capabilities of both organizations as we strive to build a highly dependable and trustworthy firm globally.

We strongly believe that institutions are defined by their culture and, with our "three keys to success", we have an established concept for advancing the culture across our combined organization. Our culture is decisive in achieving our ambitions, and client centricity, accountability with integrity, collaboration, and risk management are all areas where our combined strengths can make the biggest difference and as such, are a key priority.

We continued to make good progress on the execution of our Group-wide sustainability and impact strategy in 2023, as outlined in this Sustainability Report. While market volatility and rising geopolitical tensions over the course of 2023 proved challenging, flows into sustainable funds and ETFs remained positive. Sustainable investing also gained ground in alternative markets, including real estate and hedge funds. Against this backdrop, we saw sustainable assets under management increase. Overall, our efforts across sustainability and culture have been reflected in solid results in key environmental, social, governance (ESG) ratings.

Trends

Policymakers and regulators increasingly require corporations to embed ESG considerations within their own operations and value chains, and to disclose them. One example of this is the CSRD, which came into effect in 2023 and will require compliant reporting within annual financial reporting for the first wave of in-scope entities for fiscal year 2024, with reporting in 2025. While we welcome this move toward greater transparency and reliability of information, we continue to seek greater alignment across existing and emerging disclosure requirements in order to enable greater comparability.

While climate continues to dominate the sustainable finance landscape, there has been a notable shift in emphasis. After two years of formulating and refining net-zero commitments across industries, the ongoing progress in methodologies, data and transition finance frameworks has allowed discussions to shift toward the quality and ambition level of net-zero targets. Transition has become more widely recognized as a requisite path. As our clients look to a shift in their business models to prepare for the future, the fast pace of technological innovation, along with high inflation and input costs, are key considerations as they develop their transition strategies.

Emerging trends which have all gained momentum in 2023 include nature, impact transparency and blended finance. The most advanced of these is nature where there has been a growing awareness of the impact of society on the world's biodiversity and natural capital. New frameworks are being rolled out to enhance transparency, including the release of the recommendations of the Taskforce on Nature-related Financial Disclosures (the TNFD). This will improve the availability of good, economy-wide nature and biodiversity data, contributing toward greater transparency and providing an important tool for investors and companies alike.

Turning to impact, the increasing disclosure requirements and growing demand for transparency from clients are encouraging the development of new measurement methodologies. In the last year, we have also seen governments and development finance institutions launch blended finance initiatives, using capital from public or philanthropic sources to increase private sector investment in sustainable development. In the past decade, such initiatives have mobilized over USD 200 billion in capital toward sustainable development in developing countries and we see significant opportunity for this to grow further.

Our commitment

By 2050, our ambition is to achieve net-zero greenhouse gas emissions across our scope 1 and 2, and specified scope 3 activities. We recognize there is more to do and aim to phase in additional scope 3 activities over time. It is, however, important to note that the decarbonization of the global economy, emissions reductions by clients, and the realization of our own targets and ambitions all depend on a variety of factors, some of which are beyond our direct influence.

The decarbonization of the global economy will require governments, regulators, all industries and consumers to move in the same direction. Clear guidance by governments through thoughtful regulations, policies and incentives, including mechanisms to factor in the price of carbon, as well as the development and scaling of key technologies and broader changes in the behavior of our society, will be critical.

Our ambition to be a global leader in sustainability remains unchanged. We are committed to supporting our clients in the transition to a low-carbon world, leading by example in our own operations, and sharing our lessons learned along the way with the rest of the world. We hope you will join us on the journey.

Colm Kelleher
Chairman of the Board of Directors

Sergio P. Ermotti
Group Chief Executive Officer

UBS was among the 43 companies that first signed the UN Global Compact in 2000 and is also a member of the UN Global Compact Network Switzerland, meaning we are committed to its principles on human rights, labor standards, the environment and anti-corruption. As reflected in detail in this report, we have a comprehensive set of goals and activities in place pertaining to the principles of the UN Global Compact.

About this report

Overview

The reporting period for this UBS Group Sustainability Report, which also covers Credit Suisse, is 1 January to 31 December 2023, which is aligned with the financial reporting period of UBS Group AG. All 2023 data included in the report is therefore for this period. Historical data (for e.g., 2022 and 2021) pertains to Pre-acquisition UBS, unless otherwise stated. For UBS's own environmental footprint, the reporting period has changed from July to June (as applied in the UBS Sustainability Report 2022) to January to December (for this report) to align with the UBS financial reporting year. 2022 data is restated in the relevant tables. Data showing progress against our decarbonization sectorial targets, including net-zero ones, pertains to 31 December 2022 (due to the unavailability of relevant 2023 data, as explained in the respective section of this report).

Unless otherwise noted, the information included in this report is presented at the consolidated level for UBS Group AG, UBS AG and Credit Suisse AG.

› **Refer to "Note 29 Interests in subsidiaries and other entities" in the UBS Group AG Annual Report 2023 for supplementary information regarding certain significant subsidiaries**

This report comprises the "non-financial" disclosures required for UBS Group AG, and its subsidiaries, including UBS AG and Credit Suisse AG, under the Swiss Code of Obligations Art. 964b. It also comprises disclosures required for UBS AG by the German law implementing EU directive 2014/95 (CSR-Richtlinie-Umsetzungsgesetz / CSR-RUG) (nichtfinanzieller Konzernbericht) (the EU Non-Financial Reporting Directive). A table at the end of this report (Appendix 4) provides the references to such non-financial information. This report also contains information on UBS AG and UBS Europe SE pursuant to Art. 8 of the EU Taxonomy Regulation (Appendix 4).

UBS is in the process of implementing a combined and aligned sustainability-and-climate-risk dataset across UBS Group and including Credit Suisse AG. For this reason, UBS will publish UBS Group and Credit Suisse AG sustainability and climate risk metrics required pursuant to FINMA Circular 2016/1 "Disclosure – banks", Annex 5, in a supplement to the UBS Group Annual Report and the UBS Group Sustainability Report in line with the publication timeline for the semi-annual Pillar 3 disclosures in the third quarter of 2024. The current inventory of quantitative sustainability and climate risk metrics, including exposure to carbon-related assets, climate-sensitive sectors and nature-related risks for UBS AG, is disclosed in this report.

Additional information pertaining to the content of this report is provided in a supplementary document. All climate- and nature-related information contained in this report and in the supplementary document is also made available through a separate UBS Group Climate and Nature Report 2023. The latter report follows the structure recommended by the Task Force on Climate-related Financial Disclosures (the TCFD)[1] and also leverages the framework of the Taskforce on Nature-related Financial Disclosures.

› **Refer to the "Supplement to Managing sustainability and climate risks" section of the Supplement to this report, available at *ubs.com/sustainability-reporting*, for information on the implementation of the environmental risk regulations in Singapore and the Hong Kong SAR by both UBS AG and Credit Suisse AG and disclosures in connection with the legal entity reporting requirements of the ESG Sourcebook in the Business Standards section of the UK Financial Conduct Authority Handbook, and for information pertaining to UBS Group AG's approach to the "Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor"**

Our Sustainability Accounting Standards Board (SASB) index and our Principles for Responsible Banking (PRB) reporting and self-assessment are available at *ubs.com/sustainability-reporting*.

› **Refer to "Key terms and definitions" in the appendices to this report for terms and abbreviations used in this report**

Credit Suisse integration – explanations and related assumptions

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. UBS Group AG is a holding company and conducts substantially all of its operations through UBS AG and Credit Suisse AG, and subsidiaries thereof. UBS aims to substantially complete the integration of Credit Suisse into UBS by the end of 2026. As part of the integration of Credit Suisse, UBS plans to simplify the legal structure, including the merger of UBS AG and Credit Suisse AG planned for 2024.

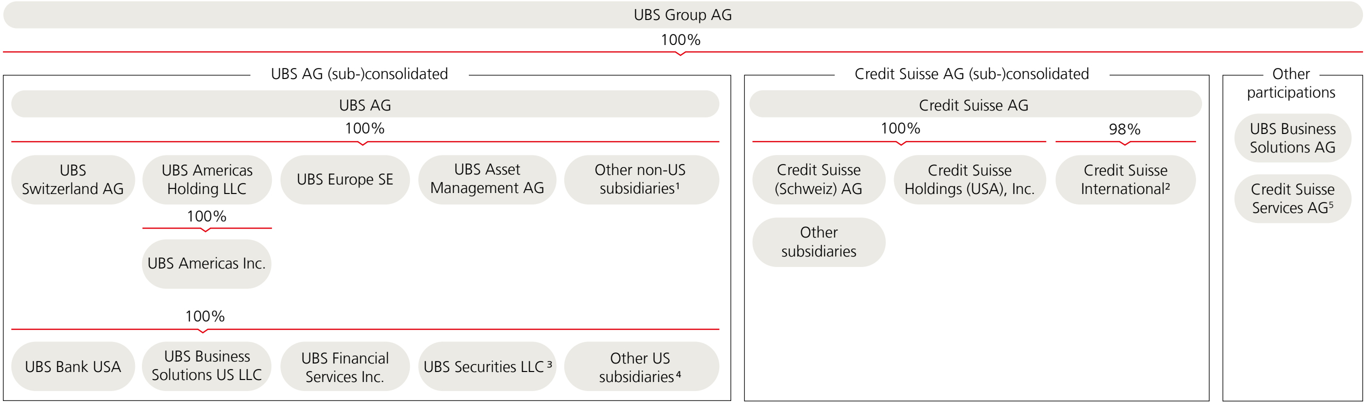
1 In June 2023, the International Sustainability Standards Board (the ISSB) finalized its first set of requirements for corporate disclosures regarding sustainability matters: IFRS S1 and IFRS S2. The standards incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (the TCFD).

In compliance with applicable regulatory requirements, information on Credit Suisse AG has been included in the UBS Group Sustainability Report 2023.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for more information about Credit Suisse AG disclosures.**

The legal structure of the UBS Group

The chart below gives an overview of our principal legal entities and our legal entity structure.



1 Other non-US subsidiaries are generally held either directly by UBS AG or indirectly through UBS Switzerland AG or UBS Asset Management AG. 2 Of which 98% held by Credit Suisse AG and 2% held by UBS Group AG. 3 Of which 99% directly held by UBS Americas Inc. and 1% held by UBS Americas Holding LLC. 4 Other US subsidiaries are generally held either directly by UBS Americas Inc. or indirectly through UBS Financial Services Inc. 5 And other small former Credit Suisse Group entities now directly held by UBS Group AG.

› **Refer to the "Risk factors" and "Regulatory and legal developments" sections and the "Acquisition and integration of Credit Suisse" section of the UBS Group AG Annual Report 2023 for more information**

Assurance

This report has been reviewed by Ernst & Young Ltd (EY). The content has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. We use the GRI as the basis for this report and apply a careful process weighing up the materiality and relevance of the information reported and the expectations of our stakeholders. We also apply our firm's information policy and disclosure principles. The GRI content index, supplementary information, and EY's assurance report can be downloaded from *ubs.com/sustainability-report*. Selected metrics in this report have been subject to reasonable or limited assurance by EY. A list of these metrics and level of assurance can be found in the assurance report.

› **Refer to "Appendix 4 – Other supplemental information" in the appendices to this report for the assurance report**

› **Refer to the Supplement to this report available at *ubs.com/sustainability-reporting*, for more information on the metrics definitions, approaches and scope (Basis of Reporting)**

Explanation of dependencies

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

28 March 2024
UBS Group AG

Contacts

Our Sustainability Chief Financial Officer (the sCFO) and our Corporate Responsibility (CR) teams manage UBS's sustainability disclosures. Information to stakeholders about the content of this report is provided by the CR team, part of the UBS Group Chief Sustainability Office (CSO).

cr@ubs.com

Terms used in this report, unless the context requires otherwise	Description
“UBS,” “UBS Group,” “UBS Group AG consolidated,” “Group,” “the Group”, “we”, “us” and “our”	UBS Group AG and its consolidated subsidiaries
“UBS Group excluding the Credit Suisse AG sub-group”	All UBS Group entities, excluding the Credit Suisse AG sub-group
"UBS Group excluding Credit Suisse”	All UBS Group entities, excluding Credit Suisse AG and its consolidated subsidiaries, Credit Suisse Services AG, and other small former Credit Suisse Group entities now directly held by UBS Group AG
“UBS AG” and “UBS AG consolidated“, “UBS AG sub-group“	UBS AG and its consolidated subsidiaries
“Pre-acquisition UBS”	UBS before the acquisition of the Credit Suisse Group
“Credit Suisse AG”, “Credit Suisse AG consolidated” and “Credit Suisse AG sub-group”	Credit Suisse AG and its consolidated subsidiaries
“Credit Suisse Group” and “Credit Suisse Group AG consolidated”	Credit Suisse Group AG and its consolidated subsidiaries, before the acquisition by UBS
“Credit Suisse”	Credit Suisse AG, its consolidated subsidiaries, Credit Suisse Services AG, and other small former Credit Suisse Group entities now directly held by UBS Group AG
“UBS Group AG” and “UBS Group AG standalone”	UBS Group AG on a standalone basis
“Credit Suisse Group AG” and “Credit Suisse Group AG standalone”	Credit Suisse Group AG on a standalone basis
“UBS AG standalone”	UBS AG on a standalone basis
“Credit Suisse AG standalone”	Credit Suisse AG on a standalone basis
“UBS Switzerland AG”	UBS Switzerland AG on a standalone basis
“UBS Europe SE consolidated”	UBS Europe SE and its consolidated subsidiaries
“UBS Americas Holding LCC”	UBS Americas Holding LLC and its consolidated subsidiaries
“Pre-acquisition Global Wealth Management”	The UBS Global Wealth Management business division before the acquisition of the Credit Suisse Group (data, if any, from before the date of the acquisition of the Credit Suisse Group)
“UBS AG Global Wealth Management”	The Global Wealth Management business division of UBS AG and its consolidated subsidiaries
“Wealth Management (Credit Suisse)”	The Wealth Management business division of Credit Suisse AG and its consolidated subsidiaries
“Pre-acquisition Personal & Corporate Banking”	The Personal & Corporate Banking business division before the acquisition of the Credit Suisse Group (data, if any, from before the date of the acquisition of the Credit Suisse Group)
“UBS AG Personal & Corporate Banking”	The Personal & Corporate Banking business division of UBS AG and its consolidated subsidiaries
“Swiss Bank (Credit Suisse)”	The Swiss Bank business division of Credit Suisse AG and its consolidated subsidiaries
“Pre-acquisition Asset Management”	The Asset Management business division before the acquisition of the Credit Suisse Group (data, if any, from before the date of the acquisition of the Credit Suisse Group)
“UBS AG Asset Management“	The Asset Management business division of UBS AG and its consolidated subsidiaries
“Asset Management (Credit Suisse)”	The Asset Management business division of Credit Suisse and its consolidated subsidiaries
“Pre-acquisition Investment Bank”	The Investment Bank business division before the acquisition of the Credit Suisse Group (data, if any, from before the date of the acquisition of the Credit Suisse Group)
UBS AG Investment Bank	The Investment Banking business division of UBS AG and its consolidated subsidiaries
Investment Bank (Credit Suisse)	The Investment Bank business division of Credit Suisse AG and its consolidated subsidiaries
“Non-core and Legacy”	The Non-core and Legacy Portfolio

Banking on sustainability

Our commitment

We want to be the financial provider of choice for clients who wish to mobilize capital toward the achievement of the 17 United Nations Sustainable Development Goals (the SDGs) and the orderly transition to a low-carbon economy. We are supporting our clients in the transition to a low-carbon economy, leading by example in our own operations, and sharing our lessons learned along the way with the rest of the world. By 2050, our ambition is to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities.

Continued ambition to be a global leader in sustainability

The acquisition of the Credit Suisse Group enlarged our exposure to sustainability matters, as reflected in the increased qualitative and quantitative content we are disclosing in this Sustainability Report. Since the acquisition, we have been working to progressively align governance, policies, methodologies and frameworks. We expect to complete this work during 2024. Our ongoing alignment includes making UBS sustainable product standards the benchmark, with Credit Suisse's sustainable financing and investment products undergoing a detailed assessment to ensure compliance with our standards, frameworks and expectations. Our revised sustainability and climate risk policy framework and associated processes reflect the full suite of activities of the combined organization and ensure a consistent approach.

Our priorities

Planet
Making climate a clear priority as we shift toward a low-carbon economy

People
Addressing societal challenges through client and corporate philanthropy, as well as employee engagement.

Partnerships
Working with other thought leaders to achieve impact on a truly global scale.

Our achievements in 2023

Serving clients' sustainable finance needs

- USD 292.3 billion of sustainability focus and impact investments (UBS AG) (10% increase)
- USD 11.2 billion clients' impact investing assets (UBS AG Global Wealth Management)
- 1,611 ESG resolutions voted upon (UBS AG Asset Management)
- 46.5% sustainable investments share of assets under custody reached (UBS AG Personal & Corporate Banking)
- 102 green, social, sustainability or sustainability-linked bond deals facilitated[1]

Among the leaders in key sustainability ratings

- Dow Jones Sustainability Index member (S&P Global)
- A– rating and included in Leadership band (CDP)
- AA rating (MSCI ESG)
- Medium risk rating (Sustainalytics)

Addressing societal challenges

- USD 328 million in donations raised by the UBS Optimus network of foundations
- 7 million beneficiaries reached across our social impact activities (UBS AG)

Transitioning to a low-carbon economy

- Made progress toward our ambition of achieving net-zero GHG emissions by 2050 across our scope 1 and 2, and specified scope 3 activities and undertook an extensive review of the decarbonization targets of the UBS Group, as part of the integration of Credit Suisse
- Established decarbonization targets to address the emissions of our in-scope lending activities for specified sectors and made progress toward them
- Analyzed the facilitated emissions from capital markets activities for select carbon-intensive sectors
- Decreased carbon-related assets proportion of total customer lending exposure to 7.2% in 2023 from 7.5% in 2022 (UBS Group excluding Credit Suisse)
- Share of climate-sensitive sectors at 12.1% (transition risk) and 9.7% (physical risk) of our total customer lending exposure (UBS Group excluding Credit Suisse)
- Exposure to nature-sensitive sectors at 15.1% of our total customer lending exposure (UBS Group excluding Credit Suisse)
- 57.3% positive progress against climate corporate engagement objectives
- 157 companies at which we voted upon climate-related resolutions
- Reduced net GHG footprint for scope 1 and 2 emissions by 21%
- 65% of our GHG key vendors declared their emissions on CDP and also set 2050-aligned net-zero goals

Shaping a high-performing organization

- 29.5% of all Director level staff and above are women
- 24.3% of UK / 25.1% of US staff at Director level and above are held by employees from ethnic minorities
- EQUAL-SALARY Foundation certification for equal pay practices in Switzerland, the US, the UK, the Hong Kong SAR and Singapore (UBS Group excluding Credit Suisse)

1 Investment Bank figure is 102 of which UBS AG figure is 93 and Credit Suisse figure is 16. The metrics include 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. The metrics also include sustainability-themed bonds (e.g., Transition). Transactions are counted only once, there is no double counting (e.g., if and where UBS AG and Credit Suisse were involved in the same transaction). UBS has performed an assessment for Credit Suisse green, social, sustainability and sustainability-linked bonds reported in this report and deemed them to be aligned to UBS sustainable bond guidelines.

Our integration journey – at a glance

Following the acquisition of Credit Suisse Group AG by UBS Group AG on 12 June 2023, we implemented integration measures across our sustainability and culture activities. We have set out key measures in the table below.

Strategy	**Sustainability and impact strategy applies Group-wide** – The sustainability and impact strategy of Pre-acquisition UBS applies to UBS Group, including Credit Suisse. While certain sustainability-related policies, processes and activities continued at Credit Suisse AG, they are applied within the overarching strategy of UBS Group.
Governance	**Senior level governance spans the entire Group** – The responsibility for sustainability of UBS Group AG's Board of Directors (the BoD) spans the entire Group, including Credit Suisse AG. The five committees that support the BoD each have specific ESG (environmental, social, governance)-related responsibilities, with the Corporate Culture and Responsibility Committee (the CCRC) having primary responsibility for overseeing our Group-wide sustainability and impact strategy. – The Group CEO has delegated responsibility for setting the sustainability and impact strategy and developing Group-wide sustainability and impact objectives, in agreement with fellow GEB members, to the Group Executive Board (GEB) Lead for Sustainability and Impact. The GEB Lead for Sustainability and Impact manages the UBS Group Sustainability and Impact (GSI) organization and, together with the Chief Sustainability Officer (the CSO), co-chairs the Group-wide Sustainability and Climate Task Force (the SCTF). – In 2023, alignment with the Group's strategies, objectives and guidelines was ensured by UBS personnel being represented on the governance bodies of Credit Suisse. The overarching governance of sustainability at Credit Suisse AG was integrated into UBS Group and certain CS governance bodies were retired. In 2024, we aim to complete the integration of Credit Suisse sustainability governance bodies into the UBS Group sustainability governance.

Environment	**Group-wide ambition to achieve net-zero greenhouse gas emissions across our scope 1 and 2, and specified scope 3 activities, by 2050**
	Financing:
	– In 2023, we revised our decarbonization targets to reflect the combined lending portfolios and resulting exposures to carbon-intensive sectors.
	– In 2023, we calculated the emissions metrics shown for 31 December 2021 and 31 December 2022 on the basis of the joint loan books of UBS AG and Credit Suisse AG on those dates, on a pro forma basis.
	Investing:
	– In 2023, we undertook an extensive review of our approaches to setting decarbonization targets, to reflect the activities of the combined organization and evolving standards and methodologies.
	– In 2023, UBS AG Asset Management made progress toward delivering its 2030 target of aiming to align 20% of UBS AG Asset Management's total assets under management (AuM) with net zero, using science-based portfolio alignment approaches. This Pre-acquisition UBS aspiration will be reassessed in 2024.
	Own operations:
	– For 2023, we disclosed the environmental footprint of the joint operations of UBS Group, including Credit Suisse, unless otherwise stated.
	    – We integrated the greenhouse gas (GHG) emissions calculations for the combined firm, with a new joint base year set to 2019.
	    – We integrated Credit Suisse energy consumption in UBS's 15% reduction target by 2025.
	    – For UBS Group excluding Credit Suisse, we continued to apply an internal carbon price of USD 400 per metric ton for scope 1 and 2 emissions in our capital investment business cases in order to incentivize carbon reductions.
	Supply chain:
	– In 2023, we revised and updated the list of GHG key vendors (defined by us as those vendors that collectively account for more than 50% of our estimated vendor GHG emissions) from 83 to 95 to include Credit Suisse vendors.
	– In 2024 and 2025, our requirements to reduce the environmental impact of vendors that provide services from offshore development centers (ODCs), as currently applied to UBS ODC vendors, will be rolled out to Credit Suisse ODC vendors.

Social	**Building a unified culture** Workforce – In 2023, we achieved the implementation of a combined and fully integrated performance management approach for all employees, including Credit Suisse. – In 2023, we fully integrated former Credit Suisse Group employees into our fair pay practices and continued to monitor and improve our pay equity position in our leading countries. – For 2023, we are reporting consolidated workforce figures, unless otherwise stated. – In 2023, we continued with our DE&I aspirations (for the combined organization) and retired the Credit Suisse DE&I aspirations. Responsible supply chain: – In 2023, we established a combined spend and vendor inventory for UBS AG and Credit Suisse AG. In 2024, the UBS Responsible Supply Chain Management framework will be rolled out to Credit Suisse AG (which, in 2023, continued to apply its Third-Party Risk Management due diligence approach.

Supporting opportunities	**Leveraging the power of the combined firm for the benefit of clients** – In 2023, we made UBS sustainable product standards the benchmark going forward, with Credit Suisse AG's sustainable financing and investment products undergoing a detailed assessment to ensure compliance with our standards, frameworks and expectations. In 2024, we intend to fully incorporate Credit Suisse data into our sustainable finance and investing disclosures. – For 2023, we reported sustainable investments (SI) for UBS AG. Credit Suisse AG sustainable investing products and associated invested assets continued to be classified under the Credit Suisse AG Sustainable Investing Framework (SIF) and reported separately. All Credit Suisse AG green, social, sustainability and sustainability-linked bonds reported were aligned to UBS guidelines. – In 2023, the Investment Bank, operating under a single consolidated governance at end-of-year, has combined sustainability expertise from Credit Suisse AG to strengthen UBS Group's offering across Global Markets, Global Banking and Research. New sustainable finance content, products and other services taken over from Credit Suisse AG follow UBS Group standards and approval process. The Credit Suisse Sustainable Activities Framework, as well as its related external USD 300 billion sustainable finance commitment, was retired. – In 2023, Credit Suisse (Schweiz) AG continued to offer its sustainable products to its clients. The development of new products was paused, in light of our review and vetting of the sustainable products of Credit Suisse (Schweiz) AG against the UBS sustainable product frameworks. – In 2024 and 2025, we will bring selected Credit Suisse sustainable and impact investing solutions onto the merged Global Wealth Management platform. These solutions will be subject to existing UBS Global Wealth Management sustainable investing frameworks, diligence, and instrument selection approaches. During the migration of solutions, clients, and assets, we will phase down dual governance, with the aim of aligning under the existing UBS Global Wealth Management sustainable investing governance. – In 2024, the UBS AG Asset Management SI product classification framework will be applied to the Credit Suisse AG Asset Management products when onboarded to the UBS shelf. A joint governance forum is in place to support the alignment of policies, methodologies and frameworks.
Managing risks	**Combined sustainability and climate risk appetite** – In 2023, we revised our sustainability and climate risk policy framework and associated processes across UBS Group to reflect the full suite of activities of the combined business and ensure a consistent approach. We enhanced these by adding Credit Suisse standards relevant to the combined bank, for shipping, project finance, and mining. – In 2023, Credit Suisse AG's sector-specific client energy transition framework (CETF) underpinned its climate risk management, until its decommissioning at end of year. A Group-wide approach is being developed by the combined firm to assess clients' energy transition readiness. – For 2023, we disclosed climate risk metrics for UBS AG, with Credit Suisse AG climate risk metrics to be published in 2024 when aligned data is fully available. In 2024, we will also progressively align Credit Suisse AG's approach to the assessment of climate risk materiality and its risk reporting cycles and metrics with those of UBS AG, in parallel with the integration of underlying processes and controls.

Our business model

UBS – who we are

UBS is a leading and truly global wealth manager, enhanced by synergetic investment banking and asset management capabilities, and the leading bank in Switzerland. We enable people, institutions and corporations to achieve their goals by providing financial advice and solutions. We have a unique capital-generative and well-diversified business model with a strong competitive position in our target markets and an attractive long-term outlook on return on capital. Our business model, our strong culture, our respected brand with over 160 years of history and our capital prudence have made it possible to both grow profits and deliver high return on equity.

We are focused on driving sustainable long-term growth while maintaining risk and cost discipline

Our objective is to generate value for our shareholders and clients by driving sustainable long-term structural growth, as well as capital returns. To accomplish this, we are building on our scale, content and solutions, while remaining disciplined on capital, risk and costs. Maintaining a balance sheet for all seasons remains the foundation of our success. This will give us the capacity to invest strategically and will enable us to deliver against our financial targets and commercial ambitions, which are outlined in the "Targets, capital guidance and ambitions" section of the UBS Group Annual Report.

We benefit from an attractive business mix, with more than one-third of our risk-weighted assets (RWA) in our global asset-gathering Global Wealth Management and Asset Management business divisions, which are structurally attractive from the risk, growth and capital consumption perspectives and generate more than half of our revenues. Roughly another third of our RWA are in Personal & Corporate Banking in Switzerland, an attractive, stable and well-diversified economy with low historic credit losses. Furthermore, we operate a capital-efficient Investment Bank business division, which is limited to less than 25% of Group RWA (excluding Non-core and Legacy).

Moreover, we are aiming to maximize our impact and that of our clients to create long-term sustainable value. We also have a responsibility toward the communities we serve and our employees. We have outlined selected environmental, social and governance (ESG) aspirations, which should support our financial and commercial targets.

The acquisition of the Credit Suisse Group is accelerating our strategy

The acquisition of the Credit Suisse Group enhances our client franchises by increasing scale while adding complementary capabilities and gaining talent. Our strategic focus remains on building out our leading global investment platform. The acquisition of the Credit Suisse Group enables us to combine and optimize our resources and to target investments that enable us to provide superior levels of client service. Our geographical growth segments will remain the Americas and Asia Pacific, with Switzerland remaining our home market. The acquisition of the Credit Suisse Group will further shift our business mix toward wealth management, asset management and our Swiss business. The acquisition also strengthens our investment banking capabilities, without compromising our model, as the Investment Bank will consume a limited share of the Group's RWA.

We have a global, diversified business model

Our invested assets of more than USD 5trn are regionally diversified across the globe. We give our clients access to a broader, more relevant and customizable range of solutions, which, together with our thought leadership and capabilities, position us well to become their partner of choice. Our strategic ambitions are a reflection of the outlook on long-term demographic and social trends affecting wealth distribution, product demand and client experience.

Regionally, more than half of our wealth management clients' invested assets are in the US, which is the largest wealth pool globally, with solid wealth generation. Here we are a top player, and we are focused on improving scale and profitability by deepening our relationships with core clients and by building out our digital-supported capabilities and banking platform.

In Asia Pacific, which is the fastest-growing wealth market, we are by far the largest wealth manager[1], and we are building on that scale to drive growth. We are further developing our businesses in China and working to offer our capabilities in a more cohesive way to our clients in Southeast Asia.

1 Asian Private Banker, 23 January 2024.

In EMEA, we are focused on improving profitability and driving focused growth by optimizing our domestic footprint and providing holistic coverage for entrepreneurs.

Finally, in Switzerland, we have a highly integrated business and aim to reinforce our position as the leading bank. We are driving our digital transformation, improving the client experience and focusing on capturing selected growth opportunities.

Our growth plans are underpinned by cross-divisional collaboration

We want to serve our clients as one firm. The collaboration between our business divisions is critical to the success of our strategy and is a source of competitive advantage. This collaboration also provides further revenue growth potential and enables us to better meet client needs in our core wealth and global family and institutional wealth (GFIW) segments alike. Our Asset Management business division provides clients with a broad offering and exclusive access to premium personalized services, while our investment banking capabilities support our growth plans across the client franchise with unique insights, execution, and risk management. Close collaboration between our businesses adds value for clients, including access to private markets, alternatives and ESG products, and we are continuously striving to enhance our holistic client offering.

Clients are at the center of everything we do

Helping clients to achieve their financial and personal goals is the essence of what we do. We aim to differentiate our service by delivering a client experience that is personalized, relevant, on-time and seamless. This is our promise to clients.

With evolving client needs, we are adapting by making our wealth coverage more needs-based, digital and effective. In wealth management, our focus remains on our core wealth and GFIW clients, while expanding our coverage of entrepreneurs, women and the next generation of wealthy individuals. We are launching and scaling digitally customizable services, enhancing personally advised wealth with digital support, and expanding our custom offerings for GFIW to cater for the different needs of our clients.

We are investing in our technology as an enabler for client experience, simplicity and efficiency

The trusted and personal relationship with our clients across our businesses is evolving. Today, our clients expect us to provide our services more seamlessly across the firm in a personalized, relevant and timely fashion, with increasing demand for services that are digital first and available anytime and anywhere. This presents an opportunity for us to fully embrace technology, through which we aim to differentiate the firm.

We continue to invest in technology, such as Artificial Intelligence, with the goals of improving efficiency and effectiveness, driving and enhancing growth and better serving our clients. We believe the continued optimization of our processes, our platforms, our organization and our capital resources will help us to achieve this.

Sustainability drives our ambitions

We partner with our clients to help them mobilize their capital toward a more sustainable world. Our aim is to meet clients' demands for credible sustainable offerings. We want to be the financial provider of choice for clients that wish to mobilize capital toward the achievement of the United Nations Sustainable Development Goals and the orderly transition to a low-carbon economy, including in Switzerland, where, as the leading bank, we are helping to finance this transition.

Our ESG policies and guidelines support the implementation of our sustainability and culture agenda

Our Code of Conduct and Ethics (the Code) sets out the principles and commitments that define our ethical standards and the way we do business. It outlines UBS's aspiration to create a fairer, more prosperous society, champion a healthier environment and address inequalities. It also contains our commitment to fulfil compliance obligations. We are committed to obeying the laws, rules and regulations of the areas where we live, work and do business. The Code covers our dealings with clients, counterparties, shareholders, regulators, business partners and colleagues. It is the basis for our policies, guidelines and procedures, including on environmental, social and governance (ESG) matters.

› **Refer to the "Key policies and principles " section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for the summary of our related key policies and principles**

Key regulatory and market developments impact our approach to sustainability

During 2023, the regulatory and policy agenda on sustainability and climate continued to evolve, as regulators and supervisors increasingly required ESG considerations to be embedded across own operations and value chains. Expanding reporting and disclosure requirements and risk management expectations, a growing focus on broader sustainability issues including nature, and social impact are all contributing to increased pressure on firms. Meanwhile, a regulatory focus on the prevention of greenwashing is fueling initiatives on taxonomies, product labels, ESG data and ratings, and corporate sustainability due diligence.

A number of important developments relating to corporate sustainability disclosure and reporting standards took place during 2023, including the swift adoption by companies globally of the recommendations of the Task Force on Climate-related Financial Disclosures (the TCFD) in their annual reporting. Elsewhere, we saw finalization of the Corporate Sustainability Reporting Directive (the CSRD) in the European Union, and issuance of the International Sustainability Standards Board's (the ISSB) inaugural standards. These efforts are expected to contribute to greater harmonization of sustainability reporting standards globally, thereby helping to mitigate greenwashing concerns and improve the quality of sustainability data.

Alongside a continued focus on climate matters in corporate disclosures and regulatory frameworks, there is an increasing recognition of the degree to which the world's biodiversity and natural capital are being damaged. This is a growing concern, as many business sectors rely on natural resources to operate effectively and efficiently; eroding those resources could have profound implications, both for the global economy and wider society. New frameworks have been rolled out to enhance transparency in this area, notably by the Taskforce on Nature-related Financial Disclosures (the TNFD) in September 2023. The publication of the TNFD guidelines and their adoption may well lead regulators to ask businesses to take into consideration more effectively the impact of their activities on nature. We expect that, over time, this will also drive further client interest in natural capital and biodiversity topics and corresponding products and solutions.

Finally, after two years of formulating and refining net-zero commitments, 2023 saw a strong focus on implementation. With ongoing progress in methodologies, data and transition finance frameworks, the emphasis of industry discussions is shifting toward the quality and ambition level of net-zero targets. For many of our clients meanwhile, developing the right transition strategies, given the fast pace of technological innovation, along with high inflation and input costs, is a key consideration. Voluntary carbon markets will likely play an important part in the world's transition to low-carbon economies, but they continued to suffer from relatively depressed prices in 2023. Nonetheless, market and policy standards aiming to safeguard against known market weaknesses continued to evolve.

› **Refer to *ubs.com/code* for the full UBS Code of Conduct and Ethics**
› **Refer to "Our strategy, business model and environment" in the UBS Group Annual Report 2023**

Strategy

Our sustainability and impact strategy

What sustainability means to us

We all have a role to play in securing a more sustainable world, and the financial industry is no exception. At UBS, we reimagine the power of people and capital to create a better world for everyone, striving toward a fairer society, a more prosperous economy and a healthier environment. That is why we partner with our clients to help them mobilize their capital toward a more sustainable world and it is why we have made sustainability a significant part of our culture.

Group-wide application of sustainability and impact strategy

The sustainability and impact strategy of Pre-acquisition UBS now applies to UBS Group. Credit Suisse AG does not maintain a separate sustainability strategy, but its activities are integrated within the strategy of UBS Group. While certain sustainability-related policies, processes and activities continued at Credit Suisse AG, they are applied within the overarching strategy of UBS Group which is focused on three key priorities to achieve it: Planet, People and Partnerships.

› **Refer to "UBS Sustainability objectives and achievements 2023 and objectives 2024 " section in the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information about our sustainability and impact key mid- and long-term aspirations.**

Supporting our clients' low-carbon transition

Helping our clients to navigate the orderly transition to a low-carbon economy and build climate-resilient business models is a key objective of our approach to climate, as is the mobilization of private and institutional capital toward this transition. Aligning our in-scope lending and investment portfolios to the objectives of the Paris Agreement is an important part of this approach and so are the products and services we offer.

Planet first

We acknowledge that achieving the orderly transition to a low-carbon economy is highly ambitious. Nonetheless, we are committed to doing our part, which is why the shift to a lower-carbon future is a priority for UBS and a key focus of our sustainability strategy.

In order to protect our clients' assets and those of our firm from the impacts of climate change and loss of biodiversity, we are focused on managing the risks related to climate and natural capital. However, at the same time, we recognize that the low-carbon transition also presents consequential opportunities.

› **Refer to the "Environment" section of this report for more information about our approach to climate**

› **Refer to the UBS Group Climate and Nature Report 2023, available at *ubs.com/sustainability-reporting* which brings together all climate- and nature-related information in this report**

People matter

As a large, diverse and inclusive organization with a global presence, we want to use our influence to help people advance. We do this through our interactions with each other, the communities in which we operate and our other stakeholders. We also believe this approach can support the creation of a diverse, equitable and inclusive society and help build a virtuous cycle of viable, long-term economic and social development.

› **Refer to the "Social" section of this report for more information about UBS's employees and its philanthropic activities**

Partnerships bring it together

The sustainability-related challenges our world faces cannot be solved by one organization alone. That is why we partner with other thought leaders and standard setters to unite around common goals that can drive change on a global scale.

› **Refer to the Supplement to this report available at ubs.com/sustainability-reporting for more about our partnerships and our stakeholder engagement**

Our aspirations and progress

We work with a long-term focus on providing appropriate returns to our stakeholders in a responsible manner. We are committed to providing transparent aspirations or targets and reporting on the progress made against them. Following the acquisition of the Credit Suisse Group, our exposure increased accordingly, so we reviewed our aspirations. Amendments that arose from this review process were considered by the Group Executive Board and the UBS Group Board of Directors' Corporate Culture and Responsibility Committee. This table reflects the overall outcomes of this process with more detailed information provided throughout this report.

Our priorities	Our aspirations or targets	Our progress in 2023
Planet, people, partnerships	Sustainable investments.[1]	Increased invested assets in sustainable investments in UBS AG to USD 292.3 billion (compared with USD 266 billion in 2022).
Planet	Following the acquisition of the Credit Suisse Group, we refined the UBS Group lending sector decarbonization targets to reflect the activities of the combined organization and evolving standards and methodologies:[2] Reduce emissions intensity associated with UBS in-scope lending by 2030 from 2021 levels for: – Swiss residential real estate by 45%; – Swiss commercial real estate by 48%; – power generation by 60%; – iron and steel by 27%; and – cement by 24%. Reduce absolute financed emissions associated with UBS in-scope lending by 2030 from 2021 levels for: – fossil fuels by 70%. Continue disclosing in-scope ship finance portfolios according to the Poseidon Principles decarbonization trajectories with the aim of aligning therewith.[3]	Calculated progress against pathways for revised targets.[4] Changes in emissions intensity associated with UBS in-scope lending (end of 2022 vs. 2021 baseline): – Swiss residential real estate reduced by 6%; – Swiss commercial real estate increased by 2%; – power generation reduced by 13%; – iron and steel reduced by 4%; and – cement reduced by 1%. Changes in absolute financed emissions associated with UBS in-scope lending (end of 2022 vs. 2021 baseline) for: – fossil fuels reduced by 29%. In-scope ship finance portfolio remains below the existing International Maritime Organization (IMO 50) decarbonization trajectory.
	Aim, 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.[5]	Aligned 2.9% of UBS AG Asset Management's total AuM with net zero.
	Minimize our scope 1 and 2 emissions through energy efficiencies and switching to more sustainable energy sources. After which, procuring credible carbon removal credits to neutralize any residual emissions down to zero by 2025.[6]	Reduced net GHG footprint for scope 1 and 2 emissions by 21% and energy consumption by 8% (compared with 2022); continued replacing fossil fuel heating systems and monitored delivery of contracted carbon removal credits; achieved 96% renewable electricity coverage in line with RE100 despite challenging market conditions.
	Offset historical emissions back to the year 2000 by sourcing carbon offsets (by year-end 2021) and by offsetting credit delivery and full retirement in registry (by year-end 2025). The scope is UBS Group excluding Credit Suisse.	Continued to follow up on credit delivery and retirement of sourced portfolio.
	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.[7]	We invited the vendors that accounted for 67% of our annual vendor spend to disclose their environmental performance through CDP's Supply Chain Program, with 70% of the invited vendors completing their disclosures in the CDP platform. 65% of GHG key vendors (defined as those vendors that collectively account for more than 50% of our estimated vendor GHG emissions) have declared their emissions on CDP and set net-zero-aligned goals.
People (aspirations)	By 2025, 30% of worldwide roles at Director level and above held by women.	Increased to 29.5% (2022: 27.8%) of worldwide roles at Director level and above held by women.
	By 2025, 26% of US roles at Director level and above held by employees from ethnic minority backgrounds.	Increased to 25.1% (2022: 20.5%) of US roles at Director level and above held by employees from ethnic minority backgrounds.
	By 2025, 26% of UK roles at Director level and above held by employees from ethnic minority backgrounds.	Increased to 24.3% (2022: 23.4%) of UK roles at Director level and above held by employees from ethnic minority backgrounds.
	By 2025, 4% of UK roles at Director level and above held by black employees.	Stable at 2.1% (2022: 2.2%).
	By 2025, 25% of Americas financial advisor / client advisor roles held by women (UBS Group excluding Credit Suisse).	Increased to 16.8% (2022: 16.6%).
	By 2025, 18.8% of US financial advisor / client advisor roles held by employees from racial / ethnic minority backgrounds (UBS Group excluding Credit Suisse).	Decreased to 12.2% (2022: 12.4%).
	Raise USD 1 billion in donations to our client philanthropy foundations and funds and reach 26.5 million beneficiaries by 2025 (cumulative for 2021–2025).	Achieved a UBS Optimus network of foundations donation volume of USD 328 million in 2023, totaling USD 763.9 million since 2021 (both figures include UBS matching contributions).[8]

Our priorities	Our aspirations or targets	Our progress in 2023
		Reached 7 million beneficiaries in 2023 and 18.5 million beneficiaries across our social impact activities since 2021.
Partnerships	Continue to position UBS as a leading facilitator of discussion, debate and idea generation.	Delivered a variety of insights, including through interviews with subject-matter experts, individual research reports and comprehensive white papers, via the UBS Sustainability and Impact Institute, including key publications *The Rise of the Impact Economy and Rethink, rebuild, reimagine*. Co-organized, with the Institute of International Finance, the second Wolfsberg Forum for Sustainable Finance.
	Drive standards, research and development, and product development.	Co-led financial-sector-specific working group of the Taskforce on Nature-related Financial Disclosures (the TNFD) and supported the launch of the TNFD framework. Co-chaired the UNEP FI Principles for Responsible Banking Nature working group that developed initial guidance on nature target setting for financial institutions.

1 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 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 aspirations 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 Supplement to the UBS Group Sustainability Report 2023 for 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 include financial services, credit card and other exposure to private individuals. 3 As part of our ship finance strategy, ships in scope of Poseidon Principles (PP) are assessed on criteria which aim at aligning portfolios to the PP decarbonization trajectories. The PP 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). 4 Refer to the "Environment" section of this report for further information. 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: corporations 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 baselines for our decarbonization targets are calculated 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 exposure and emissions actuals refer to the same year. 5 The 20% alignment goal amounted to USD 235 billion at the time of Pre-acquisition Asset Management's commitment in 2021. By 2030, the weighted average carbon intensity of funds is to be 50% below the carbon intensity of the respective 2019 benchmark. 6 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. 7 In 2024, we may review our targets for GHG key vendors for the combined organization and alignment with latest guidance. Our GHG key vendors are those vendors that collectively account for more than 50% of our estimated vendor GHG emissions. 8 Figures provided for the UBS Optimus network of foundations are based on unaudited management accounts and information available as of January 2024. Audited financial statements for UBS Optimus network of foundations entities are produced and available per local market regulatory guideline.

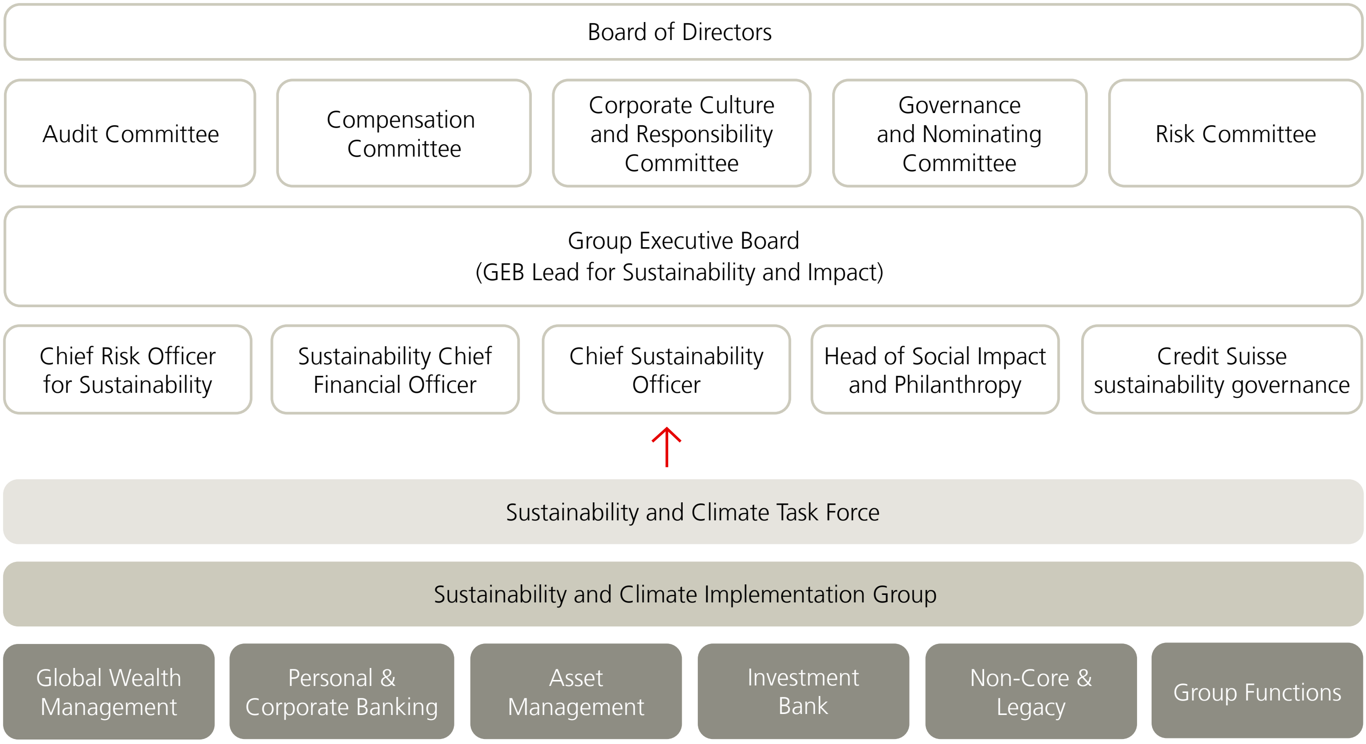
Cautionary note: We have developed methodologies that we use to set our climate-related targets and identify climate-related risks and which underly the metrics that are disclosed in this report. Standard-setting organizations and regulators continue to provide new or revised guidance and standards, as well as new or enhanced regulatory requirements for climate disclosures. Our disclosed metrics are based upon data available to us, including estimates and approximations where actual or specific data is not available. We intend to update our disclosures to comply with new guidance and regulatory requirements as they become applicable to UBS. Such updates may result in revisions to our disclosed metrics, our methodologies and related disclosures, which may be substantial, as well as changes to the metrics we disclose.

Governance

Our sustainability governance

Our sustainability and corporate culture activities are grounded in our Principles and Behaviors and overseen at the highest level of our organization. These principles are laid down in our Code of Conduct and Ethics (the Code).

UBS Group AG sustainability governance



› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for more details on how Credit Suisse sustainability governance was integrated into UBS Group**

Board of Directors and Group Executive Board

The Board of Directors of UBS Group AG (the BoD) has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value within a framework of prudent and effective controls.

The BoD decides on the Group's strategy and the necessary financial and human resources, on the recommendation of the Group Chief Executive Officer (the Group CEO), and also sets the Group's values and standards to ensure its obligations to shareholders and other stakeholders are met. The BoD oversees the overall direction, supervision and control of the Group and its management. It also supervises compliance with applicable laws, rules and regulations. The Chairman of the BoD, together with the Group CEO, takes responsibility for UBS's reputation and is closely involved in, and responsible for, ensuring effective communication with shareholders and stakeholders, including government officials, regulators and public organizations.

Five committees support the BoD in fulfilling its duty through the respective responsibilities and authority given to them. All BoD committees have specific responsibilities pertaining to ESG matters. For example, the Compensation Committee is responsible for ESG-related compensation topics, the Risk Committee supervises the integration of ESG in risk management, the Governance and Nominating Committee supports the Board in establishing best practices in corporate governance and the Audit Committee has oversight of the control framework underpinning ESG metrics.

The BoD's Corporate Culture and Responsibility Committee (the CCRC) is the body primarily responsible for corporate culture, responsibility, and sustainability.

The CCRC oversees our Group-wide sustainability and impact strategy and key activities across environmental and social topics. This includes climate, nature, and human rights. Annually, it considers and approves our firm's sustainability (including climate) and impact objectives. As part of this process, it also considers the impact and financial materiality of climate-related risks and opportunities on UBS's business and strategy.

The CCRC's 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. UBS has various mechanisms (including complaint and feedback procedures) in place to ensure that such concerns and expectations are received, managed and, where necessary, brought to the attention of the Group Executive Board (the GEB) and the BoD. The CCRC is also responsible for conducting the annual review process for the Code and for proposing amendments to the BoD. This process includes a prior review of the Code by the GEB and is led by the Group CEO.

› **Refer to *ubs.com/code* for the full UBS Code of Conduct and Ethics**

The GEB develops the Group strategy and is responsible for managing our assets and liabilities in line with that strategy and our regulatory commitments, and in the interests of our stakeholders.

As determined by the BoD's Risk Committee, the GEB manages the risk profile of the Group as a whole and has overall responsibility for establishing and implementing risk management and control. The Group CEO has delegated responsibility for setting the sustainability and impact strategy and developing Group-wide sustainability and impact objectives, in agreement with fellow GEB members, to the GEB Lead for Sustainability and Impact. Progress against the strategy and associated targets are reviewed at least once a year by the GEB and the CCRC.

The GEB Lead for Sustainability and Impact also manages the Group Sustainability and Impact (GSI) organization and, together with the Chief Sustainability Officer (the CSO), co-chairs the Sustainability and Climate Task Force (the SCTF). Both the GEB Lead for Sustainability and Impact and the CSO attend the CCRC meetings.

› **Refer to the "Supplement to Governance" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for an explanation and depiction of the sustainability governance at UBS Group AG, including the main bodies involved in this governance**

Integration of Credit Suisse

The BoD is responsible for sustainability across the Group, including Credit Suisse. Until its acquisition by UBS Group in June 2023, Credit Suisse Group AG had an established sustainability governance system. It was exercised at its Board of Directors, Executive Board, and senior management levels, thus integrating sustainability into line processes and structures, as well as through boards and committees specifically focused on sustainability topics. With the integration of Credit Suisse into UBS Group in 2023, this governance was adapted for Credit Suisse and integrated into UBS Group, which included the successive retirement of certain CS governance bodies.

In 2023, alignment with the Group's strategies, objectives and guidelines has been ensured through representation of UBS personnel in the governance bodies of Credit Suisse. The governance of sustainability at Credit Suisse AG is exercised through its established governance bodies, thus integrating sustainability into operational processes and structures, as well as through those boards and committees specifically focused on sustainability topics. Certain Credit Suisse sustainability governance bodies have already been retired in 2023 and it is our aim to achieve full integration of the relevant bodies, together with their associated procedures and policies, into the overall UBS Group sustainability governance during 2024.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for an explanation and depiction of the sustainability governance (including the main bodies involved) at Credit Suisse AG**

Group Sustainability and Impact

GSI (Group Sustainability and Impact) comprises the Chief Sustainability Office and the Social Impact Office, headed by the CSO and the Head of Social Impact respectively.

The CSO is responsible for driving implementation of the following: the Group-wide sustainability and impact strategy, the approach to climate across all in-scope activities, and the ESG data strategy. In addition, the CSO has responsibility for supporting the business divisions and Group Functions in the design of sustainability frameworks, the implementation of sustainability regulations and the development of education and awareness programs in relation to sustainability. Furthermore, the CSO also manages external relationships, industry advocacy and the annual sustainability disclosure.

The Head of Social Impact is responsible for driving and implementing the Social Impact strategy, including Community Impact, Philanthropy Services and UBS Global Visionaries. Reporting to the Head of Social Impact, the regional Heads of Social Impact and Philanthropy are responsible for extending the reach and maximizing the effectiveness of our social impact activities locally, nationally and globally. In addition, they have responsibility for all our programs' operations and risk management, client engagement, and employee volunteering.

Progress made in implementing Group-wide sustainability and impact objectives is reported as part of UBS's annual sustainability disclosure. This reporting is reviewed and assured externally according to the requirements of the Sustainability Reporting Standards of the Global Reporting Initiative (the GRI Standards). UBS Group excluding Credit Suisse is also certified under the ISO 14001 standard for its products, services and activities in all business divisions and locations. To this degree, UBS seeks to continuously improve environmental and sustainability performance, as well as pollution prevention, where possible, across UBS. The GSI governance and framework document complements the Code, and together they govern UBS's Environmental Management System, according to ISO 14001.

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

Sustainability and climate risk

Our 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 developing and implementing control principles and an appropriate independent control framework for sustainability and climate risk within UBS, together with integrating it into the firm's overall risk management and risk appetite frameworks. The Chief Risk Officer for Sustainability supports the GEB by providing leadership on sustainability in collaboration with business divisions and Group Functions. Our Sustainability and Climate Risk Policy Framework is applied Group-wide to relevant activities, including client and supplier relationships.

Sustainability Chief Financial Officer

The Sustainability Chief Financial Officer (the sCFO) supports the new and expanding requirements that are being driven by our global sustainability agenda. Reporting to the Group Chief Financial Officer (the GCFO) and the GEB Lead for Sustainability and Impact, the sCFO also works closely with the Group Controller and the Chief Accounting Officer's team and is the primary lead on sustainability topics for the GCFO. The sCFO ensures that sustainability considerations are embedded into our financial decision-making processes and supports the expanding external sustainability disclosures arising from both new regulatory requirements and the voluntary commitments made by our firm. In addition, the sCFO ensures the continued development of the financial control environment that underpins our disclosures.

Sustainability and Climate Task Force

The SCTF is the cross-divisional and cross-functional authority for sustainability and climate governance, as well as the Group's sustainability and climate governance body. Its role includes agreeing on the actions required to achieve UBS's sustainability and impact strategy, monitoring progress against that strategy and providing assurances to the GEB that UBS is managing sustainability and climate risks and opportunities in an appropriate manner.

The SCTF relies on the Sustainability and Climate Implementation Group to ensure cross-divisional, cross-functional and cross-regional (if needed) alignment of sustainability and climate activities. It oversees the following cross-divisional and cross-functional workstreams: *Net Zero, Corporate Disclosures and Reporting, Regulatory and Market, Financial Risk Management, Non-Financial Risk, Investment Product Regulations, Commercial Opportunities, Data and Methodology,* and *Educate* workstreams.

Key topics and working groups

Net-zero workstream

Our approach to climate outlines our ambition to support clients through the world's transition to a low-carbon economy and embed considerations of climate change risks and opportunities across the bank for the benefit of our stakeholders. As part of this, it is our ambition to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities by 2050. The net-zero workstream coordinates the implementation and execution of this ambition, in line with UBS's fiduciary responsibilities. It is one of the workstreams reporting into the SCTF and includes members from the business divisions and Group Functions.

Own operations: in-house environmental management

Our in-house environmental management is steered by Group Corporate Services (GCS). Reporting to the Group Head Human Resources and Corporate Services, GCS is responsible for driving the reduction in the environmental impact arising from our offices, technology and supply chain. GCS implements the sustainability and impact strategy within UBS's operations by ensuring compliance with local legislation, monitoring and measuring environmental and energy performance, and making continuous improvements in accordance with ISO 14001, the international environmental management standard, and ISO 50001 (EMEA region).

Nature

Our approach to nature and the environment is part of the group-wide sustainability and impact strategy overseen by the CCRC. The GEB is responsible for driving our nature-related efforts, as part of the measures to achieve our sustainability and impact strategy. The business divisions and Group Functions ensure that UBS's nature-related strategy and risk management frameworks are implemented. Through strategy management reports, GSI periodically updates the GEB and CCRC on our approach to nature. On an annual basis, the CCRC receives dedicated updates on nature and biodiversity, including the progress of the Taskforce on Nature-related Financial Disclosures (the TNFD) and UBS's own activities relating to the TNFD, as well as updates on the evolving frameworks and regulations, and potential nature-related risks and opportunities facing the firm.

› **Refer to the "Appendix 2 – Environment" in the appendices to this report for more information on our approach to nature**

Human rights

As our Human Rights Statement articulates, the governance outlined above also applies to our commitment to respecting internationally recognized human rights across UBS globally.

› **Refer to *ubs.com/sustainability-reporting* for our Human Rights Statement**

Financial crime prevention

The GEB oversees our efforts to combat money laundering, corruption and terrorist financing. A dedicated financial crime team of anti-money laundering compliance experts leads these efforts.

› **Refer to "Appendix 1 – Governance" in the appendices to this report for more information on financial crime prevention**

People and culture

Our GEB and CCRC oversee our approach to corporate culture overall, as well as to culture integration. The GEB also oversees our approach to diversity, equity and inclusion (DE&I). Our global head of DE&I drives a Group-wide strategy, complemented by divisional and regional initiatives.

› **Refer to the "Social" section of this report for more information**

Environment

Contributing to a low-carbon economy

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. Based on this review, we have undertaken revisions to the decarbonization targets and also explicitly described in-scope activities where we have detailed plans, supported by short- and medium-term targets.

By 2050, our ambition is to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities. Our current targets include:

Scope 1 and 2:

– minimizing our scope 1 and 2 emissions through energy efficiencies and by switching to more sustainable energy sources; after which, procuring credible carbon removal credits to neutralize any residual emissions down to zero by 2025[1];

Scope 3:

– engaging 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[2];

– addressing our financed emissions by aligning specified sectors to decarbonization pathways; and

– aiming, by 2030, to align 20% of UBS AG Asset Management's total assets under management (AuM) with net zero.[3]

We recognize that there is more to do, and we aim to phase in additional scope 3 activities over time. While we continue to take steps to align our business activities with the ambition set out above, it is important to note that progress towards our targets may not be linear. Our priority is to support the transition of clients to a low-carbon economy, and their transition-financing needs. In the area of client investments, the scope of our investments that are subject to net-zero targets and our ability to meet our ambitions depend on our fiduciary duties as an investment manager and on the terms of the mandates agreed to with clients.

Reaching net zero will require collaboration across the private and public sectors. Decarbonization of the global economy, emissions reductions by clients, and the realization of our own targets and ambitions all depend on various factors outside of our direct influence. Clear guidance by governments through thoughtful regulations, policies and incentives, the development and scaling of key technologies, and broader changes in the behavior of our society are needed.

We actively participate in political discussions to share our expertise on proposed regulatory and supervisory changes and engage in discussions relating to sustainability and climate (e.g., via the International Institute of Finance (the IIF), the Association for Financial Markets in Europe (the AFME) and the Swiss Bankers Association (the SBA)). In addition, our participation in sustainability- and climate-focused organizations and associations helps us to deliver on our commitments whilst promoting the transition to a low-carbon economy.

We will continue to adjust our approach in line with external developments and evolving best practices for the financial sector and climate science. This may also lead us to revisit previously agreed voluntary commitments.

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 In 2024, we may review our targets for GHG key vendors for the combined organization and 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 This Pre-acquisition UBS aspiration will be reassessed in 2024.

Own operations

In 2023, we reduced our scope 1 and market-based scope 2 emissions by 21% and, for UBS Group excluding Credit Suisse, we continued to apply an internal carbon price of USD 400 per metric ton for scope 1 and 2 emissions in our capital investment business cases to support the transition away from carbon-intense building systems. In addition, we were able to achieve 96% renewable electricity in line with the stringent RE100[4] guidelines.

› **Refer to "Use of carbon offsets and carbon removal credits" in the "Environment" section of this report for more information about our internal carbon price**

With regards to our supply chain, we have continued a process of engagement with our vendors, asking them to provide their climate disclosures and set net zero-aligned goals. The number of our vendors completing their climate disclosures in CDP increased by 74% from 2022 to 2023. Meanwhile, 65% of our GHG key vendors (which we define as those vendors that collectively account for more than 50% of our estimated vendor GHG emissions) have declared their emissions in CDP and set net zero-aligned goals.

Financing activities

We evaluated the combined lending portfolios and resulting exposures to carbon-intensive sectors following the acquisition of the Credit Suisse Group in June 2023 and have set revised decarbonization targets for the Group. We have updated our previous emissions targets for real estate mortgage lending, as well as for the fossil fuels (oil, gas and coal), power generation and cement sectors, reflecting both the combined portfolios of the two firms and the methodology changes. We also identified iron and steel and shipping as additional target sectors. For the Credit Suisse AG in-scope shipping portfolio, we continue to disclose the portfolio's climate alignment to the Poseidon Principles decarbonization index. In addition, we undertook further assessment of the overall emissions associated with our lending and real estate mortgages and conducted a preliminary analysis of the facilitated emissions from our capital markets activities for select carbon-intensive sectors.

Investing activities

UBS AG Asset Management made progress during 2023 toward delivering its 2030 target of aiming to align 20% of UBS AG Asset Management's total assets under management (AuM) with net zero, using science-based portfolio alignment approaches. This included implementing revisions to fund documentation and investment management agreements in certain portfolios to align with our net-zero-aligned framework. This Pre-acquisition UBS aspiration will be reassessed in 2024.

Our Global Wealth Management business division is a large distributor and manager of investment solutions for clients, including sustainable investing solutions and climate-focused investments. We supported private investors and family offices seeking to decarbonize their overall holdings by offering related investment solutions across asset classes and increasing climate awareness through dedicated client education sessions.

Supporting climate-focused frameworks

We are committed to helping our clients achieve their decarbonization goals and to supporting the work of governments around the world in their transition to a low-carbon economy in alignment with the objectives of the Paris Agreement. In our home country of Switzerland, we support the new Climate and Innovation Act, passed in June 2023, through regulatory engagement, industry partnerships and collaboration.

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

› **Refer to the "Our transition plan" section in "Appendix 2 – Environment" in the appendices to this report for a high-level overview of our activities to support our own transition and that of our clients**

4 RE100 is an international guideline on renewable electricity procurement that outlines the approach for credible claims and frameworks, including specific market boundaries and the standard of third-party verification amongst other requirements. RE100 is considered a revised interpretation of the GHG Protocol Corporate Standard market-based scope 2 accounting standards.

Our climate roadmap

Our climate roadmap – what we are aiming for

2020
Founding member of the Net Zero Asset Managers (the NZAM) initiative

2021
Commitment to net zero by 2050 and founding member of the Net-Zero Banking Alliance (the NZBA) and the Glasgow Financial Alliance for Net Zero (GFANZ)

2022
Advisory vote on the climate roadmap passed by shareholders at the Annual General Meeting

by 2025
Addressing our own emissions

- 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[1]
- Reduce our own energy consumption by 15% from 2019 levels
- Offset historical emissions from own operations back to 2000[2]

by 2030
Addressing the emissions of our in-scope lending and investing activities

- Reduce emissions intensity associated with UBS in-scope lending from 2021 levels for:[3]
  - Swiss residential real estate by 45%
  - Swiss commercial real estate by 48%
  - power generation by 60%
  - iron and steel by 27%
  - cement by 24%
- Reduce absolute financed emissions associated with UBS in-scope lending from 2021 levels to:[3]
  - fossil fuels by 70%
- Continue disclosing in-scope ship finance portfolios according to the Poseidon Principles (PP) decarbonization trajectories with the aim of aligning therewith[4]
- Align 20% of UBS AG Asset Management's total AuM with net zero[5]

by 2035
Addressing our supply chain

- Engage with our GHG key vendors, for 100% of them to reduce their scope 1 and 2 emissions in line with net-zero trajectories[6]

by 2050
Net-zero GHG emissions across our scope 1 and 2, and specified scope 3 activities

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 Target applies to UBS Group excluding Credit Suisse. 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, as well as evolving best practices for the financial sector and climate science. Refer to the "Climate-related methodologies – net-zero 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 scope of analysis primarily comprise financial services firms and other exposure to private individuals. 4 As part of our ship finance strategy, ships in scope of Poseidon Principles are assessed on criteria which aim at aligning portfolios to the Poseidon Principles decarbonization trajectories. The PP 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 (against 2008 levels). 5 This Pre-acquisition UBS aspiration will be reassessed in 2024. In line with the Net Zero Asset Managers initiative, we acknowledge that the scope for asset managers to invest for net zero depends on the mandates agreed with clients and clients' and managers' regulatory environments. Also in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions, and in the context of investing, our legal duties to clients and unless otherwise prohibited by applicable law. In some asset classes or for some investment strategies, agreed net-zero methodologies do not yet exist. Where our ability to align our approach to investments with the goal of net zero emissions by 2050 is, today, constrained, we commit to embark with determination and ambition on a journey, and to challenge and seek to overcome the constraints we face. 6 In 2024, we may review our target for GHG key vendors for the combined organization and alignment with latest guidance. Our GHG key vendors are those vendors that collectively account for more than 50% of our estimated vendor GHG emissions.

Our climate-related metrics

Evolving our climate-related metrics

Standard-setting organizations and regulators continue to provide new or revised guidance and standards, as well as new or enhanced regulatory requirements for climate disclosures. We have developed methodologies that we use to set our climate-related targets and identify climate-related risks and opportunities. These methodologies underlie the metrics that are disclosed in this report and are based upon data available to us, including estimates and approximations where actual or specific data is not available. We intend to update our disclosures to comply with new guidance and regulatory requirements as they become applicable to UBS. Such updates may result in possibly substantial revisions to our disclosed metrics methodologies and related disclosures. They may also change the metrics we disclose.

Our climate-related targets have been set based on the methodologies, data and assumptions currently in use. Changes to these methodologies, data and assumptions may affect our progress toward these targets and our net-zero ambition, as well as their achievability. Our net-zero ambition and related targets for scope 3 emissions have a critical dependency on the overall progress made by all sectors and countries toward net-zero carbon emissions. Across many jurisdictions, substantial governmental action will be required to achieve that progress. If such advances are not made, our targets and ambitions with respect to scope 3 emissions will not be achievable.

Climate-related risks and opportunities metrics 2023

Climate-related risks and opportunities metrics

	For the year ended			% change from
	31.12.23	31.12.22	31.12.21	31.12.22
Risks (UBS Group excluding Credit Suisse)				
Carbon-related assets (USD billion)[1, 2, 3, 4, 5]	**34.2**	33.6	36.0	1.7
Exposure to climate-sensitive sectors, transition risk (USD billion)[1, 2, 4, 5, 6]	**58.1**	52.5	52.4	10.6
Exposure to climate-sensitive sectors, physical risk (USD billion)[1, 2, 4, 5, 6]	**46.2**	38.0	36.7	21.4
Exposure to nature-related risks (USD billion)[1, 4, 5, 6, 7]	**72.0**	64.6	67.3	11.4
Opportunities (UBS Group)				
Number of green, sustainability, and sustainability-linked bond deals[8]	**93**	69	98	34.8
Total deal value of green, sustainability, and sustainability-linked bond deals (USD billion)[8]	**49.3**	42.4	63.3	16.3
UBS-apportioned deal value of above (USD billion)	**11.6**	8.8	13.2	31.6

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 As defined by the Task Force on Climate-related Financial Disclosures (the TCFD), in its expanded definition published in 2021, UBS defines carbon-related assets through 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 auto 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 that may trade 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 that 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. 4 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. 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. 5 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. 6 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. 7 Nature-related risk metric methodology has been further strategically enhanced, as part of an ongoing collaboration between UBS and UNEP-FI. 8 The metrics include 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. The metrics also include sustainability themed bonds (e.g., Transition). Transactions are counted only once, there is no double counting (e.g., if and where UBS AG and Credit Suisse were involved in the same transaction). UBS performed an assessment for Credit Suisse green, social, sustainability and sustainability-linked bonds reported in the 2023 Sustainability Report and deemed them to be aligned to UBS sustainable bond guidelines.

› **Refer to the "Supporting our approach to climate – our climate-related materiality assessment" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our approach to climate-related risks and opportunities**

› **Refer to the "Managing sustainability and climate risks" section of this report for more details on climate-related risk metrics**

Climate-related lending metrics 2023

Based on the guidelines by the World Resources Institute (the WRI) and the World Business Council for Sustainable Development (the WBCSD) for reporting in the event of a material acquisition[5], the emissions metrics shown for 31 December 2021 and 31 December 2022 are calculated on the basis of the joint loan books of UBS and Credit Suisse on those dates, on a pro forma basis. As in previous Sustainability Reports, climate-related lending metrics are not shown for the current reporting year, due to the inherent time-lag in the availability of emissions data.

Based on an assessment of qualitative and quantitative criteria such as alignment with industry guidance, availability and quality of data and consistency across sectors in existing targets disclosed by Pre-acquisition UBS and Credit Suisse Group, 2021 has been adopted as the baseline year for all sectors.

› **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 our climate-related methodologies**

5 GHG Protocol Corporate Value chain (Scope 3) Accounting and Reporting Standard

Climate-related lending metrics (UBS Group)

	For the year ended		% change from
	31.12.22	31.12.21	31.12.21
Lending[1]			Baseline 2021
Swiss residential real estate (scopes 1 and 2 kg CO_2e / m^2 ERA)[2]	**36.5**	38.7	(6)
Swiss commercial real estate (scopes 1 and 2 kg CO_2e / m^2 ERA)[2]	**32.1**	31.3	2
Fossil fuels (oil, gas and coal; scopes 1, 2 and 3 million metric t CO_2e)	**45.9**	64.7	(29)
Power generation (scope 1 kg CO_2e / MWh)	**297**	339	(13)
Iron and steel (scopes 1 and 2 metric t CO_2 / metric t of steel)	**1.68**	1.75	(4)
Cement (scopes 1 and 2 metric t CO_2 / metric t of cementitious)	**0.63**	0.64	(1)

1 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" section of the Supplement to the UBS Group Sustainability Report 2023, available at ubs.com/sustainability-reporting for more information about our climate-related methodologies. 2 ERA: Energy Reference Area.

Credit Suisse AG completed its Poseidon Principles disclosure for 2023, as disclosed in the following table.

Climate-related lending metrics – Poseidon Principles (Credit Suisse AG consolidated)

	For the year ended		% change from
	31.12.22	31.12.21	31.12.21
Poseidon Principles disclosure			
Shipping (delta alignment to Poseidon Principles "IMO 50" trajectory)[1]	**-4.6%**	-1.3%	n/a
Shipping (delta alignment to "IMO 2023 minimum trajectory")[2]	**11.5%**	n/a	n/a
Shipping (delta alignment to "IMO 2023 striving for trajectory")[2]	**15.7%**	n/a	n/a

1 Poseidon Principles "IMO 50" trajectory is not 1.5°C aligned. 2 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 (CH4) and nitrous oxide (N_2O). The updated IMO trajectories are not 1.5°C aligned.

Climate-related investing metrics 2023

Metrics relating to net-zero investments, portfolio emissions, and voting apply to UBS AG Asset Management only.

Climate-related investing metrics (UBS AG)

	For the year ended		
	31.12.23	31.12.22	31.12.21
Opportunities – net-zero investing			
Number of net-zero ambition portfolios	**35**		
Net-zero ambition assets share of total assets under management (%)	**2.9**		
Portfolio emissions			
UBS AG Asset Management investment-associated emissions (absolute; in t CO_2e)[1]	**46,266,089**		
UBS AG Asset Management investment-associated carbon intensity (in t CO_2e per USD million invested)[1]	**62.0**		
Weighted average carbon intensity – by asset class[1, 2]			
Weighted average carbon intensity – active equity assets (t CO_2e per USD million of revenue)	***105.6***	*130.4*	*109.8*
% AuM weighted average carbon intensity below benchmark (active equity)[3]	***81.3***	*75.7*	*62.4*
Weighted average carbon intensity – active fixed income assets (t CO_2e per USD million of revenue)	***114.9***	*145.3*	*198*
% AuM weighted average carbon intensity below benchmark (active fixed income)[3]	***65.0***	*63.5*	*76.3*
Weighted average carbon intensity – indexed equity assets (t CO_2e per USD million of revenue)	***100.7***	*128.3*	*128.9*
Weighted average carbon intensity – indexed fixed income assets (t CO_2e per USD million of revenue)	***127.9***	*139.8*	*169.8*
Weighted average carbon intensity – direct real estate (kg CO_2e per square meter)[4, 5]		*26.89*	*31.5*
Carbon footprint - by asset class[1, 2]			
Carbon footprint – active equity assets (t CO_2e per USD million invested)	***44.1***		
% AuM weighted average carbon intensity below benchmark (active equity)	***79.1***		
Carbon footprint – active fixed income assets (t CO_2e per USD million invested)	***45.5***		
% AuM weighted average carbon intensity below benchmark (active fixed income)	***20.6***		
Carbon footprint – indexed equity assets (t CO_2e per USD million invested)	***45.9***		
Carbon footprint – indexed fixed income assets (t CO_2e per USD million invested)	***108.3***		
Stewardship – voting[6]			
Number of climate-related resolutions voted upon	**157**	160.0	89.0
Proportion of supported climate-related resolutions (%)	***69.4***	*71.2*	*78.6*

1 Based on data for scope 1 and 2 GHG emissions of investee companies from a third-party data provider. 2 Carbon intensity and carbon footprint of an asset class are the aggregates of the individual portfolios weighted by portfolio size. Portfolios and benchmarks measures are the aggregates of individual issuers weighted by share of portfolio or benchmark. Data coverage thresholds are applied in determining which portfolios are included. 3 The disclosure for % AuM weighted average carbon intensity below benchmark (active equity) and (active fixed income) have been updated for 31.12.21 to be reflected in percentages of 62.4% and 76.3% instead of the decimals previously presented. 4 Data is collected from direct real estate assets for discretionary funds and mandates that participate in the Global Real Estate Sustainability Benchmark. The numbers used represent either reported data grossed up to 100% (where area coverage, ownership days or occupancy is less than 100% and greater or equal to 50%) or an estimate based on proxy where area coverage, ownership days or occupancy is less than 50%. The data includes Scopes 1,2 and if available scope 3 GHG emissions with one-year time lag. 5 Due to the lag in the availability of emissions data, our disclosure is reported on a one year lag (please refer to the Basis of Reporting section of the Supplement to the UBS Group Sustainability Report 2023, available at ubs.com/sustainability-reporting for further details). 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 reflecting methodology changes and increased data availability since the previous reporting period. 6 Data for 2021 excludes proposals related to Japanese companies that included changes to companies' articles of association. Data includes proposals by both management and shareholders and reflects common market definition of climate-related proposals.

Climate-related own operations metrics 2023

Climate-related own operations metrics (UBS Group)

	For the year ended			% change from
	31.12.23	31.12.22	31.12.21	31.12.22
Own operations				
Net GHG footprint (1,000 metric tons CO_2e)[1]	**169**	169	133	(0)
Change from baseline 2019 (%)	***(53)***	*(53)*	*(63)*	*0*
Share of renewable electricity (%)	**96**	91	92	5

1 Net GHG footprint equals gross GHG emissions minus GHG reductions from renewable electricity (gross GHG emissions include: direct GHG emissions by UBS Group; 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 and water consumption, energy related activities and waste disposal). Refer to the "Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for a breakdown of our GHG emissions (scopes 1, 2 and 3).

Our approach to nature

We recognize the challenges of transitioning toward a society that can meet human needs while respecting the limits of our planet's natural resources. These challenges are reflected in stark numbers: for example, the World Economic Forum estimates that approximately USD 58 trillion of economic value depends on the natural world in some way, yet, according to a recent United Nations Environment Programme report, annual financial flows to nature-based solutions need to more than double by 2025 (from USD 200 billion to USD 436 billion) and nearly triple to USD 542 billion by 2030 to reach climate, biodiversity and land degradation targets[6]. However, challenges can represent opportunities. That is why we look forward to the setting of global policy objectives and goals through the Convention on Biological Diversity and welcome the milestone set of policy goals adopted by governments in the shape of the Kunming–Montreal Global Biodiversity Framework. This is a key enabler for setting critical direction for economy-wide transitions aimed at safeguarding global biodiversity. We firmly believe that public policy and frameworks have, and will continue, to play a critical role in steering and incentivizing markets to support the transition toward a sustainable economy.

Our approach to understanding impacts and dependencies related to natural capital and biodiversity, and managing the resulting risks and opportunities across our activities, reflects our commitment to mobilize capital toward achieving the SDGs. Nonetheless, we are aware that natural capital is inherently more challenging to define in financial terms due to a lack of easily available data and standardized methodologies. Therefore, we strive to play an active role in creating new global standards that can help clients, companies and the financial sector manage nature-related risks and develop opportunities, while also addressing potential adverse impacts and generating positive impacts. That is why we were honored to be part of the efforts of the Taskforce on Nature-related Financial Disclosures (the TNFD), including leading its financial sector working group, and contributing to the development of the recommendations it released in September 2023.

Building on our first integrated UBS Group Climate and Nature Report for 2022, we developed our activities and disclosures for 2023 by leveraging the recommendations set by the TNFD. We will continue to develop our disclosures on nature dependencies, impacts, risks and opportunities over the next few years, aligned with the TNFD recommendations and regulatory requirements.

During the course of 2023, we also contributed to the debate and improvement of knowledge and innovation in this area through our thought leadership activities and capacity building exercises. For instance, we ran a Nature Academy to train key staff about nature-related issues, frameworks, standards, risks and opportunities.

› **Refer to the "Managing sustainability and climate risks" section of this report and the "Our approach to nature" section in "Appendix 2 – Environment" in the appendices to this report for more information about our management of nature-related risks and opportunities**

› **Refer to our UBS Group Climate and Nature Report 2023, available at *ubs.com/sustainability-reporting***

6 Source : UN Environment Programme, *State of Finance for Nature 2023*

Supporting our clients' low-carbon transition

Helping our clients to navigate the orderly transition to a low-carbon economy and build climate-resilient business models is a key objective of our approach to climate, as is the mobilization of private and institutional capital toward this transition. Aligning our in-scope lending and investment portfolios to the objectives of the Paris Agreement is an important part of this approach and so are the products and services we offer. Specifically, these include:

Offering sustainable finance products and services

By offering innovative sustainable financing, investment and capital markets solutions, we strive to provide clients with the choices they need to meet their specific sustainability objectives while supporting their transition to a low carbon economy. We are developing innovative advisory, lending, basic banking and transition financing solutions, as well as offering our clients access to various sustainable investment (SI) solutions. By combining targeted advice with our research, thematic insights, and data and analytics services, we aim to help clients better understand and mitigate risks and identify new opportunities. Further, we provide support in the form of tools, platforms and education.

› **Refer to the "Supporting opportunities" section of this report for more information about our sustainable finance product and service offering and an overview of key developments in 2023**

Engaging with our investees and clients

Through collaboration and engagement with industry, investees and our clients, we help clients access best practices, robust science-based approaches, standardized methodologies and quality data that help them to better measure and mitigate climate risks and act on climate-related opportunities. Our aim is to better understand where we should focus our engagement efforts to best support our investees and clients, which is why, as a first step, it is important that we assess where investees and corporate clients are on their low-carbon journey. To do this, we are developing a framework that considers existing categorization frameworks used by UBS AG and Credit Suisse AG, such as the Credit Suisse Client Energy Transition Framework (CETF).

› **Refer to "Our transition strategy levers" and "Supporting our investing clients' low-carbon transition" section for more information about our engagement with our clients and to the "Asset Management" section of this report for more information about our active ownership approach and climate engagement program with our investees**

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for a description of Credit Suisse's CETF**

Developing thought leadership

Our aim is to further inform and facilitate our engagement activities by acting as a thought leader in sustainability, providing our clients with deep insights and research content from across our business areas and central initiatives. Our main Group sustainability thought leadership initiative, the UBS Sustainability and Impact Institute, develops insights into the long-term developments needed to support the transition to a low-carbon, sustainable economy. Our Global Wealth Management Chief Investment Office and our Investment Bank Research offer actionable insights on sustainable investments and finance. Meanwhile, our Investment Bank, Global Wealth Management, Asset Management and Personal & Corporate Banking business divisions each delivered a variety of conferences, webinars, reports, papers and other events during 2023 to discuss some of the most important developments and themes around sustainability with our clients.

› **Refer to the "Expanding insights" section of the Supplement to the UBS Group Sustainability Report, available at *ubs.com/sustainability-reporting,* for more information about our thought leadership activities**

Supporting our financing clients' low-carbon transition

Our lending sector decarbonization targets

As set out in the UBS Group Sustainability Report 2022, Pre-acquisition UBS 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's climate alignment to the Poseidon Principles decarbonization index.

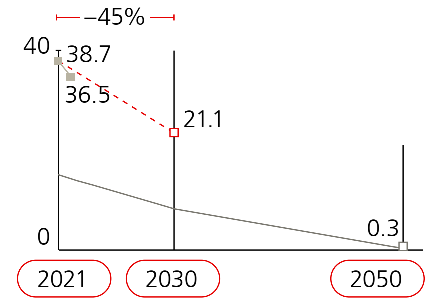
During 2023, following the acquisition of the Credit Suisse Group, we refined the UBS Group lending sector decarbonization targets based on the integration of the Credit Suisse Group portfolios and in alignment with our net zero ambition. We prioritized sectors that have the highest carbon impact, as per the guidelines of the Net-Zero Banking Alliance (NZBA), and also applied additional considerations. 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 net zero. We performed additional analysis to establish transparency around the contribution of each sector in our portfolio to the total.

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 (oil, gas and coal), power generation, iron and steel and cement sectors. For the Credit Suisse AG 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 as calculated based on estimated 2023 exposure for the combined portfolios, they have been deprioritized for target setting at this time.

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.

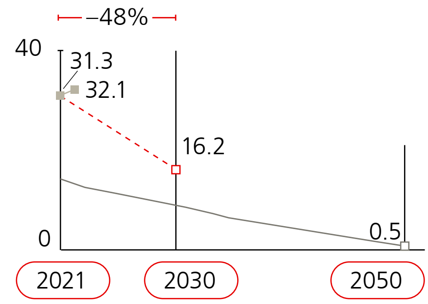
Overview of lending sector decarbonization targets and progress[1]

Swiss residential real estate[2]
kg CO_2e/m^2 ERA[3]



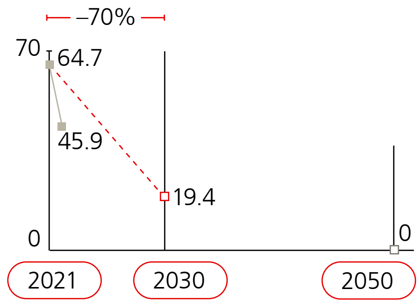
- UBS actuals
- UBS target
- 2050 convergence point
- Implied Energy Perspectives 2050+ ZERO Basis – residential buildings
- Indicative trend line to 2030 target

Swiss commercial real estate[2]
kg CO_2e/m^2 ERA[3]



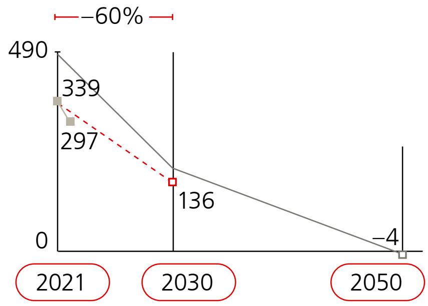
- UBS actuals
- UBS target
- 2050 convergence point
- Implied Energy Perspectives 2050+ ZERO Basis – residential buildings & services
- Indicative trend line to 2030 target

Fossil fuels
million metric t CO_2e



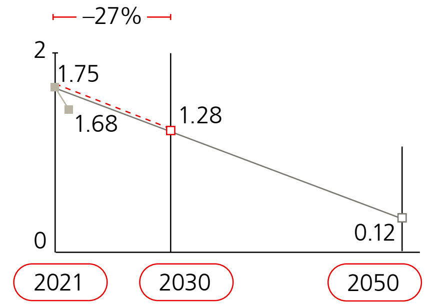
- UBS actuals
- UBS target
- 2050 convergence point
- Indicative trend line to 2030 target

Power generation
kg CO_2e/MWh



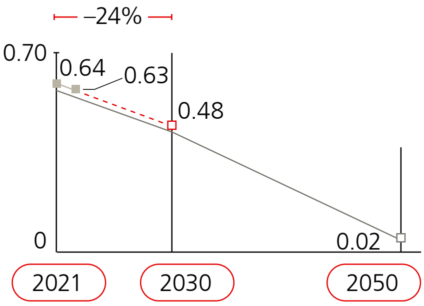
- UBS actuals
- UBS target
- 2050 convergence point
- IEA NZE 2050
- Indicative trend line to 2030 target

Iron and steel
metric t CO_2 / metric t steel



- UBS actuals
- UBS target
- 2050 convergence point
- IEA NZE 2050 (adjusted)
- Indicative trend line to 2030 target

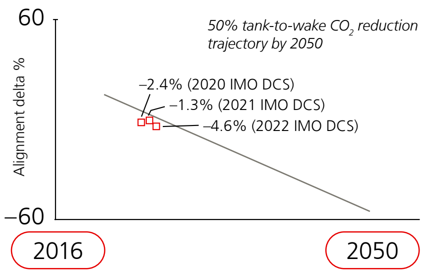
Cement
metric t CO_2 / metric t cementitious



- UBS actuals
- UBS target
- 2050 convergence point
- IEA NZE 2050 (adjusted)
- Indicative trend line to 2030 target

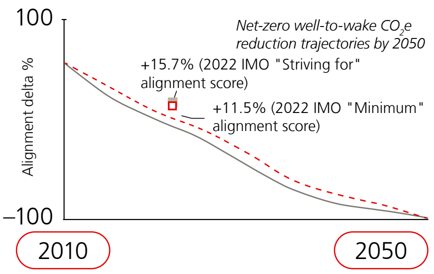
Shipping[4]
alignment delta %

2018 IMO GHG Strategy ("IMO Initial GHG Strategy")



- Portfolio climate alignment score
- Index trajectory Poseidon Principles

2023 IMO GHG Strategy ("IMO Revised GHG Strategy")



- 2022 vs Striving for
- 2022 vs Minimum
- Striving
- Minimum

1 For corporate sectors (fossil fuels, power generation, iron and steel, and cement) we have used the Sectoral Decarbonization Approach (SDA). The SDA assumes global convergence of key sectors' emissions intensities by 2050 and we set our 2030 targets to be in line with this assumption. We have used externally published independent net-zero scenarios as reference for the 2050 convergence points used to define the 2030 targets. 2 Swiss commercial real estate and Swiss residential real estate portfolio decarbonization rates are in line with the Implied Energy Perspectives 2050+ ZERO Basis benchmarks. The high observed emissions intensities are mainly due to conservative assumptions (e.g., oil heating assumed if actual heating type not available) and high emissions factors per unit of energy used. The portfolio increase for Swiss commercial real estate 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. 3 ERA: Energy Reference Area
4 Shipping graphs display our portfolio's alignment to the Poseidon Principles decarbonization trajectories.

› **Refer to the "Supplement to Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our targets**
› **Refer to the "Basis of Reporting" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for more information about our climate-related lending metrics**

Our approach to target-setting is based 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 that Credit Suisse had a commitment to SBTi to have its 2030 targets externally validated. To develop the combined 2030 targets, we have utilized SBTi guidance where possible and we continue to assess the options for target validation and assurance.

We strive to measure and monitor progress toward our targets and their alignment with our climate commitments and emerging standards. 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. We plan to disclose our progress publicly on an annual basis. In line with NZBA guidelines for climate target-setting, we intend, as a minimum, to review our targets every five years to ensure consistency with the most recent climate science and best practices.

How we aim to underpin our targets with transition strategies

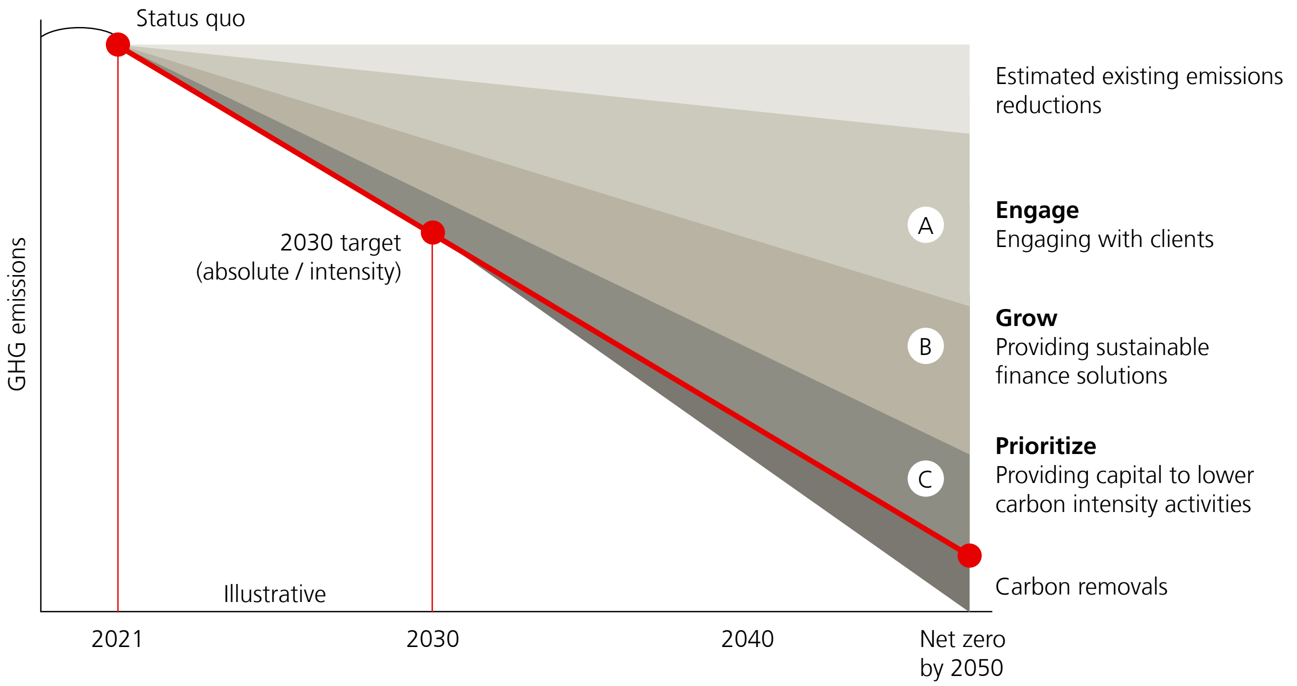
To underpin our targets and guide our transition strategies and actions, we followed a two-step process:

- assessing the overall emissions associated with UBS's in-scope lending portfolio, including Swiss real estate mortgages and estimated emissions reductions by 2030 (by business division and sector), considering client's historical emissions trends as well as public decarbonization commitments; and
- considering anticipated changes in the size and composition of our in-scope lending portfolios arising from lending structures and business strategy.

Alongside these estimated emissions reductions, we defined three key transition strategy levers where we believe we can have an impact and facilitate additional emissions reductions to reach our targets.

Our transition strategy levers

Illustrative glidepath to net zero



A. Engage: engaging with our clients

Building on the review of our clients' public decarbonization commitments, we further assess where they currently stand on their journey toward a low-carbon and climate-resilient business model. By establishing a view on our clients' current decarbonization ambitions and activities, we aim to work alongside them to support their transition efforts. This can include encouraging the disclosure of current emissions, the setting of future decarbonization targets in line with Paris-aligned pathways and the development of credible transition plans.

Through our ESG Advisory Group, we are also providing the necessary lens to help our clients assess ESG (environmental, social, governance) topics throughout the corporate lifecycle and critically analyze a corporation's ESG profile from a business and investor perspective.

› **Refer to the "Investment Bank" section of this report for more information about our ESG Advisory Group**

B. Grow: offering sustainable finance solutions
We complement our engagement efforts with sustainable and sustainability-linked financial advice and solutions (advisory, lending, basic banking and transition financing solutions) to help our clients transition to a more sustainable future. These solutions can be on-balance sheet (e.g., green or sustainable loans and mortgages) or off-balance sheet (such as access to debt and equity capital markets). They can also include transaction structuring.

For example, in the corporate client business, we focus on supporting our clients by advising them as part of the strategic dialogue and partnering with them in the implementation of new solutions. We offer sustainable-linked loans (SLL) to incentivize the borrower's achievement of ambitious, predetermined sustainability performance targets. Our SLL offering is open to qualifying corporates from all sectors wishing to reflect their sustainability ambitions in their funding strategy and benefit from meeting agreed sustainability performance targets.

› **Refer to the "Supporting opportunities" section of this report for more information about our sustainable finance product and service offering, and specifically to the "Personal & Corporate Banking" section for more information about our corporate client business**

We continue to develop and refine our sustainable finance solutions and approaches on an ongoing basis to support our clients in orienting their business efforts toward the objectives of the Paris Agreement.

C. Prioritize: providing capital for lower-carbon-intensity activities
As previously highlighted, our aim is to direct capital toward lower-carbon activities, or to clients with credible net-zero targets and plans to transition to low-carbon and climate-resilient business models. This is in line with our sustainability risk process which may trigger enhanced due diligence for clients in those carbon-intensive sectors that have higher climate-related impacts and risks. At the same time, as the global economy shifts toward lower-carbon activities, we see opportunities to provide financing and advisory services to clients that are well positioned to benefit from this transition.

Evolving our transition strategy
Managing and monitoring our financing activities remains an ongoing focus. We continue to build on and refine our transition strategy and further tailor it to our business divisions. Our aim is to make our approach to climate "business as usual" and to orient our new and existing business efforts toward net zero by 2050. We strive to routinely consider the climate impact resulting from our financing activities, take an active approach to growing our low-carbon business and address our financed emissions by engaging with clients and supporting their transition. We strive to further strengthen our operating model and increase our efforts in the fields of transition and green finance. We also expect new technologies to emerge, along with policies and actions from governments, that will support the transition to a low-carbon economy. We regard such developments as dependencies for us to contribute toward meeting the objectives of the Paris Agreement.

As we work toward our targets and further develop our transition strategies, we aim to consider a just transition to a low-carbon economy, one that is as fair and inclusive as possible. In this regard, we contributed to the market's understanding of the concept as part of the Principles for Responsible Banking (the PRB) Just Transition working group.

Carbon reduction and removal
In accordance with the NZBA guidelines, offsetting can play a role that is supplemental to sectoral and economy-wide decarbonization. We support transparent investment in carbon markets that are aligned with the current publicly available consensus on high integrity standards and robust governance (including the VCMI (Voluntary Carbon Markets Integrity Initiative) Claims Code of Practice, the ICVCM (Integrity Council for the Voluntary Carbon Market) Core Carbon Principles and the Oxford Principles for Net-Zero-Aligned Carbon Offsetting). Any decarbonization strategies, including offsetting, that UBS applies to its own in-house operations or advises other organizations on must meet these standards.

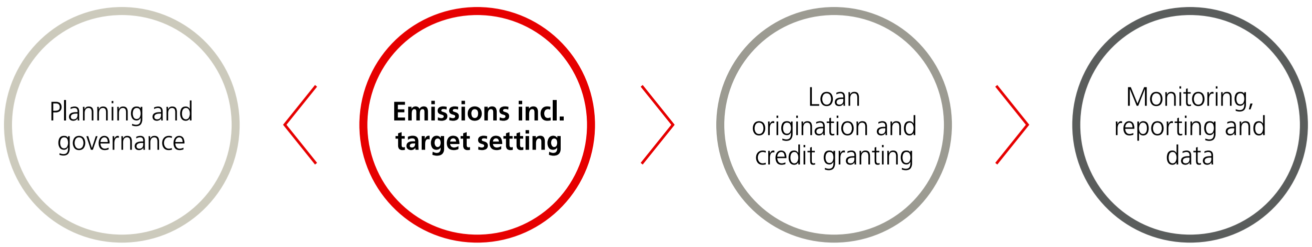
Our transition plan prioritizes emissions reductions in line with science-based climate targets and credible trajectories to achieve these targets. In addition, we anticipate that the deployment of carbon-removal solutions will be needed to counterbalance hard-to-abate emissions and supplement the reduction strategies of some of our clients. For example, certain industrial processes cannot yet achieve absolute zero emissions as technologically or financially viable emissions-elimination alternatives do not exist. Those industries, however, still provide products and services that are important to society and are likely to remain relevant in the future. In these cases, carbon removals are critical to balance residual emissions. As best practice guidance, regulation, methodologies and technologies develop, our approach to decarbonization, including offsets, will continue to evolve.

Sustainable lending operating model

To operationalize our approach to climate, it is important to embed sustainability and climate considerations into our lending operating model, leading to regular adjustment of evaluation and decision-making frameworks, governance structures, control and monitoring processes, and underlying systems.

For example, following the acquisition of the Credit Suisse Group, UBS reassessed the emissions and targets for sectors with a high-carbon impact for the combined organization. To operationalize our target approach, we are reviewing whether our planning and governance processes, risk appetite, sector strategies, and so on are still appropriate. In parallel, we are assessing required enhancements to our loan origination, credit granting, monitoring and reporting processes.

Building blocks of the sustainable lending operating model



Planning and governance:
- Group oversight
- Risk appetite
- Policies
- Sector strategy
- Financial management (strategic plan)

Emissions incl. target setting:
- Greenhouse gas emissions (financed / intensity)
- Target metric and reference pathway

Loan origination and credit granting:
- Value proposition
- Credit decision
- Engagement
- Refinancing
- Systems and processes

Monitoring, reporting and data:
- Reporting
- UBS data management
- External vendors

Our approach to measuring facilitated emissions from our capital markets business

Investment Bank

The Investment Bank offers our clients access to the world's primary, secondary and private capital markets, through an array of sustainability- and climate-focused services, products, research and events. Our role in capital market transactions helps our clients access capital for their businesses. We facilitate clients' capital raising and, therefore, think it is important to monitor the related emissions which we are involved in.

Facilitated emissions differ from financed emissions in two aspects: Firstly, they are off-balance sheet (representing services rather than financing) and secondly, our role is completed within a short timeframe rather than a long-term loan-related exposure. As a result, and in line with industry guidance, we distinguish between on-balance sheet "financed" and off-balance sheet "facilitated" emissions.

By disclosing our facilitated emissions for select carbon-intensive sectors[1], we aim to provide transparency on the emissions we facilitate as a result of our capital market activities. We are currently assessing methodologies for calculating facilitated emissions for the remaining NZBA carbon-intensive sectors[2]. We calculated UBS's facilitated emissions in line with PCAF's draft accounting and reporting standard for facilitated emissions, including public equity capital markets and public debt capital markets, where UBS, including Credit Suisse, held a lead bookrunner or lead manager / co-manager role on the transaction. Facilitated emissions are not shown for the current reporting year due to the inherent time-lag in the availability of emissions data. We have conducted an initial assessment of our approach against the final PCAF Standard released in December 2023 and identified select areas to be further explored in 2024.

It is important to note that reporting facilitated emissions from transactions that took place in the reporting year will introduce volatility in our numbers as it will be related to the volume of capital markets activity in the year and our market share. Global capital markets activity was strong post-Covid in 2020 and 2021 but slower in 2022 and 2023. When market activity rebounds, we would expect our facilitated emissions to see a similar increase.

1 Disclosed for those sectors where data and methodology are available: fossil fuels (coal, oil and gas), power generation, iron and steel, aluminum, cement, automotive and air transportation.
2 The NZBA identifies nine priority sectors: agriculture, aluminum, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation and transport.

UBS reviews and assesses every Global Banking transaction and employs a robust business selection process. This means that, in our capital markets activities for carbon-intensive sectors, we consider the potential climate and sustainability impacts of the transaction and related material risks and opportunities.

We continue to review and assess emerging industry guidance and target-setting methodologies for facilitated emissions.

	31.12.22						31.12.21					
	Facilitated amount (USD billion)	Facilitated emissions, scopes 1 and 2 (million metric t CO_2e)	Facilitated emissions, scope 3 (million metric t CO_2e)	PCAF score, scopes 1 and 2[2]	PCAF score, scope 3[2]	Facilitated intensity (million metric t CO_2e / USD billion)	Facilitated amount (USD billion)	Facilitated emissions, scopes 1 and 2 (million metric t CO_2e)	Facilitated emissions, scope 3	PCAF score, scopes 1 and 2[2]	PCAF score, scope 3[2]	Facilitated intensity (million metric t CO_2e / USD billion)
Facilitated emissions												
Select carbon-intensive sectors[1]	**12.0**	2.0	2.3	1.6	2.3	0.4	23.0	5.1	16.3	1.6	2.8	0.9
Select carbon-intensive sectors as % of total	**5.7%**						5.9%					
Other sectors	**197.7**						368.2					
Total facilitated amount[3]	**209.7**						**391.3**					

1 Select carbon-intensive sectors comprise: fossil fuels (coal, oil and gas), power generation, iron and steel, aluminum, cement, automotive and air transportation. Refer to the sector approach in 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 the parts of the value chain in-scope within sectors. 2 PCAF data quality score has been combined for the key sectors and weighted by the facilitated amount. 3 Includes all sectors.

› **Refer to the "Investment Bank" section of this report for more information about our capital market activities**

› **Refer to the "Basis of Reporting" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our methodology to calculate facilitated emissions**

Supporting our investing clients' low-carbon transition

Asset Management

UBS AG Asset Management became a founding member of the Net Zero Asset Managers (NZAM) initiative in 2020, committing to support its ambition of net-zero GHG emissions by 2050. Membership of the NZAM initiative entails a range of expectations at an organizational level and for in-scope assets under management (AuM). Through this commitment, our aim is to further support our clients in reaching their sustainable investment and decarbonization objectives.

In order to provide choice to our clients and to effectively monitor our progress toward our target, we use a clearly defined framework to assess whether a product has a net-zero ambition. This framework is based on the NZAM 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.
- Monitoring and annual disclosure of progress toward portfolio-level targets.

› **Refer to the "Supplement to Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for UBS AG Asset Management's science-based methodologies**

2030 target for the proportion of assets to be managed in line with net zero

Our Asset Management business division set a target aiming, by 2030, to align 20% of UBS AG Asset Management's total assets under management (AuM) with net zero.[1] Net zero portfolio alignment currently focuses on areas of its business where methodologies exist and there is credible data to support tracking and reporting of our progress, namely active equities, active fixed income, indexed equities and some of our real estate investment activities. We believe, however, that only a proportion of these assets can be feasibly managed in ways that align with net zero by 2030, consistent with their respective intended investment objectives, the needs of our clients, and market evolution. There is also a portion of assets for which there is no currently agreed or accepted methodology for net-zero alignment. These include asset classes such as multi-asset funds, hedge funds, private markets, money markets, sovereign bonds, and municipal issuers. Portfolio alignment will be pursued once acceptable data and methodology solutions are identified.

During 2023, we implemented revisions to fund documentation and investment management agreements in certain products to align with our net-zero-aligned framework. UBS AG Asset Management currently has 35 available products being managed in line with net zero, representing 2.9% of our total AuM.

Our plans for making further progress toward our target include investing in the necessary data and infrastructure to support the management and monitoring of portfolios, continuing to assess net-zero alignment at the issuer level, and our active ownership efforts toward the transition to a low-carbon economy.

We draw on a wide variety of data sources to inform our assessment of climate-related risk and opportunities and recognize that approaches to achieving net-zero are likely to develop over time as both data availability and quality continue to improve. Consequently, we also expect our portfolio alignment approach to evolve as the transition to a low-carbon economy progresses and as further data and methodologies become available. For example, we enhanced our assessment by adding temperature alignment and climate solutions approaches, as well as exploring how to best incorporate scope 3 metrics into our data model.

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

Helping clients understand net zero

We understand that our approach to net-zero investing is determined by our clients' choices. We believe that we have an important role to play in working collaboratively with our clients on climate risk education, providing information about best practices in climate risk management, climate-related opportunities and approaches for net-zero-aligned portfolios.

To help our clients and other investors understand the journey to net zero, as well as the range of options for allocating capital that we offer, we launched a digital campaign during 2023 that provides educational materials and thought leadership content. We are using various media avenues available to us to increase awareness, including a redesigned web experience, videos and podcasts, Adobe campaigns, and our social media platform. Our investment experts delivered individualized education to clients and prospects on specific components of sustainable investing. Some of our investment approaches include rules-based net-zero strategies, climate-related indexing and factor-based investing.

Net-zero active ownership by UBS AG Asset Management

We recognize that the transition of investment portfolios requires real-economy emission reductions and we see our active ownership strategy as a powerful tool in influencing corporate behavior to achieve real-economy outcomes. We have had a dedicated climate engagement program in place for five years to address climate-related risks with measurable progress tracked. In 2023, we applied a sector-specific approach and engaged with companies from the following sectors: oil and gas, electricity and other utilities, diversified mining, steel, chemicals, and construction material. We set our engagement objectives and expectations based on company target-setting, decarbonization measures, capital deployment and progress toward stated commitments. We also widened our engagement coverage to include the highest-emitting companies across our investment universe, expanding the range of sectors and geographies we cover.

We have also linked our climate engagement with our voting actions. In this respect, we clarified our climate and net-zero expectations of companies in our policy framework. In 2022, we outlined our criteria for management say-on-climate proposals. In 2023, we have further evaluated such proposals against the following six key factors: climate governance, net-zero ambition and targets, quality of decarbonization strategy, net-zero performance alignment, lobbying and policy engagement, and use of offsets.

› **Refer to the "Supporting opportunities" section of this report for more information about our active ownership approach and climate engagement program**

Collaborative engagement by UBS AG Asset Management

UBS AG Asset Management is a co-lead and collaborative investor in Climate Action 100+, engaging with companies on the initiative's focus list that are key to driving the global net-zero emissions transition. In 2023, we joined, and have been participating in the Institutional Investors Group on Climate Change (IIGCC)'s Net Zero Engagement Initiative (NZEI), which was set up to build on and extend the reach of investor engagement beyond the Climate Action 100+ focus list. This includes a broader spectrum of companies that are driving demand for fossil fuels due to their business activities. In 2023, we were signatories to a CDP campaign encouraging more than 2,000 companies to adopt science-based climate targets, and co-signatories to two investor-led letters to policymakers encouraging the acceleration of decarbonization goals at state-owned companies.

Annual disclosure by UBS AG Asset Management

UBS completed the annual CDP disclosure in July 2023, including pertinent information about UBS AG Asset Management. Since this disclosure, UBS AG Asset Management has made additional progress against our 2030 target as disclosed above, expanding our available net-zero product shelf and further increasing those AuM that are being managed in line with net-zero objectives.

We also participated in other industry and disclosure initiatives, and the development of regional best practice climate-related guidance, such as the new Swiss Climate Scores (SCS). UBS was part of the working group developing the SCS, an initiative conducted by the Swiss government in collaboration with industry and non-governmental organizations. The SCS are based on international standards and aim to encourage investment decisions that contribute to achieving the global climate goals. As the largest financial institution in Switzerland, we are committed to this transparency milestone and were the first major bank to launch SCS reports for 136 funds (as of 31 December 2023). In accordance with the recommendations put forward by the government, our initial focus is on equities and fixed income funds domiciled in Switzerland. More funds and products will follow in 2024. Available UBS SCS reports for funds can be viewed on the UBS Quotes data and information platform. For clients interested in climate-related topics, advisors can use the SCS to demonstrate the climate compatibility of products, based on the latest international information available.

› **Refer to *sif.admin.ch/swissclimatescores* for more information about SCS**
› **Refer to *UBS quotes* for more information about UBS SCS reports for funds**

Global Wealth Management

Global Wealth Management is a distributor of sustainable investing solutions, including climate investing. While we recognize that not every investor might have net-zero ambitions or an affinity for investing in the transition to a low-carbon economy, we aim to provide a range of options for private investors and family offices to address their own decarbonization targets where possible. We do this through allocations to climate-related solutions in our discretionary mandates where relevant, as well as by curating climate investment options for advisory portfolios. The focus on providing a range of credible solutions is complemented by building investor awareness and driving solutions innovation across asset classes and strategies. We also continue to build an understanding of how best to integrate climate risk into portfolios.

Extending the range of investment options and allocating capital

In 2023, Global Wealth Management continued to increase the number of investment solutions across asset classes and strategies to support clients' decarbonization objectives. We launched a low-carbon single equity module and a sustainability-focused fund of hedge funds solution, which includes allocation to climate-focused equity hedge strategies, credit options for renewable infrastructure and a carbon markets strategy. We also extended our credit research coverage of individual green bonds, expanding the available universe for clients who prefer direct investments to fund solutions.

We work closely with our industry partners on developing new sustainable solutions, including those aiming to address decarbonization. We aim to identify relevant and compelling investment opportunities and credible tools, and to support the launch of new solutions where possible and relevant for client portfolios. We continue to believe that the transition to a low-carbon economy requires an "all-of-the-above" approach where investments in clean energy infrastructure and green technologies are complemented by effective and credible shareholder and bondholder engagement with heavy polluters on decarbonization. As such, we dedicate a portion of our discretionary portfolios to impactful engagement strategies, including those that invest in companies with the objective of engaging on decarbonization.

Helping clients understand net zero

Our investment specialists provide education and training to advisors, clients and prospects on various aspects of sustainable investing and how to incorporate these strategies into portfolios. These training sessions include general education and discussions around decarbonization and climate investing. We also work with clients that are interested in setting their own portfolio decarbonization targets or are exploring how to build exposure to carbon markets. In addition to individual client meetings, we host broader client events on specific topics including decarbonization and climate investing. Our conversations emphasize that investing in the transition is relevant not just to investors who want to drive positive environmental impact, but rather to all investors, given the importance of climate change to business models and capital markets.

We also incorporated discussions of the investment relevance of climate and broader sustainability topics in publications for private clients throughout 2023. We provided a private investor perspective on emerging investment opportunities tied to the low-carbon transition, including both regulatory and voluntary carbon markets. Our analysts continued to cover a broad range of longer-term investment themes with links to the low-carbon transition, including within energy efficiency, energy transition, clean air and carbon reduction, smart mobility, the circular economy, and the food revolution. Other topics covered include but were not limited to: climate-related litigation and regulation, investing in (and the role of) oceans for climate resilience, and progress on key climate objectives. We activated this content both internally and externally through a variety of channels, including video content, social media campaigns, podcasts in collaboration with industry partners, and an active presence on our webpage.

Engaging with the wider industry

As an asset allocator, Global Wealth Management is an active participant in industry forums to help raise awareness of the needs of private investors and family offices when it comes to climate-related investing. This includes feedback to regulators on climate-related transparency and disclosures, as well as working groups with industry peers, such as within Swiss Sustainable Finance (SSF) and the Global Impact Investing Network (GIIN), and engaging with fund management partners.

We continue to see a greater focus on, and demand for, transparency and disclosure around climate and decarbonization, and we participate in dialogue with industry and regulators on these topics. Given the importance of transparency to private investors on new and emerging investment solutions around the low-carbon transition, we collaborated and provided inputs for the initial and ongoing development of the SCS. Since the introduction of the SCS, we have informed advisors on the content and how to deliver the information to clients that are interested. We also make the reports published by UBS AG Asset Management and third-party managers on our platform (if available) available through our UBS Quotes platform – and we will continue efforts to make this information more easily accessible in our digital environments. We also published our first Principal Adverse Impacts report to provide transparency on offerings for investors at selected UBS legal entities within the scope of the Sustainable Finance Disclosure Regulation (SFDR), including key metrics on the climate footprint of our investments.

2024 and beyond across our investing activities

Following the acquisition of the Credit Suisse Group, we have undertaken an extensive review of our approaches to setting decarbonization targets, to reflect the activities of the combined organization and evolving standards and methodologies. Based on this assessment, we will deliver a revised 2030 target in 2024, which will cover the combined UBS and Credit Suisse Asset Management business. Consequently, the Credit Suisse Climate Action Plan published in December 2022 will be withdrawn in its entirety in 2024. Additionally, we are enhancing an in-house framework post Credit Suisse integration that delineates our key transition levers in investing.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for progress made towards Credit Suisse's target on reduction of investment-associated emissions**

Reducing our environmental impact

A key element of our commitment to contribute toward a lower-carbon future is minimizing our own operational footprint and supporting our employees, clients, suppliers and investors in the decarbonization of their activities. That is why we aim to report accurately on our efforts to decrease GHG emissions. The environmental areas we focus on in particular are energy, water, paper, waste and travel.

For 2023, we are disclosing the environmental footprint of the joint operations of UBS Group, including Credit Suisse, unless otherwise stated. Due to the acquisition of the Credit Suisse Group, we have reviewed our combined portfolio and building strategy which in turn has affected the timeline of our ongoing initiatives across the regions. A further significant challenge in 2023 was the alignment of reporting methodologies for the Group's quantified impact on the environment. While both entities had previously reported in line with the GHG Protocol, there were notable differences in the scopes, processes and tools.

Environmental focus areas

Energy reduction and sustainable buildings

We enhanced our efforts to reduce operational energy consumption and optimize our corporate real estate portfolio. In 2023, we lowered energy consumption[1] by 8% compared with 2022. Several initiatives contributed to this reduction, for example, investing in more sustainable buildings and upgrading existing buildings by switching to energy-saving LED lamps and modernizing heating systems and pumps.

We opted to disclose only renewable electricity in line with RE100 in this report as we are committed to achieving 100% sourcing 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. Keeping with our high sustainability ambition, 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.

In support of the RE100 ambition, we are increasing our onsite electricity production through photovoltaic systems. In Switzerland, we expanded the existing photovoltaic installation at our Wolfsberg Conference Center and increased our panel coverage on another building to generate an additional annual 122 MWh and 123 MWh, respectively. We are in the process of increasing the number of power purchase agreements (PPAs) in Asia Pacific and are in advanced discussions about virtual power purchase agreements (vPPA) in the Americas.

In 2023, we achieved certifications for multiple locations across our global operations, aligned with internationally renowned green-building standards. Two of our offices in Shenzhen, China, attained the Leadership in Energy and Environmental Design (LEED) Platinum certification in 2023, while our office in New Jersey received the WELL Platinum certification. In Hong Kong SAR, all offices received accreditation from the Hong Kong Quality Assurance Agency for Green Banking Practices in Office Operations, making us the first international bank in the city to reach this milestone. Elsewhere in Asia Pacific, we designed and fully implemented a new internal benchmark to rate potential real estate options based on their environmental impact and sustainability. This benchmark was built on foundations from international standards, such as LEED and the Building Research Establishment Environmental Assessment Method (BREEAM) and Green Mark.

Reducing waste, paper and water

In 2023, we reduced our landfill waste by 21% compared with 2022, resulting in a decrease of approximately 546 metric tons globally. Our efforts regarding waste center on reducing overall waste and improving recycling rates. We implemented various solutions, including composting organic and commercially compostable materials to generate energy and other by-products. Simultaneously, we upgraded our recycling facilities while concurrently optimizing the recycling process for furniture and the use of paper hand towels. In our efforts to achieve our ambition of zero waste to landfill, we rolled out a pilot program for one site in each region and also eliminated takeaway packaging at selected locations. Despite these efforts, we have seen a waste increase per full-time equivalent of 16% compared with 2022. During 2024 we will identify measures to help break this trend. In light of the integration of Credit Suisse, we will review our efforts and targets for waste across our combined real estate portfolio. UBS Group works with third parties to manage the waste generated by our organization. Our ISO 14001 environmental management program and additional contract spot checks ensure that our waste management partners operate in accordance with contractual and legislative obligations.

1 Includes all energy consumption reported for UBS Group

Paper consumption per full-time employee increased by 27% compared with 2022, despite the launch of several awareness campaigns with our employees and our ongoing efforts to reduce the number of printers in our offices. Of the total amount of paper used, 65% was either sourced as recycled or was certified by the Forest Stewardship Council or equivalent labels. These measures help reduce the environmental impacts associated with paper production and manufacturing processes, such as deforestation or energy usage.

Water conservation is a critical priority, its importance being amplified by severe droughts and global water scarcity. To enhance water efficiency in our facilities we expanded our office's environmental programs, for example, by monitoring water use and optimizing flushing times and overflow management. Whilst implementing measures to the contrary, we currently see an increase in water use by 17% compared to 2022. This is part of the rebound effect from the pandemic years when water consumption dropped to a minimum.

Travel

In our ongoing commitment to advance sustainability in business travel, we focused our efforts on three key areas:

– Strengthening our reporting with the enhanced carbon intensity metrics, thereby providing comprehensive insights into travel-related emissions, both before and after trips, to measure and manage our travel footprint.

– Updating our travel policy to encourage employees to opt for eco-friendly transportation options whenever possible. In addition, strengthening our partnerships with hotels that have embraced sustainable practices, marking them prominently with green flags at the point of sale to help our staff make informed and conscious choices.

– Continuing to purchase high-quality carbon offsets that correspond with 100% of our air-travel emissions for UBS Group excluding Credit Suisse.

Biodiversity

We have taken steps to protect biodiversity across our offices, mitigate the impact of our operations on nature and raise awareness among our staff. For example, installing green roofs at selected office locations, combined with employee volunteering activities, such as Clean-Up Day and a program to highlight the critical role of bees to our natural ecosystem, served to shine a spotlight on the critical role of biodiversity.

› **Refer to the "Appendix 2 – Environment" in the appendices to this report for more information on our approach to nature**

Impacts from our value chain

In addition to supplier engagement, we also worked to quantify and manage our relevant scope 3 emissions related to our operations. While further work is required, we are already providing increased transparency on these efforts.

› **Refer to "Monitoring the environmental impact of our supply chain" below and to the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information**

Our environmental management system

All UBS Group excluding Credit Suisse's environmental activities, including the entire scope of products, services and in-house operations, are subject to our environmental management system (EMS), which we run in accordance with ISO 14001:2015. UBS Group excluding Credit Suisse and Credit Suisse separately successfully passed the ISO 14001 audits every year since implementation, including in 2023. In the EU and the UK, our activities (excluding those of Credit Suisse) are certified according to the ISO 50001:2018 energy management system standard. Information on our GHG emissions and underlying information (energy, water, paper, waste, recycling and travel) is also included in our yearly GHG emissions report prepared in accordance with the ISO14064 1:2018 standard. This report is subject to yearly external verification in accordance with the ISAE 3410 standard and also considering the ISO 14064 3:2019 standard.

These sets of extensive audit standards ensure the appropriate policies and processes are in place, both for the management of environmental and energy topics within our operations and for affirming their daily implementation.

Use of carbon offsets and carbon removal credits

During the transition towards our decarbonization goals and as part of our beyond-value-chain mitigation we continue to purchase high-quality carbon offsets at an equivalent volume to match our net scope 1 and 2 emissions from our own operations, as well as our scope 3 air-travel emissions. These are verified against either the Gold Standard, or Verra VCS plus the Climate, Community and Biodiversity Standard which certifies the additional contribution to Sustainable Development Goals (the SDGs) beyond the carbon impact. In addition, our carbon offset commitments undergo internal quality checks with our Sustainability and Climate Risk unit.

In 2023, for UBS Group excluding Credit Suisse, we continued to apply an internal carbon price of USD 400 per metric ton for scope 1 and 2 emissions in our capital investment business cases in order to incentivize carbon reductions - for example by replacing fossil-fuel heating systems. The cost reflects the blended mix of permanent carbon removals required to neutralize any residual emissions that cannot be otherwise abated. We continued working with our partners Climeworks, Neustark and NextGen to support their efforts to provide scalable and effective solutions in the market and expect to start receiving the first carbon removal credit deliveries in 2025.

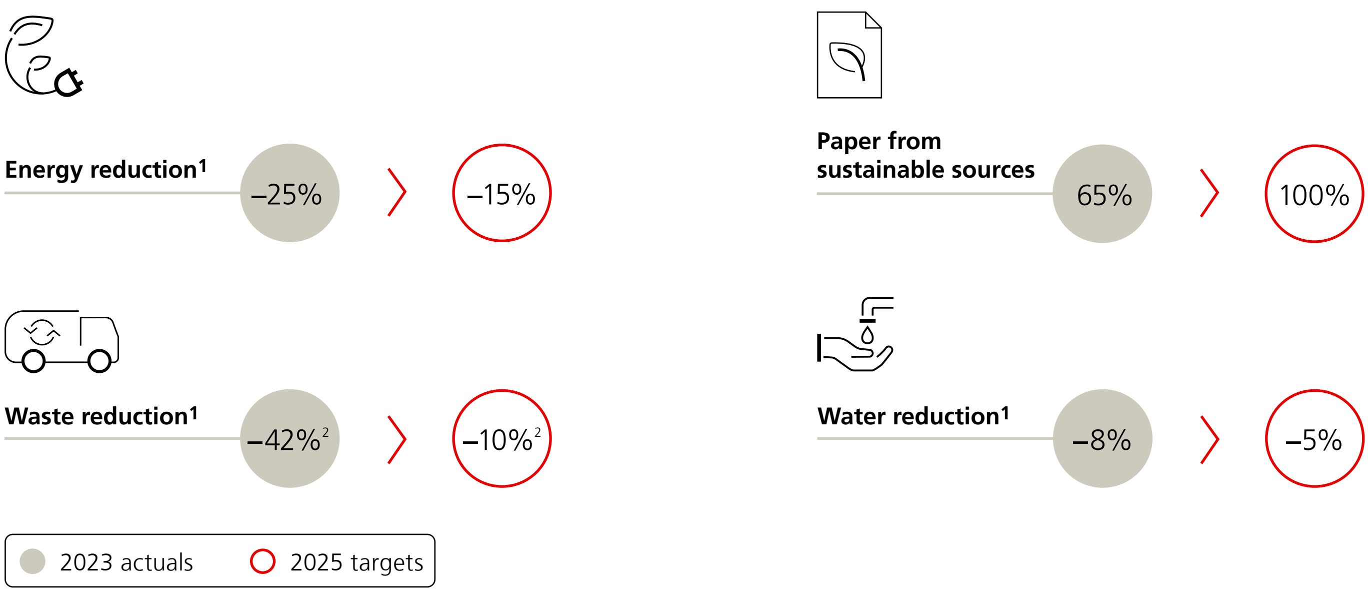
Environmental targets and performance in our operations (UBS Group)[1]

	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	**168,688**	n/a[6]	359,360	-53	green	169,144	133,243
Scope 1 and net scope 2 greenhouse gas emissions in t CO_2e	305	**48,522**	0	145,911	-67	amber	61,627	59,889
Energy consumption in GWh	302	**797**	-15%	1,064	-25	green	866	899
Share of renewable electricity	302	**95.6%**	100%	76.6%	25	green	91.1%	92.3%
Paper consumption in kg per FTE[7]	301	**34.1**	-50%	54.9	-38	amber	26.9	35.9
Share of recycled and FSC paper	301	**65.1%**	100%	63%	3	amber	52.7%	61.2%
Waste in kg per FTE[7]	306	**77.1**	-10%	133.5	-42	green	66.3	69.3
Zero waste to landfill[8]	306	**21.4%**	0%	31.6%	-32	amber	30.5%	22.2%
Waste recycling ratio	306	**57.7%**	60%	50%	15	amber	52.2%	61.5%
Water consumption in m m^3	303	**1.22**	-5%	1.33	-8	green	1.04	0.84

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; 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 has influence and where alternatives are available.

Environmental performance and 2025 targets



1 All reduction targets relate to 2019 baseline. 2 Per full-time employee.

Engaging in sustainable technology

The Group-wide Sustainable Technology Guild (the STG) aims to raise awareness of sustainable technology initiatives among our technology teams and accelerate the execution of strategic plans that will have a positive environmental impact through technology optimization. The STG also contributes by rethinking ways that we develop and deploy applications, store data and manage our infrastructure. The STG remains primarily focused on energy consumption by the UBS technology estate, in addition to e-waste and use of precious metals. The STG achieved major milestones in 2023:

– 50% energy savings from UBS Workspace migration;

– 50% energy savings resulting from Azure Kubernetes Service (AKS) optimization in Group Finance; and

– Sustainable Fundamental training completed by over 1,000 staff UBS Certified Engineers.

The STG has focused on four distinct tracks, all of which are sponsored by our senior management:

– optimization of our on-premises technology estate to support more energy-efficient consumption, by ongoing decommissioning of unused and power-intense technology components, as well as changes to hours of operation;

– application development with sustainability in mind, achieved by providing transparency, using near real-time metrics, to application owners about the environmental impact of their applications;

– execution of our Cloud First strategy and continuous adoption of our primary strategic Cloud partner, Microsoft;

– running internal campaigns to encourage employees in archive management of the applications and systems that they are accountable for; and

– building sustainable technology knowledge through focused training.

Heading into 2024, the STG will also focus on:

– continuing to raise awareness through a refreshed and re-launched campaign to all UBS Group technology staff;

– taking a structured approach to identifying and implementing energy saving initiatives using public cloud to target cost and energy savings, modelled on the FinOps approach, also known as 'GreenOps'; and

– a renewed focus on Measurement & Tooling, based on lessons learned in this area.

Across all these initiatives, we continue to upgrade our technology infrastructure with newer and more efficient, market-leading infrastructure and technology vendors, moving some technology platform workloads from on-premises and private cloud servers to Microsoft Azure. In some specific use cases, this has yielded energy reductions of up to 30%. This year, our technology sustainability partnership with Microsoft has continued to strengthen with executive briefings and workshops conducted to discuss areas of collaboration and paths forward.

We are a Steering Member of the Green Software Foundation (GSF) and continue to partner closely with other member organizations on a number of open-source projects that are exploring ways of reducing emissions from large technology estates. In 2023, GSF attained the ISO accreditation of the Software Carbon Intensity Specification (SCI) – a measure of software-related energy usage that was trialed on two applications at UBS.

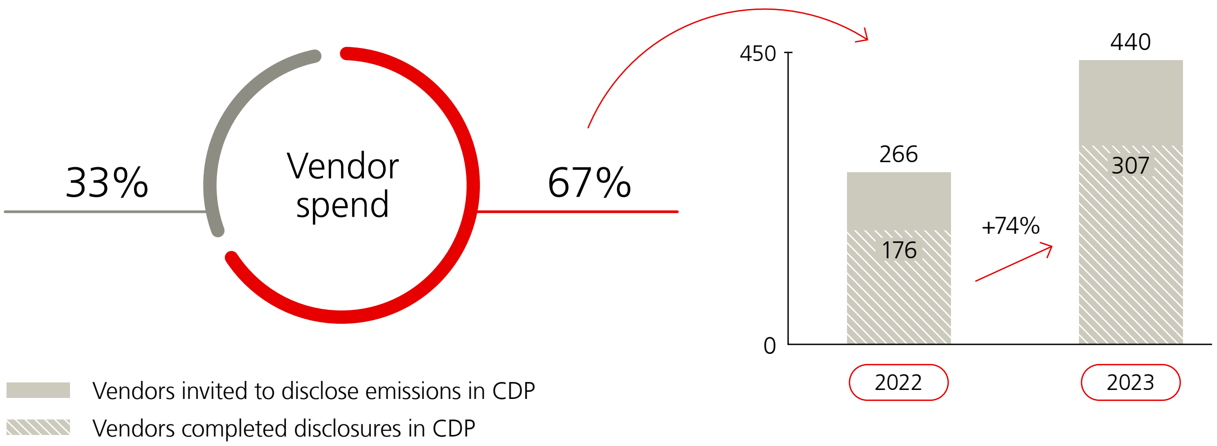
Monitoring the environmental impact of our supply chain

In line with our net-zero ambition, we are strengthening sustainable practices and engaging with our suppliers on climate information disclosures to create transparency and commitment to reducing GHG emissions within our supply chain.

In 2023, we invited 440 vendors, which accounted for 67% of our annual vendor spend, to disclose their environmental performance through CDP's Supply Chain Program. We implemented a structured communication plan and conducted webinars to guide our vendors through the disclosure process and requirements to ensure they understood the need for, and importance of, declaring their emissions and committing to their own 2050-aligned net-zero goals.

70% of the invited vendors completed their climate disclosures via the CDP platform. The number of vendors completing disclosures increased by 74% from 176 in 2022 to 307 in 2023.

Climate disclosures of our vendors

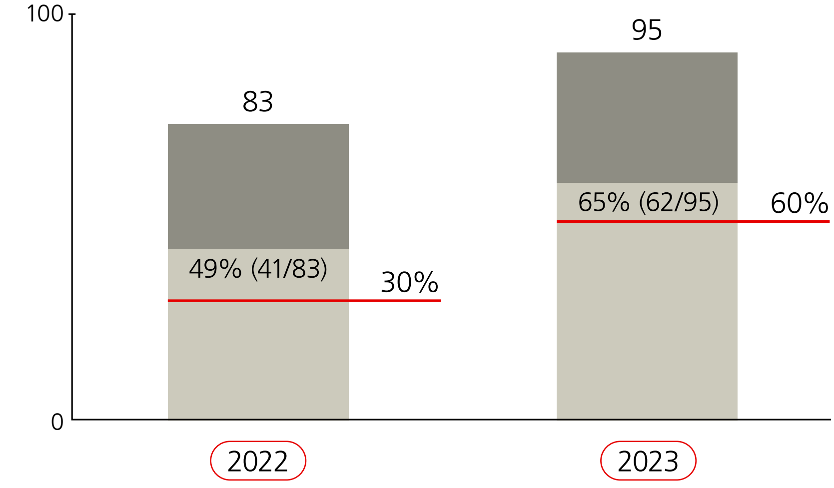


We have also established a baseline for supply chain vendor scope 3 emissions (categories 1 and 2 vendor-related) of 1.13 million metric tons of CO_2e for financial year 2023.

We identified GHG key vendors (defined by us as those vendors that collectively account for more than 50% of our estimated vendor GHG emissions) in order to focus our efforts on the highest-impact vendors. In 2023, we revised and updated the list of GHG key vendors from 83 to 95 to include Credit Suisse vendors. We are engaging 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[1]. We met with all our GHG key vendors, shared formal guidance through our vendor climate information declaration guideline and developed tailored engagement plans, based on the vendor's maturity. In 2023, 65% of our GHG key vendors declared their emissions on CDP and also set 2050-aligned net-zero goals.

1 In 2024, we may review our targets for GHG key vendors for the combined organization and alignment with latest guidance. Our GHG key vendors are those vendors that collectively account for more than 50% of our estimated vendor GHG emissions.

GHG key vendors' climate disclosures



Initiating focused emissions-reduction initiatives, we partnered with vendors that provide services from offshore development centers (ODCs) to foster responsible and sustainable practices in those facilities. Our approach is based on proactive engagement with these vendors to reduce their environmental impact. To ensure transparency and accountability, we have established contractual agreements with six of our ODC vendors to disclose their scope 1, 2 and 3 emissions and commit to achieving net zero by 2050. In addition, we have established three categories of supplementary requirements for these ODC vendors: energy efficiency, waste management and paper consumption. Our requirements include LEED Gold certification (or equivalent) for any new premises, a transition to 100% renewable electricity by 2030, waste recycling goals and a commitment to use sustainable paper. These will be rolled out to Credit Suisse ODC vendors in 2024 and 2025.

We also collaborated with one of our IT software development services providers to train up 76% of this vendor's software engineers who are engaged in providing services to us on GSF certification. The training serves as a catalyst for software developers to learn environmentally-conscious coding practices, which in turn accelerates the reduction of carbon emissions from software. By providing developers with specialized knowledge and skills in sustainable software development, they are empowered to create code for UBS that is inherently energy-efficient and environmentally responsible.

› **Refer to our vendor climate information declaration guideline, available at *ubs.com/suppliers***
› **Refer to the "Supplement to Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information on methodologies applied**

Managing the risks of climate change to our business

We define sustainability and climate risk 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 risks may manifest as credit, market, liquidity business and non-financial risks for UBS, resulting in potential adverse financial, liability and reputational impacts. We manage sustainability and climate risk within a dedicated risk management framework. In 2023 we worked to revise this framework and our processes across UBS, following the acquisition of the Credit Suisse Group AG.

› **Refer to the "Managing sustainability and climate risks" section of this report for further details**

Social

People and culture make the difference

Driving sustainable performance

We are dedicated to being a world-class employer and a place where people can unlock their full potential. With more than 115,000 employees working in 52 countries, our global presence, expertise and range of business activities help us to make a positive difference for our clients, colleagues and communities.

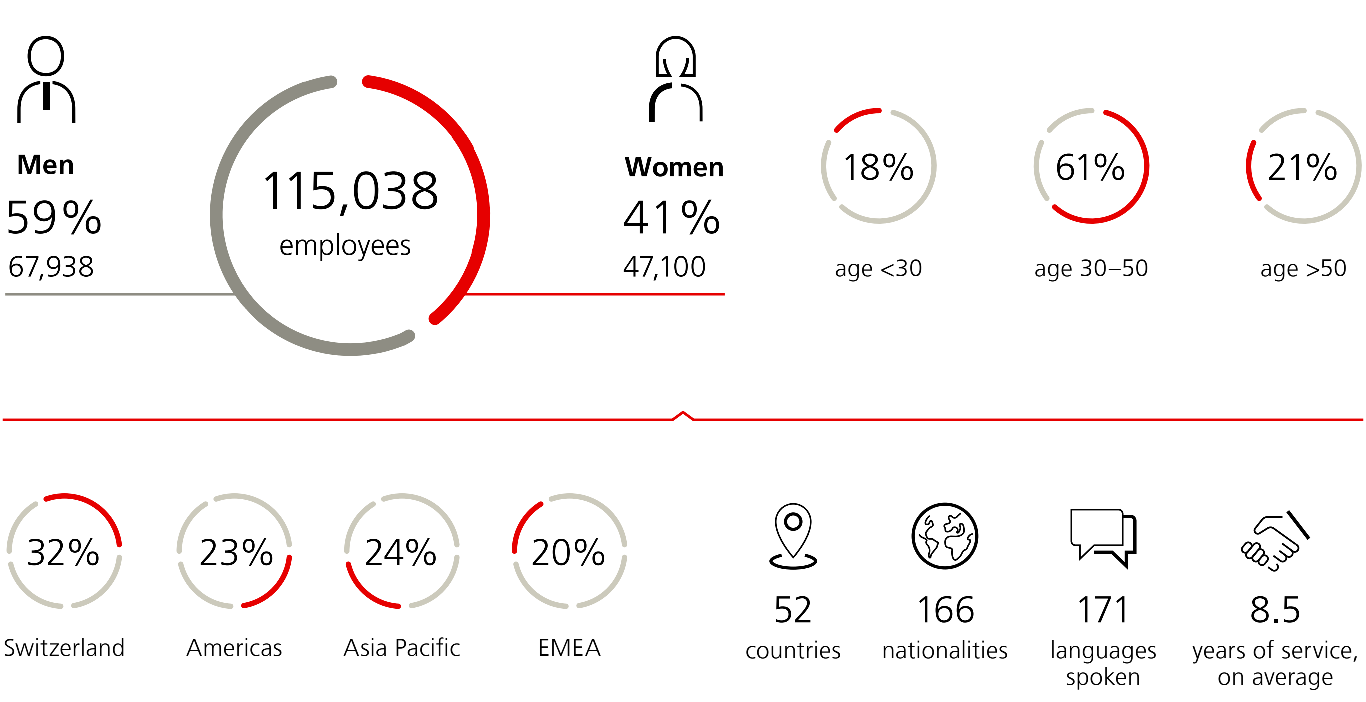
Our employees execute our business strategy and deliver the products and services our clients need. This is why we invest in our people, aiming to attract, develop and retain employees with the diverse skills, capabilities, backgrounds and experiences that can enable us to achieve our goals.

Good corporate citizenship principles are embedded into our employment practices, for example in the benefits we offer, our fair pay practices, and our commitment to increase our workforce diversity. As a founding member of the World Economic Forum's Good Work Framework, we partner with like-minded companies to develop and implement metrics that support high-quality work worldwide.

› **Refer to "Driving social impact" in this section for information about our community impact and employee volunteering activities**

As part of the integration of Credit Suisse, we examined our people management landscape. Our analysis showed that nearly all of Credit Suisse's workforce and demographic data is compatible with ours, allowing us to report consolidated figures in this report, unless otherwise stated. We are particularly focused on the alignment of any outlying people-related frameworks, policies, programs, processes and data.

Our workforce in a nutshell[1]



1 Calculated as of 31 December 2023 on a head-count basis of 115,038 internal employees only (112,842 FTE). The number of external staff as of 31 December 2023 was 25,619 (workforce count).

› **Refer to the Supplement to this report, available at *ubs.com/sustainability-reporting*, for more information about our workforce**

The three keys and our corporate culture

Our culture is the foundation of our identity, and it defines how we work together every day. It is based on our three keys to success: our Pillars, Principles and Behaviors. These keys drive our business decisions and people management processes. In the second half of 2023, familiarizing our new colleagues with our three keys to success and building a unified culture across our combined organization were top priorities. To support this process, during 2023, we established a forum to focus on culture integration which is chaired by the Head Group Human Resources and Group Corporates Services and composed of senior management representatives and select external advisors, to oversee culture integration across our firm.

› **Refer to the "Governance" section of this report for more information on key governance bodies pertaining to ESG matters**

Culture-building behavior is promoted through a number of Group-wide, divisional and regional initiatives. One example is Three Keys on Air. In 2023, this Group-wide series highlighted key aspects of our culture, including maximizing performance, psychological safety in high-performing teams, and improving risk management. In addition, the *Group Franchise Awards (GFA)* program recognized employees for cross-divisional collaboration and suggesting innovative or simplification ideas. In 2023, more than 1,800 ideas were submitted for consideration. The global peer-to-peer appreciation program (called Kudos) makes it easy for employees to recognize and appreciate their colleagues' above-and-beyond behavior, serving to promote excellence and increase engagement and employee satisfaction. In 2023, our employees gave nearly 439,000 Kudos recognitions. Credit Suisse employees participated in Recognizing and Valuing Excellence (RAVE), a similar peer-to-peer recognition program. The GFA program and Kudos will be rolled out to the entire organization starting in 2024.

› **Refer to *ubs.com/global/en/our-firm/our-culture.html* for details about our three keys to success**

Hiring, developing and retaining talent

How effectively we attract, develop and retain a talented workforce is reflected in our long-term success. In 2023, we hired a total of 11,435 external candidates across the Group, and developed more than 3,720 graduates and other trainees, apprentices and interns in programs around the world. The combined organization is a major apprenticeship provider in Switzerland, and we actively promote multi-year apprenticeship programs in Switzerland and the UK, along with summer internship programs and work-study programs in the US, EMEA, Asia Pacific and Switzerland.

› **Refer to the Supplement to the UBS Group Sustainability Report 2023 or to *ubs.com/global/en/careers/awards.html* for employer ratings and recognitions**

We are committed to hybrid-working options wherever possible. In 2023, most of our employees were eligible to work partially from home, depending on their role, regulatory restrictions and location, as well as divisional or functional requirements. Pre-acquisition UBS and Credit Suisse Group already had similar programs in place, and these will be aligned over the course of the integration. For those with hybrid-working arrangements, regular in-office days promote team building, collaboration and a sense of belonging, all of which are key to integrating our businesses and shaping a unified identity and culture. Hybrid-working arrangements, along with options such as flexible locations or hours, part-time working, job sharing and partial retirement help employees thrive throughout their careers, while attracting a wider range of candidates and making us an even more adaptive and responsive company.

Talent management

We take a systematic approach to talent management. Annual talent and succession reviews help ensure that we have strong talent pipelines and succession plans. We aim to create a culture of cross-divisional and international mobility for early-career talent, mid-career professionals and senior leaders. Group-wide talent programs are offered across the organization, and supplemented by specific programs in the business divisions, functions and regions. Programs range from those targeting senior leaders to junior talent, in addition to those open to women and employees from diverse backgrounds. To support line managers, we offer targeted development for new line managers and those who want to improve on various aspects. Regular leadership events align business heads with our strategy and further our corporate and cultural integration.

Internal mobility is a key component of talent management, with line managers expected to support individual development and job mobility. In 2023, we filled many of our roles with internal candidates[1] – 38.8% of all hires, 40.5% of all female hires, 30.9% of UK ethnic minorities hires and 31.4% of US ethnic minority hires.

1 Internal candidates refers only to UBS and Credit Suisse employees moving internally. Credit Suisse employees moving to UBS are not considered to be internal mobility but rather external hires.

Employees can explore career paths, search for jobs and short-term rotation opportunities, and connect with mentors on our Career Navigator platform. In 2023, more than 44,000 employees of UBS Group excluding Credit Suisse accessed our internal job board, 313 participated in a short-term rotation opportunity, and 1,056 participated in mentoring relationships. Credit Suisse employees are expected to have full Career Navigator access during 2024.

We deliver internal training and development via our *UBS University* platform. Our offering includes client advisor certification and regulatory, business, and line manager training, alongside modules on topics such as culture, sustainable finance, data literacy, and well-being. In addition, our learning experience platform makes AI-powered training recommendations based on an employee's needs and interests. Credit Suisse employees transitioned to the *UBS University* platform in January 2024. UBS Group excluding Credit Suisse invested approximately USD 92.7 million in training in 2023, with permanent (UBS Group) employees completing more than 2.3 million learning activities (including mandatory training on compliance, business, and other topics). This was an average of 1.91 training days per employee.

Performance management

Our performance management approach reflects our strategy and supports our high-performance culture. The Objective-setting process fosters accountability with objectives focused on outcomes to align the organization on what matters most. To support appropriate management of risks and a strong and proactive risk culture, all employees set a risk-related objective. Further, we consider both performance- and behavior-related objectives because we value not only "what" an employee accomplishes but also "how" they accomplish it and demonstrate our behaviors – accountability with integrity, collaboration, and innovation.

An embedded Feedback app allows employees to easily give and receive feedback in real time throughout the year, supporting continuous improvement. We counted 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.

Self- and line manager reviews, along with additional management discussions to validate performance, help support fair and transparent decision-making. Line managers play a key role in the quality of our approach and are ultimately responsible for year-end performance decisions. Leaders at all levels are also expected to role-model our House View on Leadership. Its principles are integrated into all of our core HR processes, including hiring, performance management, training, succession planning, and promotions.

For 2023 year-end, we ran a combined fully integrated performance management approach for all employees, including our Credit Suisse colleagues. Supporting a one-bank employee experience helps all employees understand what matters most to drive a sustainable high-performance culture. The completion of our year-end approach is a significant milestone for our organization and a success that accelerates our cultural integration journey.

Employee engagement

Our employees want to be heard and are involved in shaping their daily experience. As such, we provide opportunities throughout the year for them to share their views and to connect with management on topics ranging from strategy and engagement to the work environment.

In 2023, we conducted employee lifecycle surveys, in-depth analyses of specific business issues, and "pulse" surveys to learn about employees' views and concerns. One such pulse survey, conducted across the combined organization in November 2023, showed high levels of psychological safety, respect, collaboration and empowerment. In particular, 87% of respondents reported experiencing a professional and respectful work environment, and 83% reported that their function collaborates well with different areas. Further, 77% of respondents felt empowered to make decisions and 86% felt able to speak up and raise concerns[2]. All of these results are above the financial services benchmark[3].

Employee feedback in 2023 also included virtual focus-group sessions with more than 5,000 participants across the combined organization. Those conversations, along with feedback received through our internal communications channels and various events, allowed employees to share their perspective and insights on the integration, and provided employee sentiment data points to track progress.

2 Result shown is the sum of "strongly agree" and "agree" scale. Questions: 1) In my business division or function, we provide a professional and respectful work environment, 2) Where I work, we collaborate well with different areas, 3) I'm empowered to make appropriate decisions in my job and 4) I am able to speak up and raise concerns if I see things I consider to be wrong
3 Benchmarks provided by Ipsos Karian and Box as of Q3 2023

In addition, a dedicated online integration hub, accessible to both UBS and Credit Suisse employees from the date of the legal close, enabled us to communicate key strategic, organizational and operational decisions and information, and to start building a unified identity and culture. Initiatives like our regular "Ask the CEO" event gave employees the chance to learn about (and ask questions on) topics such as strategy and direction.

Employee representation

In addition to seeking out employee feedback, we maintain an open dialogue with our formal employee representation groups. We have European works councils representing 17 countries and consider topics related to our performance and operations. Local works councils (such as the UBS Employee Representation Committee and the Credit Suisse Staff Council in Switzerland) discuss benefits, workplace conditions and redundancies, among other topics. Collectively, these groups represent approximately 51.5% of our global workforce.

Where applicable, our operations are subject to collective bargaining agreements (CBA). Benefits are aligned with local markets and often go beyond legal requirements or market practice.

Fair and equitable pay

Fair and consistent pay practices are designed to ensure that employees are appropriately rewarded for their contribution. We pay for performance, and we take pay equity seriously. We have embedded clear commitments in our global compensation policies and practices. We regularly conduct internal reviews and independent external audits on pay equity, and our statistical analyses show a differential between men and women in similar roles across our major locations of less than 1%.

In 2020, we completed an equal pay analysis in Switzerland, as required by the Swiss Federal Act on Gender Equality. The results confirmed that we are fully compliant with Swiss equal pay standards. Beginning in 2020, Pre-acquisition UBS was certified (through 2023) by the EQUAL-SALARY Foundation[4] for our HR practices, including compensation, in Switzerland, the US, UK, the Hong Kong SAR and Singapore, covering more than two-thirds of our global employee population.

All of our HR policies are global, and we apply the same standards across all locations. Furthermore, we review our approach and policies annually to support our continuous improvement. In 2023, we fully integrated former Credit Suisse Group employees into all of our fair pay practices and continued to monitor and improve our pay equity position in our leading countries.

We also aim to ensure that all employees are paid at least a living wage[5]. We regularly assess employees' salaries against local living wages, using benchmarks defined by the Fair Wage Network. Our analysis in 2023 showed that employees' salaries were at or above the respective benchmarks.

› **Refer to our UBS Compensation Report 2023 at *ubs.com/annualreporting* and to *ubs.com/diversity* for our 2023 UK Gender & Ethnicity Pay Gap report**

Environmental, social and governance (ESG) objectives in the compensation process

Our compensation determination process considers ESG objectives in objective-setting, performance award pool funding, performance evaluation and individual compensation decisions. ESG-related objectives have been embedded in our Pillars and Principles since they were established in 2011. In 2021, we introduced explicit sustainability objectives in the non-financial category of the Group CEO and GEB performance scorecards. In 2023, we further enhanced the GEB performance scorecard framework by establishing separate Environmental & Sustainability and People & Governance categories. The objectives in these categories are linked to our sustainability priorities, and their progress is measured via robust quantitative metrics and qualitative criteria. Sustainability objectives are assessed for each GEB member on an individual basis, directly impacting their respective performance assessments and compensation decisions.

The determination of the Group performance award pool funding also takes into account ESG factors. Aside from financial performance, an assessment of progress is made against objectives linked to our focus areas of Planet (including climate-related goals), People (including progress made against our diversity aspirations) and Partnerships, alongside other key non-financial considerations.

4 For more information on the gender certification, refer to the *EQUAL-SALARY Foundation website*
5 Excluding our US financial advisor staff (as their compensation is primarily based on a formulaic approach).

Therefore, ESG is taken into consideration when the Board of Directors' Compensation Committee assesses performance and compensation for GEB members. Additionally, the assessment impacts the overall performance award pool for the Group. Going forward, we will continue to review and refine the role of ESG considerations in our performance and compensation framework to ensure they remain aligned to our strategic priorities and the sustainable growth of shareholder value.

› **Refer to "GEB performance assessments" in the UBS Compensation Report 2023 for more information**
› **Refer to "Our focus on sustainability and climate," "Employees," and "Social impact" in our UBS Group Annual Report 2023 available on *ubs.com/annualreport* for more information**
› **Refer to *ubs.com/sustainability-reporting* for more information about ESG-related topics**

Employee support

We are committed to being a responsible employer, and that includes supporting our employees' health and well-being. Social, physical, mental and financial well-being elements are woven into our HR policies and practices, as well as into employee-focused initiatives to increase awareness and educate employees on how to improve their well-being. Supporting employee health and well-being remained a priority in 2023. Resources to support holistic well-being included a range of programs, benefits and workplace resources, along with a bespoke eLearning curriculum that aimed at helping our employees manage their health, foster well-being, strengthen their resilience, and support the sustainability of the organization. For example, in the first part of 2023, UBS became a founding partner of #WorkingWithCancer to improve our support for employees impacted by cancer.

During the second half of 2023, we focused on helping our employees across the combined organization adapt to changes related to the integration of Credit Suisse. In this context, we expanded our offering to include guidelines and instructor-led sessions on managing organizational change, uncertainty, and resilience. Credit Suisse employees also had access to holistic personal health coaching support.

Benefits and assistance

All our employees have access to competitive benefits, such as healthcare, well-being and retirement benefits, insurance (such as life and disability insurance), and flexible leave policies. Benefits are set in the context of local market practice and are regularly reviewed for competitiveness.

Employee assistance programs and internal teams help employees and their family members manage personal or work-related issues that may affect their well-being. UBS Group excluding Credit Suisse's absentee rate in 2023 was 1.9% globally and Credit Suisse's absentee rate was 2.3% in Switzerland[6] of total scheduled days, according to the number of illness or accident absences recorded in the respective self-service HR tools.

In 2023, we announced that the social plans or severance payments at UBS and Credit Suisse in the respective 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[7].

Should business or organizational circumstances arise that lead to employee redundancy, we offer redeployment and outplacement services with a key focus on redeployment within UBS and we have significantly increased the budget for education and training in all business divisions and regions. Those services are designed to help employees find new internal roles or to transition out of UBS. We believe that these measures help skilled employees who are affected by restructuring to position themselves favorably on the labor market within or outside the financial services industry. Additionally, employees considering retirement have access to various resources to help prepare them for this transition, including access to educational sessions and individual assistance.

› **Refer to the Supplement to the UBS Group Sustainability Report 2023 for UBS's health and safety statement**
› **Refer to *ubs.com/employees* for more information about benefits and assistance**

Equal opportunities and whistleblowing

Building a high-performing and inclusive workplace includes providing equitable access to employment and advancement opportunities. We are an equal opportunity employer, and our policies do not tolerate harassment of any kind. We have measures in place to prevent bullying, victimization, harassment, and retaliation, as well as anti-harassment representatives who independently review relevant training, policies and protocols.

6 Credit Suisse does not currently and has not in the past reported absenteeism globally, as Credit Suisse's systems capture this data on a regional rather than global level and definitions between regions differ, impacting the accuracy of a global number.
7 Due to local legal or consultation requirements, in five countries alignment remains in progress

Our policies encourage employees to raise concerns openly and to report any potential violations of our Code of Conduct and Ethics (the Code). Group-wide, staff have multiple ways (including confidential whistleblowing hotlines and online applications that offer anonymity) to raise concerns about any suspected breach of laws, regulations, rules or other legal requirements, policies, sexual misconduct or harassment, or any violation of the Code. We do not tolerate any form of retaliation against any employee who reports a concern that they reasonably believe is a breach or violation.

Diversity, equity and inclusion

At UBS, we aim to build a culture of belonging, where employees from all backgrounds and identities can feel recognized and valued, and where everyone can unlock their full potential. To succeed, we need to enable UBS to deliver the greatest possible impact for our stakeholders – both external (our clients, our communities and society, and our suppliers) and internal (our employees). Our employee diversity, equity and inclusion (DE&I)[8] strategy is built on four pillars: how we hold ourselves accountable, how we hire, how we develop talent and how we build a culture of belonging. We leverage all four pillars as we move toward achieving our ambitious gender and ethnic diversity aspirations, disability integration and in creating an inclusive culture for all.

› **Refer to the "Supporting opportunities" section of this report for more information about our clients**

› **Refer to the "Driving social impact" section of this report for more information on the topic of community and society**

› **Refer to the "Managing our supply chain responsibly" section of this report for more information about our suppliers**

Accountable

Our accountability framework embodies the oversight of the GEB and its commitment to achieving our aspirational goals, along with empowering leaders to drive our DE&I strategy forward. We use data monitoring, fair pay practices, management dashboards, and toolkits to support accountability. All GEB members and their leadership teams are evaluated on their efforts toward achieving our aspirations. Furthermore, supporting business-led DE&I councils and people forums ensures that accountability is a shared responsibility Group-wide. Externally, we partner with initiatives such as the UK government's Women in Finance Charter to support the progression of women into senior roles and to publicly report on progress.

We also believe that transparency is key to achieving our aspirations. In 2020, we outlined specific intentions to increase our female and ethnic minority representation, especially among management. Specifically, by 2025, we aspire to have 30% of Director level[9] and above roles globally held by women and 26% of Director level and above roles in the US and the UK held by ethnic-minority talent, along with additional regional aspirations. Our DE&I aspirations remain unchanged for the combined organization and the Credit Suisse DE&I aspirations have been retired.

8 For all data in the DE&I section of this report, 2023 data reflects the combined firm unless otherwise stated. Prior-year data reflects UBS only, unless otherwise stated.

9 We informed employees that as of 1 April 2024, the firm will adapt its organizational titles to the UBS structure. This change is primarily one of nomenclature; role, responsibilities, employment terms and conditions are all unchanged. The title of managing director is unchanged. Credit Suisse directors will become executive directors, and vice presidents will become directors. Assistant vice presidents/associates will become associate directors. Employees with a staff title will ultimately be aligned to either employee or authorized officer, depending on their role, responsibilities, and experience and following a thorough review by management, supported by HR.

2025 aspirational goals

Director level and above

	2023 actuals	2025 aspirational goals
Women, global	29.5%	30%
Ethnic minorities, UK	24.3%	26%
Black, UK	2.1%	4%
Racial/ethnic minorities, US	25.1%	26%

Financial advisors/client advisors[1]

	2023 actuals	2025 aspirational goals
Women, Americas	16.8%	25%
Racial/ethnic minorities, US	12.2%	18.8%

2023 actuals   2025 aspirational goals

1 FA/CA population refers to UBS Group excluding Credit Suisse.

It is important to note that improving representation is rarely linear. Moreover, progress is based in part on drivers like promotion rates, as well as on various business and market conditions, employees' willingness to self-disclose demographic information, and other factors. We therefore aim to ensure that every element of our people management process is a positive influence. For instance, implementing processes and controls to mitigate unconscious bias in the hiring process, talent reviews and promotions have helped to maintain a continuous line of progress, with the number of diverse new hires, promotions and retentions slowly improving our overall representation, particularly regarding female and ethnic minority employees.

For example, women now account for 40.9% of our workforce and 29.5% of our Director level and above population, up from 27.8% in 2022 and 26.7% in 2021. Women also represent 30.5% of management positions, and 22.6% of management positions in revenue-generating functions. In addition, 37.5% of members of the GEB and 33.3% of members of the Board of Directors (BoD) are women, as are 30.3% of senior managers who report directly to a member of the GEB.

Due to variations in legal requirements and historical progress, we take a country-specific approach to increasing the representation of ethnic minorities, with a particular focus on making progress in the US and the UK, where ethnicity data is more readily available. As at the end of 2023, ethnic minorities held 24.3% of Director level and above roles in the UK, up from 23.4% in 2022 and 21.9% in 2021, and 2.1% of these roles were Black talent. As at the end of 2023, ethnic minorities held 25.1% of Director level and above roles in the US, up from 20.5% in 2022 and 20.1% in 2021.

Hire

Over the past five years, we have put strong foundational processes in place to optimize diverse hiring even in uncertain markets and times of considerable attrition. We continue to focus on training 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. In 2023, our hiring ratios were strong for women at all levels (43.3% hired compared with 40.9% headcount representation). Our ethnicity hiring ratios improved for US talent (46.9% hired compared with 31.9% headcount representation), UK talent (40.4% hired compared with 29.2% headcount representation), and for UK Black talent (16.4% hired compared with 3.6% headcount representation).

To support talent who have been out of the workforce, our UBS Career Comeback and the Credit Suisse Real Returns programs were designed to support talent returning from a longer career break or career shift. Introduced in 2016 and offered globally since 2019, UBS Career Comeback helped 19 participants (15 women and 4 men) return to corporate jobs in 2023, and a total of 253 individuals since its inception. Since the launch of the Credit Suisse Real Returns program in 2014, 363 of the 543 participants were hired into permanent roles after the program. In 2023, the program helped 11 participants (10 women and 1 man). Going forward, the Credit Suisse program will be retired.

Develop

Part of building an inclusive workplace is providing equitable access to advancement opportunities. To help ensure employees at all career stages have equitable development opportunities, we sponsor key talent and leadership development programs. As examples, in 2023, our new Growth Alignment Experience was launched for Associate Director and Director level employees of UBS Group excluding Credit Suisse in the US identified through a self-nomination process. Over a six-month period, 50 initial participants worked with external coaching professionals to enhance their strategic planning skills, expand their networks and build connections. Selected ethnic-minority employees in the UK at Associate Director and Director levels were invited to participate in Not in Your Image, a nine-month development program to build skills and leadership readiness in which they were paired with a senior sponsor for longer-term career development. In addition, in the US and the UK, we participate in the Executive Leadership Council's Institute for Leadership Development and Research, which offers leadership development and action-based planning for Black professionals, to facilitate individual growth that in turn strengthens our talent pipeline.

The strength and potential of our development programs and talent processes were reflected in female promotion rates for 2023 at Director, Executive Director and Managing Director levels. For example, 35.6% of Director level and above promotions were female (compared with 31.5% in 2022). Similarly, the US ethnic minority rate for Director level and above promotions was 33.9% in 2023 (vs. 19.6% in 2022) and the UK ethnic minority rate for Director level and above promotions was 28.7% in 2023 (vs. 24.8% in 2022).

Belong

A sense of belonging helps drive engagement and is important for overall well-being. We strive to create an environment where every employee feels they have a place and are recognized and respected for who they are and what they add to our workplace. Many of our policies, including fair pay and equal opportunities, along with highly valued employee options such as hybrid working arrangements, support a workplace environment that fosters belonging. In the same way, our 64 combined employee networks are vital to building a sense of belonging and strengthening our inclusive culture. Whether the topic is gender, gender identity, sexual orientation, culture, ethnic diversity, cultural background, disability, parenting, elder care, veteran status or life stage, employee volunteers in every region host numerous events every year to promote understanding, engagement and belonging, and to support our overall DE&I strategy. One of our networks' key offerings is mentoring, including reverse mentoring. For example, our race and ethnicity and gender networks use mentoring programs to help members level up opportunities for career development. Allyship initiatives further extend engagement and reach, particularly for gender, gender identity, and ethnicity efforts.

All employee networks were integrated by the end of 2023, enabling us to combine programming and resources and to extend our networks' impact to a much larger audience.

Our commitment to the Valuable 500, a global business collective of 500 CEOs and their companies, who innovate in support of disability inclusion, also continues to be a primary focus. We uphold this commitment by providing a barrier-free application, recruiting and onboarding process for all candidates, providing inclusive disability awareness training for HR professionals with a focus on working with people with disabilities. Providing toolkits for line managers and all employees enables them to leverage disability etiquette, facilitate accessible meetings, and more, and we support and promote our Ability employee networks, world-wide. In 2023, we also implemented robust global accessibility standards that inform our Disability strategy, and our digital accessibility and IT specialists began implementing the latest international Web Content Accessibility Guidelines (WCAG 2.2) to further enhance and optimize our digital accessibility.

› **Refer to *ubs.com/diversity* for additional information on diversity, equity and inclusion topics and progress against our aspirational goals**

› **Refer to *ubs.com/employees or ubs.com/careers* for more topics of interest to employees and potential applicants**

› **Refer to the "Supporting our strategic goals – our engagement in partnerships" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our external commitments pertaining to DE&I**

Driving social impact

Social Impact has continued to be a strong differentiator, with its activities underpinning our sustainability and impact strategy. With the integration of Credit Suisse, we will continue to put clients and people first across the combined organization, helping clients maximize their impact locally and globally.

Our vision is to contribute to and scale an impact economy, an economy that values the well-being of all people and the planet. This means building partnerships that drive greater impact transparency, more impact ventures and innovative ways of financing and paying for impact.

Philanthropy services and collective impact

More than half of the world's population is still not covered by essential health services.[1] More than 648 million live below the international poverty line, with up to 40 million living in modern slavery.[2] Over 600 million young people lack basic mathematics and literacy skills.[3] Adding to these challenges, climate change and the degradation of nature are furthering inequalities. Despite exponential growth, philanthropy alone is not enough to fill the funding gap required.

We believe that by working collectively, philanthropists and public and private organizations have the potential to create lasting change and maximize a positive impact for people and planet. We provide comprehensive advice, insights and execution services, working with our clients and finding ways to tackle some of the world's most pressing social and environmental problems. We aim to mobilize USD 1 billion in philanthropic capital and positively impact over 26.5 million people by 2025 (cumulated since 2021).

Collective impact

The power of philanthropic partnerships will be critical in achieving systemic scalable change. Led by our in-house philanthropy team, we have three Collectives comprising philanthropists who bring together their efforts, skills and resources during a two-year learning journey. By combining our expertise and investor capital, our aim is to fund initiatives that address child protection, climate change, and health and education-related issues. Each Collective provides investors with the opportunity to work alongside peers and expert practitioners to achieve systemic change. An important part of the Collectives journey is for clients to experience the impact of those programs they are funding.

Members of the UBS Collectives, namely, the Accelerate Collective, the Climate Collective and the Transform Collective, concluded their two-year journey in 2023, with new cohorts for each Collective ready to launch in January 2024.

The UBS Optimus network of foundations' program team is key in supporting the impact of the UBS Collectives and identifying the partners we work with across the three Collectives in order to ensure our clients are making an effective and scalable impact.

Helping our clients structure their philanthropy – donor-advised funds

Donor-advised funds offer clients an alternative charitable-giving vehicle to set up their own foundations, offering greater choice and personalization, and are managed in line with their usual investment approach. Their charitable donations can be invested within the parameters they select (such as capital, growth or income), helping them grow their fund to give grants at a later date. Administrative fees are borne by UBS. UBS offers these services in Switzerland, Singapore and the UK, and in 2023 they were launched in the Hong Kong SAR, with USD 317.7 million in donations in 2023.[4]

1 Based on information from the World Health Organization, see *who.int/news/item/18-09-2023-billions-left-behind-on-the-path-to-universal-health-coverage*
2 Based on information from the World Bank, see *https://blogs.worldbank.org/developmenttalk/half-global-population-lives-less-us685-person-day# and https://www.iom.int/news/more-40-million-modern-slavery-152-million-child-labour-around-world*
3 Based on information from UNICEF, see *https://www.unicef.org/education*
4 Figures provided for UBS Optimus network of foundations and donor-advised funds are based on unaudited management accounts and information available as of January 2024. Audited financial statements for Optimus and donor-advised foundation entities are produced and available per local market regulatory guideline.

UBS Global Visionaries

Through our UBS Global Visionaries program, we aim to (i) create opportunities for clients and prospective clients to connect with leading social entrepreneurs; and (ii) help the best entrepreneurs focusing on social and environmental issues to scale their positive change by expanding their network, building capacity and raising awareness about their work. Since the program started in 2016, we have onboarded and supported 85 entrepreneurs to accelerate their impact.

UBS Optimus network of foundations

The UBS Optimus network of foundations also aims to contribute to an impact economy that meets the long-term needs of children and preserves the natural environment, now and in the future. It connects clients with programs that are making a measurable, long-term difference to the most serious and enduring social and environmental problems. With a 24-year track record, it is focused on incubating impact ventures, scaling impact through partnerships and achieving impact transparency. In 2023, the UBS Optimus network of foundations had a presence in 9 global locations. It is now working on harmonizing the Credit Suisse program portfolio.

In 2023, it raised USD 328 million in donations, including UBS matching contributions, and committed USD 305.9 million in grants from the Foundation.[4,5] Key activities of the UBS Optimus network of foundations in 2023 are set out below.

Social and blended finance

The UBS Optimus network of foundations is actively developing larger-scale investment vehicles, in partnership with other parts of the bank, by using a blended finance approach. In 2023, it secured major investor commitments for a USD 100 million SDG Outcomes blended finance initiative with Bridges Outcomes Partnership, British International Investment (the UK's development finance institution) and the US International Development Finance Corporation. These anchor investors participated alongside private investors, including Legatum, family offices (such as the Tsao Family Office) and other high net worth individuals.

Partnerships

The UBS Optimus network of foundations works to build capabilities, capacity and partnerships to strengthen the social finance ecosystem. In 2023, it selected eight organizations for the first cohort of the 100x Impact Accelerator, a global impact accelerator based at the London School of Economics. Seven of the eight selected ventures operate in emerging markets and six out of the eight have female founders or co-founders. Its objective is to work closely with these entrepreneurs as they grow into social zebra organizations.[6] Each organization received GBP 150,000 in capital and participated in a 12-week program focusing on scale, impact measurement and fundraising strategies.

In 2023, the UBS Optimus network of foundations continued to develop its partnership with the State Secretariat for Economic Affairs, the Swiss Development Cooperation Agency and the Credit Suisse Foundation. One objective of the SDG Impact Finance Initiative is to raise CHF 100 million for innovative financial solutions which can mobilize new capital around the SDGs, and work toward our target of unlocking CHF 1 billion in private finance by 2030, thereby accelerating progress toward delivering the SDGs. In 2023, the four founding donors committed nearly a third of the fundraising target and started disbursing grants to the seven winners of its first call for proposals, tackling climate change, education access and quality, smallholder farming and SME support.

Impact transparency

The UBS Optimus network of foundations' vision is for impact to be measured using the highest quality standards and for that information to be publicly available for the benefit of all. In 2023, it developed and rolled out an owned industry-aligned rating tool that aims to assess programs against three impact categories: breadth of impact; depth and proof of impact; and likelihood of scaling and sustaining impact. This facilitates: the prioritization of programs that contribute the most to the UBS Optimus network of foundations' strategic impact objectives; the identification of anticipated value added; the documentation of actions that can be taken to improve the program and impact potential, and the consistent and transparent communication of complex information around its impact objectives. In 2024, the UBS Optimus network of foundations will be assessing how the impact rating tool can bring additionality to the social impact landscape globally.

4 Figures provided for UBS Optimus network of foundations and donor-advised funds are based on unaudited management accounts and information available as of January 2024. Audited financial statements for Optimus and donor-advised foundation entities are produced and available per local market regulatory guideline.
5 The UBS Optimus network of foundations receives donations from all Business Divisions, with the majority stemming from Global Wealth Management.
6 A Zebra represents a business model that strives for both profitability and positive societal impact, with a strong focus on sustainability, community involvement and cooperation. This concept is presented as an alternative to the traditional Silicon Valley unicorn model that often prioritizes rapid growth and high returns over other considerations.

Emergency philanthropy

The UBS Optimus network of foundations and Social Impact raise funds and support partners providing emergency relief in response to disaster situations, and sometimes launch dedicated appeals to support these efforts. Whenever an appeal is launched by the UBS Optimus network of foundations, it will act swiftly and mobilize funding from clients and employees to support immediate relief, as well as longer-term recovery and resilience.

Where budgets allow, it also aims to provide unrestricted support to emergency-relief-focused NGOs, so that it contributes toward strengthening the humanitarian ecosystem; supports the development of monitoring, evaluation and learning capacities and evidence-based decision-making by implementing partners; and supports forgotten crises that receive little media attention.

In 2023, the UBS Optimus network of foundations raised and started to distribute more than USD 25.4 million for the Turkey and Syria earthquake, the Hawaiian wildfires, flooding in Pakistan and Italy and people affected by the humanitarian crisis in Israel and Gaza. It also continued to distribute USD 56 million raised for the Ukraine Relief Fund launched in 2022. To date USD 43.3 million has been granted to our partners on the ground.

UBS's charitable contributions

Direct cash contributions by UBS AG (including through partnerships in the communities that we operate in) and our affiliated foundations in Switzerland, as well as contributions to the UBS Optimus network of foundations, amounted to USD 62.6 million in 2023.[7]

› **Refer to the "Supplement to Social" in the Supplement to this report available on *ubs.com/sustainability-reporting* for an overview of our charitable contributions in 2023 and additional information**

Communities

We aim to maximize our impact in the local communities that we are a part of because we recognize that our long-term success depends on their health and prosperity. We regard our ongoing investment in these areas as central to furthering the economic and social inclusion of those people that our activities support. 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 endeavor to create business and community impact by identifying innovative and high-quality programs that are aligned to our business, providing focused financial and human support, including employee volunteering programs and client participation, where appropriate. These programs are delivered through local execution and partnerships operating under a global framework with coordination across regions.

Employee volunteering

Our well-established employee volunteering model has been adapted to meet the needs of our new hybrid ways of working, with both face-to-face and virtual opportunities to support our local communities. We have global targets for employee engagement through volunteering, which are built bottom-up and on a best-efforts basis. In 2023, we successfully engaged 38% of our global workforce in volunteering, and 45% of the 199,633 volunteer hours were skills-based.

7 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.

Respecting human rights

We are committed to respecting and promoting human rights, as set out in the UN Guiding Principles on Business and Human Rights. As human rights standards are embedded in the Sustainable Development Goals (SDGs), respecting human rights is a key consideration in our business practices. When assessing our potential human rights impacts, we focus on three key stakeholder groups (employees, clients and vendors), as well as society at large.

› **Refer to "Supporting our strategy through stakeholder engagement" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our interactions with other stakeholders, including civil society groups**

Employees: We are committed to respecting human rights standards through our human resources policies and practices, and to meeting the obligations that a responsible company is required to comply with. These are reviewed on a regular basis in an effort to make sure we continue to respect human and labor rights.

› **Refer to the "People and culture make the difference" section above and to the Supplement to this report, available at *ubs.com/sustainability-reporting*, for more information about UBS's human resources policies and practices**

Clients: We aim to provide our clients with innovative investment solutions on themes related to human rights, such as health, education, gender and/or equality. In addition, we take human rights risks into account in solutions that address a broader range of sustainability issues. We identify and manage actual and potential adverse impacts on human rights to which our clients' assets and our own assets are exposed, most notably through our sustainability (including human rights) and climate risk policy framework.

› **Refer to the "Supporting opportunities" section of this report for more details about our approach to sustainable finance and investing and to the Supplement to this report, available at *ubs.com/sustainability-reporting*, for more information about the sustainability and climate risk policy framework**

Vendors: We are committed to reducing the negative societal impacts of the goods and services UBS purchases. That is why, when we are establishing new contracts or renewals, we identify high-risk vendors based on whether they provide goods and services that either have a substantial social impact, or are sourced in markets with potentially high social risks. Vendors that do not meet the minimum applicable standard, because they are associated with actual and potential human rights risks, have to agree to and comply with a remediation plan before signing a contract with us.

› **Refer to the "Managing our supply chain responsibly" section below for more details about our responsible supply-chain management**

Our human-rights-related commitments and actions are set out in our Human Rights Statement. The statement shows the structures (governance and policies) and mechanisms (procedures and processes) UBS has in place to support its commitments. UBS also publishes a Modern Slavery and Human Trafficking Statement pursuant to the UK 2015 Modern Slavery Act and to the Australian 2018 Modern Slavery Act.

› **Refer to our Human Rights Statement and our Modern Slavery and Human Trafficking Statement, available at *ubs.com/sustainability-reporting***

› **Refer to the Supplement to this report, available at *ubs.com/sustainability-reporting*, for more information about "UBS Group's approach to the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor"**

Managing our supply chain responsibly

We embed environmental, social and governance (ESG) standards into our sourcing and procurement activities. The Responsible Supply Chain Management (RSCM) framework for UBS Group excluding Credit Suisse is based on identifying, assessing and monitoring vendor practices in the areas of human and labor rights, the environment, nature, health and safety, and anti-corruption. Central to our RSCM framework are our Responsible Supply Chain Standards (RSCS), to which our direct vendors are bound by contract. The RSCS define our expectations toward vendors and their subcontractors regarding legal compliance, environmental protection, avoidance of child and forced labor, non-discrimination, diversity, equity and inclusion, remuneration, hours of work, freedom of association, humane treatment, health and safety, anti-corruption measures, and whistleblowing protection for employees. In 2023, the Credit Suisse Third-Party Risk Management due diligence approach continued to manage reputational risk from an ESG perspective for Credit Suisse AG. To ensure a consistent and high standard of reputational risk coverage across the combined organization, the RSCM framework will be rolled out to Credit Suisse in 2024.

› **Refer to *ubs.com/suppliers* for the RSCS**

Identifying, assessing and monitoring high-impact vendors

In 2023, 100% of new vendors were screened for environmental and social risk. In addition, for UBS Group excluding Credit Suisse, we identify high-impact vendors when establishing new contracts or renewals based on whether the vendors are providing goods and services that could either have a substantial environmental and social impact or be sourced in markets with potentially high social or governance risks. Such high-impact vendors are assessed against our RSCS. These vendors are required to provide disclosures about their management practices and corresponding evidence that is evaluated by a specialist team. Actual and potential negative impacts that are considered in the impact assessment of purchased goods and services include, but are not limited to, the following:

- adverse environmental impacts due to inefficient use of resources (e.g., water and energy), poor environmental practices and emissions during the life cycle of a product;
- hazardous substances, emissions, pollutants and the limited recyclability of products that adversely affect people, nature and the environment;
- modern slavery, forced labor or child labor;
- unfair employment practices, such as low wages, excessive overtime and the absence of occupational health and safety measures;
- anti-corruption; and
- insufficient management of subcontractors and suppliers regarding sustainability aspects.

If our assessment reveals any non-compliance with our standards, we define and agree (together with the vendor) specific improvement measures, and closely monitor the implementation progress of these remediation actions. Lack of improvement may lead to the termination of the vendor relationship. Vendors are reassessed after 24 months to ensure that, even in long-term contracts, UBS's expectations regarding environmental and social aspects are being met and continuously supervised. We also regularly screen active vendors as part of our sustainability and climate risk control processes.

High-impact vendors go through assessments against UBS's RSCS. We also undertake assessments on some non-high-impact vendors where we have significant ongoing relationships. In 2023, for UBS Group excluding Credit Suisse, we carried out risk-based due diligence assessments on 266 vendors of newly sourced contracts, renewals and ongoing contracts. To drive positive change in our supply chain, we also require our vendors to improve their management practices in line with our sustainability goals and industry best practices. Of the vendors assessed for UBS Group excluding Credit Suisse, 42% were considered in need of improving their management practices. Specific remediation actions were agreed upon and implementation progress is being closely monitored. Additionally in 2023, for Credit Suisse, 15 vendors were assessed against Credit Suisse's environmental and social standards. No actual significant ESG risk was identified with any of the vendors that were assessed for both UBS Group excluding Credit Suisse and Credit Suisse. We have an overall assessment coverage of 20% of vendors by spend for UBS.

Contracts in high-risk countries include specific contractual requirements relating to environmental management, human rights, labor rights and anti-corruption. If we were to become aware of a case of modern slavery or human trafficking occurring within our direct supply chain, we would address it through our governance processes. Depending on the severity of the case, or if satisfactory remediation is not possible, the supplier relationship may ultimately be terminated.

In 2023, none of our vendor relationships were terminated as a result of our assessments and no human rights issues with active vendors were identified or reported. In part, this was due to having carried out our assessment process prior to the signing of contracts.

Embedding supplier sustainability in our everyday activities

The goods and services we buy, how we buy them, from where and from whom are all crucial elements of our sustainability impact. We are committed to making a positive environmental and social impact, and we expect the same from our suppliers. Our procurement policy includes taking account of the lower ESG impact of products/services when selecting a vendor. Within the policy, we have also included mandated minimum weighting for ESG criteria in our tenders, as part of vendor evaluation and selection. This ensures that we award business to vendors with strong ESG performance and incentivize vendors who want to work with us to show commitment and improvement in these areas. This approach will be extended to Credit Suisse in 2024.

We care about our vendors' ESG performance and want to work with vendors that have strong ESG credentials, drive positive environmental and social impact, and are transparent about their climate disclosures. We leverage ESG market data which gives us deeper insight into our vendors' ESG performance and encourages them to continuously improve their practices. In 2023, 90% of spend in deals >USD 1 million were signed with vendors having an adequately high ESG performance.

› **Refer to the "Climate-related methodologies" in the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more for details on the methodology applied**

We have also been reviewing our purchasing catalogues to reduce the number of items and move to sustainable products wherever possible. This year, we focused on driving responsible consumption and removed 444 items (67%) from our office supplies catalogues. This approach will also be applied to Credit Suisse in 2024 and 2025.

We expect our suppliers to uphold high standards of ethics, mitigate risks, and honor global and local labor laws, human rights and environmental responsibilities. Suppliers are required to follow our global supplier policies which include a policy on anti-bribery and corruption, sanctions, fraud, and anti-facilitation of tax evasion.

› **Refer to our "Supplier Code of Conduct," available at *ubs.com/suppliers***

› **Refer to our "Global Supplier Policies," available at *ubs.com/global/en/our-firm/suppliers/contracting-standards***

› **Refer to the "Monitoring the environmental impact of our supply chain" section of this report on the reduction of greenhouse gas emissions in our supply chain**

Inclusive growth in the supply chain

In 2023, we extended our efforts globally to support inclusive growth in the use of diverse suppliers that are certified/recognized by a local/national government authority or advocacy organization. These include, but are not limited to, minority-owned (including aboriginal-owned and indigenous-owned), women-owned, veteran-owned, disabled-owned, and LGBTQ-owned, as well as disadvantaged-owned and small businesses. We actively identify and include diverse vendors as part of our "rule of one" guidance, which aims to include at least one diverse supplier in every competitive tender. Globally, our diverse spend accounts for 8.5% of third-party spend.

We are members of diverse supplier advocacy organizations which give us insights into diverse supplier markets across the globe, as well as supporting supplier outreach efforts and opportunity matching.

› **Refer to "Supplier Diversity" at *ubs.com/global/en/our-firm/suppliers/supplier-diversity***

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

Leveraging partnerships to help suppliers build capability

Recognizing the role small and medium-sized enterprises (SMEs) play in fostering positive change across our supply chain, we have partnered with Heart of the City, a UK charity dedicated to supporting SMEs on their journey toward sustainability. Through a series of workshops, masterclasses and webinars, the charity empowers small and diverse business owners in the UK to navigate their sustainability journeys effectively. Not only do these activities help drive sustainability beyond our immediate supply chain, they also support the communities in which we operate.

We are also partnering with the United Nations Global Compact. This year, we invited Swiss SME suppliers to participate in a series of six sessions organized by the UNGC Network Switzerland on sustainability topics, including climate action, environmental stewardship, human and labor rights. These sessions offer our vendors opportunities to exchange insights, acquire knowledge, and address challenges related to sustainability. Building their knowledge and sustainability capabilities helps to support our sustainability goals through improved vendor compliance, reduces risks from environmental or ethical issues and builds commitment toward shared sustainability objectives.

Supporting opportunities

Total Sustainable Investments (SI) of UBS AG reached USD

292 billion

representing an increase of 10% year on year[1]

The SI proportion of UBS AG total invested assets reached

6.5%

In the Investment Bank we facilitated

102

green, social, sustainability, or sustainability-linked (GSSS) bond transactions globally[2]

UBS Group retained our

1st rank position in

Swiss franc-denominated GSSS bond issuance in our home market of Switzerland, with a 50% market share[3]

UBS Group is the

2nd

largest manager of open-ended funds and ETFs by SI invested assets using Morningstar's classification[4]

1 UBS AG Sustainable Investing invested assets (IA). This figure does not contain any Credit Suisse products and associated IA classified under the Credit Suisse Sustainable Investing Framework (SIF). Credit Suisse IA in accordance with the SIF are reported separately and are not directly comparable with the UBS figures due to material differences in the underlying sustainable investment frameworks and definitions being applied. Refer to Appendix 3 – Entity-specific disclosures for Credit Suisse AG for further details. 2 Investment Bank figure is 102 of which UBS AG figure is 93 and Credit Suisse figure is 16. The metrics include 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. The metrics also include sustainability-themed bonds (e.g., Transition). Transactions are counted only once, there is no double counting (e.g., if and where UBS AG and Credit Suisse were involved in the same transaction). UBS performed an assessment for Credit Suisse green, social, sustainability and sustainability-linked bonds reported in the 2023 Sustainability Report and deemed them to be aligned to UBS sustainable bond guidelines. 3 Bloomberg. 4 Morningstar. Rank represents invested assets stated under the branding names of UBS and Credit Suisse combined. UBS AG standalone ranks 3rd.

Sustainable finance metrics listed above and throughout this chapter are either for UBS Group, including Credit Suisse entities, or UBS AG (referenced accordingly), depending on data availability and the degree to which sustainable product frameworks could already be brought into alignment in 2023. For 2024 it is our intention to fully incorporate Credit Suisse data into our disclosures.

Our sustainable finance ambitions

Finance has an important role to play as companies and individuals consider how best to approach the transition to a more sustainable, lower-carbon world. At the same time, the regulatory environment continues to evolve, as do the associated capital-raising and investment opportunities. Against this backdrop, we are committed to supporting our clients' sustainability ambitions, whether their focus is on reducing the carbon emissions footprint of their business or portfolio, or encouraging a fairer and more prosperous society.

Through our sustainable finance product and service offerings, we target four key objectives in serving our clients:

- The power of choice: we want to give our investing clients the choices they need to meet their specific sustainability objectives.
- An orderly transition: we aim to support our clients through the world's transition to a low-carbon economy, for instance, by offering innovative sustainable financing and investment solutions.
- Managing risks and identifying opportunities: we offer research and thematic insights, as well as data and analytics services. Combined with targeted advice, these are designed to help clients better understand and mitigate risks and identify new opportunities.
- Making sustainable finance an everyday topic: we want to make sustainability topics tangible throughout our interactions with clients. To help us do that, we provide support in the form of tools, platforms, and education.

In accordance with our ambitions, our sustainable finance product offering is evolving across four areas:

Investing
Sustainable investing solutions for private and institutional investors

Financing
Sustainable financing solutions for real estate and corporate purposes

Research and advisory
Solutions guiding our clients on their sustainability transition journey

Data, platforms and client Interactions
ESG analytics, scoring, reporting, tools and client support through our interactions

Our approach to sustainable finance

It is important to set out how we define sustainable finance, as no uniformly accepted definition currently exists in the industry. We consider sustainable finance to include any financial product or service (including both investing and financing solutions) that aims to explicitly align with and/or contribute to sustainability-related objectives, while targeting market-rate risk-adjusted financial returns. Sustainability-related objectives may include, but are not limited to, the Sustainable Development Goals identified in the United Nations' 2030 Agenda for Sustainable Development.

This approach to sustainable finance is also reflected in our UBS AG sustainable investing framework, which specifically defines "sustainability focus" and "impact investing" strategies. Both categories reflect a defined and explicit sustainability intention of the underlying investment strategy. This intentionality differentiates them from traditional investment products, or those that consider sustainability-related aspects but do not actively and explicitly pursue any specific sustainability objective, such as ESG integration or exclusions-only approaches. The way we define sustainable investments is reviewed on a regular and ongoing basis in order to ensure that it appropriately considers evolving market practice, client expectations and relevant regulatory guidance.

Investment approaches

UBS's definition of sustainable investments

Traditional investing
- No explicit sustainability objectives
- Manage sustainability and all risks related to investment performance
- May use ESG tools, but these do not drive the strategy

Sustainability focus
- Target market-rate investment returns
- Have explicit sustainable intentions or objectives that drive the strategy
- Underlying investments may contribute to positive sustainability outcomes through products, services and/or proceeds

Impact investing
- Target market-rate investment returns
- Have explicit intentions to generate measurable, verifiable, positive sustainability outcomes
- Impact attributable to investor action and / or contribution

› **Refer to the Supplement to this report, available at *ubs.com/sustainability-reporting,* for more on ESG integration and exclusion**
› **Refer to the "Sustainability and climate risk policy framework" or "Key terms and definitions" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting* for our definitions of sustainable bonds and loans**

Market developments in 2023

2023 was dominated by persistently high inflation and interest rates across many key jurisdictions, correspondingly high energy prices and significant geopolitical volatility and uncertainty. These challenges also negatively contributed to tensions associated with sustainability-related industries and political discussions. Notwithstanding these challenges and tensions, sustainable finance business opportunities continued to broaden and deepen. Interest in sustainable investing (SI) and financing solutions continued to be robust. This was bolstered by major legislative initiatives, including the Inflation Reduction Act in the United States and the European Union's Green Deal Industrial Plan, as well as various ongoing regulatory initiatives.

At the same time, investors, corporations, and regulators have continued to pay close attention to greenwashing risks. Sustainable product frameworks have evolved, and it is widely expected that standards will be subject to further amendments, given that certain frameworks are still under review and subject to further development or in the early stages of implementation (e.g., the EU Sustainable Finance Disclosure Regulation and the UK Sustainability Disclosure Regulation).

Throughout the year investors took advantage of higher interest rates by moving to income-producing asset classes and money market products, with the latter attracting over USD 1.1 trillion[1] in net inflows. Increased investor appetite for fixed income products was accompanied by corresponding outflows from equity funds.

Investor appetite for sustainability-oriented funds and ETFs continued. Once again, after 2022 and 2021, inflows into sustainable investment funds in 2023 outpaced those into their non-SI counterparts, albeit at more modest levels compared to the highs seen in 2021. Throughout the year, investors expanded their sustainable investment allocations into alternative asset classes, including hedge funds, real estate or infrastructure.

This was also reflected in our clients continued interest in SI solutions. Over the course of 2023, UBS AG's SI invested assets rose to USD 292.3 billion as of 31 December 2023, compared with USD 266 billion at the end of 2022, representing a year-on-year increase of 10%. A combination of factors contributed to this growth, including new product launches, net new money inflows as well as market performance. SI invested assets accounted for 6.5% of UBS's total invested assets at year-end 2023.

We expect the acquisition of the Credit Suisse Group to provide UBS with additional sustainability-focused assets and clients, a wider selection of products and services and even greater in-house expertise. However, there are areas of variance between the two organizations' reporting and product standards that we are actively working to analyze and harmonize. UBS sustainable product standards will be the benchmark going forward, with Credit Suisse's sustainable financing and investment products undergoing a detailed assessment to ensure compliance with our standards, frameworks and expectations.

The table below provides additional detail on SI invested assets for UBS AG. As stated before, this table and section do not contain any values related to Credit Suisse sustainable investment products.

› **Refer to the "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for more information about the Credit Suisse Sustainable Investment Framework (SIF)**

Sustainable Investments[1]

	For the year ended			% change from
USD billion, except where indicated	**31.12.23**	31.12.22	31.12.21	31.12.22
Total invested assets (UBS Group)	**5,714.1**	3,980.9	4,614.5	44
of which: total invested assets (UBS AG)	***4,504.7***	*3,980.9*	*4,614.5*	*13*
Sustainable investments (UBS AG)[2]				
Sustainability focus[3]	**270.4**	246.9	222.7	10
Impact investing[4]	**21.8**	19.2	28.1	14
Total sustainable investments[5,6,7]	**292.3**	266.0	250.8	10
SI proportion of total invested assets (%)[8]	**6.5**	6.7	5.4	

1 The table above details UBS AG Sustainable Investing Invested Assets (IA) and the evolution thereof. This table does not contain any Credit Suisse products and associated IA classified under the Credit Suisse Sustainable Investing Framework (SIF). Credit Suisse IA in accordance with the SIF are reported separately as figures are not directly comparable with the UBS figures due to material differences in the underlying sustainable investment frameworks and definitions being applied. Please see "Appendix 3 Entity-specific disclosures for Credit Suisse AG" for further details. 2 We focus our sustainable investment reporting on those investment strategies exhibiting an explicit sustainability intention. 3 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. 4 Strategies that have explicit intentions of generating measurable, verifiable and positive sustainability outcomes. Impact generated is attributable to investor action and/or contributions. 5 Certain products have been reclassified during 2023 for reasons including, but not limited to, an evolving regulatory environment, periodic monitoring of the product shelf, and developing internal classification standards. Impact of these movements on sustainable investment invested assets was a net reduction by USD 7 billion in UBS AG Global Wealth Management Americas and a net reduction by USD 6 billion in UBS AG Asset Management. 6 In line with general market practice, IA reported for sustainable investments include limited amounts of instruments not classified as sustainable investment, including cash and cash-like instruments that each fund and portfolio hold for liquidity management purposes, as well as, subject to clear, limiting restrictions, client-directed investments included in sustainable investing mandates managed by UBS Asset Management. 7 The impact investing and total sustainable investments (UBS AG) disclosures for 31.12.22 and 31.12.21 reporting periods have been restated to remove investments that were duplicated in the disclosed values. As a result, the values disclosed for 31.12.22 and 31.12.21 for both categories have each decreased by USD 1.6 billion and USD 0.4 billion, respectively. 8 Total invested assets (UBS AG) are used to calculate the SI proportion.

1 Morningstar

Following a year of subdued debt market issuance activity in 2022, green, social, sustainability, and sustainability-linked (GSSS) bond supply rebounded in 2023, rising 7% year-on-year (YoY).[2] The growth was driven by bonds with green (+15% YoY) and sustainability (+7% YoY) labels. We saw banks and corporate issuers favoring green bonds, while sovereign, supranational and agency (SSAs) issuers primarily opted for the latter, given a broader mix of green and social assets. Sustainability-linked issuance dropped 25% year-on-year driven by heightened market scrutiny around the materiality and ambition of the key performance indicators (KPIs) used, compounded by SLB issuers failing to reach their annual targets. Regionally, EMEA issuers accounted for 52% of 2023 FY global supply, while APAC issuers were responsible for 29%. In line with the overall GSSS bond market dynamics, the number of transactions facilitated by the Investment Bank in 2023 increased to 102.[3]

Looking ahead

Despite another relatively challenging and turbulent year for markets, we believe the strong market growth of sustainable investing and financing products in recent years and a general increase in investor demand for innovative sustainable finance solutions indicates clients' ongoing desire to pursue sustainability-related objectives. That, in turn, is encouraging a greater level of active investor ownership, with rising levels of corporate engagement and system-wide advocacy.

The ongoing relevance of sustainability for institutional investors and senior management of the world's largest companies was once again evidenced by a 2023 Bloomberg Intelligence survey of C-suite executives and senior institutional investor representatives[4]. All told, 85% of investors surveyed believe that incorporating ESG in their investments leads to better returns, more resilient portfolios and enhanced fundamental analysis, while 84% of surveyed executives said ESG helps them shape a more robust corporate strategy. These are strongly supportive results which confirm our belief that incorporating sustainability-related considerations is ultimately good business practice and will continue to inform business leaders' forward thinking and planning.

Additionally, our own 2023 UBS AG Asset Management client survey showed 74% of clients expect to increase their allocation to sustainable investments over the next five years. The survey results also show an encouraging growth in satisfaction with the way in which we are increasing exposure to sustainable investments within the various asset classes.

At the same time, high net worth individuals (HNWI) appear to have become more selective about how they grow their sustainable investments, after having done so quite aggressively in 2022. A 2023 Global Wealth Manager Investment Survey by Mercer[5] noted that 34% of respondents said their clients want to grow their exposure to sustainable investments, while another 34% wanted to keep it at the same level. This followed 80% of respondents to the 2022 survey having reported rising client demand for sustainable investments.

Meeting diverse needs

There is no typical UBS client. Each one has varying needs, but all expect outstanding advice and service, a wide range of product choices, and an excellent client experience.

Our clients span ultra high and high net worth individuals, families and family offices worldwide, affluent clients in selected markets, and an array of corporate, institutional, private, small and medium-sized enterprises, as well as retail clients in Switzerland.

We work hard to service our clients' diverse sustainable financing, investing and/or advisory needs in the best way possible, leveraging the knowledge of our specialist teams. An established rationale guides our interactions with clients, and it starts by building an understanding of the relevance of sustainability for their business and/or investment portfolio.

The following graphic provides an overview of sustainable finance products and services offered by UBS. Included here for illustrative purposes, it is not an exhaustive representation of our sustainable finance and investing offering, which varies by jurisdiction, booking center and client domicile and is subject to client eligibility and preferences. Not all products and services are available to all clients.

2 Bloomberg, all market figures in this paragraph.
3 Investment Bank figure is 102 of which UBS (AG) figure is 93 and Credit Suisse figure is 16. The metrics include 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. The metrics also include sustainability themed bonds (e.g., Transition). Transactions are counted only once, there is no double counting (e.g., if and where UBS AG and Credit Suisse were involved in the same transaction). UBS performed an assessment for Credit Suisse green, social, sustainability and sustainability-linked bonds reported in the 2023 Sustainability Report and deemed them to be aligned to UBS sustainable bond guidelines.
4 *bloomberg.com/company/press/bloomberg-intelligence-survey-finds-investors-and-c-suite-embrace-esg-despite-concerns/*
5 *mercer.com/insights/investments/portfolio-strategies/wealth-management-investment-survey/*

A sustainable finance offering for all our clients

	Investing	Financing	Research, Advisory, Data analytics, Platforms & other services
Global Wealth Management	– Sustainable discretionary mandates – Sustainable modules for traditional discretionary mandates – Sustainable investing solutions for advisory mandates – Sustainable separately managed accounts (SMA) [1] – Sustainable public market investment funds (actively managed and indexed) – Sustainable private market funds (incl. infrastructure and real estate) – Sustainable hedge funds – Sustainable structured products – Direct investments in sustainable equities and bonds	– Real Estate related financing [2]	– Sustainability research and thought leadership – Sustainability reporting – Philanthropy solutions – Renovation Journey, tools, partnerships and ecosystems[2]
Asset Management	– Sustainable separately managed accounts (SMA) [1] – UBS Sustainable public market funds (actively managed and indexed) – UBS Sustainable private markets funds (incl. infrastructure and real estate) – UBS Sustainable hedge funds – Sustainable mandate solutions (actively managed and indexed)		– Sustainability thought leadership – Sustainability analytics and reporting for clients (standardized and customized)
Investment Bank	– UBS Sustainable structured products and services	– Green, social, sustainability and sustainability-linked bonds – Green, social, sustainability and sustainability-linked loans	– ESG Advisory – ESG Research – ESG Data – Carbon market (trading) solutions
Personal & Corporate Banking	– Sustainable discretionary mandates – Sustainable modules for traditional discretionary mandates – Sustainable public market investment funds (actively/passively managed) – Sustainable private market funds (incl. infrastructure and real estate)	– Real Estate related financing – Green, social, sustainability and sustainability-linked bonds – Sustainability-linked loans	– Sustainable deposits solution – Carbon footprint sizing – Renovation Journey, tools, partnerships and ecosystems – Sustainability reporting and analysis – Sustainability research and thought leadership – Philanthropy solutions

1 Clients booked in the US 2 Clients booked in Switzerland Disclaimer: Sustainable offering varies by jurisdiction, booking center and client domicile and is subject to client eligibility and preferences. Not all products and services are available to all clients.

› **Refer to the "Basis of Reporting" in the Supplement to this report, available at *ubs.com/sustainability-reporting*, for details of which products are included in the calculations of sustainable product metrics.**

Global Wealth Management

Building on our unrivalled global scale and footprint in wealth management, with USD 3.8 trillion in assets under management, we aim to help private clients and family offices achieve their sustainability objectives in line with their targeted financial performance. We do this via an end-to-end research-driven investment value chain. The starting point is dedicated sustainability-focused investment research, including strategic asset allocation, thematic and asset-class views. These then translate into high-conviction instrument selection and advice.

This approach aims to provide insights for clients about sustainability risks and opportunities and how to consider them within a portfolio context. These research views inform our sustainable and impact investing solutions, which include multi-asset investment portfolios and a suite of advisory options across equities, bonds, and alternative investments.

Integration of Credit Suisse

The acquisition of Credit Suisse Group offers Global Wealth Management several discrete opportunities to enhance our existing sustainable investing offering with potentially complementary capabilities and resources. These opportunities include enhancement of transparency and reporting on the sustainability characteristics of investments and portfolios; as well as the addition of more subject-matter experts who bring a focus on client engagement and internal capacity building. We also look forward to bringing select Credit Suisse sustainable and impact investing solutions onto the merged platform during 2024 and 2025. These solutions will be subject to existing UBS AG Global Wealth Management sustainable investing frameworks, diligence, and instrument selection approaches. Deviations in these approaches have already been identified, with findings integrated into the migration planning. During the migration of solutions, clients, and assets, we will phase down dual governance, with the aim of aligning under the existing UBS AG Global Wealth Management sustainable investing governance.

2023 highlights

Our UBS AG Global Wealth Management clients' impact investing assets reached USD

11.2 billion[1]

Our UBS AG Global Wealth Management clients' discretionary assets aligned to SI Strategic Asset Allocation reached USD

22.5 billion[2]

Our UBS AG Global Wealth Management clients could invest in

7

private-market impact vehicles aligned with the SDGs

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. 2 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.

Continued delivery of actionable investment insights

Global Wealth Management CIO continued to identify actionable sustainability-related investment opportunities, including SI frameworks and strategies across carbon markets, selected areas of fixed income, such as securitized debt, and thematic areas such as the circular economy. We publish a regular series of sustainable investment views, including a monthly *Sustainable Investing Perspectives* series and a longer-term-focused quarterly *Sustainable InSights* publication. They are complemented by the *Sustainable Investing in Charts* and *SI Top Holdings* reports, both introduced during 2023.

The underlying sustainable investing research views are integrated into the CIO *House View* and are accompanied, where relevant, by media such as videos or podcasts, to facilitate client reach and accessibility. A spectrum of topics was covered during 2023, including impact investing, green-tech, opportunities arising from public capital programs, carbon markets and the circular economy. In addition, we introduced a framework to help investors gain exposure to securitized assets with a focus on sustainability, including mortgage-backed securities. We expect this area to provide more opportunities for innovation as investors increase their focus on sub-asset classes within fixed income.

We also continued to include sustainable investing insights in the CIO monthly *Messages in Focus* publication, which provides private clients with tactical, actionable investment ideas. Additionally, the flagship CIO *2024 Year Ahead* publication outlined investment implications for sustainable investors in the year to come and discussed the impact of decarbonization over the coming decade.

We further enhanced the methodology underpinning the *CIO Sustainability Scores for issuers*, which now covers approximately 13,000 issuers and enables issuer-, fund-, and portfolio-level transparency to be delivered to clients.

Educating our clients and their advisors

Supporting our clients, prospects and advisors with timely research and education on sustainable investing is an important part of the advice we provide. Given the rapidly evolving environment around sustainability and investments, it is crucial for advisors to stay up-to-date on industry trends, regulatory developments and investment ideas. During 2023, we delivered a range of voluntary learning opportunities at various client events, including the APAC flagship sustainable finance conferences (which attracted more than 600 APAC clients), the Emerging Successors Program, Own Your Worth Sustainability Summit, and the UBS x Unlocked Foundation Women's Summits. To complement these events, we also introduced additional sustainability-focused training opportunities for advisors globally. These ranged from mandatory training modules to a series of virtual discussions with internal and external subject-matter experts on topics like ESG politicization and investing in oceans.

› **Refer to *ubs.com/global/en/wealth-management/sustainable-investing* for more information about our Global Wealth Management's sustainable investing insights**

› **Refer to the UBS Group Annual Report 2023 available on *ubs.com/annualreport* for more information on the overall business and financial profile of UBS Global Wealth Management as important context for the product and financial information provided here**

› **Refer to the "Supporting opportunities" section of this report for more information on the proportion of sustainable investment assets as part of UBS Group's total invested assets**

Asset Management

Sustainable Investing (SI) has been an integral part of our Asset Management business for over 20 years, grounded in the clear belief that, from our products and services to the way we work and operate in society, sustainability means thinking and acting with the long term in mind. The array of sustainable investment (SI) strategies we offer aims to drive financial returns and sustainability outcomes.

Integration of Credit Suisse

In our combined organization, there is a continued focus on sustainability and innovation. We believe the integration brings opportunities for an expanded client offering and a more influential "seat at the table" for stewardship and engagement activities, given our increased asset base.

The existing UBS AG Asset Management SI product classification framework will remain in place and will be applied to the Asset Management (Credit Suisse) products when onboarded to the UBS shelf, starting in 2024. Separate governance structures remain in place as of end 2023, while, concurrently, progress has been made to align policies, methodologies and frameworks. A joint governance forum has been put in place to support this alignment.

2023 highlights

At the end of 2023 UBS AG Asset Management managed Sustainable Focus and Impact Investing assets of USD

203 billion

At the end of 2023 UBS AG Asset management had

35

net-zero ambition portfolios available for our clients

Active Ownership

Asset Management corporate engagements on ESG topics achieved

56.5%

positive progress against stated objectives

Asset Management actively engaged with

373

companies on ESG topics

Asset Management conducted

536

engagement meetings on ESG topics with investee companies

We are convinced that taking a focused, investment-led and outcomes-driven approach to active ownership brings benefits to companies, their shareholders, and wider society. Effective engagement can help companies contribute to value creation and protection at the company-specific and systemic levels, addressing both risks and opportunities.

Climate

UBS AG Asset Management has been running a Climate Engagement Program for more than five years. In 2023, we sharpened the program's focus on engaging with companies to adopt targets and transition planning in line with a net-zero pathway and increased the number of companies covered by the program. In addition to our direct engagement, we continued to use collaborative initiatives to scale our impact, especially through our membership of Climate Action 100+.

We believe we can support industry leaders in accelerating the early adoption of transformative decarbonization technologies. By way of example, in September 2023, we hosted an engagement event designed to accelerate decarbonization in the shipping sector. Cargo owners, commodity shippers, marine engine manufacturers and low-carbon fuel providers, as well as recognized experts, used the event to discuss key barriers to alternative fuels, such as supply, technical complexities, and pricing. The event supported one of the main objectives of our Climate Action fund. Launched in December 2022, the fund invests in attractively valued companies in emission-intensive industries that need to decarbonize over time. We actively engage with these companies one-on-one, and across the value chain, to monitor and support such efforts.

We also engage with companies to set climate targets in line with net-zero pathways, which we see as critical for credible climate risk management and achieving the transition to a low-carbon economy. We were a signatory to a campaign led by the Carbon Disclosure Project, encouraging over 2,000 companies to adopt science-based climate targets. We were also co-signatories to two investor-led letters to policymakers, calling on them to accelerate decarbonization goals at state-owned companies.

Linking our climate engagement with voting action is key to ensuring a continued clear alignment across our active ownership approach. To support this, we have aligned our voting policy with our climate engagement efforts and objectives in our policy framework and clarified our climate and net-zero expectations of companies. We have a clearly defined set of criteria which we use to evaluate companies' say-on-climate proposals.

We will further evaluate climate proposals against the following six key factors: climate governance, net-zero ambition and targets, quality of decarbonization strategy, net-zero performance alignment, lobbying and policy engagement, and use of offsets. We will also support shareholder proposals that seek information about issuers adopting or adhering to relevant norms, standards, codes of conduct or universally recognized international initiatives, including the recommendations of the TCFD.

We have a fiduciary duty and fundamental objective to act in the best financial interests of our clients to enhance the long-term value of their investments. We exercise our voting rights in a manner which we believe is in the companies' long-term financial interests.

Nature

To support our increasing focus on natural capital, Asset Management became a founding member of the Nature Action 100 collaborative engagement initiative and joined the Principles for Responsible Investment's Advisory Committee for its stewardship initiative on nature.

Social

In 2023, we progressed against the engagement objectives of our Social Engagement Program, which launched a year earlier. Our three focus themes are human capital, human rights and health. To complement our direct engagement efforts, we continued to collaborate with other investors to maximize our engagement impact.

We have seen target engagement companies enhance their labor practices, set time-bound quantitative targets to enhance gender diversity, conduct human rights risk assessments, and initiate plans to reduce risks and raise their focus on societal health. We also filed a shareholder resolution, urging a company to enhance gender diversity at board level after several years of stewardship activities led to no signs of progress.

In addition, we took up the role of Chair of the global engagement workstream in the UK Chapter of the 30% Club and we also co-chair the Investors in Nutrition and Health initiative of the Access to Nutrition Initiative. These roles allow us to drive industry collaboration and enhance our effectiveness in reaching engagement outcomes.

Credit Suisse AG Asset Management collaborated with other asset managers to establish social and human capital key performance indicators for funds with a social objective in the industry, to build financially and socially important data such as human capital turnover at the levels of gender, ethnicity, and age group.

Thought leadership research

Asset Management launched a special Sustainable Investing edition of its *Panorama series* during 2023. The publication focused on the opportunities and risks of sustainable investing, enhancing the effectiveness of stewardship by asset owners and asset managers, showing how to customize sustainability through active and index investing, and the role that natural capital plays in sustainability investing approaches.

During 2023, we also published several thought leadership pieces, including articles focused on natural capital, chemical pollution, embodied carbon, physical risk, impact investing and active ownership. They included:

– *Chemical pollution and the need to transition to sustainable chemistry;*

– *No false starts: The race to reduce embodied carbon;*

– *China and net zero; A recipe for alpha?;*

– *Finding our voice: Active owners need to bring something to the table; and*

– *Green premium.*

We also conducted extensive thematic research on emerging sustainability topics such as biodiversity, to facilitate engagement activities and portfolio investment decision-making.

External awards recognition

UBS AG Asset Management won several sustainability-themed awards during 2023, underlining the strengths of our approach. Highlights include:

– Top 5 Fastest Riser for ESG at the Broadridge Distribution Achievement Awards;

– Best ESG Fund House (Passive) and Best ESG Emerging Markets Equity Fund (Passive) at the ESG Clarity Awards;

– Best Equity ESG Investment Fund at the ESG Investment Leader Awards 2023 for the Global Equity Climate Transition Fund; and

– Strong results in the 2023 GRESB Real Estate and Infrastructure Assessments, with all 20 discretionary strategies achieving 4 or 5 stars and outperforming the GRESB average, 14 of them receiving 5 stars and four of the strategies being ranked first in their peer group.[1]

› **Refer to the UBS Group Annual Report 2023 available on *ubs.com/annualreport* for more information on the overall business and financial profile of UBS AG Asset Management as important context for the product and financial information provided here**

› **Refer to the "Supporting opportunities" section of this report for more information on the proportion of sustainable investment assets as part of UBS Group's total invested assets**

1 GRESB is a third-party organization that provides ESG data to financial markets. GRESB collects, validates, scores, and independently benchmarks ESG data to provide business intelligence, engagement tools, and regulatory reporting solutions for investors, asset managers, and the wider industry. UBS has been a member of GRESB for over a decade. Award as of October 2023. UBS submitted 2022 data to GRESB for the 2023 Assessments.

Investment Bank

Our Investment Bank offers clients global advice and access to the world's primary, secondary and private capital markets, through an extensive array of sustainability-focused services, products, research and events. The Investment Bank has incorporated sustainability expertise from Credit Suisse to strengthen UBS Group's offering across Global Markets, Global Banking and Research. New sustainable finance content, products and other services taken over from Credit Suisse follow UBS Group standards and approval process. As of the end-of-year 2023, the Investment Bank has been operating under a single consolidated governance. In 2023, we honed our capabilities through initiatives across Global Markets, ESG Research, Global Banking and data-led offerings.

2023 highlights

In the Investment Bank we facilitated

102

green, social, sustainability, or sustainability-linked (GSSS) bond transactions globally[1]

The Investment Bank retained the

1st rank position in

in Swiss Franc-denominated GSSS bond issuance in our home market of Switzerland, with a 50% market share[2]

Themes identified by UBS Evidence Lab, favored by family offices for impact investing:

- education,
- climate change,
- healthcare,
- economic development and poverty alleviation,
- agriculture,
- broad theme covering alternative food sources, clean water and sanitation

1 Investment Bank figure is 102 of which UBS AG figure is 93 and Credit Suisse figure is 16. The metrics include 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. The metrics also include sustainability-themed bonds (e.g., Transition). Transactions are counted only once, there is no double counting (e.g., if and where UBS AG and Credit Suisse were involved in the same transaction). UBS performed an assessment for Credit Suisse green, social, sustainability and sustainability-linked bonds reported in the 2023 Sustainability Report and deemed them to be aligned to UBS sustainable bond guidelines. 2 Bloomberg.

Global Research

In 2023, ESG Research delivered thematic reports on topics including energy transition materials, EV charging, the EU and global sustainability-related regulatory landscape, PFAS (per-and polyfluoroalkyl substances, also known as "forever chemicals"), battery recycling in China, biodiversity, and alternative fuels. More generally, through our research, we addressed ways in which ESG factors connect to individual markets, sectors and companies in our coverage, for example in an expanded ESG Sector and Company Radar product.

ESG research is supported by the UBS Evidence Lab. It provides data-driven insights into ESG-relevant questions and in 2023, it identified six themes favored by family offices for impact investing: education; climate change; healthcare; economic development and poverty alleviation; agriculture; and a broad theme covering alternative food sources, clean water, and sanitation.

Sustainable finance at conferences and other events

Throughout the global calendar, ESG and sustainability-related topics are frequently integrated into proprietary investor conferences run by the Investment Bank, and into other industry events. These include targeted events focusing on sustainable finance topics such as transition finance, regulatory developments, impact technology and green equity.

We also incorporate sustainability topics into sector- or market-specific conferences including our Energy Transition Conference, Global Real Estate CEO/CFO Forum and our Greater China Conference. In September 2023 we held our annual Investment Bank-wide Sustainable Finance Conference, which addressed areas such as the development of supportive regulation and products to support the ongoing journey to net zero and the development of transition finance.

Global Banking

ESG Advisory Group

Increasingly, consideration of ESG is seen as a central component of any corporate business strategy and a key tool in achieving sustainability in business and corporate operating models. A recent Bloomberg Intelligence-run survey of senior corporate executives confirmed this trend.[1] As pressure from regulators and other key stakeholders, such as customers, investors and employees, grows, so too does the need for transformation. The ESG Advisory Group supports UBS's clients in assessing ESG topics throughout the corporate lifecycle.

Our approach is underpinned by a profiling framework with carefully developed modules to critically analyze a corporation's ESG profile from a business and investor perspective. The framework lies at the heart of all Global Banking transactions and addresses four core components (with examples of analytical modules in parentheses):

- *what you do* (stakeholder engagement framework);
- *how you do it* (ESG performance analysis, PAI[2] as a product explaining investor needs to corporates);
- *how you talk about it* (corporate sustainability report diagnostics); and
- *what others say about you* (outside-in stakeholder analysis via artificial intelligence (AI) platform).

Leveraged and debt capital markets

The Investment Bank arranged USD 53.7 billion[3] in green, social, sustainability and sustainability-linked (GSSS) bonds through 102 bond deals during 2023[4]. Our deal activity was particularly strong in EMEA and Australia while also solidifying our market-leading position in the Swiss-franc-denominated market with the Investment Bank's market share at nearly 50%[5]. In addition, we have built a strong position in Brazil's local labelled ESG debt market.

Deal highlights included the structuring and execution of the Western Australia Treasury Corporation's (WATC) inaugural AUD 1.9 billion green deal, and winning the structuring mandate for the Australian government. The funds for WATC will support government projects targeting environmental outcomes, such as investments to decarbonize the main electricity grid. This includes batteries and wind farms, EV charging infrastructures as well as rebates and standalone power systems. Meanwhile, the establishment of the Australian government's green bond framework highlights its key priorities, by referencing its aim for upcoming green bonds to finance projects that will help Australia achieve its ambition to be net zero by 2050.

In July 2023, we acted as a joint global coordinator, physical bookrunner and sustainability coordinator on a debut EUR 270 million green senior secured notes issuance in support of the leveraged buy-out (LBO) of Amara Nzero by a consortium led by Cinven. This was the first green bond to be issued in EMEA with LBO use of proceeds. In August 2023, we facilitated an innovative senior non-preferred sustainability-linked loan (SLL) note from Nordea. This transaction represented the first banking SLL note issued across core currency markets globally.

› **Refer to the UBS Group Annual Report 2023 available on *ubs.com/annualreport* for more information on the overall business and financial profile of UBS Investment Bank as important context for the product and financial information provided here**

1 *bloomberg.com/company/press/bloomberg-intelligence-survey-finds-investors-and-c-suite-embrace-esg-despite-concerns*
2 Principal adverse impacts, as defined by the EU Sustainable Finance Disclosure Regulation
3 Notional value. Investment Bank figure is USD 53.7 billion of which UBS AG figure is USD 51.5 billion and Credit Suisse figure is USD 4.6 billion. The metrics include 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. The metrics also include sustainability themed bonds (e.g., Transition). Transactions are counted only once, there is no double counting (e.g., if and where UBS AG and Credit Suisse were involved in the same transaction). UBS performed an assessment for Credit Suisse green, social, sustainability and sustainability-linked bonds reported in the 2023 Sustainability Report and deemed them to be aligned to UBS sustainable bond guidelines.
4 Investment Bank figure is 102 of which UBS AG figure is 93 and Credit Suisse figure is 16.
5 Bloomberg

Personal & Corporate Banking

In our home market of Switzerland, our aim is to be the most progressive financial institution when it comes to offering sustainable and sustainability-linked financial advice and products. As Switzerland sets course for a successful transition to a low-carbon future, we are developing innovative advisory, lending, basic banking, and transition financing solutions, while also offering our clients access to sustainable investment solutions.

Integration of Credit Suisse

UBS Switzerland AG and Credit Suisse (Schweiz) AG currently remain separate entities. However, the sustainable products of Credit Suisse (Schweiz) AG have been reviewed and vetted against the UBS sustainable product frameworks. Based on this, Credit Suisse (Schweiz) AG continues to offer its sustainable products to its clients but paused developing new products in 2023.

2023 highlights

Private clients

The SI share of UBS AG P&C assets under custody in Personal Banking reached

46.5%[1]

41.5%

of net new investment products in UBS AG P&C Personal Banking were sustainable[2]

1,2 Figures can include limited amounts of instruments not classified as sustainable investment, including cash and cash-like instruments that each portfolio holds for liquidity management purposes.

Supporting our clients to meet their sustainability ambitions remained a focus in 2023. Our private clients continued to allocate to sustainable investment solutions during the year, helped by easy access to the relevant product offerings across both sustainable funds and sustainable pension solutions using our mobile banking app, UBS key4.

Forming sustainable partnerships and thought leadership

Partnerships continue to play a key role in our efforts. In 2023, UBS entered into a new partnership with the Ecole Polytechnique Fédérale Lausanne (EPFL) to support innovation in sustainability and collaboration through joint projects. In addition, we became the first bank to join the Swiss Green Fintech Network, actively supporting the development of innovative and scalable technology solutions, and the development of Switzerland as a global leader in green fintech. We continued publishing articles in order to deepen client dialogue and engagement. Jointly with the business and group functions, we have participated in various sustainability-related seminars and events.

- › **Refer to *ubs.com/sustainability-ch* for information on sustainability at UBS in Switzerland**
- › **Refer to the UBS Group Annual Report 2023 available on *ubs.com/annualreport* for more information on the overall business and financial profile of Personal & Corporate Banking as important context for the product and financial information provided here**

Group Treasury activities

In 2023, Group Treasury continued to invest its high-quality liquid assets portfolios under a dedicated ESG Investment Framework as described in UBS's net-zero ambition statement of 2021. This framework integrates ESG considerations in the investment process alongside more traditional economic and risk dimensions. It supports investments in ESG-labelled securities that have a direct link to sustainable projects, promotes investments in issuers with positive ESG characteristics and flags potential risks.

At year-end 2023, Group Treasury held more than USD 8 billion of green, social and sustainability bonds in its high-quality liquid assets (HQLA) portfolios, up 20% from the USD 6.7 billion it held in 2022. In comparison, global GSSS bond issuance increased 7%[1] in 2023.

Non-core and Legacy

In 2023, we created Non-core and Legacy, which includes positions and businesses not aligned with our strategy and policies. Those consist of the assets and liabilities reported as part of the former Capital Release Unit (Credit Suisse) and certain assets and liabilities of the former Investment Bank (Credit Suisse), Wealth Management (Credit Suisse), Swiss Bank (Credit Suisse) and Asset Management (Credit Suisse) divisions, as well as of the former Corporate Center (Credit Suisse). Non-core and Legacy also includes the remaining assets and liabilities of UBS's Non-core and Legacy Portfolio, previously reported in Group Functions (now renamed to Group Items), and smaller amounts of assets and liabilities of UBS's business divisions that we have assessed as not strategic in light of the acquisition of the Credit Suisse Group. We are actively reducing the assets of Non-core and Legacy in order to reduce operating costs and financial resource consumption, and to enable us to simplify infrastructure.

› **Refer to the UBS Group Annual Report 2023 for more information about the Non-core and Legacy business division**

Upon the legal close of the acquisition of the Credit Suisse Group, we have applied existing UBS prudent risk management practices to material risks of Credit Suisse. Positions and businesses not aligned with the core strategy and policies of UBS have been ring-fenced in the Non-core and Legacy business division, with the aim of ensuring a timely and orderly wind-down.

› **Refer to the "Managing sustainability and climate risks" section of this report for a description of sustainability- and climate-related de-risking activities**

1 Bloomberg

Managing sustainability and climate risks

Introduction

Managing sustainability and climate risk is a key component of our corporate responsibility. We define sustainability and climate risk 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 risks may manifest as credit, market, liquidity, business or non-financial risks for UBS, resulting in potential adverse financial, liability or reputational impacts.

Group Risk Control (GRC) is responsible for our firm-wide sustainability and climate risk 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. We manage sustainability and climate risk within a dedicated risk management framework.

In 2023 we worked to revise this framework and our processes across UBS, following the acquisition of the Credit Suisse Group. Recognizing that it is imperative to have a consistent approach to managing sustainability and climate risk across the consolidated banking group, we have merged the Sustainability and Climate Risk (SCR) units under the Chief Risk Officer (CRO) for Sustainability. We also developed a combined Group policy for sustainability and climate risks, including risk appetite standards. Furthermore, we continued to work toward consolidating our sustainability and climate risk metrics and quantitative approaches across the combined entity, while enhancing our analytical capabilities and further integrating sustainability and climate risk considerations into traditional financial and non-financial risks, for example by enriching our risk management processes and reporting around nature-related risks.

At the same time our sustainability and climate risk framework continued to mature through our multi-year initiative focused on addressing regulatory requirements and enhancing core processes, such as reporting and disclosures. This chapter presents our approach to managing sustainability, climate and nature-related risk, while highlighting those areas where further work is ongoing to align the Credit Suisse approach to the overall Group approach. The current inventory of quantitative sustainability and climate risk metrics, including exposure to carbon-related assets, climate-sensitive sectors and nature-related risks for UBS Group excluding Credit Suisse, is disclosed later in this section. UBS is in the process of implementing a combined and aligned sustainability- and climate-risk dataset across UBS Group and including Credit Suisse AG. For this reason, UBS will publish UBS Group and Credit Suisse AG sustainability and climate risk metrics required pursuant to FINMA Circular 2016/1 "Disclosure – banks", Annex 5, in a supplement to the UBS Group Annual Report and the UBS Group Sustainability Report in line with the publication timeline for the semi-annual Pillar 3 disclosures in the third quarter of 2024.

› **Refer to the Supplement to this report, available at *ubs.com/sustainability-reporting*, for more information about the UBS Group sustainability and climate risk policy framework**

Sustainability and climate risk management framework

Our firm-wide sustainability and climate risk management framework and related policies, standards and guidelines underpin our management practices and control principles. They enable us to identify and manage potential adverse impacts on the climate, the environment and human rights, as well as the associated risks affecting us and our clients, while supporting the transition to a low-carbon world.

Overseen by senior management, the framework applies to the balance sheet, our own operations and our supply chain. It consists of four different phases: (i) risk identification and measurement; (ii) monitoring, and risk appetite setting; (iii) risk management and control; and (iv) risk reporting and disclosure.

› **Refer to "Our investment management approach to sustainability and climate risks" in this section for a description of our sustainability and climate risk investment approach**

Sustainability and climate risk management framework

1 Identification and measurement

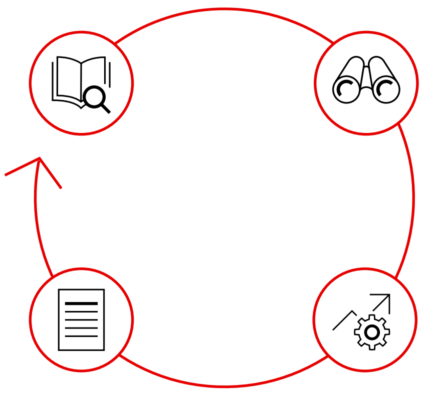
Sustainability and climate risks are identified and their materiality is measured

- Annual sustainability and climate risk materiality assessment[1]
- Sustainability and climate risk heatmaps, sector-level[1]
- Scenario-based climate and nature-related analysis and stress-testing exercises, including the development of a stress-testing framework[2]
- Sustainability and climate risk scorecards, company-level[3]

2 Monitoring and risk appetite setting

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

- Monitoring of sustainability and climate risks (including regulatory monitoring)
- Sustainability and climate risk metrics[1]
- Qualitative sustainability and climate risk appetite[1]
- Quantitative sustainability and climate risk appetite[1]



3 Risk management and control

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

- Integrate sustainability and climate risk considerations into decision-making processes and related policies[1]
- Build in-house capacity to enhance risk management, including specialized training and further research and development of tools[1]
- Centralize and execute ESG data strategy[1]

4 Risk reporting and disclosure

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

- Sustainability and climate risk content included in the UBS Group, divisional and relevant regional and legal entity risk reports[1]
- External disclosures of sustainability and climate risk in annual and sustainability reports[1]

Related toolkit

1 Implemented, further development underway. 2 Overview of scenario analysis and stress-testing exercises disclosed, further development underway. 3 Under development.

The Group Chief Risk Officer (GCRO) is responsible for the development of the sustainability and climate risk framework and risk appetite, along with its integration into those of the Group. The CRO for Sustainability supports the GEB by providing leadership on sustainability in collaboration with business divisions and Group Functions and is supported by the Sustainability and Climate Risk unit (SCR unit). In addition, the BoD Risk Committee monitors the progress of UBS's efforts to address sustainability and climate risk.

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

Our multi-year Sustainability and Climate Risk Initiative (the SCR Initiative), launched in 2020 by Pre-acquisition UBS's SCR unit, continues to build capacity through expertise, collaboration, technology and data. This initiative was created to integrate sustainability and climate risk considerations into the firm's traditional financial and non-financial risk management frameworks, which address these traditional risks across the firm's business divisions and legal entities, against a continuously evolving regulatory context.

In 2023, the SCR Initiative further advanced efforts toward the goal of fully integrating qualitative and quantitative sustainability and climate risk considerations into the firm's traditional risk management and stress-testing frameworks. 2023 developments include introducing climate-driven risk analytics into the credit decision-making process for select portfolios, introducing climate-driven quantitative risk appetite for specific legal entities, expanding climate and nature-related risk monitoring internally, and further refining processes and governance and methodologies to drive forward more comprehensive ESG reporting and disclosures.

Like that of UBS, Credit Suisse's approach to the management of sustainability and climate risk consists of four phases, (1) risk identification, (2) monitoring, (3) management, and (4) reporting.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for a description of Credit Suisse's approach to sustainability and climate risk management**

Sustainability and climate risk management activities conducted in 2023 are described below, across the four phases of the sustainability and climate risk framework. These activities laid the foundation for the creation of a sustainability and climate risk management framework for the combined organization.

› **Refer to the "Supplement to Governance" and "Supplement to Managing risks" sections of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more details about our sustainability and climate risk policy framework**

Risk identification and measurement

On an annual basis, an assessment of the materiality of sustainability and climate-driven risks is carried out in accordance with the ISO 14001 standard for environmental management systems.[1] In 2023, we further advanced our materiality assessment methodology to integrate documented transmission channels that may drive new forms of sustainability and climate-driven financial and non-financial risks, leveraging internal and external expert guidance.

We aim to identify sustainability and climate risks at divisional and cross-divisional levels, both through the sustainability and climate risk-driven materiality assessment mentioned above and, increasingly, by integrating them into the firm-wide traditional risk identification and measurement processes. This is also applied to significant Group entities under UBS Group AG.

› **Refer to "Supplement to Strategy" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for details about our climate-related materiality assessment and the underlying methodology**

Our risk identification methodologies collectively define UBS's materiality-driven approach, focus areas and key risk drivers. The outputs of these efforts define our sustainability and climate risk management strategy by:

– identifying concentrations of climate and nature-sensitive exposure that may make UBS vulnerable to financial and non-financial risks, enabling the prioritization of resources towards enhanced risk quantification and subsequent management actions;

– supporting delivery of a client-centric business strategy, where the firm supports clients with their sustainability transition, e.g., by low-carbon transition finance, identifying clients that may benefit from sustainability-focused UBS products and services.

This provides information to senior management to support more informed decision-making on sustainability and climate-driven risks, along with providing decision-useful information to stakeholders, through our external disclosures.

1 For the financial year 2023, the materiality assessment covered UBS Group excluding Credit Suisse.

Transition risk

Climate-driven transition risks arise from global efforts to mitigate the effects of climate change. They cover the financial impact on our clients or on UBS itself through the creditworthiness of UBS counterparties or the value of collateral held by UBS. Financial impacts from climate-driven transition risks could materialize through several key risk factors:

- climate policies: affecting operating expenses (e.g., carbon taxes), analyzed both directly and indirectly;
- low-carbon technologies and their potential for disruption: affecting capital expenditure requirements and/or market share due to low-cost competition; or
- shifts in consumer or investor sentiment: affecting revenues (consumer demand shifts) or market perceived value.

To arrive at UBS Group excluding Credit Suisse exposure to climate-driven transition risks, we have analyzed economic sectors within UBS's classification taxonomy, with a view to defining sub-sectors (hereafter referred to as "segments") that share similar characteristics in their vulnerability to the risk factors identified above. The approach consists of grouping companies into these segments under an adverse risk scenario. This scenario is defined as an immediate and disorderly approach toward meeting the well-below-2°C Paris goal over the zero-to-three-year time horizon (reflecting the business planning horizon). The outcome of this process is a sector-level transition risk heatmap, where risk ratings range from low to high, and "climate-sensitive sectors" include the top three ratings (high, moderately high and moderate).

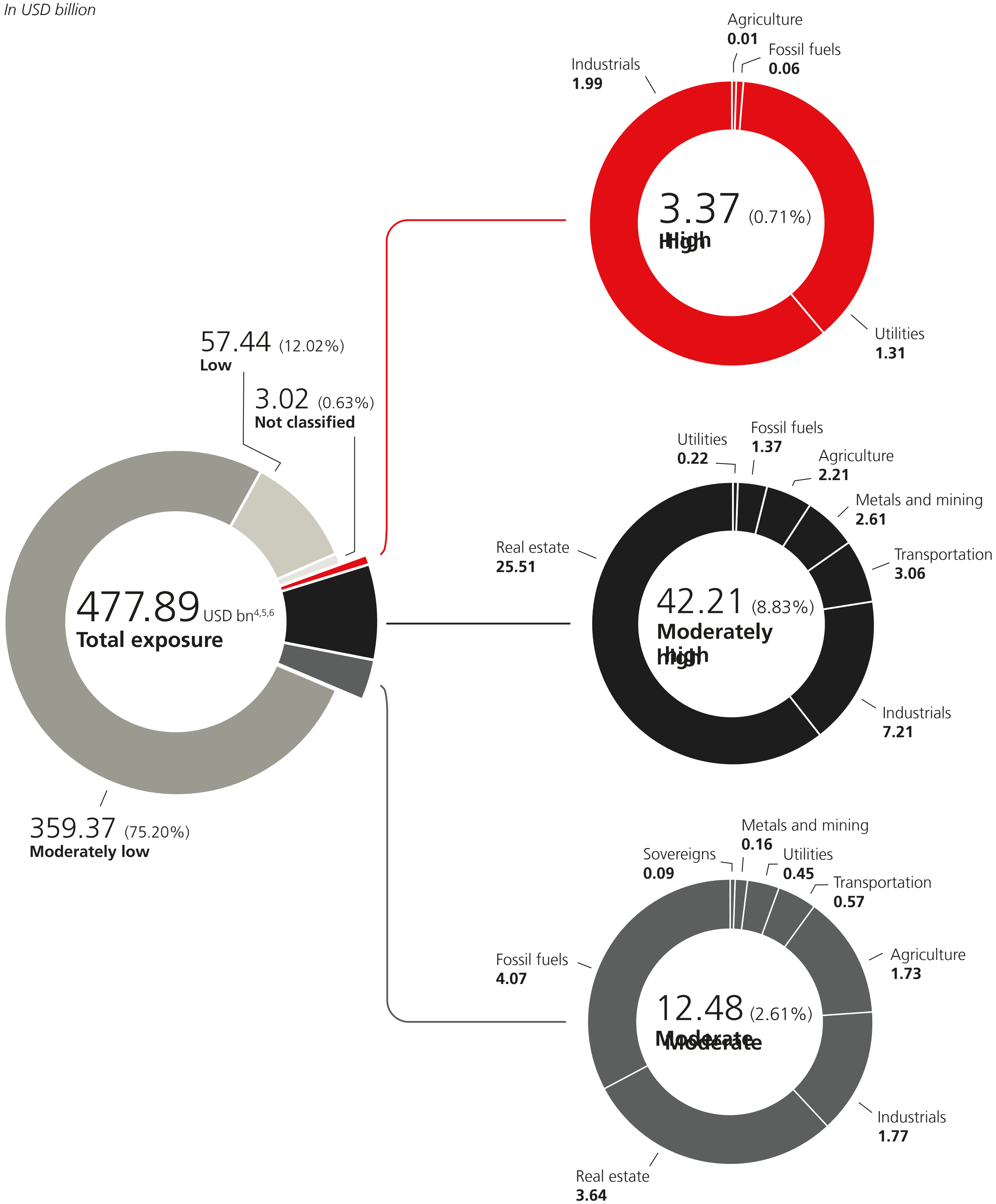
In 2023, methodology enhancements on the sector-level heatmap provided for the incorporation of the additional "disorderly" component (in line with the NGFS immediate and disorderly definition and UBS's in-house scenario developments). Here, disorderly is defined as a differentiation between industrialized and emerging market countries: in the short term, industrialized economies are rated relatively riskier than emerging economies due to faster acceleration in implementing programs to meet national commitments made within the Paris Agreement framework. These policies and programs are executed primarily through more stringent climate transition policies, larger investments in advanced low-carbon technologies, and the effects in delivering affordable and more climate-friendly products (analyzed through price elasticity in demand for these products).

The transition risk heatmap below shows that, at year-end 2023, our exposure to climate-sensitive sectors and related activities remains relatively stable. Climate-driven transition risk-sensitive exposure now represents 12.1% (up from 11.7% in 2022) of total customer lending exposure, mainly driven by an increase in exposure to commercial real estate in Switzerland. This risk exposure can be associated with the passage of the Climate and Innovation Act in Switzerland and the expected zero-to-three-year impact on energy-efficiency rules in the commercial real estate sector. A slight reduction in exposure can be observed in the fossil fuels trading and mining conglomerates sectors.

› **Refer to the "Supplement to Managing sustainability and climate risks" and the "Basis of reporting" sections of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for details on methodologies**

Climate risk heatmap (transition risk) for UBS Group excluding Credit Suisse[1,2,3]

In USD billion



High

Industrials **1.99**
1.64 Chemicals
0.35 Cement or concrete manufacture

Utilities **1.31**
1.31 Power production: regulated and high-carbon fuels

Fossil fuels **0.06**
0.04 Coal
0.02 Shale gas

Agriculture **0.01**
0.01 Livestock – beef extensive grazing

Moderately high

Real Estate **25.51**
23.12 Commercial real estate
2.40 Development and management of real estate

Industrials **7.21**
3.24 Machinery and related parts manufacturing
2.12 Pharmaceuticals
0.97 Consumer durables manufacturing
0.82 Plastics and petrochemicals manufacture
0.06 Chemicals

Metals and Mining **2.61**
2.06 Mining conglomerates (including trading)
0.28 Production of other mined metals and raw materials
0.28 Production of steel and iron

Agriculture **2.21**
2.21 Food and beverage production

Transportation **3.06**
1.66 Airlines – cargo
0.64 Transportation parts and equipment supply
0.51 Land-based shipping high-carbon (trucks)
0.09 Sea-based shipping (high-carbon fuels)
0.09 Automobile manufacture (high-carbon fuels)
0.07 Airlines – commercial

Fossil Fuels **1.37**
0.81 Wholesale and trading: crude oil and natural gas
0.32 Integrated oil and gas
0.16 Conventional oil (on-/offshore)
0.08 Gas processing (including LNG)

Utilities **0.22**
0.16 Wastewater treatment
0.06 Power production: regulated and high-carbon fuels

Moderate

Fossil Fuels **4.07**
3.74 Wholesale and trading: refined petroleum products
0.17 Transportation and storage (gas)
0.16 Downstream oil and gas distribution

Real Estate **3.64**
1.91 Construction – non-infrastructure
1.63 Commercial real estate
0.07 Development and management of real estate
0.03 Construction of buildings and related activities

Industrials **1.77**
0.98 Other consumer goods manufacturing
0.67 Clothing manufacture
0.09 Plastics and petrochemicals manufacture
0.02 Machinery and related parts manufacturing

Agriculture **1.73**
1.50 Food and beverage wholesale/retail
0.15 Crops – high emissions intensity
0.07 Other agricultural services
0.01 Food and beverage production
0.01 Livestock – other

Transportation **0.57**
0.55 Passenger ships
0.02 Automobile manufacture (high-carbon fuels)

Utilities **0.45**
0.33 Grid operation and transmission
0.11 Waste disposal and recycling
0.01 Wholesale and trading: electricity and power

Metals and Mining **0.16**
0.12 Metal ore mining not elsewhere classified
0.03 Production of other mined metals and raw materials
0.01 Production of steel and iron

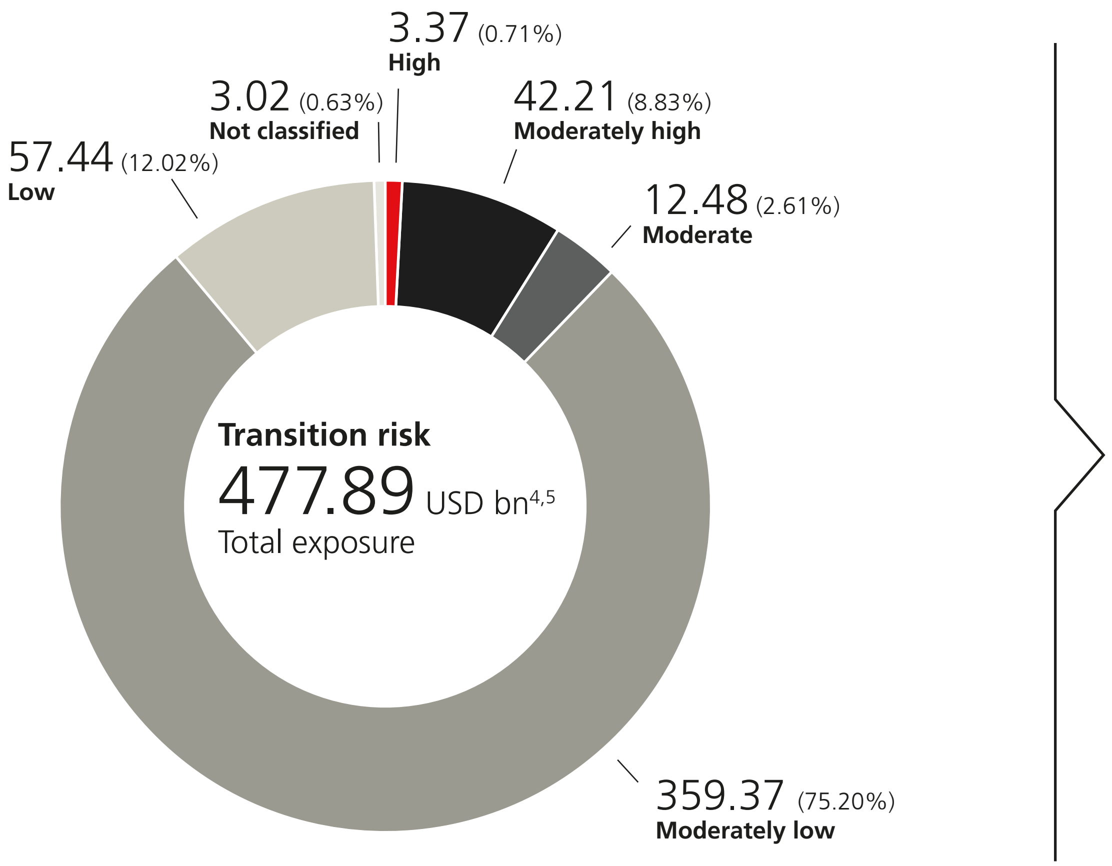
Sovereigns **0.09**
0.09 Sovereigns

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 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. 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.

The graph below shows that the majority of UBS Group excluding Credit Suisse exposure is rated moderately low, and climate-sensitive exposure accounts for 12.1% of the total customer lending exposure, driven by UBS's lending footprint in industrialized countries. The majority of exposure is concentrated in lower-risk sectors, such as residential real estate and financial services.

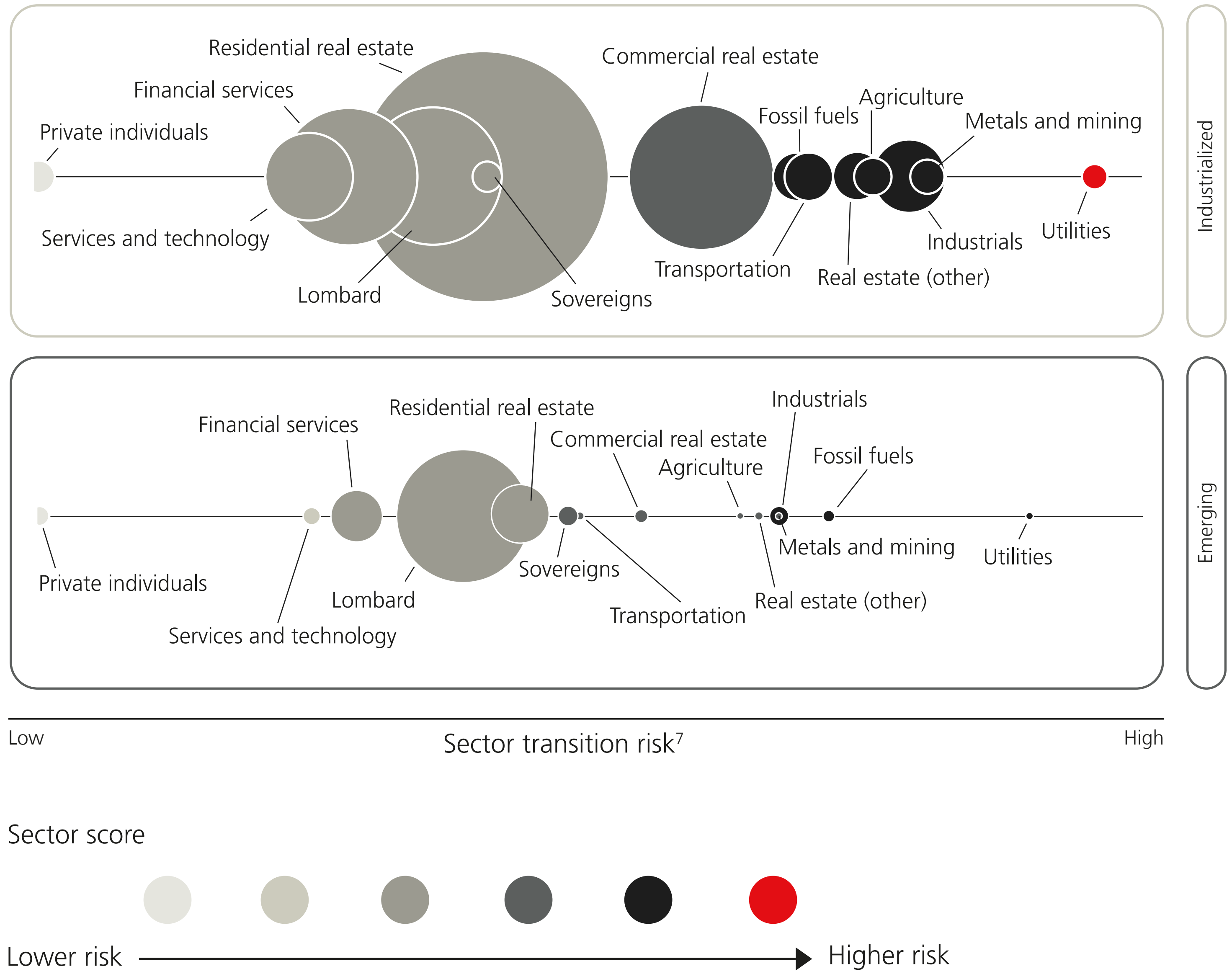
Climate risk heatmap (transition risk) for UBS Group excluding Credit Suisse[1,2,3]

In USD billion



Transition risk, by sector and geographic classifier of market maturity[6]

Marker size indicates relative exposure magnitude
Colour indicates transition risk level



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. 6 Market maturity is reflected in the internal country classification to facilitate identification of diversification of policy stringency across developing and industrialised countries. 7 Displayed ratings represent exposure-weighted averages for a given sector scope.

Physical risk

Climate-driven physical risks arise from acute hazards, which are increasing in severity and frequency, while chronic climate risks arise from an incrementally changing climate. These effects may include increased temperature and sea-level rise, and the gradual changes may affect productivity and property values and increase the severity and frequency of acute hazards.

Our physical risk heatmap methodology groups together corporate counterparties based on exposure to key physical risk factors (risk segmentation), by rating sectoral, sub-sectoral, and geographical vulnerabilities to climate-driven physical risks. These vulnerabilities were identified using a proprietary in-house UBS model. The model, developed in 2023, is a significant advance on the historical physical risk heatmapping methodology which Pre-acquisition UBS published in 2021 and 2022. By leveraging over 1 billion data points, UBS analyzed cross-sector information on asset-level data (sub-company level), third-party climate hazard ratings through geospatial datasets, and academic insights into how hazards and production methods may be aggravated or complementary (transmission channels). The analyses are then quantitatively aggregated across assets, transmission channels (including value chains) and hazards at a sub-sector/country or sub-country level of granularity.

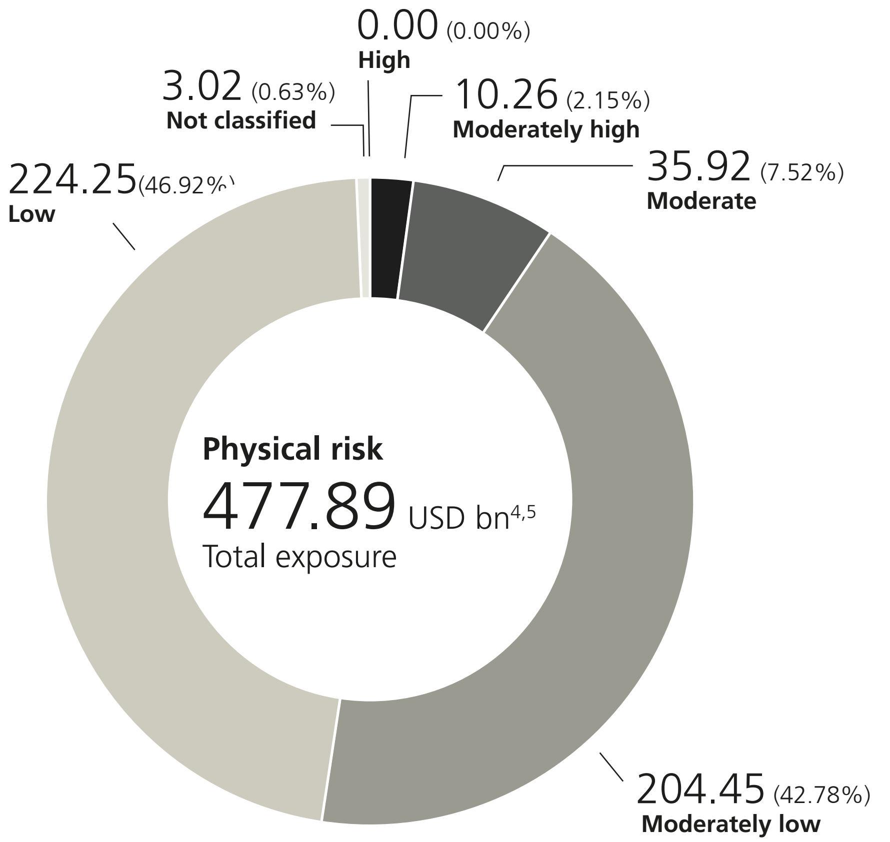
The refined heatmap methodology shows that UBS Group excluding Credit Suisse physical risk vulnerability remains, on average, moderately low (below the sensitivity threshold of moderate). Given UBS's business profile, the key drivers for our climate-sensitive lending (physical risk) are financial intermediation activities, and collectively the services, agriculture, and transportation sectors. In its current state, the model takes a conservative approach in its key assumptions, limiting full incorporation of geographical and sectoral sources of variability (which may either further amplify or mitigate financial vulnerability). We are committed to addressing these and other limitations by continuously improving the modeling approach alongside the industry, as it continues to standardize the disclosure of physical climate risk data, integrates regionalized scientific climate models, specializes in its impact on sectors and assets, and collaborates with a view to more informed decision-making.

More specifically, in 2024 and beyond, UBS will seek to expand its use of vendor data through both diversification and refinement, further address the limitations presented due to key assumptions in the model, and develop approaches to address data limitations in other types of assets (e.g., real estate). We will also explore the link between a changing climate and nature-related financial risks, which may result in intensified compounding vulnerabilities. Notably, companies that depend on natural capital assets may be adversely affected by climate change, which presents further risks to the environment and the provision of ecosystem services.

The physical risk heatmap below shows that UBS Group excluding Credit Suisse exposure to climate-sensitive sectors was at 9.7% (up from 8.4%). This increase is driven by exposure to the services sector, which includes financial services activities in emerging markets. Most of the climate-sensitive physical risk exposure is located within countries that have high adaptive capacity to physical risk hazards; which is an important aspect to consider when interpreting the 9.7% exposure to physical risk.

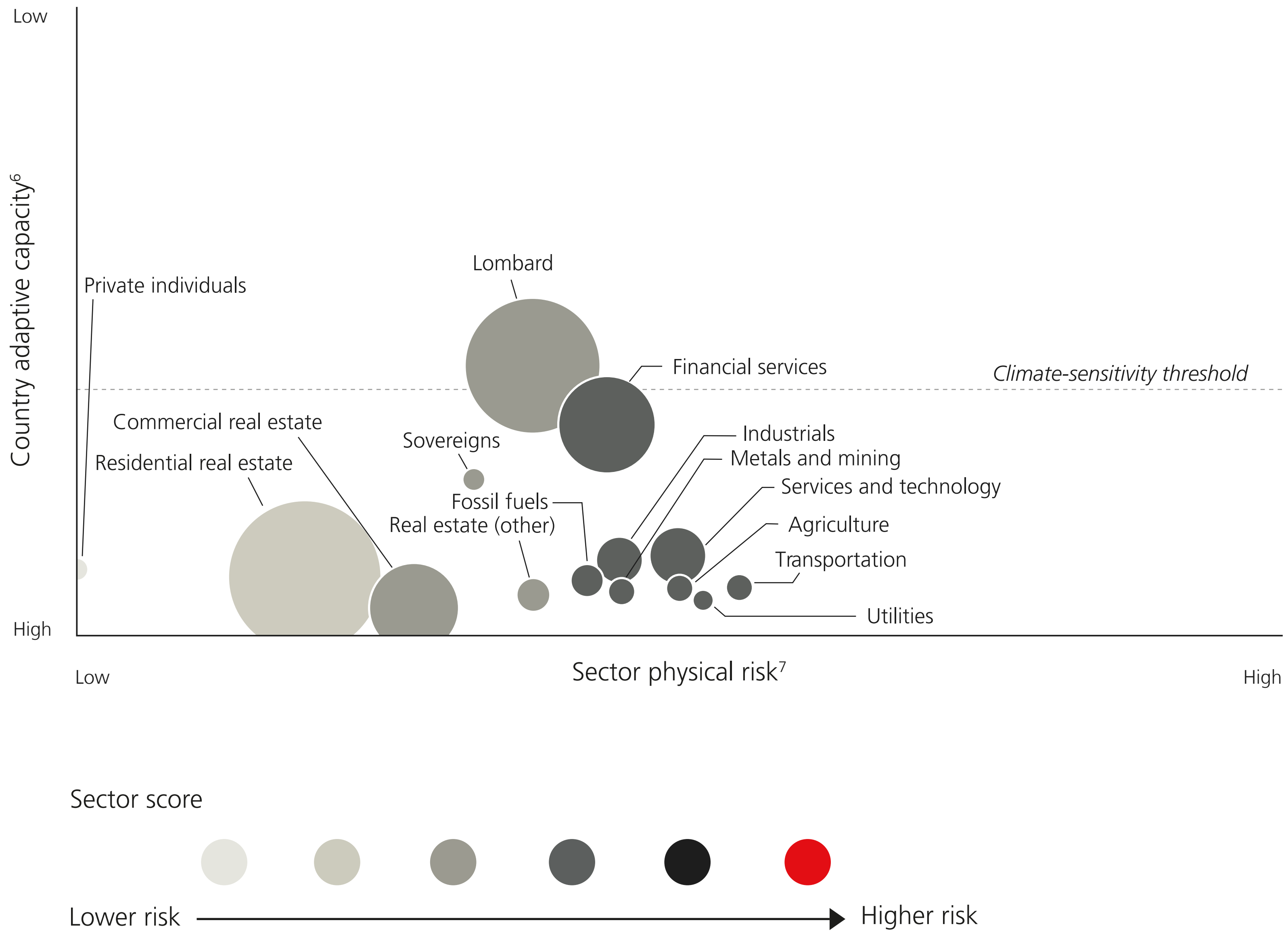
Climate risk heatmap (physical risk) for UBS Group excluding Credit Suisse[1,2,3]

In USD billion



Physical risk, by sector and country adaptive capacity

Marker size indicates relative exposure magnitude
Colour indicates physical risk level



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. 6 Country adaptive capacity is represented by a sector exposure weighted-average based on the sovereign's segment score for the country of risk. 7 Displayed ratings represent exposure-weighted averages for a given sector scope.

Nature-related risk

Nature-related risk refers to how humans and organizations depend on and impact the natural environment. Natural resources are referred to as natural capital which, in combination, provides the ecosystem services which benefit people and the planet. In the following we describe our understanding of how UBS's business model may depend on or impact those services, resulting in financial and non-financial risk for UBS.

Biodiversity is presented as a function of various natural capital assets providing life on earth with a range of services (ecosystem services), categorized and rated for their role in the development of medicines, technologies, and more. UBS's development of insights in biodiversity, among other nature-related risks, is discussed in the context of improving data and methodology. Like the collaborative effort that UBS made on climate-related risks in earlier years, we have contributed to global efforts to raise awareness and exchange knowledge on nature-related risk assessment methodologies. UBS has made these contributions through its role as a member of the Taskforce on Nature-related Financial Disclosures (the TNFD, since 2021) and the United Nations Environment Programme Finance Initiative (the UNEP-FI) working group on nature-related risks (since 2018).

As a key member of the UNEP-FI working group, UBS supported the development of a methodology to assess nature-related risks from both the dependency and impact perspectives (to the natural environment). UBS took part in the collaborative work to develop the Exploring Natural Capital Opportunities, Risks and Exposure toolkit (ENCORE), central to UBS's initial nature-related risk analysis. The UNEP-FI coordinated this working group in partnership with the World Conservation Monitoring Centre (the WCMC), Global Canopy, the Swiss State Secretariat for Economic Affairs (SECO), and the Swiss Federal Office for the Environment (FOEN).

In 2022 we initially piloted a quantification approach for nature-related risks solely based on the dependency of our clients on the natural environment, using the ENCORE methodology. This approach allowed us to assess our vulnerability to nature-sensitive economic activities by our clients, which may drive financial risks for UBS, such as reduced creditworthiness of our clients, or the value of companies' debt, or of equity posted as collateral for lending activities. In 2023 we expanded the definition of our "nature-sensitive metric" to now include both dependency on, and impact on, nature, its assets, and the ecosystem services that nature provides to sustain human activities. Our methodology assigns ratings on the same scale and granularity as our climate-driven sector-level heatmaps. As in the case of the climate-driven heatmap assumptions, UBS takes a conservative approach in assigning the overall nature-sensitive risk rating to each of the UBS industry codes. The key assumption here is driven by taking the higher of the two values between the ENCORE-defined impact and dependency ratings.

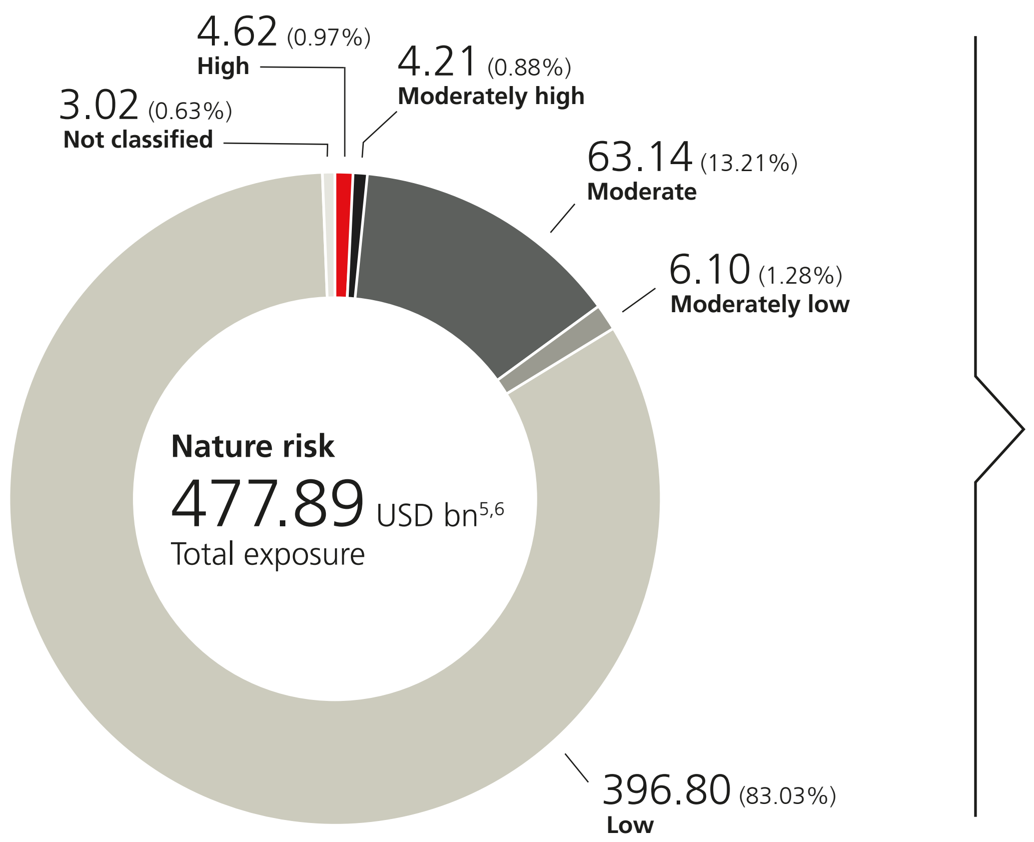
› **Refer to the "Supplement to Managing sustainability and climate risks" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for further information on our methodology**

Our enhanced nature-related risk heatmap below shows that at year-end 2023 UBS Group excluding Credit Suisse exposure to nature-sensitive sectors is at 15.1% (up from 14.4% in 2022) of our total customer lending exposure. Sensitivity is driven by sectors that either have a high impact or a high dependency on the natural environment. These include metals and mining, utilities and agriculture. Our business activities are concentrated in Lombard lending and the financial services sector which are rated as relatively low. A strong correlation can be observed between climate risk sensitivity (both transition and physical) and nature-related risks, showing a heightened correlation identified in climate-sensitive sectors.

› **Refer to "Appendix 2 – Environment" in the appendices to this report for our approach to nature.**

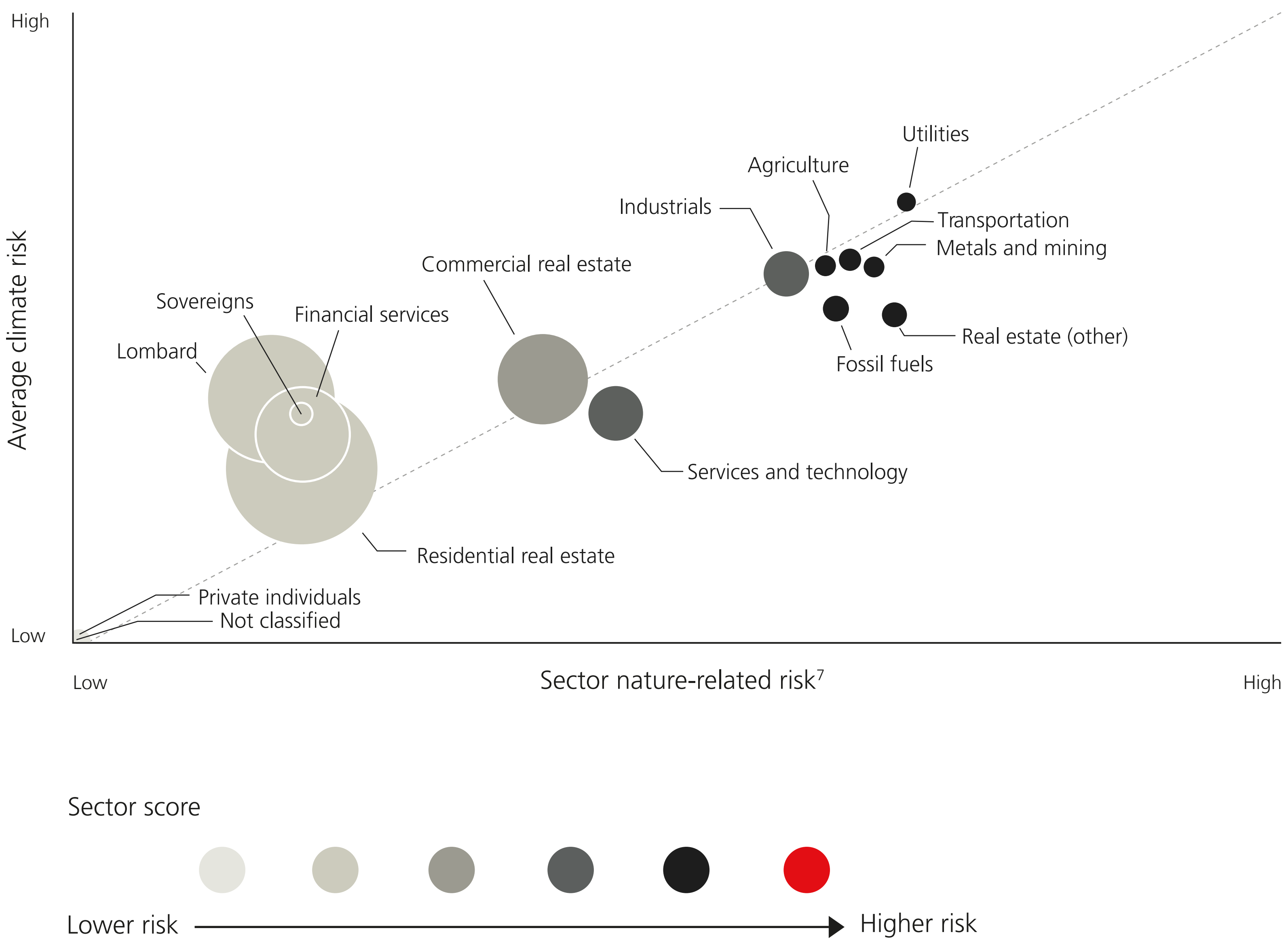
Climate risk heatmap (nature risk) for UBS Group excluding Credit Suisse[1,2,3,4]

In USD billion



Nature-related risk, by sector and alignment to average of transition and physical risk

Marker size indicates relative exposure magnitude
Color indicates Nature-related risk level



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. 7 Displayed ratings represent exposure-weighted averages for a given sector scope.

Climate scenario analysis

We use scenario-based approaches to assess our exposure to physical and transition risks stemming from climate change. We have introduced a series of assessments facilitated by industry collaborations to harmonize approaches for addressing methodological and data gaps. We have performed top-down balance-sheet stress testing (across Pre-acquisition UBS), as well as targeted, bottom-up analysis of specific sector exposures covering short-, medium- and long-term time horizons.

The work performed includes regulatory scenario analysis and stress test exercises such as the Climate Risk Stress Test (CST) of the European Central Bank (the ECB), which assesses banks' preparedness for dealing with financial and economic shocks stemming from climate risk; and the Bank of England (BoE) 2021 Climate Biennial Exploratory Scenario (CBES). These exercises enabled the identification of financial risks from climate change and allowed Pre-acquisition UBS to assess management actions in response to different scenario results, as well as perform counterparty-level analysis. While these exercises showed mild losses and low exposure to climate risk for the entities in scope, the analysis allowed UBS to enhance climate risk scenario analysis and stress testing, further developing our capabilities for assessing risks and vulnerabilities from climate change.

In 2023, we further advanced our capabilities surrounding internal climate risk scenario analysis and stress testing for UBS Group excluding Credit Suisse. We enhanced and refined our climate risk scenarios with a focus on both transition and physical risk projections across 30 years. Further, we have been developing additional corresponding climate risk models to amend the coverage of major risk types and have enhanced consistent modelling approaches in the context of real estate energy performance and location-specific physical risk.

Over the last years we also leveraged industry-wide initiatives, such as the Paris Agreement Capital Transition Assessment (PACTA) exercise launched by the Swiss Federal Office for the Environment (FOEN) in 2020 and 2022. Through this exercise, we assessed the climate alignment of our listed investments (including equities and bonds), mortgages and direct real estate portfolios. The assessment allowed us to compare our results with the aggregated performance of all participating banks' portfolios, showing progress made over time and efforts still needed.

The following chart shows the evolution of our scenario-based analysis and stress-testing over time.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for a description of Credit Suisse's scenario analysis**

Key highlights of UBS climate scenario analysis

Since 2021

Regulatory stress-testing exercises

- European Central Bank (ECB) climate risk stress test
- Bank of England Climate Biennial Exploratory Scenario (CBES): financial risks from climate change
- Swiss Financial Market Supervisory Authority (FINMA) / Swiss National Bank (SNB) climate risk assessment: focus on measurement of climate-related transition risks

Since 2017

Scenario analysis informed by industry collaboration

- 2 Degrees Investing Initiative (2DII); Paris Agreement Capital Transition Assessment (PACTA)
- Collaboration with the UNEP-FI TCFD projects for banks
- Collaboration with the Natural Capital Finance Alliance / UNEP-FI

Since 2014

In-house scenario analysis

- A top-down stress test to assess the firm-wide vulnerability to climate change
- Bottom-up climate transition risk impacts on oil, gas and electric utilities credit portfolio
- Bottom-up (asset level) physical acute climate hazard potential impacts on mortgage portfolios

Note: Climate risk analysis is a novel area of research, and, as the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. For further information please refer to the UBS Sustainability Report 2021 and 2022.

› **Refer to the "Supplement to Managing sustainability and climate risks" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for details about our climate scenario analysis at UBS and Credit Suisse**

Monitoring and risk appetite setting

Our sustainability and climate risk policy framework defines the qualitative risk appetite for sustainability and climate risk and is subject to periodic updates and enhancements. 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 new combined organization, aimed at supporting mitigation and de-risking of the joint risk profile.

› **Refer to the "Supplement to Managing sustainability and climate risks" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for further details about our combined risk appetite**

As part of the sustainability and climate risk monitoring process, we have developed methodologies and metrics to assess our ongoing exposure to carbon-related assets and climate-sensitive sectors. In developing our metrics, we consider the inputs and guidance provided by standard-setting organizations as well as new or enhanced regulatory requirements for climate disclosures. In 2023 we continued working on methodologies covering climate-driven transition, physical and nature-related risks. Examples of such enhancements include adding issuer and traded products in our risk monitoring and reporting capabilities. The table below includes climate risk metrics for UBS Group excluding Credit Suisse and UBS AG on a standalone basis, as well as for UBS Switzerland AG and UBS Europe SE, both on a standalone basis. UBS will publish UBS Group and Credit Suisse AG sustainability and climate risk metrics in a supplement to the UBS Group Annual Report and the UBS Group Sustainability Report in line with the publication timeline for the semi-annual Pillar 3 disclosures in the third quarter of 2024.

Carbon-related assets proportion of total customer lending exposure for UBS Group excluding Credit Suisse decreased to 7.2% in 2023 from 7.5% in 2022. In 2023, the share of climate-sensitive sectors for UBS Group excluding Credit Suisse was 12.1% for transition risk and 9.7% for physical risk of our total customer lending exposure.

The main driver for transition risk was an increase in exposure to commercial real estate in Switzerland. This risk exposure was associated with the passing of the Climate and Innovation Act in Switzerland and the expected zero-to-three-year impact on energy-efficiency rules in the commercial real estate sector. The key driver for physical risk was exposure to the services sector, which includes financial services activities in emerging markets. Most of the climate-sensitive physical risk exposure was located in countries that have high levels of capacity to adapt to physical risk hazards.

The year-end 2023 exposure to nature-sensitive sectors of the UBS Group was 15.1% of the total customer lending exposure. For nature-related risk, sensitivity was driven by sectors that either have a high impact or a high dependency on the natural environment. These include metals and mining, utilities, and agriculture. Our business activities are concentrated in Lombard lending and the financial services sector, which are rated as having relatively low sensitivity to nature risk. A strong correlation can be observed between climate risk sensitivity (both transition and physical) and nature-related risks, with a heightened correlation in climate-sensitive sectors.

	For the year ended			% change from
	31.12.23	31.12.22	31.12.21	31.12.22
Climate- and nature-related metrics (USD billion)[1, 2]				
Carbon-related assets UBS Group excluding Credit Suisse[1, 2, 3, 4, 5]	**34.2**	33.6	36.0	1.7
Carbon-related assets proportion of total customer lending exposure, gross (%)[1, 2, 3, 4, 5]	***7.2***	*7.5*	*7.8*	
Carbon-related assets: UBS AG (standalone)[1, 2, 3, 4, 5]	***8.5***	*8.6*	*9.9*	*(1.5)*
Carbon-related assets: UBS Switzerland AG (standalone)[1, 2, 3, 4, 5]	***26.6***	*24.6*	*25.6*	*8.0*
Carbon-related assets: UBS Europe SE (standalone)[1, 2, 3, 4, 5]	***0.0***	*0.0*	*0.0*	*(25.7)*
Exposure to climate-sensitive sectors, transition risk UBS Group excluding Credit Suisse[1, 2, 4, 5, 6]	**58.1**	52.5	52.4	10.6
Climate-sensitive sectors, transition risk, proportion of total customer lending exposure, gross (%)[1, 2, 4, 5, 6]	***12.1***	*11.7*	*11.4*	
Exposure to climate-sensitive sectors, transition risk: UBS AG (standalone)[1, 2, 4, 5, 6]	***9.9***	*9.2*	*9.6*	*7.8*
Exposure to climate-sensitive sectors, transition risk: UBS Switzerland AG (standalone)[1, 2, 4, 5, 6]	***47.5***	*41.2*	*41.1*	*15.1*
Exposure to climate-sensitive sectors, transition risk: UBS Europe SE (standalone)[1, 2, 4, 5, 6]	***0.0***	*0.0*	*0.0*	*(0.1)*
Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Group excluding Credit Suisse[1, 2, 4, 5, 6, 7]	**0.9**			
Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Group excluding Credit Suisse[1, 2, 4, 5, 6, 8]	**4.6**			
Exposure to climate-sensitive sectors, physical risk UBS Group excluding Credit Suisse[1, 2, 4, 5, 6]	**46.2**	38.0	36.7	21.4
Climate-sensitive sectors, physical risk, proportion of total customer lending exposure, gross (%)[1, 2, 4, 5, 6]	***9.7***	*8.4*	*8.0*	
Exposure to climate-sensitive sectors, physical risk: UBS AG (standalone)[1, 2, 4, 5, 6]	***52.7***	*44.8*	*42.1*	*17.7*
Exposure to climate-sensitive sectors, physical risk: UBS Switzerland AG (standalone)[1, 2, 4, 5, 6]	***15.7***	*14.8*	*16.0*	*5.8*
Exposure to climate-sensitive sectors, physical risk: UBS Europe SE (standalone)[1, 2, 4, 5, 6]	***0.0***	*0.0*	*0.0*	*122.3*
Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Group excluding Credit Suisse[1, 2, 4, 5, 6, 7]	**7.2**			
Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Group excluding Credit Suisse[1, 2, 4, 5, 6, 8]	**15.7**			
Exposure to nature-related risks UBS Group excluding Credit Suisse[1, 4, 5, 6, 9]	**72.0**	64.6	67.3	11.4
Exposure to nature-related risks, proportion of total customer lending exposure, gross (%)[1, 4, 5, 6, 9]	***15.1***	*14.4*	*14.7*	
Exposure to nature-related risks: UBS AG (standalone)[1, 4, 5, 6, 9]	***14.4***	*12.0*	*12.7*	*20.1*
Exposure to nature-related risks: UBS Switzerland AG (standalone)[1, 4, 5, 6, 9]	***56.3***	*49.8*	*49.7*	*13.0*
Exposure to nature-related risks: UBS Europe SE (standalone)[1, 4, 5, 6, 9]	***0.1***	*0.0*	*0.0*	*205.1*
Exposure to nature-related risks: Traded products, UBS Group excluding Credit Suisse[1, 5, 7, 9]	**1.2**			
Exposure to nature-related risks: Issuer risk, UBS Group excluding Credit Suisse[1, 5, 8, 9]	**3.5**			

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 As defined by the Task Force on Climate-related Financial Disclosures (the TCFD), in its expanded definition published in 2021, UBS defines carbon-related assets through 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 auto 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 that may trade 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 that 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. 4 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. 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. 5 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. 6 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. 7 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. 8 Issuer Risk is newly disclosed for FY 2023. Risk exposures consist of HQLA assets, debt securities, bonds, liquidity buffer securities. 9 Nature-related risk metric methodology has been further strategically enhanced, as part of an ongoing collaboration between UBS and UNEP-FI.

The table below presents a view of UBS's risk profile and changes year-on-year, within sectors and across climate- and nature-related risks. It first shows UBS's total exposure, and trend, to each sector, followed by an exposure-weighted risk rating, the trend in the underlying quantitative score year-on-year, and finally shows the total absolute exposure rated as moderate or higher within that sector. This is presented for all three risk types. Exposures may appear under one or more of the risk types and therefore may not be added together; this is because the methodologies are distinct in their approach and application.

Overall, UBS Group excluding Credit Suisse has a moderate or moderately low outlook across the three risk categories at the end of 2023. We found that most year-on-year fluctuations were driven by an increase in lending and changes in the risk profile relating to commercial real estate activities, especially in Switzerland. The changes in the risk profile can be attributed to regulatory action in Switzerland regarding climate policies.

› **Refer to our transition and physical risk heatmaps above**

Risk exposures by sector for UBS Group excluding Credit Suisse[1, 2, 3, 4, 5]

			Transition risk			Physical risk			Nature-related risk[8]		
Sector / Subsector	2023 exposure (USD bn)	2022-2023 exposure trend[6]	Weighted average transition risk rating 2023[7]	2022-2023 weighted average transition risk trend[6]	2023 transition risk climate sensitive exposure (USD bn)[5]	Weighted average physical risk rating 2023[7]	2022 risk-rating category[6]	2023 physical risk climate sensitive exposure (USD bn)[5]	Weighted average nature-related risk rating 2023[7]	2022-2023 weighted average nature-related risk trend[6]	2023 nature-related risk climate sensitive exposure (USD bn)[5]
Agriculture											
Agriculture, fishing and forestry	0.30	↑	Moderate	→	0.23	Moderate	→	0.08	High	→	0.30
Food and beverage	3.72	↑	Moderately high	→	3.72	Moderate	→	2.08	Moderate	→	3.71
Financial services											
Financial services	60.72	↑	Moderately low	↓	0.00	Moderate	→	17.47	Low	→	0.06
Fossil fuels											
Downstream refining, distribution	0.25	↓	Moderately high	→	0.25	Moderate	→	0.16	Moderately high	→	0.24
Integrated oil and gas	0.32	↓	Moderately high	→	0.32	Moderately low	→	0.00	High	→	0.32
Midstream transport, storage	0.17	↑	Moderate	→	0.17	Moderate	→	0.17	Moderately low	→	0.00
Trading fossil fuels	4.55	↓	Moderately high	→	4.55	Moderate	→	0.57	Moderate	→	4.44
Upstream extraction	0.21	↑	High	→	0.21	Moderate	↓	0.18	High	→	0.21
Industrials											
Cement or concrete manufacture	0.35	↑	High	→	0.35	Moderate	→	0.13	High	→	0.35
Chemicals manufacture	1.71	↑	High	→	1.71	Moderate	→	0.39	Moderately high	↓	1.71
Electronics manufacture	2.08	↑	Moderately low	→	0.00	Moderate	→	0.53	Moderate	→	0.82
Goods and apparel manufacture	2.63	↑	Moderately high	→	2.63	Moderate	→	1.58	Moderate	→	2.55
Machinery manufacturing	3.73	↑	Moderately high	→	3.26	Moderate	→	0.59	Moderately high	→	3.72
Pharmaceuticals manufacture	2.12	↑	Moderately high	→	2.12	Moderate	→	0.89	Moderate	→	2.10
Plastics and petrochemicals manufacture	0.91	→	Moderately high	→	0.91	Moderate	→	0.28	Moderate	→	0.51
Metals and mining											
Mining conglomerates (incl. trading)	2.06	↓	Moderately high	→	2.06	Moderate	→	0.05	Moderate	→	2.06
Mining and quarrying	0.43	→	Moderate	→	0.12	Moderate	→	0.37	High	→	0.43
Production of metals	0.59	↑	Moderately high	→	0.59	Moderate	→	0.39	Moderately high	↓	0.25
Private lending											
Lombard	122.76	↓	Moderately low	→	0.00	Moderately low	→	0.00	Low	→	0.00
Private lending, credit cards, others[9]	2.90	↓	Not classified	→	0.00	Not classified	→	0.00	Not classified	→	0.00
Real estate											
Development and management	4.58	↓	Moderately high	→	4.40	Moderately low	→	0.42	Moderately high	→	4.58
Commercial real estate	55.09	↑	Moderate	→	24.75	Moderately low	→	2.87	Moderately low	→	26.71
Residential real estate	176.70	↑	Moderately low	→	0.00	Low	→	0.00	Low	→	0.00
Services and technology											
Services and technology	19.10	↑	Moderately low	→	0.00	Moderate	→	11.24	Moderate	→	10.49
Sovereigns											
Sovereigns	2.77	→	Moderate	→	0.09	Moderately low	→	0.04	Low	→	0.00
Transportation											
Air transport	1.72	→	Moderately high	→	1.72	Moderate	→	1.58	Moderately high	→	1.72
Automotive	0.41	↑	Moderate	→	0.11	Moderate	→	0.36	Moderate	→	0.41
Rail freight	0.50	↑	Low	→	0.00	Moderate	→	0.39	Moderate	→	0.49
Road freight	0.51	→	Moderately high	→	0.51	Moderate	→	0.43	Moderately high	→	0.51
Transit	0.59	→	Moderately low	→	0.00	Moderate	→	0.54	Moderate	→	0.23
Transportation parts and equipment supply	0.65	↑	Moderately high	→	0.65	Moderate	↓	0.34	Moderate	→	0.65
Water transport	0.64	↑	Moderately high	→	0.64	Moderate	→	0.64	Moderately high	→	0.64
Utilities											
Power generation	1.73	→	High	→	1.71	Moderate	↓	1.36	Moderately high	→	1.73
Waste treatment	0.27	↑	Moderately high	↑	0.27	Moderate	→	0.05	Moderately low	↓	0.02
Not classified[9]	**0.12**	↑	**Not classified**	→	**0.00**	**Not classified**	→	**0.00**	**Not classified**	→	**0.00**
Grand Total	**477.89**	↑	**Moderate**	→	**58.05**	**Moderately low**	→	**46.18**	**Moderately low**	→	**71.97**

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 Accounting Standards numbers. 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. 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 A material change in risk profile (discrete risk score, weighted average per sub-sector) is considered as >5% shift up, or down year on year. Similarly, for absolute exposure. 7 Displayed ratings represent exposure-weighted averages for a given sector scope. 8 Nature-related risk metric methodology has been further strategically enhanced, as part of an ongoing collaboration between UBS and UNEP-FI. 9 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.

Risk management and control

In 2023, UBS continued to develop solutions to integrate sustainability and climate risks into traditional risk categories, such as UBS's credit, market, liquidity, treasury, and other non-financial risk frameworks. We progressively enhanced our four-stage approach (defined above in the sustainability and climate risk management framework) by leveraging research on how sustainability and climate risk drivers may be transmitted to our clients (and their assets) and ultimately to UBS in the form of financial and non-financial risks. Our approach supports the ongoing management of sustainability and climate risks as they manifest across traditional risk categories and has been built in line with principles outlined by the Basel Committee on Banking Supervision (the BCBS) and the Task Force on Climate-related Financial Disclosures (the TCFD, now organized under the ISSB).

› **Refer to the "Supplement to Strategy" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for our materiality methodology diagram**

Our progress is summarized in the following table.

Managing sustainability and climate risks within traditional risk categories

Traditional risk category	Sustainability and climate risk transmission channels to UBS	Our progress in 2023 and looking ahead to 2024
Credit risk	Potential credit losses to UBS driven by risks from a changing physical climate, the transition to a low-carbon economy or impacts and/or dependencies on our natural environment (e.g., biodiversity, clean water and fresh air). Climate and nature risk drivers can impact household, corporate, or sovereign income and/or wealth. Physical and transition risk drivers increase potential losses to UBS as soon as they have a negative effect on a borrower's ability to repay and/or fully recover the value of a loan in the event of default.	Over the course of 2023, we further embedded climate and nature risks into our credit risk management frameworks. By collaborating across business divisions and between both the first and second lines of defense, we developed innovative solutions tailored to the risk profiles and material drivers of risk within our businesses: – **Investment Bank:** The current credit-granting process has been amended to identify and measure the potential for credit losses driven by climate and nature-related risks for corporate lending and leveraged finance, including counterparty credit risk across relevant portfolios. At the transaction level, this is achieved by integrating tools such as sector-level climate and nature heatmaps and company-level due diligence scorecards into the credit approval analysis and decision-making process. In addition, at the portfolio level, we have established concentration triggers for all relevant counterparties. Furthermore, efforts were made to enhance and automate reporting of the full Investment Bank lending portfolio, on a quarterly basis. Finally, further monitoring and reporting of lending to specific sectors under the firm's net-zero commitment were implemented as part of the risk control framework supporting UBS's decarbonization targets. – **Global Wealth Management:** The current credit-granting process has been amended to identify and measure the potential for credit losses driven by climate and nature-related risks for Lombard lending in Switzerland and international locations. This is achieved by integrating tools such as sector-level climate and nature heatmaps and company-level due diligence scorecards into the credit approval analysis and decision-making process, with a focus on loans to operating companies and those backed by concentrated equity posted as collateral. Furthermore, efforts were made to enhance and automate reporting of the full Global Wealth Management Lombard lending portfolio, on a quarterly basis, including the integration of heatmaps using the "jump-to-zero" analytical engine. – **Personal & Corporate Banking**: The current credit-granting process has been amended to identify the potential for credit losses driven by climate and nature-related risks within the multinationals portfolio (managed at the parent/group level). This is achieved by integrating tools such as climate risk heatmaps into credit due diligence towards supporting an informed subsequent decision-making process on financial risk. Furthermore, efforts were made to enhance and automate reporting of the full Personal & Corporate Banking lending portfolio, on a quarterly basis. Finally, further monitoring and reporting of lending to specific sectors under the firm's net-zero commitment were implemented as part of the risk control framework supporting UBS's decarbonization targets. **Looking ahead to 2024 and beyond**, we have identified three key areas for further development: – UBS will begin planning an expansion of 2023 efforts, with the goal of rolling out the approaches to other regions and portfolios, in line with the multi-year SCR initiative. This includes solutions like integrating climate and nature-related risk ratings as inputs into the credit decision-making process, defining quantitative risk appetites at various levels, and training business representatives in climate and nature-related financial risk analysis. – Enhance 2023 methodologies with data granularity and automation: UBS is building capacity to be able to further differentiate risks at the company/issuer level. Through the new "climate risk rating model", UBS will incorporate third-party data in an automated model, so as to be able to further establish company-level performance against inherent risks defined through the sector-level heatmap. – Simplify various methodologies: UBS will seek to simplify its approach by aligning various risk-rating methodologies for transition risk assessments.

Market risk (traded and not traded)	Potential financial impacts to UBS from price shifts and/or market volatility. A changing physical environment (including climate change) may affect the value of companies reliant on the natural environment and/or how the market perceives these companies. The transition to a low-carbon economy through climate policies, low-carbon technologies, demand shifts and/or market perception may also impact the value of UBS's positions and/or lead to a breakdown in correlations between risk factors (e.g., prompting a change in market liquidity and/or challenging assumptions in UBS's model).	In 2023, we assessed the risk from planned portfolios, in line with our multi-year SCR Initiative, and established solutions for integrating climate and nature-related risks into our market risk management framework. Progress on integrating climate and nature-related risks into our market risk management was incrementally driven by **enhancing analytical capacity, automating** UBS sector-level heatmaps in our market risk monitoring systems, and establishing a **quantitative risk appetite.** **Enhancing analytical capacity:** Leveraging existing sector-level heatmap methodologies and our in-house scenario development capacity, we sought to perform a loss-driven materiality assessment. By linking the risk ratings with adverse-scenario-driven shocks, UBS was able to further examine the correlations between risk factors and understand the short-term loss potentials for climate. For the first time in 2023, UBS was also able to review nature risk sensitivities, following the introduction of a nature risk heatmap. **Automation:** Market risks systems allow daily monitoring, reporting and control. By integrating these with our centralized climate sector-level heatmaps, we are able to understand and react to drivers of climate impacts on our portfolios through the use of a quantitative risk appetite for relevant portfolios. **Quantitative risk appetite:** For the relevant portfolios, climate risk concentration triggers were introduced in 2023 based on the sector-level climate risk heatmaps. The solution allows for daily monitoring of positions that are considered inherently sensitive to climate risks, including an automated breach escalation process along with the market risk escalation path for concentration limits, providing an opportunity for remediation actions. The triggers cover credit delta and equity delta aggregated in accordance with the "sensitivity," as defined through the UBS heatmapping methodology. **Looking ahead to 2024 and beyond**, UBS is building the capacity to be able to further differentiate risks at the company/issuer level. Through the new "climate risk rating model", UBS will incorporate third-party data with an automated model to be able to further establish company-level performance against inherent risks defined through the sector-level heatmap. We have also started to adapt UBS in-house long-term scenarios to the specifics of short-term market risk analytical requirements. Further adaptation and implementation of this short-term perspective of UBS's adverse climate scenario is expected for 2024. The capabilities and processes currently established and under development are also being planned for expansion to the UBS global market risk portfolios in 2024.
Liquidity risk	The potential impact on liquidity adequacy is driven by risks from a changing physical climate, the transition to a low-carbon economy, or impacts and/or dependencies on our natural environment (e.g., biodiversity, clean water, fresh air). Climate events have been proven to affect funding conditions, and therefore liquidity buffers across broader banks (BCBS). Climate-related risks are considered as an additional driver of liquidity risk. As such, they may impact our liquidity adequacy directly or indirectly through our ability to raise funds, liquidate assets and/or our customers' demand for liquidity. This could result in net cash outflows or depletion of our liquidity buffer.	In 2023, UBS enhanced its analytical capability to assess the impact of climate shocks on the liquidity position of planned portfolios, in line with the multi-year SCR Initiative. For the first time in 2023, UBS was also able to review nature risk sensitivities, following the introduction of a nature risk heatmap. As part of the SCR Initiative, the 2023 climate and environmental assessment is being developed further for global rollout in the coming years, 2024 and 2025. In addition, a dedicated Treasury Risk Control team, focusing on sustainability and climate risks, was established in Q3 2023 to support this work. The integration of identified material climate-related risks into the internal liquidity risk management framework will be an iterative process as we continuously improve the methodology, along with improving the availability and quality of required data in the industry, and enhanced analytics and insights over time.
Non-financial risk (NFR)	Non-financial impact on UBS (compliance, operational risk and financial crime) from inadequate or failed internal processes, people and systems and/or externally due to physical climate events or stakeholder legal action	In 2023, we continued to integrate climate considerations into the existing NFR management framework. Specific climate risk driver scenarios were defined for impact on the exposure to taxonomy NFR, documented in a consolidated Root Cause Library to assess the completeness of controls against known transmission channels. By the end of 2023, 14 out of 18 taxonomies were assessed (with a target to complete across residual taxonomies by mid-2024). We also started to develop a roadmap to integrate climate-related considerations into operational risk regulatory/economic capital determination for inclusion in the GCRG NFR measurement model governance process with selective calibration applied initially to Suitability and Product Lifecycle. Given current strong capitalization, related ESG risks were assessed as sufficiently and inherently captured in their respective standalone capital exposures, but GCRG will continue to build on its modelling capabilities by enhancing and expanding the risk identification and materiality assessment to be performed quantitatively across relevant NFR categories and account for material climate-related model dynamics.
Reputational risk	Risk of an unfavorable perception, or a decline in UBS's reputation, from the point of view of clients, industries, shareholders, regulators, employees or the general public, which may lead to potential financial losses and/or loss of market share. Risk is considered across all business activities, transactions, and decisions.	We assessed the design of the reputational risk framework to be generally robust in terms of roles and responsibilities, escalation requirements, and review and approval authorities for sustainability-related risks. The reputational risk dashboard now captures the key risk indicators on a quarterly basis, including metrics for financial crime prevention, sustainability and climate risks, client complaints, new business and reputational risk cases.

› **Refer to the "Supplement to Managing sustainability and climate risks" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our vision for integrating sustainability and climate risks**

We manage and escalate material climate risks in a timely manner, following our standard financial and non-financial risk processes and defining key responsibilities and tools both at the Group level and across our business divisions. To promote the adoption of consistent risk management practices across the Group, we have conducted climate risk-related training for employees across the business divisions and Group Functions. In 2023, the SCR unit provided training and education sessions focused on sustainability and climate risks and emerging risks such as greenwashing. These sessions were delivered to colleagues across the firm (44 training sessions delivered to over 25,000 colleagues across business divisions and Group Functions).

At Credit Suisse, climate risk management has been underpinned by a sector-specific client energy transition framework (CETF), which was leveraged until the end of 2023, when the framework was decommissioned. A group-wide approach is being developed by the combined firm to assess clients' energy transition readiness, with further developments expected throughout 2024.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for a description of Credit Suisse's CETF**

Risk reporting and disclosure

Sustainability and climate risk updates are an integral part of UBS Group's quarterly risk reporting cycle. Information shared during this process includes the number of transactions referred to the SCR unit, and an associated breakdown by category. Assessment outcomes and the underlying reasons are also reported. The report includes information on exposure to climate-sensitive sector activities (our climate transition risk heatmap), leveraging a fully automated process. The heatmaps are also included in quarterly internal risk reports for key legal entities and business divisions.

Internal risk reporting in our Asset Management business division is facilitated by a proprietary ESG dashboard, which uses physical and transition climate risk data to generate alerts across several risk dimensions, highlighting the highest risk issuers. This information is leveraged in ESG risk recommendations and investment decisions.

For external climate-related risk reporting, we have prepared our annual disclosures across the key areas recommended by the TCFD. In addition, we have been leveraging the framework provided by the TNFD for the disclosure of nature-related risk. Our external quantitative and qualitative disclosures are being progressively extended to include Credit Suisse's portfolio, in order to capture the level of risk of the combined entity and provide relevant information for decision-making. With an internal reporting cycle similar to that of UBS, the Credit Suisse Climate Risk team continued to issue its quarterly internal climate risk report in 2023. From 2024, Credit Suisse's reporting cycles and metrics will progressively align with those of UBS, in parallel with the integration of underlying processes and controls.

› **Refer to "Appendix 3 – Entity-specific disclosures for Credit Suisse AG" in the appendices to this report for a description of Credit Suisse's risk reporting approach**

The development of internal and external climate risk disclosures will continue in the coming years in the context of our sustainability and climate risk road map, in order to address regulatory expectations and provide leading practice in this space.

Our investment management approach to sustainability and climate risks

UBS's sustainability and climate risk framework has been applied across our existing business divisions and is being progressively extended to cover the former Credit Suisse divisions. The following sections discuss the approach to sustainability and climate risks in the Asset Management and Global Wealth Management business divisions of UBS, and Asset Management (Credit Suisse) and Wealth Management (Credit Suisse) during 2023.

Assessing climate-related financial risks in client portfolios

As a global financial institution, it is our responsibility to help clients navigate the challenges of the transition to a low-carbon economy. We address this by establishing climate risk monitoring and management systems across our asset management and wealth management businesses, offering innovative products and services in investment and financing, and providing transparent reporting and disclosures.

We strive to integrate climate-related financial risk considerations into our decision-making and processes pertaining to services, strategies or products offered or employed by third parties, including delegates. In doing so, we demonstrate our commitment to implementing the recommendations of the TCFD. We perform climate risk assessments on discretionary portfolios managed in Singapore (and booked in Singapore or in Hong Kong), in line with the Monetary Authority of Singapore (MAS) Guidelines on Environmental Risk Management for Asset Managers. We also disclose portfolio risk across climate scenarios in the UK, in line with TCFD recommendations.

› **Refer to the UK Climate Disclosures in the "Environment" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting***

We work collaboratively across our industry and with our clients, ensuring they have access to best practice, robust science-based approaches, standardized methodologies and quality data for measuring and mitigating climate risks.

In the following sections we outline our approach to quantifying climate risk in clients' assets. We then outline how climate risk information is applied to our asset management and wealth management divisions, respectively.

Quantifying climate risk: data and metrics

In order to quantify and integrate climate risks into our investment processes, we utilize physical and transition climate risk data projections and models at the issuer level from data providers, including S&P Trucost. Our physical risk assessment considers the potential impact of extreme climate events on an issuer's or direct assets, with each physical risk score representing a sensitivity-adjusted, weighted average of risk scores linked to all associated assets across different climate hazards, such as heat/cold wave, water stress, flooding, sea-level rise, hurricanes, wildfires and drought.

Transition risk arises from the process of adjustment to an environmentally sustainable economy, including changes in public policies, disruptive technological developments and shifts in consumer and investor preferences. One of the ways we assess transition risk is using an "Earnings at risk" approach, which analyzes the unpriced carbon cost to a company as % of its EBITDA (Earnings before interest, taxes, depreciation, and amortization). We see carbon earnings at risk as one of the more directly quantifiable and comparable metrics across industry sectors globally, which is more suited to reflecting the reach and complexity of our investments.

For both physical and transition risks, the projections are typically built on publicly reported company data, restricting coverage to corporate issuers, which form the bulk of our public markets portfolios. Consequently, exposures to sovereign or structured products, for example, are not covered at this point.

Climate risk data remains an evolving area, and best-practice standards or norms have yet to be developed. This results in acknowledged limitations in data coverage and quality, such as issuer type and the use of proxy or estimation techniques. Financial models also typically project up to three years in advance, with significant deterioration in visibility beyond one year. As such, long-term projections used to generate data even for 2030 introduce higher levels of uncertainty.

We work closely with our data providers to continuously enhance the scope and quality of data available to us. Climate risk data has continued to improve over the past year. We have seen expanding coverage from our data provider on sensitivity adjustments to physical risk scores, which are aimed at enhancing the quality of the estimates. As our data providers continue to improve on their data methodology and coverage, in line with industry best practice, these changes may be reflected in the climate risk analytics on our client portfolios.

Application in UBS AG Asset Management

UBS AG Asset Management's ESG (environmental, social and governance) integration approach identifies climate-related risks and opportunities which can be applied in managing existing investment strategies and constructing new portfolios.

The construction criteria for portfolios are applied based on the intended objectives of the strategy. Portfolios are classified based on their sustainability characteristics, including sustainability key performance indicators and minimum sustainability safeguards. Exclusion criteria address elevated sustainability risks, and the scope of portfolios to which such exclusions are applied is described in UBS AG Asset Management's Exclusion Policy. The investment policies contained in fund documentation describe the extent to which a strategy targets particular risk or opportunity outcomes. UBS AG Asset Management includes disclosure of portfolio-level metrics for sustainable investment portfolios in fund factsheets and client reporting. It also discloses various climate-related metrics in line with the TCFD's Supplemental Guidance for Asset Managers.

› **Refer to the "Environment" section of this report for aggregated asset class-level figures for weighted average carbon intensity and carbon footprint as well as total emissions**

Asset Management's Real Estate & Private Markets (REPM) business typically holds majority ownership in the direct real assets in which it invests, making it possible to positively influence outcomes through active ownership. This includes collaboration with tenants, 3rd party companies, employees, communities and other stakeholders (via, for example, green lease clauses, tenant satisfaction surveys, tenant reach-outs) to drive and achieve emission reductions and other climate risk mitigations. Where we do not have control, we actively engage with owners and stakeholders to address climate-related risks and monitor progress accordingly. Engagement topics include physical risk exposure and mitigation, transition plans, disclosures and net-zero alignment.

UBS AG Asset Management's overall strategy for managing climate risks is to integrate risk data and insights into the investment management processes. In our public markets' investments, this starts with an assessment of ESG issues based on our ESG Material Issues framework. This identifies the most relevant issues per sector, making the connection to key value drivers that may impact the investment thesis across sectors. The framework reflects a sector-based view of exposure to physical and transition climate risks.

In our REPM business, we consider key transition risks using our proprietary in-house ESG Dashboard. This assesses directly controlled real estate assets' environmental performance against pathways and targets. On the physical risk side, for our direct investments in real estate, we use a third-party location risk intelligence tool to analyze asset-level physical risk. We also use third-party data to inform our assessment of physical risk in our indirect real estate investments. These tools identify each asset's potential physical risks under a variety of climate change scenarios and timelines.

Active ownership

The transition of investment portfolios will require real-economy emission reductions. We see our active ownership strategy as a powerful tool in influencing corporate and other stakeholder behavior to achieve real-economy outcomes.

UBS AG Asset Management has had a dedicated climate engagement program in place for more than five years, addressing climate-related risks in companies and tracking measurable progress. It covers high-emitting companies in our listed equity and corporate bond universe, taking into account a range of sectors and geographies. This includes companies from the oil and gas, electricity and other utilities, metals and mining, construction materials, chemicals, and automotive sectors. The program is focused on driving ambitious and credible transition strategies across portfolio holdings, covering climate governance, targets, transition plans and relevant business model objectives. Since the start of our engagement program, we have increased the range of our expectations to include more ambitious emissions-reduction target-setting, quantified disclosures on decarbonization measures, capital deployment in line with a net-zero pathway and reporting of progress toward stated commitments.

› **Refer to the "Supplement to Managing sustainability and climate risks" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about our environmental risk analysis for the Hong Kong SAR and Singapore**

Application in UBS AG Global Wealth Management

Our overall investment decision-making process is largely driven top-down. While corporate-level data sourced from S&P Trucost has been chosen for UBS AG Global Wealth Management portfolios, given its credibility, complexity and coverage, this bottom-up dataset cannot be directly integrated into UBS AG Global Wealth Management investment processes without the use of significant aggregation and proxies.

Considering the above, within UBS AG Global Wealth Management, climate risk analyses are not used to inform investment decisions, either at the asset allocation or instrument selection levels at this point in time. This is due to investment scope, limitations of data availabilities, modeling uncertainties and implementation hurdles. However, we continue to make progress on capacity building and making climate risk assessment findings available across the investment value chain.

Industry engagement

Most of our discretionary portfolios comprise investment funds from third-party fund managers, including the Asset Management business division. Generally, Global Wealth Management acts as an asset allocator and manager of these portfolios but does not control portfolio construction and management within the underlying fund investment solutions. Consequently, as well as developing a climate risk assessment management framework for overall portfolios based on underlying investment holdings, we also aim to understand the climate risk management practices established by the managers of the underlying funds.

To that end, we regularly ask our investment fund partners to provide information on their approach to climate risk issues. This includes the extent to which environmental-/climate-risk management processes have been developed and implemented within their businesses with relevance to frameworks such as the TCFD and the MAS Guidelines on Environmental Risk Management for Asset Managers, where these are required by relevant regulators. We are committed to ongoing regular communications with our fund partners on the development of environmental-/climate-risk management processes, as they apply to their strategies.

› **Refer to the Supplement to this report, available at available *ubs.com/sustainability-reporting*, for more information about our climate risk assessment as applied to discretionary portfolios managed in Singapore**

Appendix

Appendix 1 – Governance

Combating financial crime

UBS complies with applicable laws and regulations and is committed to meeting industry standards regarding the effective prevention of money laundering and financing of terrorism. UBS takes comprehensive measures to prevent and detect non-compliance with laws and regulations and does not tolerate or facilitate criminal activity or breaches of the letter or spirit of applicable laws, regulations, rules and policies designed to prevent such activities.

UBS does not engage in business activities that pose unacceptably high levels of money laundering, fraud, sanctions or corruption risk. Additionally, UBS does not engage in activities that pose risks that cannot be effectively managed by the existing control environment. Although it is not possible to eliminate such residual risk entirely, UBS has appropriate policies, procedures, controls and processes in place to manage the relevant risks.

UBS annually assesses the money laundering, fraud, sanctions and bribery and corruption risks associated with all of its business operations against its control framework and takes action where appropriate to further mitigate these risks.

Public-private partnerships

We are a founding member of the Wolfsberg Group, an association of global banks that aims to develop financial services sector standards for the prevention of financial crimes such as money laundering, fraud, corruption and terrorist financing, as well as developing industry standards for know-your-client (KYC) due diligence and ongoing transaction monitoring.

The Wolfsberg Group brings together banks from around the world at its annual forum and regional out-reach meetings focused on financial crime topics, and delivers an annual academy to support the development of junior Financial Crime Prevention (FCP) officers. It also works on guidance papers in related key areas of financial crime. UBS is actively involved with this group. For example, during 2022 we co-chaired the Wolfsberg working group to update and re-issue its Anti-Bribery & Corruption Programme guidance.

Together with the other members of the Wolfsberg Group, we work with the Financial Action Task Force (the FATF), an intergovernmental body that helps develop national and international policies on preventing money laundering and terrorist financing through consultation with the private sector.

In November 2020, UBS joined the World Economic Forum's Partnership Against Corruption Initiative (the PACI). The PACI undertakes initiatives to address industry, country, regional, and global issues linked to anti-corruption and compliance. We contributed to the PACI's *Gatekeepers in the Fight Against Illicit Financial Flows* paper and assessed its own framework as being compliant with these standards.

We are a member of a number of public-private partnerships operating globally that have been set up to foster closer working relationships between financial institutions and law enforcement, most notably the Joint Money Laundering Taskforce operations group in the UK, which has worked on a number of human trafficking and modern slavery cases.

A risk-based approach to combating financial crime

Onboarding and ongoing monitoring

UBS performs risk-based initial due diligence on all customers which is designed to establish their identity and ownership, the nature of their business activities, and the source(s) of their wealth and funds. This includes formal processes for mitigating the risk of impersonation fraud in circumstances where we are not doing business on a face-to-face basis. Where the client represents a potentially elevated risk according to the Group anti-money-laundering (AML) and KYC policy, enhanced due diligence is performed.

UBS does not establish or maintain relationships with parties when the KYC information cannot be sufficiently established or where UBS has reason to believe the party has or intends to use UBS products or services for illicit activities. UBS does not open accounts for relationships that do not meet our standards or that pose unacceptable financial crime or reputational risk for the bank.

After a client onboarding is completed, ongoing due diligence and risk screening is performed during the lifecycle of the client relationship. Clients are subjected to regular risk rating and client activities and transactions are subject to AML transaction monitoring. In addition, ongoing periodic KYC reviews are conducted with varying frequency, driven by the client risk rating.

Our Group AML & KYC Policy sets out the process and criteria relating to the identification, senior management sign-off, periodic review and ongoing monitoring of clients deemed to be Politically Exposed Persons (PEPs), as well as other customers who have links with jurisdictions or industries that pose elevated levels of financial crime risk.

We apply KYC rules and use advanced technology to help identify suspicious transaction patterns and compliance risk issues. We continue to invest in our detection capabilities and core systems as part of our FCP program.

Red flags must be referred to FCP if any UBS staff become aware of potentially suspicious activities during the client lifecycle and this may result in investigation, suspicious activity report filing and/or client exit, as appropriate. We adhere to the global FATF standards with respect to record-keeping.

Our entire financial crime framework is subject to regular controls testing, in both the first and second lines of defense, which includes a cycle of regular peer review testing executed by a designated team within the Group's FCP function. Additionally, our Group Internal Audit team performs a rigorous cycle of independent audit reviews covering the financial crime framework globally and cross-divisionally and we are subject to ongoing supervision by regulatory authorities in all the markets in which we operate.

Conduct and culture

The UBS Code of Conduct and Ethics (the Code) sets out the principles and commitments that define our ethical standards and the way we do business. The Code commits all UBS employees to do whatever we can to combat money laundering, fraud, corruption and terrorist financing.

We have systems in place and hold ourselves accountable for detecting, stopping and reporting money laundering matters, including terrorist financing.

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

Additionally, the Code requires that UBS employees do not help or advise its clients, or any other party, to evade taxes or misreport taxable income and gains. It also states that we should not contract with third parties who provide services for UBS or on our behalf, where those services help others improperly evade taxes.

In 2023, all employees of UBS including its senior management and governance bodies received adequate training on Financial Crime Prevention matters, which covers AML/KYC, Sanctions, Fraud and Anti-Corruption. New joiners must receive training within 30 days of joining UBS. All staff are required to complete the Global Financial Crime Prevention Refresher module on an annual Basis which includes an assessment. The frequency for each training course is specified by the course owner (one-time, annual, bi-annual). We regularly update web-based training modules to address compliance issues, including financial crime standards, and to incorporate learning from both internal and external events and geopolitical developments. In addition, employees in specific areas receive targeted training on specific financial crime risks associated with the business lines or activities they are involved with as needed. In 2023, Credit Suisse managed their own mandatory AML training, however, all Credit Suisse staff will be required to complete our mandatory Computer Based Training beginning in 2024.

› **Refer to the Code of Conduct and Ethics of UBS, available at *ubs.com/code***

Protecting data

Data is of enormous value to our firm. When treated as a corporate asset, it enables our business to run smoothly. It can also help us to grow and prosper, by giving us the information we need to capture new business or react quickly to new trends. As we continue to invest in our digital solutions, we are similarly committed to:

– developing a robust command and control framework to manage and protect our offering and the petabytes of data that are inherently generated by it;

– being stewards of data on behalf of our clients and employees; and

– requesting our third parties adopt equivalent practices and meet our expectations.

It is our responsibility to protect data disclosed to us in an increasingly complex and evolving environment. We have comprehensive measures (relevant controls, processes and policies) in place for the protection of personal data.

We have also introduced organizational and technical security measures, underpinned by an operational risk and control framework, to safeguard personal data in accordance with applicable laws and regulations. Access to data is protected through control mechanisms following the need-to-know principle and ensuring revocation when no longer required. Where applicable and required, de-identification solutions are used for some specific use cases of sensitive client data.

Despite the complexities involved with the integration of Credit Suisse, we continue to focus on the delivery of our services. This includes operating at the highest possible standards to protect our information assets against threats while enabling the secure development and deployment of innovative digital solutions.

› **Refer to *ubs.com/global/en/our-firm/cybersafe/cyber-security* for more information on how UBS safeguards banking data, commercial information and financial assets**

Governance

Our Board of Directors (the BoD) and the Group Executive Board (the GEB) recognize that cyber- and information-security (CIS) capabilities are critical in protecting the firm and fostering an appropriate risk management culture. The BoD Risk Committee and the GEB oversee the CIS program through regular reviews and reporting and are part of the escalation chain for major and critical cyber incidents. Additionally, cyber-specific systems and processes are subject to continual review and updates by our internal control teams. The BoD also oversees the firm's activities pertaining to Artificial Intelligence (AI).

The Group Data Management Office, part of the Group Operations and Technology Office, works with partners across the firm to ensure robust governance over the collection, propagation and quality of the firm's data. Additionally, the Group Data Protection Office, part of Group Compliance, Regulatory & Governance, ensures that the firm processes personal data and responds to data subject rights exercised by individuals (including clients and employees) in line with applicable data privacy laws and regulations.

Policies and procedures (including training)

As a firm, UBS operates to the highest possible standard. Our principles and policies guide how we use data and information, as well as how we develop and deploy technological solutions. We maintain policies and procedures to ensure everyone at UBS is aware of threats and the importance of CIS. A CIS end user and line manager policy is available internally to all UBS employees and consultants.

In recognition of the pace of digital change globally, our Code of Conduct and Ethics (the Code) includes a section on the lawful and ethical use of data. The primary focus of this section is preparing employees for greater reliance on big data, data models and artificial intelligence.

In 2023, we updated our UBS-internal Group Data Ethics Policy, which sets out the group-wide data ethics requirements. While the principles set out in the policy apply to the processing or use of any client-identifying data and/or personal data, specific data ethics requirements apply for the use of (i) AI including machine learning and/or (ii) data analytics including both models and non-models (jointly referred to as Processing Activities). They must be considered during the design, development and deployment of new products, processes, or services and must consider both input and output data.

The requirements must be assessed, and Processing Activities approved as part of the central data ethics review process prior to commencing the Processing Activities. Data ethics requirements encompass the following: human agency and oversight; technical robustness and safety; data privacy; explainability; diversity, non-discrimination and fairness; social and environmental wellbeing; accountability.

We run a comprehensive, Group-wide education and awareness program, including addressing risks related to CIS. The program features mandatory computer-based training modules (recurring, and requiring exam completion), newsletters, and global and targeted awareness campaigns to all staff who have access to UBS systems. Additional educational campaigns, covering subjects such as phishing, malware infections, social engineering, tailgating, and data classification and leakage, are deployed several times per year.

Additionally, we provide training specifically tailored for certain staff. Employees are also required to review policies and affirm compliance in our web-based Affirmation Online portal on an annual basis. All UBS employees can easily access UBS's information security portal to learn about information security threats. Selected management employees are sent regular updates regarding cybersecurity developments and trends.

We also maintain a set of requirements for our third parties that stipulate our expectations and ensure these are formally acknowledged through a dedicated contractual annex.

Handling data

Our data protection policy framework covers the standards we commit to when processing personal data. This includes that data is processed only for specific and explicit purposes and is adequate, relevant and not excessive (data minimization). Other key principles include that data subjects are informed of how their personal data is processed and that it is not processed for longer than necessary for the given processing purposes. UBS has implemented processes to respond to data subjects exercising their rights, while adhering to applicable legal requirements.

We communicate our client data use and storage policies to clients and seek consent for data use as required by local regulations. In these communications we are clear what this consent means, and which use cases do not require consent, for example certain legal obligations. We provide reasonable options for clients to be able to revoke this consent.

Dealing with incidents

Our Code sets out the principles and behaviors that define our ethical practices and the way we do business. Any violation, whether it is of our Code, UBS policies or external laws, rules or regulations, may result in disciplinary action, up to and including dismissal. This includes information security incidents. Also, employees are, as part of their year-end performance rating, evaluated on their integrity. This includes doing the right thing, self-declaring incidents and issues, adhering to policies, challenging the status quo and raising their hand when things are not right, including potential security threats, and collaborating across teams, departments and divisions.

We aim to make the information security incident escalation process as simple as possible. For example, phishing emails can easily be reported by means of a dedicated button integrated within Outlook and available on all devices.

Our Group-wide incident-handling process enables any UBS person to report incidents and data breaches. Data-breach-prevention processes, such as blocking of communication and proactive remediation of misplaced data in unprotected areas, are in place. Additionally, we encourage employees to report any issues and incidents as per the incident-handling process, or to their line managers, and to follow up to ensure the matter is addressed. Any compliance incidents can also be escalated through the whistleblowing process.

We also extend these processes to cover adverse information security events that take place at third parties but have relevance to UBS's information.

Appendix 2 – Environment

Our transition plan

Our transition plan supports our current decarbonization targets and ambition to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3, activities. The structure of our plan follows the recommendations of the Glasgow Financial Alliance for Net Zero (GFANZ) outlined in the "Financial Institutions Net-zero Transition Plans" guidelines. GFANZ published these guidelines, to which UBS contributed during their development, at the 27th session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (the UNFCCC) (COP 27).

UBS's contribution to the development of these guidelines forms part of the Group's industry engagement in the financial services sector to determine how best to support and finance clients' transition to a low-carbon economy. Contributing to such frameworks, in turn forms an important basis for developing our own approach to transition finance.

We consider the GFANZ guidelines to be comprehensive and relevant for the financial sector but continue to monitor other emerging standards that are compatible and have the potential to enhance our continued transition plan development. Our transition plan touches on numerous aspects within this Sustainability Report, which are referenced in the table below.

› **Refer to *gfanzero.com/our-work/financial-institution-net-zero-transition-plans* for GFANZ's recommendations on transition plans**

#	Theme	Principles and key activities engaged in by UBS	References for more information
		Foundation	
1	**Objectives and priorities**	– It is our ambition to support clients through the world's transition to a low-carbon economy and embed considerations of climate change risks and opportunities across the bank for the benefit of our stakeholders, now and in the future. – Helping our clients 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 this ambition and our approach to climate. – We have updated our sustainability strategy and approach to climate to better support our own transition as well as the transition of our clients, and we continue to refine and enhance our transition plan in line with evolving client needs and industry guidance to ensure it remains appropriate for our business activities and aligned to external market practice and standards. – By 2050, our ambition is to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities. – We aspire to address our financed emissions by aligning specified sectors to decarbonization pathways. In line with this, we aim to reduce the emission intensity of our loan book across sectors that account for a sizable share of our credit portfolio and financed emissions and have set 2030 lending sector decarbonization targets for the following sectors: Swiss residential real estate, Swiss commercial real estate, fossil fuels (oil, gas and coal), power generation, iron and steel and cement (for shipping we currently disclose our Credit Suisse AG in-scope shipping portfolio climate alignment to the Poseidon Principles decarbonization index). – We provide our financing and investing clients with the choices they need to meet their sustainability and impact objectives, including climate impact, where that is their priority and in line with our fiduciary duties. – Our transition plan for financing activities prioritizes emissions reductions in line with science-based climate targets and credible trajectories to achieve these targets. In addition, we anticipate that the deployment of carbon-removal solutions will be needed to counterbalance hard-to-abate emissions and supplement the reduction strategies of some of our clients. As best practice guidance, regulation, methodologies and technologies develop, our approach to decarbonization, including offsets, will continue to evolve. – As we work toward our targets and further develop our transition strategies, we aim to consider a just transition to a low-carbon economy, one that is as fair and inclusive as possible. – We continue to integrate sustainability and climate risk considerations into our firm's various traditional financial and non-financial risk management frameworks.	– Refer to the "Strategy" section, "Our aspirations and progress" sub-section of this report for a description of our targets and progress on financing, investing and own operations. – Refer to the "Environment" section, "Our climate roadmap" sub-section of this report for an overview of what we are aiming for to support the transition to a low-carbon economy. – Refer to the "Our approach to climate" sub-section of the Supplement to the UBS Group Sustainability Report 2023 for more information about our approach and key objectives to support our climate-related ambitions. – Refer to the "Environment" section, "Supporting our clients' low-carbon transition" sub-section of this report for an overview of how we support our clients' transition. – Refer to the "Environment" section, "Supporting our financing clients' low-carbon transition" – "Carbon reduction and removal" sub-section of this report for more details on our approach to carbon markets and carbon-removal solutions. – Refer to the "Overview of climate-related targets and actions" section in "Appendix 2 – Environment" in the appendices to this report for an overview of our targets and actions that we strive to implement in the short-, medium- and long-term. – Refer to the "Managing sustainability and climate risks" section of this report and the "Supporting our approach to climate – our climate-related materiality assessment" sub-section of the Supplement to the UBS Group Sustainability Report 2023 for an overview of our reviews of risks, opportunities in the climate materiality assessment and impacts expected from implementation.

		Implementation strategy	
2	**Products and services**	– One of the four key objectives of our sustainable finance product and service offering is to support our clients in their transition to a low-carbon economy, and we strive to provide them with the choices they need to meet their specific sustainability objectives. – We are developing innovative advisory, lending, basic banking and transition financing solutions, and are offering our clients access to various sustainable investment (SI) solutions. – Our climate-related client offering provides investors with solutions that contribute to a lower-carbon economy while satisfying various risk and return objectives. – Our Investment Bank offers our clients global advice and access to the world's primary, secondary and private capital markets through an extensive array of sustainability- and climate-focused services, products, research and events. – By offering research and thematic insights, as well as data and analytics services - combined with targeted advice – we aim to help clients better understand and mitigate risks and identify new opportunities. Further, we provide support in the form of tools, platforms and education. – We continue to develop and refine our solutions and approaches on an ongoing basis and strive to support our clients to orient their business efforts toward the objectives of the Paris Agreement. We aim to do this by further strengthening our operating model and increasing our efforts in the field of transition and green finance.	– Refer to the "Supporting opportunities" section of this report for more information about our sustainable finance ambitions, our approach to sustainable finance and our sustainable finance products and services offerings. – Refer to the "Environment" section, "Supporting our clients' low-carbon transition" sub-section of this report for more information about how we are embedding climate considerations into products and services for financing and investing. – Refer to "Supporting our approach to climate – our climate-related materiality assessment" sub-section of the Supplement to the UBS Group Sustainability Report 2023 which speaks to how we think about future climate-related opportunities.
3	**Activities and decision-making**	– To deliver our transition plan and operationalize our approach to climate, it is important to embed sustainability and climate considerations into our operating model, leading to regular adjustments of evaluation and decision-making frameworks, governance structures, control and monitoring processes and underlying systems. – For example, following the integration of Credit Suisse, UBS reassessed the lending emissions and targets for sectors with a high-carbon impact for the combined organization. To operationalize our target approach, we are reviewing whether our planning and governance processes, risk appetite, sector strategies and so on are still appropriate. In parallel, we are assessing required enhancements to our loan origination, credit granting, monitoring and reporting processes. – In addition, Group Risk Control manages our sustainability and climate risk program to further integrate sustainability and climate risk into our various traditional financial and non-financial risk management frameworks and related processes. This ensures that sustainability and climate risks are identified, measured, monitored, managed, reported and escalated in a timely manner. Such integration covers processes including client onboarding, transaction due diligence, product development and investment decision processes, own operations, supply chain management, and portfolio reviews. – We have a systematic approach in place aimed at better understanding UBS's future opportunities around climate. On an annual basis, and in line with the TCFD's recommendations, we are assessing potentially relevant climate-related opportunities for UBS, encompassing commercial products and services, social finance, resource efficiency and energy consumption, operational resilience and climate-related funding.	– Refer to the "Environment" section, "Supporting our financing clients' transition to a low-carbon economy" – "Sustainable lending operating model" sub-section of this report for more information about how we operationalize our approach to climate and the "Our lending sector decarbonization targets" sub-section for more information about our emissions and targets for specified sectors. – Refer to the "Managing sustainability and climate risks" section of this report for a description of our sustainability and climate policy risk framework. – Refer to the "Supporting opportunities" section of this report for an overview of our sustainable finance products and services offerings.
4	**Policies and conditions**	– Our sustainability and climate risk policy framework: – applies Group-wide to relevant activities, including client and supplier relationships; – is integrated into management practices and control principles and overseen by senior management; and – supports the transition toward a low-carbon future. – Our sustainability and climate risk policy framework will continue to evolve to address regulatory guidance and market practices. – We conduct reviews of our voting, stewardship and exclusion policies to reflect our latest approaches in UBS AG Asset Management.	– Refer to the "Sustainability and climate risk policy framework" sub-section of the Supplement to the UBS Group Sustainability Report 2023 for more information about how we are setting our standards including "Controversial activities – where UBS will not do business" and "Areas of concern – where UBS will only do business under stringent criteria." – Refer to our *Asset Management Sustainability Exclusion policy* for more information about AM's exclusion approaches where we 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.

		Engagement strategy	
5	**Clients and portfolio companies**	– Understanding the needs and expectations of our clients and investors enables us to best serve their interests and to create value for them. Through engagement and collaboration, we help our clients and portfolio companies access best practice, robust science-based approaches, standardized methodologies and quality data that enable them to better measure and mitigate climate-related risks and act on climate-related opportunities. – For our lending activities, we have assessed where our corporate clients currently stand on their journey toward a low-carbon economy and climate-resilient business models. By establishing a view on their current decarbonization ambitions and activities, we aim to work alongside them to support their transition efforts. This can include the disclosure of current emissions, the setting of future decarbonization targets in line with Paris-aligned pathways and the development of credible transition plans. – We recognize that the transition of investment portfolios requires real-economy emission reductions, and see our active ownership strategy as a powerful tool in influencing corporate behavior to achieve real-economy outcomes. For example, our UBS AG Asset Management business has been running a dedicated climate engagement program for more than five years to address climate-related risks with measurable progress tracked. We have also aligned our voting policy with our climate engagement efforts and objectives. UBS AG Asset Management is using evidence-based metrics to assess transition plans and set engagement objectives with a focus on engagement outcomes. In situations where an engagement has not achieved set objectives, escalation steps are taken.	– Refer to the "Environment" section, "Supporting our clients' low-carbon transition" – "Supporting our financing clients' low-carbon transition" sub-section of this report for more information about how we are engaging with our corporate clients and "Supporting our investing clients' low-carbon transition" for more information about how we are engaging with our investees. – Refer to the "Supporting opportunities" section, "Asset Management" sub-section of this report for more information about how we approach active ownership and our climate engagement program. – Refer to the *Asset Management Stewardship Website* and our *Global Stewardship Policy* for more information about our active approach to stewardship as a crucial part of any sustainable investing strategy across asset classes through engagement, proxy voting and advocacy, enabling us to work with firms to influence behaviors, drive changes and achieve better outcomes.
6	**Industry**	– Partnerships within the financial services sector are a critical part of our sustainability strategy and approach to climate, underpinning our efforts to progress toward our stated ambitions. – We actively engage in regular discussions relating to corporate responsibility, sustainability and climate with peers, and more widely through trade bodies and associations. Sharing experiences and assessments of corporate responsibility and sustainability issues helps us to compare and improve our strategy, approach and tools and processes. – Through proactive engagement we aim to: (i) as appropriate and in line with local rules and regulations, exchange transition expertise and collectively work on finding solutions to common challenges; and (ii) represent the financial sector's views cohesively to external stakeholders, such as clients and governments. – 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 the 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 for vetting new ones.	– Refer to the "Supporting our strategy through stakeholder engagement" sub-section of the Supplement to the UBS Group Sustainability Report 2023 for more information about our approach to engaging with our clients, investors, peers, governments and regulators, political parties, communities and further stakeholders. – Refer to the "Helping to achieve our strategy by working with key climate- and nature-related organizations", "Supporting our strategic goals – our engagement in partnerships" and "Our contributions to the advancement of sustainability and culture" sub-sections of the Supplement to the UBS Group Sustainability Report 2023 for an overview of our partnerships.

7	**Government and public sector**	– We actively participate in political discussions to share our expertise on proposed regulatory and supervisory changes (e.g. via the International Institute of Finance (IIF), the Association for Financial Markets in Europe (AFME) and the Swiss Bankers Association (SBA)). Sustainability and sustainable finance continue to remain key focus topics in our interactions with our financial regulators and supervisors. – We also engage in political initiatives and discussions relating to corporate responsibility, sustainability and climate, in line with our approach to climate and decarbonization planning. We supported the Climate Protection and Innovation Act, proposed by the Swiss Federal Council and accepted by the Swiss population in a 2023 referendum, to enshrine the Swiss net zero commitment into law and establish pathways for transition in key sectors of the Swiss economy. – Regarding climate, our engagement aims to share expertise on an orderly transition that is aligned with the Paris Agreement and we welcome regulatory requirements that would harmonize reporting standards to create transparency and comparability across companies. Thus, UBS supported the work of the International Sustainability Standards Board to establish a global baseline for sustainability and climate reporting in 2023. – UBS was also part of the working group that further developed the Swiss Climate Scores in 2023 as a key instrument to further increase transparency on the climate alignment of financial products. During 2023 we published the first set of Swiss Climate Scores for 136 of our Swiss investment funds. – On a regional basis, we engage with policy makers in the EU, UK, Americas and key Asia Pacific jurisdictions. – We maintain a regular dialogue with politicians globally and strive to establish long-term relationships with political representatives.	
		Metrics and targets	
8	**Metrics and targets**	– It is our ambition to align our own operations and business activities with the objectives of the Paris Agreement. – To support this ambition, we have established a suite of metrics and targets across financing, investing and own operations to drive execution of our transition plan and monitor progress of results. – For example, we measure our financed emissions and emissions intensity for most material carbon-intensive sectors, have established 2030 lending sector decarbonization targets and are continuously tracking our progress toward these targets. – We also conducted a preliminary analysis of the facilitated emissions from our capital markets activities for select carbon-intensive sectors. – To underpin our targets, we have defined various actions that we strive to implement in the near-, medium- and long-term. – UBS has a strategic multi-year and Group-wide ESG data and technology strategy in place and we are leveraging best-in-class solutions to further accelerate our strategic ESG ambitions. – Our Group ESG (data) architecture supports our business users' ESG needs, and we continue to enhance data acquisition, analytics capabilities and systems to monitor climate-related metrics and enhance associated climate disclosures.	– Refer to the "Strategy" section, "Our aspirations and progress" sub-section of this report for a description of our targets and progress for financing, investing and own operations. – Refer to the "Environment" section, "Our climate roadmap" sub-section of this report for an overview of what we are aiming for to support the transition to a low-carbon economy. – Refer to the "Environment" section, "Supporting our clients' low-carbon transition" sub-section of this report and "Environment" section of the Supplement to the UBS Group Sustainability Report 2023 for more information about methodologies, metrics and targets for lending and investing and to the "Basis of Reporting" sub-section of the Supplement to the UBS Group Sustainability Report 2023 for capital markets. – Refer to the "Environment" section "Reducing our environmental impact" sub-section of this report for a description of how we will manage any residual scope 1 and 2 emissions that cannot be mitigated through reducing at source. – Refer to the "Environment" section, "Monitoring the environmental impact of our supply chain" sub-section of this report and the "Social" section, "Managing our supply chain responsibly" sub-section of this report for our actions pertaining to our supply chain.

		Governance	
9	**Roles, responsibilities and remuneration**	– The UBS Group Sustainability and Impact (GSI) framework provides an overview of the governance and key Group-wide policies, guidelines, and key topics applying to sustainability and impact at UBS, including climate. – Our approach to climate and related activities is overseen at the highest level of UBS Group. The Board of Directors' Corporate Culture and Responsibility Committee (CCRC) is the body primarily responsible for corporate culture, corporate responsibility and sustainability including climate. It oversees our firm-wide sustainability and impact strategy and activities and approves related objectives. – The responsibility for setting the firm-wide sustainability and impact strategy and developing associated objectives, in agreement with fellow GEB members, has been delegated to the GEB Lead for Sustainability and Impact by the Group Chief Executive Officer (the Group CEO). Progress against strategy and the associated objectives are reviewed at least once a year by the GEB and the CCRC. – The Group CEO and GEB performance scorecards include sustainability objectives, comprising climate-related goals, and their progress is measured via robust quantitative metrics and qualitative criteria. Sustainability objectives are individually assessed for each GEB member, and consequently directly impact their performance assessments and compensation decisions. – Our management of sustainability and climate risk (SCR) is steered at the GEB level. The Sustainability and Climate Task Force (the SCTF) is the cross-divisional and cross-functional authority for sustainability and climate governance, as well as the Group's sustainability and climate governance body. – We have dedicated teams and individuals assigned to ensure an effective delivery of our transition plan. The net-zero workstreams within the Group Sustainability and Climate Initiative coordinate the implementation of our net-zero ambitions, with a specific focus on addressing emissions related to our financing activities and own operations and in the context of clients' investments focuses on managing specified assets in line with net-zero. – In 2023, Ernst & Young has provided independent assurance on certain sustainability metrics and information. – We are continuously improving the governance, execution and control of the processes in place to support our decarbonization and sustainability efforts.	– Refer to the "Governance" section, "Our sustainability governance" sub-section of this report for a description of how UBS governs its sustainability strategy and approach to climate. – Refer to "Appendix 4 – Other supplemental information" in the appendices to this report for the independent assurance report by Ernst & Young. – Refer to the "Compensation for GEB members" section, "GEB performance assessments" sub-section of the UBS Group Annual Report 2023 for more information about the GEB performance measurement process. – Refer to the "Compensation philosophy and governance" section, "Environmental, Social and Governance considerations" sub-section of the UBS Group Annual Report 2023 for more information about how ESG is included in the compensation process.
10	**Skills and culture**	– To support the development and implementation of our transition plan, we implemented the Group Sustainability and Climate Initiative to ensure alignment therewith and embed the plan into our culture and practices. – Our initiative is underpinned by current and future resource requirements and specified roles and responsibilities, and we are providing support to individuals so that they have sufficient skills and knowledge to perform their roles. – Helping our workforce understand why sustainability and sustainable finance is a strategic priority, for both the Group and our stakeholders, is an important part of ensuring we meet our sustainability and climate ambitions. – At the end of 2022, we made a Foundational Sustainability Training Program available to all staff at UBS. 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 SCR team provided training and education sessions focused on sustainability and climate risks as well as emerging risks, such as greenwashing risk. These sessions were delivered to relevant colleagues. – 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. Through regular, Group-wide Town Halls, hosted by the GEB Lead for Sustainability and Impact, the Chief Sustainability Officer and the Head of Social Impact, staff are provided with updates on our net zero strategy and progress. In addition, our key ambitions and progress against those ambitions are published on our external website, *ubs.com*.	– Refer to the "Supporting our approach to climate: key enablers" sub-section of the Supplement to the UBS Group Sustainability Report 2023 for more information about training provided to employees. – Refer to the "Managing sustainability and climate risks" section, "Risk management and control" sub-section of this report for more information about training provided to employees with regard to climate risk. – Refer to the "Sustainability-related training and raising awareness" sub-section of the Supplement to the UBS Group Sustainability Report 2023 for more information about how we engage in education and awareness raising for staff, clients and local communities, regarding corporate responsibility and sustainability topics and issues.

Overview of climate-related targets and actions

As part of our transition plan, which outlines principles supporting our ambition to achieve net-zero greenhouse gas (GHG) emissions across our scope 1, scope 2 and specified scope 3 activities, we have set targets in financing, investing and own operations. To underpin these targets, we have defined various actions that we strive to implement in the short-, medium- and long-term. In line with our continued transition plan development, we will continue to define additional actions and refine current plans to further drive progress toward our targets.

<table>
<tr><th></th><th>Short term</th><th>Medium term</th><th>Long term</th><th></th></tr>
<tr><th>Area</th><th colspan="4">Planned actions, targets and ambitions</th></tr>
<tr><td>Overarching</td><td colspan="3">Transition plan:
– Continue to refine and enhance our transition plan in line with evolving client needs and industry guidance – outlining how we aim to achieve net-zero GHG emissions across our scope 1 and 2, and specified scope 3, activities while supporting our clients through their own transitions.</td><td rowspan="7">2050 ambitions:
– Net-zero GHG emissions across our scope 1 and 2, and specified scope 3, activities.</td></tr>
<tr><td rowspan="2">Financing</td><td>Targets:
– Aim to develop additional targets for remaining material carbon-intensive sectors in line with NZBA commitment and as data and applicable methodologies become available.
Frameworks and tools:
– Incorporate criteria into pre-deal assessments to understand climate impacts and identify associated risks and opportunities.
– Develop transition framework to understand where corporate clients are on their lower-carbon journey and inform appropriate actions to support.
Policies:
– Continue to enhance and develop standards aimed at supporting mitigation and de-risking of the Group's risk profile, aligned to climate objectives.
Engagement:
– Formalize approach to client engagement to support their transition efforts.</td><td>By 2030:
– Reduce emissions intensity associated with UBS in-scope lending from 2021 levels for Swiss residential real estate by 45%; Swiss commercial real estate by 48%; power generation by 60%; iron and steel by 27%; cement by 24%.[1]
– Reduce absolute financed emissions associated with UBS in-scope lending from 2021 levels for fossil fuels (oil, gas and coal) by 70%.[1]
– Continue disclosing in-scope ship finance portfolios according to Poseidon Principles trajectory with the aim of aligning.[2]</td><td>– Continue to reduce emissions intensity / financed emissions for in-scope sectors and enhance approach in line with our transition plan and evolving market practice and standards.
– Supplement emissions reductions with carbon removals to counterbalance hard-to-abate residual emissions in-line with net-zero guidelines.</td></tr>
<tr><td colspan="3">Framework and tools:
– Continue to embed sustainability and climate considerations into sustainable lending operating model.
Products and services:
– Continue to build our offering of sustainability-focused analysis, advisory and on-balance sheet (e.g., green or sustainable loans and mortgages) or off-balance sheet (such as access to debt and equity capital markets) financing solutions.</td></tr>
<tr><td rowspan="2">Investing</td><td>Frameworks and tools:
– Conduct climate stress testing for current in-scope portfolios,
– Measure and track in-scope portfolio alignment.</td><td>By 2030:
– 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.</td><td>– Continue to align our approach and aim to increase the scope of AuM that are subject to net-zero targets, as methodologies and market practice and standards evolve over time.[3]</td></tr>
<tr><td colspan="3">Policies:
– Conduct annual review of voting and stewardship policies to continue to evolve our approach.
Engagement:
– Continue to engage with clients, investees and third-party fund managers.
Products and services:
– Continue to build our investment solutions for private and institutional investors to help them navigate climate-related risks and opportunities.</td></tr>
</table>

Operations	**Energy consumption and sustainable buildings:** – Continue to reduce operational energy consumption and optimize corporate real estate portfolio. – Continue to invest in more sustainable buildings and upgrading existing buildings. – Continue to increase share of renewable energy. – Source 100% renewable electricity according to RE100. **Waste:** – Continue to reduce overall waste and improve recycling rates. **Travel:** – Update travel policy and continue to reduce air travel-related CO_2 emissions.	**By 2025:** – 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.[4] – Reduce our own energy consumption by 15% from 2019 levels. – Use 100% paper from sustainable sources. – Offset historical emissions from scopes 1 and 2 (own operations) back to 2000 (UBS AG consolidated).	**By 2035:** – 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]	– Continue to drive direct (scope 1) and indirect (scope 2) emissions reductions through energy efficiencies and by switching to more sustainable energy sources, thus reducing our reliance on carbon removal credits over time. – Continue to monitor key vendors and expand ambition to reduce emissions in line with net-zero trajectories to additional vendors.
	Frameworks and tools: – All environmental activities for UBS Group, including the entire scope of in-house operations are subject to our environmental management system (EMS) run in accordance with ISO 14001. – Quantify and manage relevant scope 3 emissions from categories 1 to 14 to inform appropriate actions. **Engage with key vendors:** – Capture climate information, monitor progress on reductions and incorporate ESG criteria into vendor selection.			
	Framework and tools: – Continue to disclose the environmental impact from joint operations, with clear commitments to sustainability and the reduction of environmental impact. **Travel:** – Strengthen reporting incl. comprehensive insights into travel-related emissions to measure and manage our travel footprint, incentivize employees to opt for eco-friendly transportation.			
Enablers	**Governance and accountabilities:** – Continue to ensure suitable governance processes and accountability for decarbonization targets. **Engagement and partnerships:** – Continue to engage with industry, governments, regulators, and other relevant external stakeholders on exchanging transition expertise, developing standardized guidance and implementing policies that support an orderly transition; participate in advocacy groups to drive necessary changes. **Training and culture:** – Continue to develop and prioritize roll-out of climate- and net-zero-specific training for employees and the Board of Directors. **Climate data and analytics:** – Continue to enhance data acquisition, analytics capabilities and systems to monitor climate-related metrics and enhance associated climate disclosures.			

1 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, as well as 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 scope of analysis primarily comprise Financial Services and other exposure to private individuals. 2 As part of our ship finance strategy, ships in scope of Poseidon Principles are assessed on 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 to 2008 levels). 3 In line with the Net Zero Asset Managers initiative, we acknowledge that the scope for asset managers to invest for net zero depends on the mandates agreed with clients and clients' and managers' regulatory environments. Also, on the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions, and in the context of investing, our legal duties to clients and unless otherwise prohibited by applicable law. In some asset classes or for some investment strategies, agreed net-zero methodologies do not yet exist. Where our ability to align our approach to investments with the goal of net zero emissions by 2050 is, today, constrained, we commit to embark with determination and ambition on a journey, and to challenge and seek to overcome the constraints we face. 4 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 for alignment with latest guidance. 5 In 2024, we may review our target 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.

Our approach to nature

Why nature is important to us

Climate and nature are deeply intertwined. Just as in the financial world, where assets give rise to revenue flows, the natural environment consists of stocks of assets (i.e., natural capital) that provide benefits to people and the economy (i.e., ecosystem services). Biodiversity is an essential characteristic of nature, critical for maintaining the quality, resilience and quantity of ecosystem assets and the provision of ecosystem services that businesses and society rely upon. This has been documented through a range of research initiatives, including the *Global assessment report on biodiversity and ecosystem services* from the Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services and the UK Government-sponsored *The Economics of Biodiversity: The Dasgupta Review*.

We recognize the importance of understanding human dependencies and impacts on nature, to better understand the transmission channels through which our clients and UBS may face risks and opportunities. We view nature, alongside climate, as a risk driver that may manifest in transition and physical risks that both we and our clients need to manage.

› **Refer to the "Strategy" section of this report for more information about our sustainability strategy**

Our governance

Our sustainability activities, including nature-related matters, are overseen at the highest level of the firm and managed by the Group Sustainability and Impact organization. Our Chief Sustainability Office leads a cross-firm Nature Working Group that meets monthly to consider nature-related activities, including regulatory and market developments, and to coordinate activities across the firm.

› **Refer to the "Governance" section of this report for more information about our sustainability governance, including on nature**

Our strategy

The Planet pillar of our overarching sustainability strategy encompasses our approach to nature, mirroring that for climate, and is underpinned by three key objectives:

– supporting our clients' low-carbon transition;

– reducing our climate impact;

– managing the risks of climate change to our business.

To address the needs of our clients, manage risks and contribute to positive impact, we have set standards for financing, investments and supply chain management decisions, including explicit aspects related to nature. Within our business divisions, we help our clients explore the opportunities related to natural capital and nature-positive solutions. We believe our work on nature is just beginning and will rapidly develop in line with market needs, regulations, data methodology developments and voluntary commitments.

Our strategy will further evolve as our understanding of the risks and opportunities connected to nature-related impacts and dependencies deepens. As data and methodologies continue to improve, this will support the further analysis of impacts and dependencies and the resulting risks and opportunities. We believe the release of the TNFD recommendations and the European Sustainability Reporting Standards on nature will encourage further developments in data and methodologies. We continue to engage with providers of nature-related data and methodologies that may support our own work.

As part of this effort in 2023, UBS joined a bank-specific working group aimed at addressing risks and opportunities in the agricultural sector. The working group is convened by the World Economic Forum's Tropical Forest Alliance (TFA) finance sector engagement team.

› **Refer to the "Strategy" section of this report for more information about our sustainability strategy**

Seeking nature-related opportunities

We already support our clients in identifying climate-related opportunities and look to provide similar support in relation to nature, albeit that work is at an early stage.

As part of this effort, the UBS Sustainability and Impact Institute (the Institute) has published various thought-leadership reports focusing on the topic of nature. These include *From Ozone to Oxygen – Opportunities and Risks in Natural Capital,* published in 2022, which offered a detailed review of the importance of nature and made a number of recommendations for key stakeholders to help address nature-related issues through financing, investing and advising. More recently, in July 2023, the Institute published *Taking root – Mainstreaming natural capital accounting to meet global biodiversity goals*. That report suggests that natural capital accounting (NCA) could be integral to reversing biodiversity loss by 2030 if its development speeds up and presents a set of strategies that investors and financers, NGOs, corporations and other stakeholders could pursue to help mainstream NCA. Also in 2023, the Credit Suisse Research Institute contributed to the dialogues on a global plastic treaty by publishing *Plastic pollution: Pathways to net zero*. Highlighting the challenges of ever-increasing plastic waste, including for biodiversity, this report discussed strategies for mitigation and adaptation, including waste management and the possibility of a global plastics treaty.

Managing nature-related risks

Nature-related risks refer to how organizations and people depend on and impact natural capital, which is defined as natural resources that combine to yield a flow of benefits to people.

› **Refer to the "Managing sustainability and climate risks" section of this report for a description of our climate and nature risk management**

We have established criteria to assess nature-related risks through our firm's standards. They address controversial activities and areas of concern (including sensitive locations), recognizing that UBS is both directly and indirectly exposed through our business activities. We limit business with clients or suppliers that may endanger animal species and/or contribute to deforestation and its related impacts, such as forest degradation.

› **Refer to the Supplement to this report, available at *ubs.com/sustainability-reporting*, for more information about the sustainability and climate risk policy framework**

Our sustainability and climate risk framework includes stipulation of controversial activities we will not knowingly engage in, and areas of concern where we will only engage subject to stringent criteria.

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 SCR 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, the Stainability and Climate Risk unit performed 3,297 assessments, these included 419 assessments focused on the agribusiness sector.

› **Refer to the Supplement to this report, available at *ubs.com/sustainability-reporting*, for more information about the sustainability and climate risk assessment table**

Our investing clients and client assets

In our wealth management business, it has been our long-standing view that sustainable investing strategies look beyond environmental, social and governance (ESG) integration. Thus, integrating material ESG information into investment analysis and decisions is increasingly seen as a requirement for the investment management industry. Exclusions, ESG integration and stewardship are a set of effective tools that can be incorporated not only in sustainable but also in conventional investment strategies: they could also be paramount in addressing nature as part of investments more broadly.

To facilitate a better use of these tools, our wealth management Chief Investment Office has identified six sustainability topics that encompass the major challenges that both impact and are impacted by corporations and governments, and can help inform investment decisions where relevant:

- pollution and waste
- climate change
- water
- people
- governance
- products and services

These topics are selected on the basis of industry best practices, relevance to company financial outcomes, data availability and reliability, and client feedback on the issues they care most about. Five of the topics (pollution and waste, climate change, water, people, and governance) focus on how well companies manage these issues within their operations and, therefore, reflect a company's operational footprint. This is where issues such as the advancement of corporate policies and practices on biodiversity preservation and pollution reduction would be captured and subsequently inform investment decisions where relevant. The sixth topic (products and services) focuses on whether the company's offering and its supply chain management address sustainability challenges directly and it therefore captures a company's delivery of solutions that directly mitigate environmental (and social) challenges, for instance within climate change mitigation and adaptation, pollution management and addressing water scarcity.

The six-topic framework is designed to offer a more simplified and targeted approach to sustainability challenges, including those related to nature, and specifically to inform the decisions of private investors. They represent universal sustainability challenges, although the priority of each topic may differ across industries. Additionally, the companies that manage these topics well are not necessarily those with the least-adverse environmental or social impact. In fact, sectors with the greatest exposure to sustainability risk factors often have a greater imperative (regulatory or reputation-driven) to work to minimize their negative impact.

Global Wealth Management uses these topics to score companies, inform investment analysis, allocate discretionary capital where relevant, and provide targeted advice to private and family office clients based on their stated sustainability preferences. For example, when considering nature-related information, the portfolio managers, and subsequently investors, would turn towards the topics of climate change, pollution and waste, water, and products and services to identify potential nature-related risks or opportunities that were not apparent from their financial analysis. Investors could also use the scores to assess the sustainability profile of their portfolios, to better understand their exposure to potential sustainability risks and opportunities, as well as to evaluate whether their investments are aligned with their personal values and interests. UBS also sources indicators of whether companies are involved in a range of activities, including environmental ones, such as use of genetically modified organisms or involvement in severe pollution actions, that some investors may wish to exclude.

How we approach natural capital risks in our investments

As an asset manager, we recognize that biodiversity loss and degradation is a source of material financial risk, and managing this risk is integral to fulfilling our fiduciary duties toward our clients. We also recognize that investing sustainably can promote actions that contribute to the preservation and restoration of natural capital of our planet.

Currently, we manage nature-related risks as part of our ESG integration processes. We use a proprietary ESG risk dashboard that combines multiple data sources to identify companies with material ESG risks. Natural capital risks, such as water and forest risks, are embedded in the methodologies of these underlying data sources, and our investment teams utilize these ESG factors alongside traditional financial metrics and proprietary ESG sector materiality maps to assess the risk-return profile in the investment process.

In 2023, we built on efforts started in 2022 to develop an investor thematic engagement program that works with investee companies to encourage actions that ensure natural capital is accounted for and included in their financial and economic decision-making. We developed this program by consulting with our clients, investment teams and a wide array of external experts to shape our priorities and approach to natural capital. In addition to our proprietary ESG sector materiality maps, we also conducted a heatmap assessment, mapping ENCORE data to our listed equity and fixed income corporate investments to understand exposure to biodiversity risks at the industry level. This process has led us to identify three specific areas that form the basis of our engagement program on natural capital risks and opportunities: forests, water, and the climate-diversity nexus.

In 2023, we also joined Nature Action 100 and PRI's Stewardship Initiative *Spring* to support the Asset Management stewardship strategy. Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. The initiative engages companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. UBS is also one of the members of the Advisory Committee.

Natural capital risks are considered across our real estate and private market investments. For example, our farmland business is a founding member of Leading Harvest, an outcomes-based sustainability standard that addresses economic, environmental, social, and governance matters through farm management. The Leading Harvest Farmland Management Standard comprises 13 objectives, 33 performance measures and 71 indicators that are core to farmland sustainability. Such nature-based objectives and performance measures include biodiversity conservation through species protection, wildlife habitat conservation, avoided land conversion, and crop diversity.

Since 2020, the inaugural year of the standard, 100% of the farmland acres we manage have been enrolled and as of 2023, 100% of the farmland acres we manage are certified. Conformance to the standard is assured through independent, third-party certification.

During 2023, Asset Management (Credit Suisse) had thematic engagements with a specific focus on the three areas of food systems, water and forest conservation. Going forward, the stewardship and engagement activities will be progressively integrated.

› **Refer to *ubs.com/global/en/assetmanagement/capabilities/sustainable-investing/stewardship-engagement* for our approach to stewardship**
› **Refer to *am.credit-suisse.com/ch/en/asset-management/insights/sustainable-investing/active-ownership.html* for Asset Management (Credit Suisse)'s approach to stewardship**

Our vendors and operational impact

Our firm-wide Responsible Supply Chain Management (RSCM) framework is based on identifying, assessing, and monitoring vendor practices on environmental and social topics. We have taken steps to protect biodiversity across our offices, mitigate the impact of our operations and raise awareness among our staff. Initiatives include the installation of green roofs featuring rooftop vegetable gardens and beehives at selected office locations, as well as organizing tree planting activities across Europe. Additionally, we obtained recertification for one of our Zürich offices from Natur & Wirtschaft, a Swiss foundation focused on promoting biodiversity conservation in settlement areas. Our portfolio includes further certified areas, highlighting a focus on green spaces with native plants and additional biodiversity features. We also organized annual events such as Clean-Up Day, during which UBS volunteers join forces to clean up street litter in their respective cities, and World Bee Day, featuring webinars and awareness campaigns highlighting the critical role of bees to our natural ecosystem.

Finally, in our corporate carbon offsetting activities, we make use of nature-based solutions, as well as technological carbon capture and storage solutions. As standards in this area continue to evolve (e.g., the Core Carbon Principles from the Integrity Council for Voluntary Carbon Markets), we will seek to apply them to our activities.

› **Refer to the "Social" section of this report for a description of our Responsible Supply Chain Management**

Mobilizing capital for nature

In order to support our investing clients, we continue to explore products and solutions that have a significant nature-related sustainability focus or may even be able to generate more net nature-positive impacts. In Global Wealth Management, for example, an investment solution that was launched in 2021 and aligns to our Future of Earth publication promotes environmental objectives built around the themes of sustainable land use, sustainable water use, the shift to clean energy and provision of health solutions that may help mitigate the impacts of environmental degradation on human health.

We also have the opportunity to add certain environmental and nature-aligned products solutions to the GWM offering as a result of the acquisition of the Credit Suisse Group. One example is an ocean engagement fund strategy, focused on public company engagement to drive ocean health. We continue to explore ways to develop further products and solutions in our wealth and asset management businesses.

We also continue to look for ways in which clients may be able to have more direct impact. This work is centered in the UBS Optimus network of foundations and other philanthropic services that provide opportunities for high net worth clients who may wish to undertake net-positive nature activities and are willing to do so in a way that generates less-than-market returns.

The work of the UBS Optimus network of foundations on mangrove conservation and blue carbon continued in 2023, as the UBS Optimus network of foundations believes that mangrove restoration can not only be a form of climate action through carbon sequestration but can also provide broader natural capital benefits through flood protection, and even have social co-benefits by supporting ecotourism in critical areas.

Further exploring the power of philanthropy to deliver change at scale, the UBS Climate Collective, an impact network for philanthropists and organizations, addresses the issue of climate mitigation and adaptation globally by tackling problems locally and enabling replication and scale to other countries. The Collective supports and invests in mangrove conservation and blue carbon projects in Southeast Asia, which is particularly vulnerable to climate change, through a portfolio of nine impact-led organizations in Vietnam and Indonesia focused on building coastal resilience to mitigate climate change and maximize social and biodiversity benefits. In 2023, the Collective established 42 partnerships, including with local and national governments, as well as private sector, local and international NGOs and funding partners, with the aim of generating systemic impact through collective action.

In 2023, the UBS Optimus network of foundations agreed to fund its nature-based solutions partner, Terratai, over a three-year period. Terratai is creating and supporting businesses that are tackling the systemic food system challenges contributing to nature and biodiversity loss in Asia.

This fits squarely with the UBS Optimus network of foundations' ecosystem development approach to supporting and fostering the incubation, growth and scaling of impactful enterprises and fills a gap we have identified for investment opportunities in innovative nature-based solutions.

The UBS Optimus network of foundations has also been exploring the use of blended finance structures to mobilize capital for nature. In 2022, it closed its first impact and blended deals in nature: one of them supporting marine protected area governance, sustainable fisheries and ecotourism, with Blue Alliance in the Philippines. Blue Alliance works across a network of nine Marine Protected Areas (MPAs) in the Philippines covering 5,200 hectares of coastal and marine ecosystems.

For our financing clients, we include nature considerations alongside other topics as part of our ambition to be a sustainable finance partner of choice. In 2023, Credit Suisse Group helped facilitate a foreign debt conversion by the government of Ecuador replacing USD 1.62 billion of external debt with new debt of USD 652 million on better terms. Associated with that, Ecuador agreed to provide an estimated USD 323 million for marine conservation in the Galápagos Islands over the next 18.5 years by endowing an independent Galapagos Life Fund.

Finally, in 2023, Credit Suisse Group hosted the 10th annual Conservation Finance Conference in conjunction with longstanding partners at Cornell University and The Nature Conservancy. The 2023 conference focused on nature action catalyzed across the private and public sectors and explored how institutional investors and businesses are stepping up to protect nature.

Our engagement and outlook

Participation in various industry collaborations is part of our effort to support our clients and further develop nature markets. In addition to our work in the global TNFD network, we helped Swiss Sustainable Finance and the UN Global Compact's Swiss network to establish a Swiss TNFD national consultation group in 2022. In 2023, we gave presentations on the TNFD several times to support capacity building in our home market. In the same year, we also co-chaired the UNEP FI Principles for Responsible Banking Nature working group that developed initial guidance on nature target setting for financial institutions. Also in 2023, we joined a World Economic Forum and Tropical Forest Alliance industry working group and a local Brazil working group with Global Canopy to explore collaboration on the critical issue of deforestation.

To support the development and growth of the conservation finance market, Credit Suisse Group was a co-founder of the Coalition for Private Investment in Conservation (CPIC) in 2016. CPIC's members included leading civil society organizations, private and public-sector financial institutions, and academia, with the shared aim of working together to deliver a material increase in private, return-seeking investment in conservation. We are continuing this long-standing relationship going forward as UBS.

We also engage with policymakers and regulators regarding nature-related risk management. Through our leadership of the Institute of International Finance Sustainable Finance Working Group, we engaged with the Network for Greening the Financial System, the G20 Sustainable Finance Working Group and the International Platform for Sustainable Finance (among others working on the topic).

In future years, we expect rapid improvements in data and methodologies, as well as the development of new financing and investing approaches. In particular, we expect an increased focus on location- and company-specific aspects of nature and a shift away from sector and country averages that form the basis for most of the portfolio-level analytical approaches today. We are exploring the application of emerging analytical approaches, such as biodiversity footprints and nature value-at-risk methodologies. We will continue to engage with regulators, industry peers, collaborative platforms and individual service providers, and vendors to understand and support emerging practices and offerings in the market.

Appendix 3 – Entity-specific disclosures for Credit Suisse AG

During 2023, certain sustainability-related policies, processes and activities have continued at Credit Suisse, following the acquisition of the Credit Suisse Group by UBS Group. This appendix therefore sets out pertinent information and data where it has not been integrated in the information and data set out in the core part of this report (and indicated, for example, via footnotes therein).

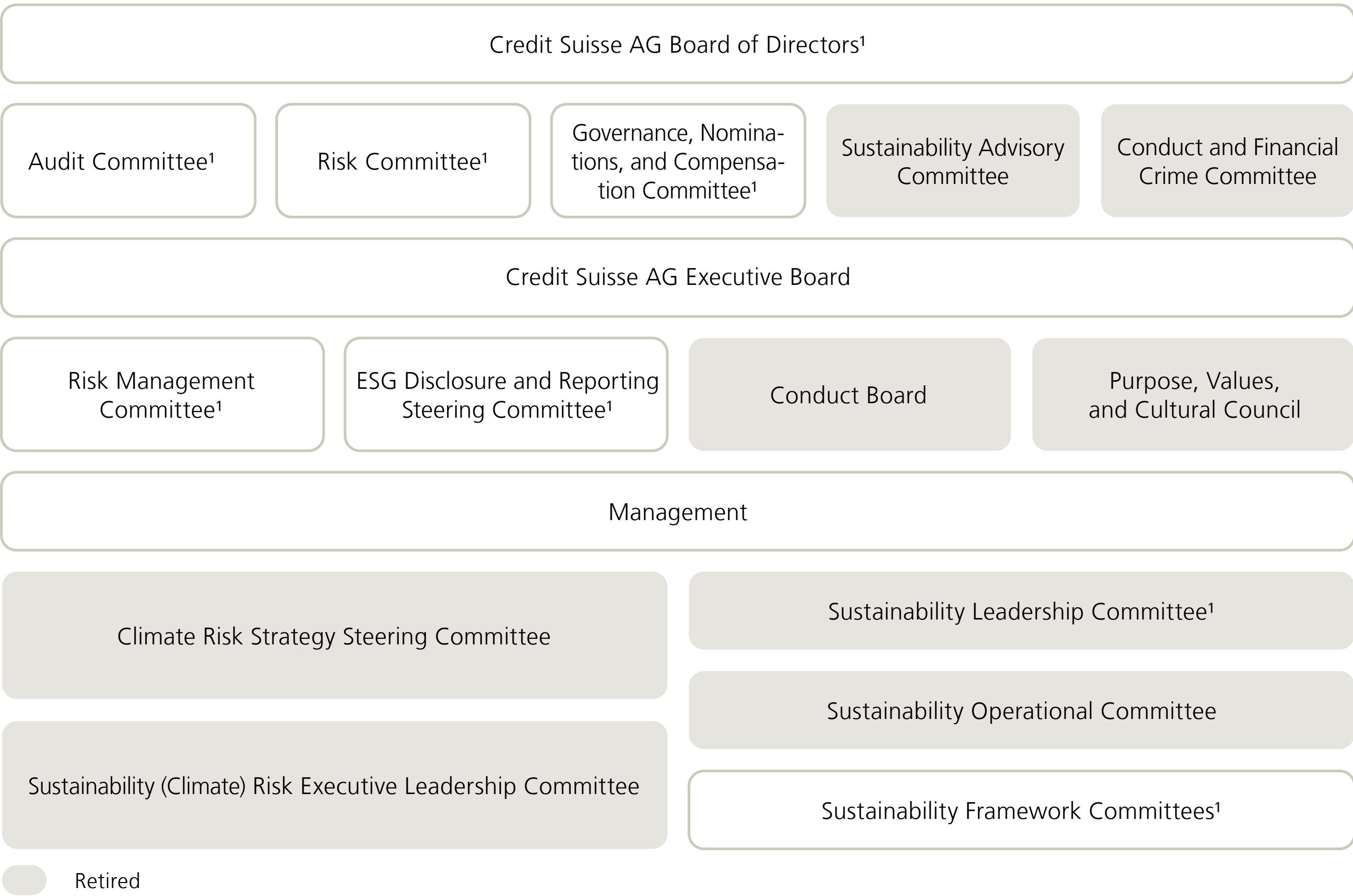
In strategic terms, following the acquisition, the sustainability (and impact) strategy of UBS Group has superseded that of Credit Suisse. Credit Suisse AG does not maintain a separate sustainability strategy, but its activities are integrated within the strategy of UBS Group.

Sustainability governance at Credit Suisse

Until its acquisition by UBS Group AG in June 2023, Credit Suisse Group AG had an established sustainability governance system. It was exercised at its Board of Directors, Executive Board, and senior management levels, thus integrating sustainability into line processes and structures, as well as through boards and committees specifically focused on sustainability topics. With the integration of Credit Suisse into UBS Group in the second half of 2023, this governance was adapted for Credit Suisse and integrated into UBS Group, which included the successive retirement of certain CS governance bodies.

Credit Suisse AG sustainability governance

Credit Suisse AG Sustainability governance



1 Includes UBS GEB members or their delegates

The following tables illustrate the main corporate bodies that have been involved in maintaining robust sustainability governance at Credit Suisse. Alignment with UBS Group's strategies, objectives, and guidelines has been ensured through appropriate representation of UBS Group on the Credit Suisse Board of Directors, which includes UBS Group and UBS GEB members. As set out in the Organization Regulations of UBS and its annexes, the UBS GEB has executive management responsibility for the steering of UBS Group and its business. Consequently, for matters affecting Credit Suisse, the primary counterparty / escalation path for Boards of Credit Suisse or committees is the UBS GEB.

Active sustainability governance bodies (as of 31 December 2023)

Governance body	Lead and other membership information	Meeting frequency	Purpose and responsibilities related to sustainability- and climate-related issues
Board of Directors (active)	– Chairman of Credit Suisse AG – Meetings are normally held with the participation of the CEO and the ExB (with regular private sessions of the Board)	– As often as its business requires, but at least six ordinary meetings per year	– Responsible for the overall direction, supervision and control of Credit Suisse and its management taking into account the UBS Group's strategy and interests.
Board Audit Committee (active)	– Chair of the Audit Committee – Meetings are normally held with the participation of the CEO, the CFO, the Head of IA,	– As often as its business requires, but at least four times a year	– Supports the BoD in fulfilling its oversight duties relating to financial reporting and internal controls over financial reporting, the effectiveness of the external and internal

Governance body	Lead and other membership information	Meeting frequency	Purpose and responsibilities related to sustainability- and climate-related issues
	representatives of the external auditors and periodically, only with the participation of the Head of IA, the external auditors, or with members of management, or a combination of any of the aforementioned	– Regular joint meetings with the Board Risk Committee	audit functions, and the effectiveness of whistleblowing procedures and legal and regulatory matters as relevant. – Provided sign-off on the 2022 Credit Suisse Sustainability Report.
Board Risk Committee (active)	– Chair of the Risk Committee – Meetings are normally held with the participation of the CEO, the CFO, the CRO, the CCO, the CTO and the Head of IA Representatives of the external auditors participate (to the extent necessary) in the RC meetings	– As often as its business requires, but at least four times a year – Regular joint meetings with the Board Audit Committee – Annual meetings with the Governance, Nominations, and Compensation Committee	– Assists the BoD in fulfilling its risk management responsibilities in the areas of financial and non-financial risks (regulatory, compliance, financial crime, conduct, governance and operational risk), considering the potential effects of the afore-mentioned risks to Credit Suisse's reputation.
Board Governance, Nominations, and Compensation Committee (active)	– Chair of the Governance, Nominations, and Compensation Committee – Meetings are normally held with the participation of the CEO, the Global Head of People, and senior representatives of the Performance and Reward function	– As often as its business requires, but at least four times a year – Annual meetings with the Risk Committee	– Formed by merging the former Credit Suisse Group AG Board Governance and Nominations Committee and the Board Compensation Committee – Supports the BoD in fulfilling its duties with respect to overseeing the corporate governance and compensation practices of Credit Suisse, including the organization and composition of the BoD and the selection and nomination of new BoD members, the appointment of new ExB members, and the determination of compensation for Credit Suisse.
Executive Board (active)	– Chaired by the Credit Suisse CEO	– As often as its business requires, but at least monthly	– The Executive Board is appointed by the Board of Directors and acts in accordance with the Group's strategies, objectives and guidelines. – Most senior management body of Credit Suisse AG and is responsible for the day-to-day operational management under the leadership of the CEO.
Risk Management Committee (active)	– Co-chaired by the Credit Suisse CEO, the CRO, and the CCO	– As often as its business requires, but at least monthly	– Acts in accordance with the Group's strategies, objectives and guidelines. – Steers and monitors the development and execution of the Credit Suisse AG's risk strategy, approving risk appetite under ExB RMC authority across all risk types and its divisions, as well as reviewing the aggregate and highest risk exposures, key risk concentrations, and key non-financial risks. – Monitors the execution of the overall approach to climate, jointly with legal entity Board of Directors' risk committees where relevant.
ESG Disclosure and Reporting Committee	– Chaired by the Credit Suisse CFO and CSO	Subject to actual needs and circumstance – 1H23 meetings: 2 – 2H23 meetings: 2	– Seeks to ensure that appropriate levels of control and governance are in place for our ESG disclosures.
Sustainability Framework Committees	– The Sustainable Classification Committee (SCC) – The Green Finance Committee	– SCC meets bi-weekly – Green Finance Committee meets ad-hoc as required	– The SCC is the governing body of the Sustainable Investment Framework and oversees the investment product classification – The Green Finance Committee is the governing body of the Green Finance Framework and oversees the issuance of green finance products and green asset pool, and the reporting related to green issuances

Paused or retired sustainability governance bodies

Governance body	Lead and other membership information	Meeting frequency	Purpose and responsibilities related to sustainability- and climate-related issues
Board Sustainability Advisory Committee (retired April 2023)	– Chair of the Sustainability Lead of the Board of Directors	As often as its business requires, but at least four times a year – 1H23 meetings: 1 – 2H23 meetings: n/a (retired in April 2023)	– Retired in April 2023; assisted the Board, in an advisory capacity, in fulfilling its oversight duties in respect of the development and execution of the Credit Suisse Group's sustainability strategy and ambitions and monitoring and assessing the effectiveness of the respective sustainability programs and initiatives.
Conduct and Financial Crime Committee (retired October 2023	– Chair of the Conduct and Financial Crime Control Committee	As often as its business requires, but at least four times a year	– Retired in October 2023; and duties primarily embedded into the Board Risk Committee. – Assisted the Board in fulfilling its oversight responsibilities with respect to Credit Suisse's exposure to financial crime risk.

Governance body	Lead and other membership information	Meeting frequency	Purpose and responsibilities related to sustainability- and climate-related issues
Compensation Committee (integrated into the GNCC June 2023)	– Chair of the Compensation Committee	As often as its business requires, but at least four times a year	– Retired in June 2023 and duties integrated into the new Governance, Nominations, and Compensation Committee. – The Compensation Committee was responsible for proposing the compensation structure and plans for the Executive Board and the broader employee population, as well as determining the respective variable compensation amounts, based on an assessment of both financial and non-financial performance, for approval by the Board.
Credit Suisse Conduct Board **(retired in December 2023)**	– Co-chaired by the Global Head of People and another ExB member – Minimum of five members from the ExB and senior management appointed by the CEO	As often as its business requires, but at least monthly	– Acted in accordance with the Group's strategies, objectives and guidelines – Established and determined a governance framework for the management of conduct matters throughout the Credit Suisse entities. – Oversaw and reviewed the global disciplinary process of Credit Suisse entities, ensuring it was applied in a fair and consistent manner.
Culture and Values Board (retired August 2023)	– Co-chaired by the CEO and the Global Head of People	Monthly	– Retired in August 2023; led the Group-wide culture strategy and design efforts, including a regular review of the Code of Conduct, and championing the implementation of the Group's culture agenda in the divisions, regions and functions.
Sustainability Leadership Committee **(paused since August 2023, retired in January 2024)**	– Chief Sustainability Officer – Sustainability Leaders in Business Divisions and representatives from CCO, CRO, GC and IA	Monthly (subject to actual needs and circumstance) – 1H23 meetings: 4 – 2H23 meetings: 1 plus 1 written update (paused from August 2023; retired in January 2024)	– Paused since 2023, retired in January 2024. – Steered the implementation of the sustainability strategy across the bank, ensured bank-wide engagement on sustainability and oversaw the progress towards commitments and strategic priorities. It discussed growth opportunities, risks and the impact of the market environment on the sustainability strategy. – From April 2023, provided oversight on the execution progress of Sustainability initiatives and projects
Sustainability Operational Committee (retired March 2023)	– COO of Global Sustainability – Representatives from each Business Divisions and CRO, CCO, and GC	Monthly (subject to actual needs and circumstance) – 1H23 meetings: 3 – 2H23 meetings: n/a (retired in March 2023)	– Retired in March 2023 and responsibilities integrated into the Sustainability Leadership Committee from April 2023 – Provided oversight on the execution progress of Sustainability initiatives and projects
Climate Risk Strategy Steering Committee (retired September 2023)	– Co-chaired by the Chief Risk Officer and the Chief Sustainability Officer – Senior management representation, including a subset of Executive Board members from across business divisions, General Counsel, Risk and Global Sustainability reporting to the Executive Board Risk Management Committee	Monthly (subject to actual needs and circumstance) – 1H23 meetings: 2 – 2H23 meetings: 0 (retired in September 2023)	– Retired in September 2023 – Provided overarching governance and guidance for Credit Suisse's Climate Risk Strategy program and was mandated to develop comprehensive strategies to address climate-related risks.
Sustainability (Climate) Risk Executive Leadership Committee (retired September 2023)	– Chaired by the Head of Corporate Risk	Monthly (subject to actual needs and circumstance) – 1H23 meetings: 6 – 2H23 meetings: 0 (retired in September 2023)	– Retired in September 2023 – Provided oversight on the implementation of the Group's strategy with respect to managing sustainability and climate-related risks. – Reported to the Climate Risk Strategy Steering Committee, which in turn had a reporting line to the Executive Board Risk Management Committee.
Net Zero Steering Board (retired September 2023)	– Chaired by the Chief Sustainability Officer	Monthly (subject to actual needs and circumstance) – 1H23 meetings: 2 – 2H23 meetings: 0 (retired in September 2023)	– Retired in September 2023 – Provided oversight and strategic guidance for developing the Group's science-based goals and transition strategies that underpin Credit Suisse's net-zero 2050 ambition.

Environmental matters at Credit Suisse

Credit Suisse Group AG's net-zero ambition included investment activities on behalf of clients within Asset Management (Credit Suisse) and Investment Solutions & Sustainability (IS&S), part of Wealth Management (Credit Suisse). It included a 2030 interim goal for the reduction of investment-associated emissions in intensity terms by 50% by 2030 across Credit Suisse's listed equities and corporate bonds investments. The goals of Asset Management (Credit Suisse) and IS&S aimed to consider the scope 1 and 2 emissions of portfolio companies, as well as scope 3 emissions for portfolio companies in the energy sector. Given the reliance on companies to report their emissions, at this point in time, Credit Suisse can only report progress on this target for 2022.

As previously disclosed in the 2022 Credit Suisse Group Sustainability Report, Credit Suisse's investment-associated emissions disclosures require restatement each year as further assets come into scope and as more emissions data is reported by investee companies. As a result, prior years have been recalculated and re-baselined to reflect the updated emissions reported in the MSCI database. We have aligned the currency for this disclosure to the UBS reporting currency of USD (with Credit Suisse having previously reported this disclosure in CHF). Comparative periods are converted at the spot rate as of December 31 in the relative period.

The Asset Management (Credit Suisse) and Investment Solutions & Sustainability disclosure was previously reported, using USD equivalents, as 30,578,651 for 2021, 31,439,331 for 2020 and 32,045,782 for 2019 for "Investment associated emissions (absolute) (t CO_2e)" and 130 for 2021, 151 for 2020 and 190 for 2019 "Emission intensity (t CO_2e per USD million invested)". In addition, the previously reported "Assets under management (AuM) in scope %" and "In-scope AuM with emissions data %" was 44% and 39% for 2021, 44% and 36% for 2020 and 41% and 32% for 2019.

The investment-associated emissions of a listed equity and corporate bond portfolio are calculated as the company emissions weighted by the outstanding amount divided by the enterprise value including cash, summed up over all investee companies. The emissions intensity corresponds to the total investment-associated emissions normalized by the invested amount. For 2022, Asset Management (Credit Suisse) and IS&S measured investment-associated emissions in intensity terms as 126 t CO_2e per million US dollars invested. This represents a decrease of 7% compared with 2021 and compares with an annual target reduction of 6% for both Asset Management (Credit Suisse) and IS&S compared with 2019 as the baseline year.

Portfolio emissions (Credit Suisse)	For the year ended			
Credit Suisse Asset Management	31.12.22	31.12.21	31.12.20	31.12.19
Investment associated emissions (absolute) (tCO_2e)	19,167,144	26,212,036	27,442,394	25,008,330
Emissions intensity (tCO_2e per USD million invested)	124	129	151	172
AuM in scope %	42%	44%	44%	41%
In-scope AuM with emissions data %	35%	39%	37%	32%
Credit Suisse Asset Management and Investment Solutions & Sustainability (IS&S)				
Investment associated emissions (absolute) (tCO_2e)	22,462,090	31,977,454	32,807,157	29,778,625
Emissions intensity (tCO_2e per USD million invested)	126	136	157	176
AuM in scope %	42%	44%	44%	41%
In-scope AuM with emissions data %	35%	39%	37%	33%

Between 2021 and 2022, absolute investment-associated emissions decreased by 30% for Asset Management (Credit Suisse) and Wealth Management (Credit Suisse) combined. This is driven by a reduction in managed AuM during this period as the emission intensity only decreased by 7%. The major factor contributing to the reduction in emission intensity is the general increase in market values for positions in the energy sector, mostly due to geopolitical tensions. These market value increases introduce a dilution effect.

Due to the current lack of available data (fund look-through data as well as carbon data), it is not possible to accurately measure the investment-associated emissions of all our in-scope assets. Overall, investment-associated emissions were calculated for 178 (USD billion) of total AuM in 2022 within Asset Management (Credit Suisse) and IS&S that relate to discretionary mandates. The 35% figure refers to the AuM marked as in scope with data (listed equities and corporate bonds).

In-scope AuM are expressed as a share of the total AuM of Asset Management (Credit Suisse) including pooled funds and discretionary mandates, and Wealth Management (Credit Suisse) for discretionary mandates managed within IS&S. Excluded locations for Asset Management (Credit Suisse) include Americas and Asia Pacific. Excluded locations for Wealth Management (Credit Suisse) include Spain, Brazil, and Mexico.

As we strive to operate seamlessly as one organization and to publish a target which will cover the combined UBS and Credit Suisse Asset Management business, the previous interim targets for the reduction of investment-associated emissions announced by Credit Suisse and the corresponding Climate Action Plan will be withdrawn in 2024.

Credit Suisse-specific environmental footprint

The table below contains the 2023 annual environmental data across the Credit Suisse operational footprint. The table contains instances where units and indicator names have changed compared to prior Credit Suisse disclosures in order to align with the corresponding UBS terminology. To enable the integration within the consolidated UBS Group figures, the figures contained within this table have been recalculated to align with the methodology in use at UBS.

Credit Suisse-specific environmental footprint

	Environmental indicators (Credit Suisse)[1,3,4,5]		GRI[2]	2023	2022	2021
Energy	**Total direct and intermediate energy consumption**	**(GWh)**	**302**	**353 GWh**	395 GWh	388 GWh
	Electricity	GWh		**274 GWh**	306 GWh	289 GWh
	Share of electricity from renewable sources	**(%)**	**302**	**90.5%**	83.1%	84.9%
Paper	**Total paper consumption**	**(tons)**	**301**	**669 t**	832 t	1,160 t
	Paper consumption in kg per FTE	(kg/FTE)		**14 kg**	16 kg	23 kg
Water	**Total water consumption**	**(m m^3)**	**303**	**0.47 m m^3**	0.46 m m^3	0.38 m m^3
	Water consumption m^3 / FTE	(m^3/FTE)		**10 m^3**	9 m^3	7 m^3
Greenhouse Gases (GHG)	**Direct greenhouse gas (GHG) emissions (scope 1)[6]**	**(t CO_2e)**	**305-1**	**11,063 t**	13,584 t	13,537 t
	Gross location-based energy indirect GHG emissions (scope 2)[7]	**(t CO_2e)**	**305-2**	**68,467 t**	75,324 t	85,821 t
	Market-based energy indirect GHG emissions (scope 2)[8]	**(t CO_2e)**	**305-2**	**15,309 t**	24,153 t	21,274 t
	Gross other indirect GHG emissions (gross scope 3)[9,10]	**(t CO_2e)**	**305-3**	**42,337 t**	52,947 t	32,943 t
	Purchased goods and services (scope 3 cat 1) (only paper and water)	(t CO_2e)		**688 t**	820 t	1,327 t
	Scope 3 cat 3 Fuel- and energy-related activities (not included in scope 1 or scope 2)	(t CO_2e)		**22,632 t**	25,365 t	23,369 t
	Emissions from waste - (scope 3 cat 5)	(t CO_2e)		**545 t**	968 t	895 t
	Travel emissions - (scope 3 cat 6)	(t CO_2e)		**18,472 t**	25,794 t	7,352 t
	Total Gross GHG Emissions[11]	**(t CO_2e)**		**121,868 t**	141,855 t	132,301 t
	Total Net GHG Emissions (GHG Footprint)[12]	**(t CO_2e)**		**68,710 t**	90,684 t	67,754 t
	Greenhouse gas (GHG) footprint (t CO_2e / FTE)	**(t CO_2e/FTE)**	**305-4**	**1.4 t**	1.6 t	1.2 t

Legend: GWh = gigawatt hour; km = kilometer; t = metric ton; m^3 = cubic meter; m = million; CO_2e = CO_2 equivalents

1 Reporting periods: 2023 (1 January 2023 to 31 December 2023), 2022 (1 January 2022 to 31 December 2022), 2021 (1 January 2021 to 31 December 2021). 2 Reference to GRI Sustainability Reporting Standards (see also globalreporting.org). 3 Metrics relate to the activities under the operational control of Credit Suisse, therefore excludes any environmental impacts resulting from the products, services, or other downstream client activities. 4 GHG emissions pertain to Credit Suisse. 5 FTEs used for intensity metrics are calculated on monthly / quarterly average basis as applicable and include Credit Suisse employees and contractors to provide a more representative number of individuals using Credit Suisse facilities. 6 Previously reported as "Total scope 1 emissions" by Credit Suisse. 7 Previously reported as "Total scope 2 (location-based) GHG emissions" by Credit Suisse. 8 Previously reported as "Total scope 2 (market-based) GHG emissions (t CO2e)" by Credit Suisse. 9 Previously reported as "Total scope 3 emissions" by Credit Suisse. 10 Due to limited data availability a full GHGP-aligned Scope 3 emissions report is not currently possible to produce. The reported Scope 3 emissions figures are limited to the following categories only: 3.1 Purchased goods and services (water and paper only), 3.3 Fuel and energy-related emissions, 3.5 Waste generated in operations, 3.6 Employee business travel. 11 Previously reported as "Total scope 1, 2 (location based), 3 GHG emissions" by Credit Suisse. 12 Previously reported as "Total scope 1, 2 (market based), 3 GHG emissions" by Credit Suisse.

2025 objectives[1]	2023 progress toward 2025 objectives	2022 progress toward 2025 objectives	2021 progress toward 2025 objectives
75% reduction in GHG emissions (compared with 2010 levels on reported operational aspects)	**n/a**	77.2%	83.0%
100% renewable electricity (consistent with RE 100)	**90.5%**	83.1%	84.9%
50% green label office space (in m^2) certified to a green building standard[2]	**48%**	47%	37%
1.5% annual energy efficiency improvement (on a year-on-year basis)	**1.4%**	0.7%	N/A
Reduce single-use plastic items (and increase the share of products made from recycled material and reusable materials	We have identified single-use plastic (SUP) categories and alternatives in partnership with our global FM provider. Phase 1 of the project, launched in 2023, encompassed 7 locations and resulted in the implementation of sustainable alternatives for almost half the SUP items identified.		
10% paper reduction (on an FTE basis, compared to 2018 baseline)	Has not previously been, and will continue to not be, disclosed due to a combination of poor quality data and long-term distortion in the data arising from changes to working patterns as a result of the COVID pandemic.		
100% environmental label paper			
10% water efficiency improvement (on a per FTE basis, compared to 2018 baseline)			
2030 enterprise goal			
61% reduction in scope 1 and scope 2 enterprise GHG emissions (against 2019 baseline)	**58%** [3]	n/a	n/a

1 All figures have been retrospectively aligned to the prevailing UBS reporting methodology which has resulted in deviations to the previously reported figures. 2 Scope limited to Credit Suisse facilities that contain office space. "Green" office space refers to third-party accredited certifications such as LEED, BREEAM, DGNB, Minergie as well as the Credit Suisse green property quality seal. 3 All figures have been retrospectively aligned to the prevailing UBS reporting methodology which has resulted in deviations to the previously reported figures. Retrospective changes to the 2019 Scope 2 market based emissions baseline methodology to align with the prevailing UBS methodology have resulted in significant changes to the 2019 Scope 1 and 2 baseline used to calibrate the 61% reduction target. The original baseline adopted a GHGP-aligned renewable electricity definition which has subsequently been changed to a more stringent RE-100 definition. The impact of this is a reduction in the renewable electricity coverage across our updated 2019 baseline, and a corresponding increase in our Scope 2 market based emissions figures. As such the 2023 performance against this target now appears much higher. This target will be retired in 2024 as the business aligns under a single suite of consolidated environmental targets.

People at Credit Suisse

As part of the integration of Credit Suisse, we examined our people management landscape. Our analysis showed that nearly all of Credit Suisse's workforce and demographic data is compatible with ours, allowing us to report consolidated figures, unless otherwise stated.

› **Refer to the "Supplement to Social" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about "Workforce by the numbers"**

Supporting opportunities at Credit Suisse

As part of the integration of Credit Suisse, UBS has retired the Credit Suisse Sustainable Activities Framework (the SAF), as well as its related external USD 300 billion sustainable finance commitment. The SAF and its corresponding sustainable finance target were originally introduced in 2020 to classify transactions for reporting purposes, in the absence of established external guidance and peer practice. However, since then Credit Suisse's business strategy and operating model have undergone significant changes and market and regulatory standards have progressed considerably. Accordingly, the SAF framework was put operationally on hold in early 2023, prior to the acquisition. Since UBS's taxonomy and frameworks will be the standard for future sustainable finance business and product development, the SAF was discontinued in 2023.

By contrast, the Credit Suisse Sustainable Investment Framework (the SIF) continues to be in operational use. It is part of the Credit Suisse AG product offering directly to clients as well as a reporting tool. As such, the SIF fulfils an important role in meeting certain regulatory requirements in relation to clients' preferences around sustainability and will only be decommissioned in due course as the parent banks are merged and the product offering is harmonized.

Credit Suisse Sustainable Investment Framework

The SIF was established in 2020 and is utilized to classify investment solutions in an effort to seek consistency and set minimum standards across different asset classes, geographies, and regulatory regimes. Classification can also help match clients' interests with relevant investment solutions. The SIF classification does not supersede any regulatory commitment, nor does the SIF classification determine or indicate whether an investment solution will be labelled as "sustainable" (or other such term) under any given regulatory regime.

The SIF focuses on the following primary approaches.

- Exclusion: Positions assessed not to be significantly involved in controversial business fields or incidents.
- Integration: Positions assessed to be integrating environmental, social, and governance into their strategy.
- Thematic: Positions assessed to be in alignment with specific United Nations' Sustainable Development Goals (the SDGs).
- Impact: Positions assessed to be explicitly and intentionally contributing towards specific SDGs.

The following table shows assets under management (AuM) according to their SIF classification and their year-over-year change.

AuM classified according to the SIF (Credit Suisse AG)

	For the year ended		% change from
USD billion[1]	**31.12.23**	31.12.22	31.12.22
By SIF category[2,3,4]			
Exclusion	**24.7**	27.0	(9)
Integration	**112.2**	104.3	8
Thematic	**10.0**	9.9	1
Impact	**1.4**	1.6	(11)
Total AuM classified according to SIF	**148.3**	**142.9**	**4**
of which Thematic and Impact	***11.5***	*11.6*	*(1)*

1 Numbers include AuM positions from managed solutions and structured products that have been classified according to the SIF. 2 The Credit Suisse AG Sustainability Classification Committee oversees investment product classification and governs the Sustainable Investment Framework for Credit Suisse AG. 3 In reporting sent to Credit Suisse clients, additional instruments may be classified under the SIF, such as single securities. 4 In reporting sent to Credit Suisse clients, synonymous terminology may be used. "Exclusion" is synonymously referred to as "Avoid Harm"; "Integration" as "ESG Aware"; "Thematic" as "Sustainable Thematic" and "Impact" as "Impact Investing."

As of December 31st, the AuM according to the SIF (Exclusion, Integration, Thematic, or Impact) reached 148.3 billion, representing a year-on-year increase of 4%. Significant drivers of the increase were positive market conditions and foreign exchange movement, new product classifications according to SIF, and flows into new products.

Managing sustainability and climate risk at Credit Suisse

Credit Suisse’s approach to the management of sustainability and climate risk consists of four phases, (1) risk identification, (2) monitoring, (3) management, and (4) reporting. This approach has been further operationalized through a dedicated climate risk strategy program, launched in 2020. Since its inception, this program has underpinned the progressive expansion of policies, frameworks and capabilities to manage the transition and physical risks arising from a changing climate. In 2023, the program continued to deliver on different fronts: at the Credit Suisse Group level (prior to the acquisition by UBS Group), key developments included the enhancement of data analytics and quantitative capabilities to integrate climate risk into risk management models; in parallel, Credit Suisse continued to work on embedding sustainability and climate risk considerations into its legal entities’ policies and frameworks, refining Credit Suisse Group’s frameworks to reflect specific local regulatory provisions. These activities were underpinned by an increased focus on regulatory monitoring to ensure alignment with emerging legislative requirements across different locations, while continuing to inform business strategy and risk management decisions.

Client Energy Transition Framework (CETF)

Launched in 2020 and progressively expanded over time as part of Credit Suisse’s climate risk strategy program, the CETF has been part of Credit Suisse’s risk management practices aimed at addressing the diverse risks that could arise from its business activities, in line with legal and regulatory obligations. The underlying methodology categorizes clients operating in eight priority sectors, according to the clients’ energy transition readiness. They include oil and gas, coal mining, power generation (fossil-fuel-related), shipping, aviation, commodity trade finance (fossil-fuel-related), petrochemicals, and agriculture.

Internal criteria have been applied by the Credit Suisse Sustainability & Climate Risk (SCR) team to define in-scope clients and to assess their level of readiness for a low-carbon transition, leveraging quantitative key performance indicators, third-party ratings, and qualitative assessments based on climate-related questions. Clients active in the priority sectors have been assigned to one of five categories of transition readiness, spanning “unaware,” “aware,” “strategic,” “aligned” and “green”. This approach has enabled Credit Suisse staff to engage in critical sustainability discussions with clients, opening the door to financing potential solutions that can contribute toward a low-carbon transition, as well as to further expansion of our services. Under the framework, Credit Suisse would not engage in new lending or advisory activities with clients having the lowest level categorization in terms of transition readiness.

Until the decommission of the CETF at the end of 2023, Credit Suisse continued to leverage the framework to engage with clients to understand their approach to managing environmental and social risks, as well as their transition strategy.

Climate risk materiality assessment

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). This matrix classifies climate-related risks by looking at their potential financial and non-financial impacts, providing an indication of how they might affect the business. Risk prioritization depends on severity and probability. The financial and non-financial materiality assessments taken together can provide a more comprehensive understanding of the risk being considered and can help to inform decision-making. The chart below shows Credit Suisse’s materiality matrix for assessing potential financial and non-financial impacts of climate-related risks.

Specific thresholds were defined to assess the potential impacts of climate-related risks on financial items such as profit and loss (P&L), leverage ratio, or balance sheet. Based on such thresholds, four main impact categories were identified: minor, moderate, significant, and major.

The assessment also includes potential non-financial considerations, including:

- regulatory impacts;
- impact on clients;
- impact on reputation; and
- impact on market and competition.

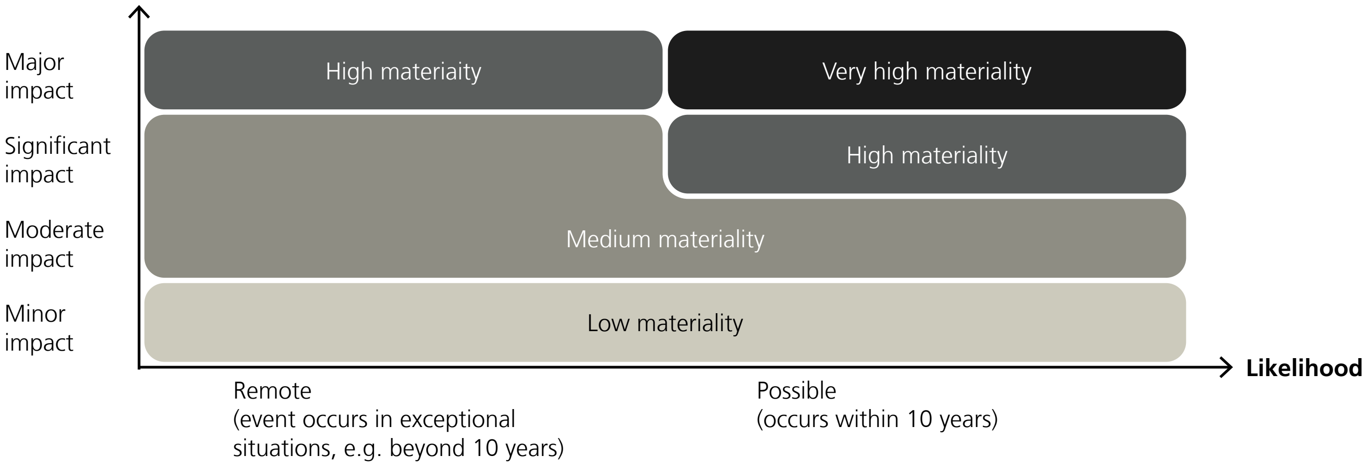
The combination of impacts (both financial and non-financial) and likelihood (remote or possible) determines whether the materiality of a risk should be categorized as low, medium, high, or very high. The heatmap that is generated following this approach enables Credit Suisse to identify critical risk exposures and areas for prioritization or mitigation.

During 2024, Credit Suisse's approach to assessing climate risk materiality will be reviewed, with the aim of applying a consistent approach across the UBS Group.

Assessing climate-risk materiality

Categories for financial impact assessment	Categories for non-financial impact assessment
P&L	Regulatory impact
Leverage ratio	Impact on clients
Risk-weighted assets	Impact on marked and competition
Balance sheet	Reputational impact

Financial and non-financial materiality

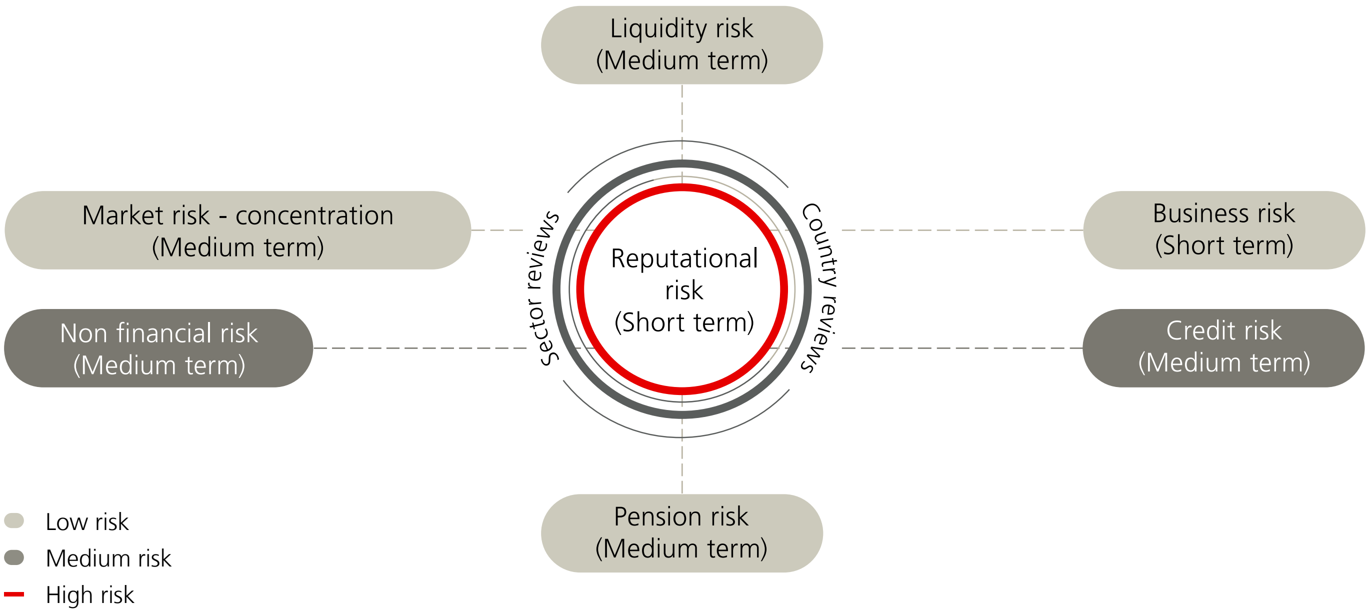


Climate-related risk methodologies and scenarios

Following an approach similar to UBS's, Credit Suisse has been assessing potential manifestations of climate-related risks across other risk categories such as market/ liquidity risk, credit risk, business risk, pension risk, reputational risk, and non-financial risk. This approach considered the most likely time horizon[1] for climate-related risk to materialize across these risk categories and assessed possible impacts against the short, medium and long term. For instance, non-financial risks are more likely to manifest in the medium term, while business risks are expected to manifest in the short term. The approach followed the overall RIAF, described above. In 2023 the RIAF assessment was refreshed at Group level and for specific locations, and, where appropriate, jurisdiction-specific amendments were applied to the framework. The results of the assessment are shown in the following chart.

1 Time horizons have been defined consistently with the ones mentioned in the Explanatory Report to the Ordinance on Climate Disclosures issued by the Swiss Federal Council on November 23, 2022:
– short term is 1–5 years
– medium term is 6–15 years
– long term is 16–30 years

Risk identification and assessment framework



In 2023, Credit Suisse continued to work on the integration of climate-related risk into credit risk across all stages of the transaction cycle, from loan origination processes to ongoing monitoring of counterparties. Key developments included the following:

- Roll out of Credit Suisse's ESG Risk Assessment tool to EBA- and PRA-regulated booking entities. The tool was initially developed and pilot tested in 2022, enhancing internal processes by bringing together different ESG frameworks, and highlighting key ESG risks and mitigants. The aim of the tool was to enable a more informed assessment of potential climate-related impacts on the creditworthiness of clients.
- Expansion of Credit Suisse's Single Name Analysis. The assessment started in response to the UK Prudential Regulation Authority's Supervisory Statement (SS3/19), and in 2023 was expanded to include additional entities and branches such as Singapore, Hong Kong, Australia, Luxembourg, Brazil, and CS Deutschland. The aim of the analysis is to identify clients that are significantly exposed to climate-related risk. For each counterparty under the analysis, transition and physical risk materiality was determined through a transition risk assessment as well as physical risk assessment, leveraging information from several data sources, including MSCI Low-Carbon Transition (LCT) scores and data from the CDP. Sustainability reports and other qualitative information were also considered (emissions reduction initiatives, risk framework and governance, etc.).

Scenario analysis

At Credit Suisse, scenario-based approaches have been deployed to assess transition and physical risk, allowing the organization to monitor its resilience and its alignment with climate commitments. For example, this analysis included an assessment of the resilience of critical activities across different locations, and the firm's ability to continue delivering critical services. Following evolving regulatory requirements and the expansion of internal methodologies, the scope of Credit Suisse's scenario-based analysis in 2023 was extended to include new jurisdictions and legal entities. The following table summarizes the scenario analysis conducted in 2023, and associated results.

Test/model	Purpose and scope	Approach	Results
Stress test for share-backed lending portfolio	Assessment of transition risk for the Lombard and share-backed lending collateral portfolio within the Credit Suisse Group	The model generates instantaneous price shocks for shares, bonds and equity and fixed income mutual funds. The shocks represent a climate-driven "Minsky moment" scenario (i.e., a scenario characterized by a sudden collapse in asset prices). Under this scenario, following unforeseen announcements of strict climate policies – such as punitive carbon taxes – market participants re-price expected future cash flows for traditional and green businesses in light of the realization that the world is about to experience a rapid and disorderly transition to a low-carbon economy. The analysis relies on two primary datasets: – MSCI LCT Score dataset at issuer level, which measures companies' exposure to, and management of, risks and opportunities related to the low-carbon transition – Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Disorderly-transition scenario	The analysis performed in 2023 highlighted that Credit Suisse's Lombard and Securities-Based Lending portfolio has low transition risk, due to limited exposure to assets that have high transition risk and conservative collateral haircuts across the portfolio.
Equity and credit market concentration analysis	Assessment of equity and credit concentration risk across all Credit Suisse legal entities	This concentration analysis framework shocks equity spot prices and credit spreads on a monthly basis to evaluate the impact of sudden market moves across all Credit Suisse legal entities. Positions with the largest loss profile are identified, representing companies that are significantly exposed to carbon transition risk. The analysis leverages MSCI LCT scores, which rank companies between zero and ten based on the carbon intensity of their products and processes as well as the policies and strategies in place to help mitigate the transition risk to a low carbon intensity business model. Companies with business that is primarily dependent on fossil fuels are at the lower end of the LCT score spectrum and are seen as most likely to witness asset stranding as the world evolves to lower carbon alternatives.	The equity analysis showed that exposure to risky companies is generally moderate and kept well within internal limits. The largest exposure generally comes from derivative desks that are required to reduce their risk, and so do not stay in the books for a sustained period. For credit, the level of risk to companies with high carbon intensity is moderate, with the highest exposures generally having moderate estimated losses. Given the moderate risks assessed, remediation action was not warranted.
Flooding risk simulation	Scenario-based simulation model to assess surface water (pluvial) flooding risk for Credit Suisse (UK) Ltd, as well as CS Luxembourg and Singapore.	The model simulates multiple future heavy-rainfall events over the selected areas, specifying peak intensity and geographical extent. The simulation is run on a daily frequency for the lifetime of the relevant mortgage books. The property level results are generated by considering the impact of flooding events between a chosen reference date and the expiry date of each corresponding loan. Floods are assumed to have a negative impact on property value, with successive floods compounding the effect, and hence impact the collateral value of the mortgage book. The model aggregates property-level impacts from flooding into portfolio-level metrics such as total collateral devaluation and aggregate credit shortfall. The analysis leverages the assumptions in the Climate Biennial Exploratory Scenario (CBES) defined by the Bank of England.	The analysis performed showed that the materiality of flooding risk for the real estate collateral portfolio in scope is low, and the potential for credit losses is limited, even under conservative assumptions on the level of flood losses. Consequently, no remediation actions were deemed necessary.
Non-financial risk analysis (NFR)	Assessment of climate-related physical and transition operational risks for major offices and data centres globally	Dynamic monitoring of climate-related physical and transition operational vulnerabilities and dependencies, as identified within the Group-wide risk taxonomy. The analysis allows for the identification of concentrations of high-value assets and critical business processes across geographies and determines risk ratings with respect to business continuity, impacts on physical infrastructure, and litigation risks. This includes risks from damage to Credit Suisse premises, business disruption, system failures, vendor failures, and litigation risks. This approach was developed to support the Group and legal entity climate Risk Identification and Assessment Frameworks (RIAFs), as well as to address applicable regulatory requirements. The analysis relies on inputs from climate risk identification, dashboards and idiosyncratic (operational risk) scenario analysis, combined with qualitative risk assessments from local subject-matter experts to determine risk ratings with respect to business continuity and litigation risks.	Risk analyses were performed across different locations combining quantitative inputs (from climate risk identification, dashboards, and scenario analysis) and qualitative risk assessments from local subject-matter experts The overall assessment considered existing monitoring and escalation processes, along with past experience and emerging trends with regard to the different risks considered. An overall "Medium risk" categorization was assigned, reflecting the challenges posed by the rapidly evolving regulatory landscape, the growing potential for business disruptions due to climate-related events, and the potential for reputational impacts at a local level.

During 2024, Credit Suisse's approach to scenario analysis will be reviewed, with the aim of applying a consistent approach across the UBS Group and enabling a coherent assessment of risks across the combined portfolio.

Risk reporting and disclosure

With an internal reporting cycle similar to that of UBS, the Credit Suisse SCR team continued to issue its quarterly internal climate risk report in 2023, showing portfolio movements and performance across Credit Suisse's climate risk metrics. This quarterly report included divisional and legal entity breakdowns, as well as an update on climate-related policy and major regulatory developments. Different Group Functions and divisional teams were involved in the review and approval process for the quarterly reports, followed by a wider distribution across the central Risk function, as well as Credit Suisse's Executive Board members. In addition, Executive Board members received an overview of high- and medium-sustainability-risk transactions through the monthly Group Risk Report.

MAS Guidelines on Environmental Risk Management for Banks (ERM) – implementation for Asset Management (Credit Suisse) and Investment Management (Credit Suisse)

Credit Suisse's SG Capital Allocation and Risk Management Committee (SG CARMC) is designated to oversee environmental risk matters across Credit Suisse's Singapore entities with an escalation path to the Singapore Management Committee and the board of directors of CS (Singapore) Limited. SG CARMC had representation from all businesses including Asset Management (AM) and Investment Management (IM). Business governance committees (AM APAC RMC/ IM APAC IRC) were responsible for the business oversight of the AM/IM ERM Framework and escalation of significant environmental risk issues to SG CARMC.

AM/IM implemented an ERM Framework to embed environmental risk considerations in the portfolio construction process where the risk is assessed to be material. The ERM Framework leverages MSCI ESG data and defines a materiality trigger point on the exposure to environmental laggards at portfolio level. Where the exposure exceeds the trigger point, the portfolio managers consider what actions would be necessary to address the exposure. As of end 2023, no portfolios were at or above the defined trigger point.

In light of the integration of Credit Suisse by UBS, legacy Credit Suisse discretionary portfolios will start to follow UBS's environmental risk management methodology in 2024.

Appendix 4 – Other supplemental information

Information on non-financial disclosures

Risk evaluation

Pursuant to the requirements of the Swiss Code of Obligations Art. 964b and of the German law implementing EU directive 2014/95 on non-financial disclosures (CSR-Richtlinie-Umsetzungsgesetz, or CSR-RUG), this section includes an evaluation of the risks that have a high probability of potential negative impacts upon the "aspects" covered by said laws.

Developments in sustainability, climate, environmental and social standards and regulations may affect our business and impact our ability to fully realize our goals. These goals include our ambitions for environmental sustainability in our operations, including carbon emissions, in the business we do with clients and in products that we offer. They also include goals or aspirations for diversity in our workforce and supply chain, and support for the United Nations Sustainable Development Goals. There is substantial uncertainty as to the scope of actions that may be required of us, governments and others to achieve the goals we have set, and many of our goals and objectives are only achievable with a combination of government and private action. National and international standards and expectations, industry and scientific practices, regulatory taxonomies, and disclosure obligations addressing these matters are relatively immature and are rapidly evolving. In addition, there are significant limitations in the data available to measure our climate and other goals. Although we have defined and disclosed our goals based on the standards existing at the time of disclosure, there can be no assurance (i) that the various ESG regulatory and disclosure regimes under which we operate will not come into conflict with one another, (ii) that the current standards will not be interpreted differently than our understanding or change in a manner that substantially increases the cost or effort for us to achieve such goals or (iii) that additional data or methods, whether voluntary or required by regulation, may substantially change our calculation of our goals and ambitions. It is possible that such goals may prove to be considerably more difficult or even impossible to achieve. The evolving standards may also require us to substantially change the stated goals and ambitions. If we are not able to achieve the goals we have set, or can only do so at significant expense to our business, we may fail to meet regulatory expectations, incur damage to our reputation or be exposed to an increased risk of litigation or other adverse action.

While ESG regulatory regimes and international standards are being developed, including to require consideration of ESG risks in investment decisions, some jurisdictions, notably in the US, have developed rules restricting the consideration of ESG factors in investment and business decisions. Under these anti-ESG rules, companies that are perceived as boycotting or discriminating against certain industries may be restricted from doing business with certain governmental entities. Our businesses may be adversely affected if we are considered as discriminating against companies based on ESG considerations, or if further anti-ESG rules are developed or broadened.

A major focus of US and other countries' governmental policies relating to financial institutions in recent years has been on fighting money laundering and terrorist financing. We are required to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of our clients under the laws of many of the countries in which we operate. We are also subject to laws and regulations related to corrupt and illegal payments to government officials by others, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. We have implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. Notwithstanding this, US regulators have found deficiencies in the design and operation of anti-money-laundering programs in our US operations. We have undertaken a significant program to address these regulatory findings with the objective of fully meeting regulatory expectations for our programs. Failure to maintain and implement adequate programs to combat money laundering, terrorist financing or corruption, or any failure of our programs in these areas, could have serious consequences both from legal enforcement action and from damage to our reputation. Frequent changes in sanctions imposed and increasingly complex sanctions imposed on countries, entities and individuals, as exemplified by the breadth and scope of the sanctions imposed in relation to the war in Ukraine, increase our cost of monitoring and complying with sanctions requirements and increase the risk that we will not identify in a timely manner client activity that is subject to a sanction.

The financial services industry is characterized by intense competition, continuous innovation, restrictive, detailed and sometimes fragmented regulation and ongoing consolidation. We face competition at the level of local markets and individual business lines and from global financial institutions that are comparable to us in their size and breadth, as well as competition from new technology-based market entrants, which may not be subject to the same level of regulation. Barriers to entry in individual markets and pricing levels are being eroded by new technology. We expect these trends to continue and competition to increase. Our competitive strength and market position could be eroded if we are unable to identify market trends and developments, do not respond to such trends and developments by devising and implementing adequate business strategies, do not adequately develop or update our technology, including our digital channels and tools, or are unable to attract or retain the qualified people needed.

The amount and structure of our employee compensation is affected not only by our business results but also by competitive factors and regulatory considerations.

In response to the demands of various stakeholders, including regulatory authorities and shareholders, and in order to better align the interests of our staff with other stakeholders, we have increased average deferral periods for stock awards, expanded forfeiture provisions and, to a more limited extent, introduced clawback provisions for certain awards linked to business performance. We have also introduced individual caps on the proportion of fixed to variable pay for the members of the Group Executive Board (GEB), as well as certain other employees. UBS will also be required to introduce and enforce provisions requiring UBS to recover from GEB members and certain other executives a portion of performance-based incentive compensation in the event that the UBS Group or another entity with securities listed on a US national securities exchange, is required to restate its financial statements as a result of a material error.

› **Refer to the “Risk factors” and “Risk management and control” sections of our UBS Group Annual Report 2023 for more information**

Non-financial disclosures pursuant to the German law implementing EU directive 2014/95 (CSR-RUG) and Swiss Code of Obligations Art. 964b.

This report comprises the "non-financial" disclosures required for UBS Group AG, and its subsidiaries, including UBS AG and Credit Suisse AG, under the Swiss Code of Obligations Art. 964b. It also comprises disclosures required for UBS AG by the German law implementing EU directive 2014/95 (CSR-Richtlinie-Umsetzungsgesetz / CSR-RUG) (nichtfinanzieller Konzernbericht) (the EU Non-Financial Reporting Directive). These disclosures can be found in the sections and the pages indicated below. Due to the differing materiality requirements of the Global Reporting Initiative (GRI) standards and of CSR-RUG and the Swiss Code of Obligations Art. 964b, the material topics listed in the index are limited to the matters ("*Belange*") addressed by CSR-RUG and the Swiss Code of Obligations Art. 964b. For material matters, we assess the effectiveness of our management approaches through a number of measures as described in the Supplement to this report.

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

› **Refer to the "Information on management approaches for material topics" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for more information about how we evaluate our management approaches**

	Section in Sustainability Report 2023 (SR 2023)	**Page(s)**
About this report (including framework)	About this report	SR 2023 / 5–7
Description of the business model[1]	Our sustainability and impact strategy Our business model	SR 2023 / 14 SR 2023 / 11–12
Material risks	Risk evaluation	SR 2023 / 130–131
Non-financial aspects	**Section in Sustainability Report 2023 (SR 2023)**	**Page(s)**
Broad thematic issues affecting all non-financial aspects	The importance of sustainability and culture to UBS	SR 2023 / 3–4
	Governance	SR 2023 / 17–20
	Key policies and principles	SR 2023 / 13
	Supporting opportunities	SR 2023 / 61–74
	UBS Sustainability objectives and achievements 2023 and objectives 2024	SR 2023 / 14
Environmental and human rights matters	Our sustainability and impact strategy	SR 2023 / 14–16
	Supporting our strategy – our stakeholder engagement / vendors	SR 2023 / 57
(Material topics: Climate and nature; Social impact and human rights; Sustainable finance)	Managing our supply chain responsibly	SR 2023 / 58–60
	Environment	SR 2023 / 21–44
	Our sustainability and climate risk policy framework	SR 2023 / 76–99
	Driving social impact	SR 2023 / 54–56
	Respecting human rights	SR 2023 / 57
	Reducing our environmental impact	SR 2023 / 38–41
Social and employee matters	Our sustainability and impact strategy	SR 2023 / 14–16
	People and culture make the difference	SR 2023 / 45–53
(Employees)		
Anti-corruption and bribery matters (Combating financial crime as a subtopic of Regulatory compliance)	Combating financial crime	SR 2023 / 100–101

1 Further information on our business model can be found in the UBS Group Annual Report 2023 section 'Our strategy, business model and environment', available at *ubs.com/investors*.

Information on UBS AG standalone and UBS Europe SE consolidated pursuant to Art. 8 of the EU Taxonomy Regulation

The European Commission has set out the EU Taxonomy classification system through the adoption of the EU Taxonomy Regulation[1]. Article 8 of that Regulation requires entities that are subject to the Non-financial Reporting Directive[2] (NFRD) to provide information to investors about the environmental performance of economic activities associated with certain of their balance sheet and off-balance sheet exposures. Under this Regulation, UBS AG and UBS Europe SE are required to provide information on taxonomy-eligible activities, and, starting from 2023, on taxonomy-aligned activities, alongside other qualitative information, based on their prudential scope of consolidation, which for UBS AG is on a standalone basis (i.e. excluding subsidiaries), and for UBS Europe SE is on a consolidated basis. Taxonomy-eligible activities are activities identified as being in scope for technical screening under the Regulation. Taxonomy-aligned activities represent the proportion of taxonomy-eligible activities that satisfy the requirements in the Regulation, meaning that they contribute substantially to defined environmental objectives, do not significantly harm any other environmental objectives, are carried out in compliance with certain minimum safeguards, and comply with certain technical screening criteria.

These disclosures have been prepared based on the requirements applicable to credit institutions, which is the principal business activity of both UBS AG at a standalone level and UBS Europe SE at a consolidated level. Under the Regulation, credit institutions are required to report taxonomy Key Performance Indicators (KPIs) to demonstrate the extent to which their activities relate to sustainable economic activities, as defined by the Regulation. The Green Asset Ratio (GAR) is a KPI calculated as a percentage of EU taxonomy-aligned assets as a proportion of total covered assets, whereby:

- the numerator is determined based on loans and advances, debt securities, equities and repossessed collateral, where the counterparty or the issuer is subject to NFRD reporting and
- the denominator includes total covered assets, which represent total assets irrespective of whether the associated counterparty or issuer is subject to NFRD reporting; the denominator excludes financial assets held for trading, exposures to central banks, central governments and supranational issuers.

Credit institutions are required to calculate and disclose KPIs based upon the turnover KPIs and, separately, the capital expenditure (CapEx) KPIs reported by counterparties and investees. Credit institutions are also required to calculate and disclose turnover-based and CapEx-based KPIs for off-balance sheet exposures, including financial guarantees issued but excluding loan commitments, and assets under management.

GAR KPI stock is calculated on period end exposures while *GAR KPI flow* is calculated for new exposures during the reported period.

All pre-defined templates, as set out on the following pages, are presented twice, leveraging information published by counterparties and investees on the proportion of their activities associated with environmentally sustainable economic activities, based on their turnover and based on their CapEx.

Under the Regulation, there is no requirement to report comparative information when reporting EU Taxonomy KPIs for 2023. *Trading book KPIs* and *Fee and Commission KPIs* are required to be reported from 1 January 2026.

Limitations in implementation of the European Commission Draft Commission Notice

In December 2023, the European Commission issued a Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation (FAQs), which contains guidance on a number of aspects of the Regulation. These disclosures have been prepared on a best-efforts basis after taking into consideration, to the extent it was practicable, the guidance provided in the FAQs. Given the short lead time available for the implementation of these disclosures, the 2023 disclosures for UBS AG standalone and UBS Europe SE consolidated do not reflect the following aspects stipulated by the draft FAQs:

- The *Proportion of total new assets covered* that is required by the *GAR KPI flow* template is not presented, as it was not possible to identify new assets for the purpose of determining the flow for those assets that are not subject to taxonomy-eligibility and -alignment assessment for the current reporting period, for example derivatives.
- The template *KPI off-balance sheet exposures* – Stock is not replicated for the flow of off-balance sheet positions.

1 Delegated Act of EU Taxonomy Regulation 2020/852; Commission Delegated Regulation (EU) 2021/2178 supplementing Taxonomy Regulation; Commission Delegated Regulation (EU) 2023/2486 supplementing Taxonomy Regulation and amending Disclosures Delegated Act
2 Directive 2014/95/EU

– The Nuclear and Fossil Gas templates have not been produced for off-balance sheet exposures and for the flow of new assets.

With the ongoing implementation of the EU Taxonomy Regulation and the development of market practices, the availability and quality of relevant information is expected to improve. This may affect the basis of preparation and result in disclosures in future periods being refined.

Basis of preparation

In compliance with the Regulation, the assets of UBS AG standalone and UBS Europe SE consolidated presented in the tables below have been determined based on IFRS Accounting Standards and attributed to the taxonomy-eligible and taxonomy-aligned activities of relevant investees and counterparties. Where financial assets and financial liabilities were presented net, based on the requirements of IAS 32 *Financial Instruments: Presentation* under IFRS Accounting Standards, the effect of netting has been reversed in arriving at the disclosures presented below.

Taxonomy-eligibility and taxonomy-alignment KPIs are required to be determined by financial institutions based on the actual information sourced from counterparties and investees. More specifically, when the use of proceeds is unknown, the taxonomy-eligibility and taxonomy-alignment KPIs presented below are determined based on the turnover and CapEx-based KPIs of non-financial counterparties and investees, and any applicable KPIs of financial counterparties and investees. Residential mortgages to households are assessed for taxonomy-alignment for the Climate Change Mitigation objective based on the use of proceeds, with alignment being determined based on available Energy Performance Certificates (EPCs) and physical risk.

Entities are required to provide disclosures on the environmental objectives *Water and marine resources*, *Circular economy, Pollution*, and *Biodiversity and ecosystems* from 1 January 2024. Consequently, due to the lack of availability of information directly reported by counterparties and investees in respect of their activities in the context of these environmental objectives, disclosures in the tables below are provided for *Climate change mitigation* (CCM) and *Climate change adaptation* (CCA) environmental objectives only. For residential mortgages to households collateralized by residential immovable properties, which are considered taxonomy-eligible, the assessment of taxonomy-alignment was limited to UK mortgages only, due to data availability.

Exposures to, and investments in, undertakings not subject to NFRD reporting are excluded from the taxonomy-eligibility and taxonomy-alignment calculation and presented separately. Due to data limitations in assessing taxonomy-eligibility and taxonomy-alignment, several judgments, assumptions and simplifications have been made. More specifically:

– Counterparties and investees domiciled in the EU within certain industry groups, according to our judgment exercised and supported by empirical evidence, are considered not to be within the scope of NFRD reporting (e.g., hedge funds, collective investment schemes, special purpose vehicles etc.).

– Non-EU domiciled counterparties and investees are assumed to not be subject to NFRD reporting.

Due to limitations in data availability, the methodology for determining taxonomy-eligibility and taxonomy-alignment as set out in the tables below has been developed on the basis of the following assumptions:

– In the most recent reporting period, non-financial counterparties reported no disaggregation of taxonomy-eligibility per environmental objective. As a consequence, no information has been reported in the tables below in respect of these counterparties, on taxonomy-eligibility for each environmental objective, with the entire amount related to taxonomy-eligible activities attributed to the Total (CCM+CCA) column.

– Only from 1 January 2023 were financial institutions required to report taxonomy-alignment, hence their reported taxonomy-related information that forms the basis of the disclosures did not include taxonomy-alignment KPIs, and correspondingly, the taxonomy-alignment assigned to these counterparties in the tables below is zero; when financial counterparties in their publicly available disclosures reported only one KPI, without specifying whether that reported KPI is a turnover-based or a CapEx-based measure, it is assumed to be a turnover-based KPI.

– In respect of the exposures to insurance and reinsurance undertakings that provide both life and non-life services, determination of the turnover-based and CapEx-based KPIs was based on the actual proportion of revenues attributable to life and non-life services publicly reported by these insurance and reinsurance undertakings, unless the information about the proportion of revenues was not available, in which case equal weighting was applied to each of these services.

– In the absence of actual more detailed information about the use of proceeds, including in respect of environmentally sustainable bonds, the assessment of the taxonomy-eligibility and taxonomy-alignment has been performed at the issuer level.

– For securities-financing transactions transacted through central clearing houses, the counterparty subject to taxonomy-assessment is considered to be the central clearing house.

– Cash positions included within assets under management have been excluded from the taxonomy-eligibility and taxonomy-alignment assessment (i.e. excluded from the numerator).

Economic activities in the fossil gas and nuclear energy sectors are required to be reported in separate templates. UBS AG standalone and UBS Europe SE consolidated have not produced these templates for the year ended 31 December 2023 as the gross carrying amounts of their exposures to these sectors were in total USD 0.2bn for UBS AG standalone, and USD 0.1bn for UBS Europe SE consolidated, which is considered immaterial to these entities' operations.

Art. 8 of the EU Taxonomy Regulation - Summary of Key Performance Indicators (KPIs) for UBS AG standalone and UBS Europe SE consolidated

	UBS AG standalone				UBS Europe SE consolidated			
	31.12.23				31.12.23			
	Main KPI	Additional KPIs			Main KPI	Additional KPIs		
	GAR stock	GAR flow	Financial guarantees	Assets under management	GAR stock	GAR flow	Financial guarantees	Assets under management
Total environmentally sustainable assets - turnover based (USD m)	98	1	0	203	0	0	0	723
Total environmentally sustainable assets - capex based (USD m)	98	1	0	464	0	0	0	1,786
Turnover KPI (%)	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	2.1%
CapEx KPI (%)	0.0%	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%	5.2%
Coverage over total assets (%)	69.9%	1.4%			65.1%	12.2%		
Assets excluded from the numerator of the GAR (%)[1]	65.9%				52.8%			
Assets excluded from the denominator of the GAR (%)[2]	30.1%				34.9%			

1 Article 7(2) and (3) and Section 1.1.2. of Annex V of the Disclosures Delegated Act. 2 Article 7(1) and Section 1.2.4 of Annex V of the Disclosures Delegated Act.

UBS AG standalone and UBS Europe SE consolidated contribute 31.5% to the total assets of the UBS Group AG consolidated scope under IFRS. UBS AG standalone and UBS Europe SE consolidated have low KPIs for balance sheet stock and flow, and off-balance sheet financial guarantees because:

- a significant proportion of the business, and, correspondingly, the total assets of both entities, is outside the scope of EU taxonomy, i.e. it is transacted with counterparties and investees that are not subject to NFRD reporting, for example, because they are not domiciled in the EU or due to the nature of their underlying business activity, such as Global Wealth Management Lombard lending to private individuals;
- UBS AG standalone and UBS Europe SE consolidated include a significant amount of Group Treasury and Investment Bank activities in their scopes. Most assets in these activities are within categories that are excluded from taxonomy-eligibility and taxonomy-alignment assessments (e.g., derivatives, trading assets, etc.); and
- for the remaining assets that are included in the taxonomy-eligibility and taxonomy-alignment assessments, the vast majority of the counterparties are financial institutions that have not been required to publish alignment KPIs for 2022, and hence UBS´s 2023 year-end taxonomy-alignment KPIs for counterparties in the financial sector are reported as zero.

Business strategy

Business strategy, product design and client engagement efforts will also be considered further in future years in line with regulatory requirements and other considerations, as sustainable finance markets continue to develop.

1 UBS AG standalone[1]

1.1 UBS AG standalone - assets for the calculation of the GAR (Turnover)

		31.12.23													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
		of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)			
USD m	Total gross carrying amount			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	27,357	2,074	98	98	0	0					3,253	98	98	0	0
Financial undertakings	9,113		0			0					1,179	0			0
Credit institutions	8,640		0			0					1,068	0			0
Loans and advances	6,339		0			0					508	0			0
Debt securities	1,631										554				
Equity instruments	669										7				
Other financial corporations	473										110				
of which investment firms	*0*										*0*				
Loans and advances	0										0				
Debt securities															
Equity instruments															
of which management companies											*0*				
Loans and advances											0				
Debt securities															
Equity instruments															
of which insurance undertakings															
Loans and advances															
Debt securities															
Equity instruments															
Non-financial undertakings	30		0		0	0					0	0		0	0
Loans and advances	30		0		0	0					0	0		0	0
Debt securities	0										0				
Equity instruments	0										0				
Households	18,212	2,074	98	98							2,074	98	98		
of which loans collateralized by residential immovable property	*2,074*	*2,074*	*98*	*98*							*2,074*	*98*	*98*		
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties	1														

Table continues below.

[1] Within tables in this section, blank fields generally indicate non-applicability or that presentation of any content would not be meaningful. Zero values generally indicate that the respective figure is zero on an actual or rounded basis.

Table continued from above.

USD m	Total gross carrying amount	31.12.23													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
		of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)			
				of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)	**460,552**														
Financial and Non-financial undertakings	**277,343**														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	14,301														
Loans and advances	8,704														
of which loans collateralized by commercial immovable property															
of which building renovation loans															
Debt securities	2,322														
Equity instruments	3,274														
Non-EU country counterparties not subject to NFRD disclosure obligations	263,042														
Loans and advances	208,010														
Debt securities	7,906														
Equity instruments	47,126														
Derivatives	**161,374**														
On demand interbank loans	**8,928**														
Cash and cash-related assets	**1**														
Other categories of assets	**12,907**														
Total GAR assets	487,909	2,074	98	98	0	0					3,253	98	98	0	0
Assets not covered for GAR calculation	**210,460**														
Central governments and supranational issuers[1]	19,829														
Central banks exposure	74,890														
Trading book	115,742														
Total assets	698,369	2,074	98	98	0	0					3,253	98	98	0	0
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations[2]															
Financial guarantees	1										0				
Assets under management	13,488		195		1	96		8			2,978	203		1	96
of which debt securities	*4,770*		*91*		*0*	*23*		*0*			*1,392*	*92*		*0*	*23*
of which equity instruments	*4,913*		*104*		*1*	*72*		*7*			*968*	*112*		*1*	*72*

1 Includes local governments financing when the use of proceeds is unknown. 2 As required by the standardized template, the total gross carrying amount was calculated on the basis of off-balance sheet exposures to undertakings subject to NFRD.

1.2 UBS AG standalone - assets for the calculation of the GAR (CapEx)

		31.12.23														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)					
		of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				of which towards taxonomy relevant sectors (Taxonomy-eligible)					
			of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)				
USD m	Total gross carrying amount			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	27,357	2,074	98	98	0	0		0			2,448	98	98	0	0
Financial undertakings	9,113		0			0					373	0			0
Credit institutions	8,640		0			0					332	0			0
Loans and advances	6,339		0			0					187	0			0
Debt securities	1,631										145				
Equity instruments	669										0				
Other financial corporations	473		0			0					42	0			0
of which investment firms	*0*														
Loans and advances	0														
Debt securities															
Equity instruments															
of which management companies															
Loans and advances															
Debt securities															
Equity instruments															
of which insurance undertakings															
Loans and advances															
Debt securities															
Equity instruments															
Non-financial undertakings	30		0		0	0		0			1	0		0	0
Loans and advances	30		0		0	0		0			1	0		0	0
Debt securities	0		0			0					0	0			0
Equity instruments	0							0			0	0			
Households	18,212	2,074	98	98							2,074	98	98		
of which loans collateralized by residential immovable property	*2,074*	*2,074*	*98*	*98*							*2,074*	*98*	*98*		
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties	1														

Table continues below.

Table continued from above.

USD m	Total gross carrying amount	31.12.23													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
		of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)			
				of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)	**460,552**														
Financial and Non-financial undertakings	**277,343**														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	14,301														
Loans and advances	8,704														
of which loans collateralized by commercial immovable property															
of which building renovation loans															
Debt securities	2,322														
Equity instruments	3,274														
Non-EU country counterparties not subject to NFRD disclosure obligations	263,042														
Loans and advances	208,010														
Debt securities	7,906														
Equity instruments	47,126														
Derivatives	**161,374**														
On demand interbank loans	**8,928**														
Cash and cash-related assets	**1**														
Other categories of assets	**12,907**														
Total GAR assets	487,909	2,074	98	98	0	0		0			2,448	98	98	0	0
Assets not covered for GAR calculation	**210,460**														
Central governments and supranational issuers[1]	19,829														
Central banks exposure	74,890														
Trading book	115,742														
Total assets	698,369	2,074	98	98	0	0		0			2,448	98	98	0	0
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations[2]															
Financial guarantees	1														
Assets under management	13,488		462		22	209		2			2,733	464		22	209
of which debt securities	*4,770*		*189*		*2*	*65*		*2*			*840*	*191*		*2*	*65*
of which equity instruments	*4,913*		*273*		*21*	*144*		*0*			*1,522*	*273*		*21*	*144*

1 Includes local governments financing when the use of proceeds is unknown. 2 As required by the standardized template, the total gross carrying amount was calculated on the basis of off-balance sheet exposures to undertakings subject to NFRD.

1.3 UBS AG standalone - GAR sector information (Turnover)

Breakdown by sector - NACE 4 digits level (code and label)[1]	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Total (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
USD thousand		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCM + CCA)*		*of which environmentally sustainable (CCM + CCA)*
06.10 Extraction of crude petroleum									0			
20.59 Manufacture of other chemical products n.e.c.		0							1	0		
24.10 Manufacture of basic iron and steel and of ferro-alloys									0			
30.12 Building of pleasure and sporting boats									59			
23.51 Manufacture of cement		0							2	0		
27.32 Manufacture of other electronic and electric wires and cables									2			
27.90 Manufacture of other electrical equipment									2			
68.11 Buying and selling of own real estate		15							134	15		

1 The information included in this table represents taxonomy-eligible and taxonomy-aligned amounts as reported in table 1.1, irrespective of whether the NACE code for principle activity is associated with taxonomy-eligible or taxonomy-aligned economic activities.

1.4 UBS AG standalone - GAR sector information (CapEx)

Breakdown by sector - NACE 4 digits level (code and label)[1]	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Total (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
USD thousand		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCM + CCA)*		*of which environmentally sustainable (CCM + CCA)*
06.10 Extraction of crude petroleum									1			
20.59 Manufacture of other chemical products n.e.c.		0							1	0		
24.10 Manufacture of basic iron and steel and of ferro-alloys									0			
30.12 Building of pleasure and sporting boats		1							54	1		
23.51 Manufacture of cement		0							2	0		
27.32 Manufacture of other electronic and electric wires and cables									5			
26.30 Manufacture of communication equipment						0			0	0		
27.90 Manufacture of other electrical equipment									3			
68.11 Buying and selling of own real estate		43							135	43		
86.99 Other human health activities n.e.c.									543			

1 The information included in this table represents taxonomy-eligible and taxonomy-aligned amounts as reported in table 1.1, irrespective of whether the NACE code for principle activity is associated with taxonomy-eligible or taxonomy-aligned economic activities.

1.5 UBS AG standalone - GAR KPI stock (Turnover)

	31.12.23														
	Climate Change Mitigation (CCM)[1]					Climate Change Adaptation (CCA)[1]				Total (CCM + CCA)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total covered assets in the denominator)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling	Proportion of total assets covered[2]
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	7.6	0.4	0.4	0.0	0.0					11.9	0.4	0.4	0.0	0.0	3.9
Financial undertakings		0.0			0.0					12.9	0.0			0.0	1.3
Credit institutions		0.0			0.0					12.4	0.0			0.0	1.2
Loans and advances		0.0			0.0					8.0	0.0			0.0	0.9
Debt securities										34.0					0.2
Equity instruments										1.0					0.1
Other financial corporations										23.3					0.1
of which investment firms										*1.0*					*0.0*
Loans and advances										1.0					0.0
Debt securities															
Equity instruments															
of which management companies															
Loans and advances															
Debt securities															
Equity instruments															
of which insurance undertakings															
Loans and advances															
Debt securities															
Equity instruments															
Non-financial undertakings		0.0		0.0	0.0					0.7	0.0		0.0	0.0	0.0
Loans and advances		0.0		0.0	0.0					0.5	0.0		0.0	0.0	0.0
Debt securities										98.7					0.0
Equity instruments										12.8					0.0
Households	11.4	0.5	0.5							11.4	0.5	0.5			2.6
of which loans collateralized by residential immovable property	*100.0*	*4.7*	*4.7*							*100.0*	*4.7*	*4.7*			*0.3*
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties															0.0
Total GAR assets	0.4	0.0	0.0	0.0	0.0					0.7	0.0	0.0	0.0	0.0	69.9

1 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 1.1. 2 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 1.1 relative to Total Assets as reported in table 1.1.

1.6 UBS AG standalone - GAR KPI stock (CapEx)

	31.12.23														
	Climate Change Mitigation (CCM)[1]					Climate Change Adaptation (CCA)[1]				Total (CCM + CCA)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total covered assets in the denominator)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling	Proportion of total assets covered[2]
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	**7.6**	**0.4**	**0.4**	**0.0**	**0.0**		**0.0**			**8.9**	**0.4**	**0.4**	**0.0**	**0.0**	**3.9**
Financial undertakings		**0.0**			**0.0**					**4.1**	**0.0**			**0.0**	**1.3**
Credit institutions		0.0			0.0					3.8	0.0			0.0	**1.2**
Loans and advances		0.0			0.0					2.9	0.0			0.0	**0.9**
Debt securities										8.9					**0.2**
Equity instruments										0.0					**0.1**
Other financial corporations		0.0			0.0					8.9	0.0			0.0	**0.1**
of which investment firms															***0.0***
Loans and advances															**0.0**
Debt securities															
Equity instruments															
of which management companies															
Loans and advances															
Debt securities															
Equity instruments															
of which insurance undertakings															
Loans and advances															
Debt securities															
Equity instruments															
Non-financial undertakings		**0.1**		**0.0**	**0.0**		**0.0**			**2.4**	**0.1**		**0.0**	**0.0**	**0.0**
Loans and advances		0.1		0.0	0.0		0.0			2.3	0.1		0.0	0.0	**0.0**
Debt securities		1.2			1.2					90.0	1.2			1.2	**0.0**
Equity instruments							0.5			45.9	0.5				**0.0**
Households	**11.4**	**0.5**	**0.5**							**11.4**	**0.5**	**0.5**			**2.6**
of which loans collateralized by residential immovable property	*100.0*	*4.7*	*4.7*							*100.0*	*4.7*	*4.7*			***0.3***
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties															**0.0**
Total GAR assets	0.4	0.0	0.0	0.0	0.0		0.0			0.5	0.0	0.0	0.0	0.0	69.9

1 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 1.1. 2 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 1.1 relative to Total Assets as reported in table 1.1.

1.7 UBS AG standalone - GAR KPI flow (Turnover)

	31.12.23													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to flow of total eligible assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator														
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	2.1	0.0	0.0							16.0	0.0	0.0		
Financial undertakings										17.4				
Credit institutions										17.1				
Loans and advances										12.8				
Debt securities										40.3				
Equity instruments														
Other financial corporations										27.8				
of which investment firms										*1.0*				
Loans and advances										1.0				
Debt securities														
Equity instruments														
of which management companies														
Loans and advances														
Debt securities														
Equity instruments														
of which insurance undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Non-financial undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Households	10.4	0.1	0.1							10.4	0.1	0.1		
of which loans collateralized by residential immovable property	*100.0*	*0.5*	*0.5*							*100.0*	*0.5*	*0.5*		
of which building renovation loans														
of which motor vehicle loans														
Local governments financing														
Housing financing														
Other local government financing														
Collateral obtained by taking possession: residential and commercial immovable properties														
Total GAR assets[1]	0.0	0.0	0.0							0.2	0.0	0.0		

1 Proportion calculated as a percentage of Total GAR assets as reported in table 1.1.

1.8 UBS AG standalone - GAR KPI flow (CapEx)

	31.12.23													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to flow of total eligible assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator														
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	2.1	0.0	0.0							5.9	0.0	0.0		
Financial undertakings										4.7				
Credit institutions										4.9				
Loans and advances										5.5				
Debt securities										1.6				
Equity instruments														
Other financial corporations														
of which investment firms														
Loans and advances														
Debt securities														
Equity instruments														
of which management companies														
Loans and advances														
Debt securities														
Equity instruments														
of which insurance undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Non-financial undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Households	10.4	0.1	0.1							10.4	0.1	0.1		
of which loans collateralized by residential immovable property	*100.0*	*0.5*	*0.5*							*100.0*	*0.5*	*0.5*		
of which building renovation loans														
of which motor vehicle loans														
Local governments financing														
Housing financing														
Other local government financing														
Collateral obtained by taking possession: residential and commercial immovable properties														
Total GAR assets[1]	0.0	0.0	0.0							0.1	0.0	0.0		

1 Proportion calculated as a percentage of Total GAR assets as reported in table 1.1.

1.9 UBS AG standalone - KPI off-balance sheet exposures – Stock (Turnover)

	31.12.23													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
Financial guarantees (FinGuar KPI)										1.0				
Assets under management (AuM KPI)		1.4		0.0	0.7		0.1			22.1	1.5		0.0	0.7

1.10 UBS AG standalone - KPI off-balance sheet exposures – Stock (CapEx)

	31.12.23													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
Financial guarantees (FinGuar KPI)														
Assets under management (AuM KPI)		3.4		0.2	1.5		0.0			20.3	3.4		0.2	1.5

1.11 UBS AG standalone - Key Performance Indicators on the activities related to Nuclear and Fossil Gas – Stock

Row	Nuclear energy related activities	31.12.23
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	**Fossil gas related activities**	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

2 UBS Europe SE consolidated[1]

2.1 UBS Europe SE consolidated - assets for the calculation of the GAR (Turnover)

	31.12.23														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
		of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)			
USD m	Total gross carrying amount			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	**6,424**	**186**	**0**			**0**					**505**	**0**			**0**
Financial undertakings	**3,615**		**0**								**319**	**0**			
Credit institutions	3,574										319				
Loans and advances	2,974										173				
Debt securities	600										146				
Equity instruments	0										0				
Other financial corporations	42		0								0	0			
of which investment firms	*42*										*0*				
Loans and advances	42										0				
Debt securities															
Equity instruments															
of which management companies	*0*										*0*				
Loans and advances	0										0				
Debt securities															
Equity instruments															
of which insurance undertakings	*0*		*0*									*0*			
Loans and advances	0		0									0			
Debt securities															
Equity instruments															
Non-financial undertakings	**0**		**0**			**0**					**0**	**0**			**0**
Loans and advances	0		0			0					0	0			0
Debt securities															
Equity instruments															
Households	**2,808**	**186**									**186**				
of which loans collateralized by residential immovable property	*186*	*186*									*186*				
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties	**0**														

Table continues below.

1 Within tables in this section, blank fields generally indicate non-applicability or that presentation of any content would not be meaningful. Zero values generally indicate that the respective figure is zero on an actual or rounded basis.

Table continued from above.

USD m	Total gross carrying amount	31.12.23 Climate Change Mitigation (CCM): of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM: of which environmentally sustainable (Taxonomy-aligned)	CCM: of which use of proceeds	CCM: of which transitional	CCM: of which enabling	Climate Change Adaptation (CCA): of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA: of which environmentally sustainable (Taxonomy-aligned)	CCA: of which use of proceeds	CCA: of which enabling	Total (CCM + CCA): of which towards taxonomy relevant sectors (Taxonomy-eligible)	Total: of which environmentally sustainable (Taxonomy-aligned)	Total: of which use of proceeds	Total: of which transitional	Total: of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)	**27,364**														
Financial and Non-financial undertakings	**6,538**														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	4,059														
Loans and advances	3,033														
of which loans collateralized by commercial immovable property															
of which building renovation loans															
Debt securities	1,025														
Equity instruments	1														
Non-EU country counterparties not subject to NFRD disclosure obligations	2,479														
Loans and advances	1,508														
Debt securities	968														
Equity instruments	3														
Derivatives	**17,755**														
On demand interbank loans	**1,995**														
Cash and cash-related assets	**0**														
Other categories of assets	**1,076**														
Total GAR assets	33,788	186	0			0					505	0			0
Assets not covered for GAR calculation	**18,084**														
Central governments and supranational issuers[1]	2,246														
Central banks exposure	11,922														
Trading book	3,916														
Total assets	51,872	186	0			0					505	0			0
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations[2]															
Financial guarantees															
Assets under management	34,560		715		19	440		8			9,219	723		19	440
of which debt securities	*7,014*		*264*		*7*	*130*		*5*			*2,258*	*269*		*7*	*130*
of which equity instruments	*25,372*		*451*		*13*	*310*		*3*			*6,623*	*454*		*13*	*310*

1 Includes local governments financing when the use of proceeds is unknown. 2 As required by the standardized template, the total gross carrying amount was calculated on the basis of off-balance sheet exposures to undertakings subject to NFRD.

2.2 UBS Europe SE consolidated - assets for the calculation of the GAR (CapEx)

		31.12.23													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
		of which towards taxonomy relevant sectors (Taxonomy-eligible)					of which towards taxonomy relevant sectors (Taxonomy-eligible)				of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)			
USD m	Total gross carrying amount			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	6,424	186	0		0	0					351	0		0	0
Financial undertakings	3,615										166				
Credit institutions	3,574										166				
Loans and advances	2,974										124				
Debt securities	600										42				
Equity instruments	0														
Other financial corporations	42														
of which investment firms	*42*														
Loans and advances	42														
Debt securities															
Equity instruments															
of which management companies	*0*														
Loans and advances	0														
Debt securities															
Equity instruments															
of which insurance undertakings	*0*														
Loans and advances	0														
Debt securities															
Equity instruments															
Non-financial undertakings	0		0		0	0					0	0		0	0
Loans and advances	0		0		0	0					0	0		0	0
Debt securities															
Equity instruments															
Households	2,808	186									186				
of which loans collateralized by residential immovable property	*186*	*186*									*186*				
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties	0														

Table continues below.

Table continued from above.

USD m	Total gross carrying amount	31.12.23 Climate Change Mitigation (CCM) of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM of which environmentally sustainable (Taxonomy-aligned)	CCM of which use of proceeds	CCM of which transitional	CCM of which enabling	Climate Change Adaptation (CCA) of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA of which environmentally sustainable (Taxonomy-aligned)	CCA of which use of proceeds	CCA of which enabling	Total (CCM + CCA) of which towards taxonomy relevant sectors (Taxonomy-eligible)	Total of which environmentally sustainable (Taxonomy-aligned)	Total of which use of proceeds	Total of which transitional	Total of which enabling
Assets excluded from the numerator for GAR calculation (covered in the denominator)	**27,364**														
Financial and Non-financial undertakings	**6,538**														
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	4,059														
Loans and advances	3,033														
of which loans collateralized by commercial immovable property															
of which building renovation loans															
Debt securities	1,025														
Equity instruments	1														
Non-EU country counterparties not subject to NFRD disclosure obligations	2,479														
Loans and advances	1,508														
Debt securities	968														
Equity instruments	3														
Derivatives	**17,755**														
On demand interbank loans	**1,995**														
Cash and cash-related assets	**0**														
Other categories of assets	**1,076**														
Total GAR assets	33,788	186	0		0	0					351	0		0	0
Assets not covered for GAR calculation	**18,084**														
Central governments and supranational issuers[1]	2,246														
Central banks exposure	11,922														
Trading book	3,916														
Total assets	51,872	186	0		0	0					351	0		0	0
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations[2]															
Financial guarantees															
Assets under management	34,560		1,762		165	870		24			8,508	1,786		165	870
of which debt securities	*7,014*		*660*		*24*	*325*		*16*			*2,101*	*676*		*24*	*325*
of which equity instruments	*25,372*		*1,102*		*141*	*545*		*8*			*6,243*	*1,111*		*141*	*545*

1 Includes local governments financing when the use of proceeds is unknown. 2 As required by the standardized template, the total gross carrying amount was calculated on the basis of off-balance sheet exposures to undertakings subject to NFRD.

2.3 UBS Europe SE consolidated - GAR sector information (Turnover)

Breakdown by sector - NACE 4 digits level (code and label)[1]	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Total (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
USD thousand		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCM + CCA)*		*of which environmentally sustainable (CCM + CCA)*
06.10 Extraction of crude petroleum		0							1	0		

1 The information included in this table represents taxonomy-eligible and taxonomy-aligned amounts as reported in table 1.1, irrespective of whether the NACE code for principle activity is associated with taxonomy-eligible or taxonomy-aligned economic activities.

2.4 UBS Europe SE consolidated - GAR sector information (CapEx)

Breakdown by sector - NACE 4 digits level (code and label)[1]	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Total (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
USD thousand		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCM)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCA)*		*of which environmentally sustainable (CCM + CCA)*		*of which environmentally sustainable (CCM + CCA)*
06.10 Extraction of crude petroleum		2							2	2		

1 The information included in this table represents taxonomy-eligible and taxonomy-aligned amounts as reported in table 1.1, irrespective of whether the NACE code for principle activity is associated with taxonomy-eligible or taxonomy-aligned economic activities.

2.5 UBS Europe SE consolidated - GAR KPI stock (Turnover)

% (compared to total covered assets in the denominator)	31.12.23 Climate Change Mitigation (CCM)[1] Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCM Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCM of which use of proceeds	CCM of which transitional	CCM of which enabling	Climate Change Adaptation (CCA)[1] Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCA Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCA of which use of proceeds	CCA of which enabling	Total (CCM + CCA) Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Total Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Total of which use of proceeds	Total of which transitional	Total of which enabling	Proportion of total assets covered[2]
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	2.9	0.0			0.0					7.9	0.0			0.0	12.4
Financial undertakings		0.0								8.8	0.0				7.0
Credit institutions										8.9					6.9
Loans and advances										5.8					5.7
Debt securities										24.3					1.2
Equity instruments										1.0					0.0
Other financial corporations		0.0								1.0	0.0				0.1
of which investment firms										*1.0*					*0.1*
Loans and advances										1.0					0.1
Debt securities															
Equity instruments															
of which management companies										*59.7*					*0.0*
Loans and advances										59.7					0.0
Debt securities															
Equity instruments															
of which insurance undertakings		*27.9*									*27.9*				*0.0*
Loans and advances		27.9									27.9				0.0
Debt securities															
Equity instruments															
Non-financial undertakings		1.3			1.0					7.5	1.3			1.0	0.0
Loans and advances		1.3			1.0					7.5	1.3			1.0	0.0
Debt securities															
Equity instruments															
Households	6.6									6.6					5.4
of which loans collateralized by residential immovable property	*100.0*									*100.0*					*0.4*
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties															0.0
Total GAR assets	0.5	0.0			0.0					1.5	0.0			0.0	65.1

1 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 2.1. 2 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 2.1 relative to Total Assets as reported in table 2.1.

2.6 UBS Europe SE consolidated - GAR KPI stock (CapEx)

	31.12.23														
	Climate Change Mitigation (CCM)[1]					Climate Change Adaptation (CCA)[1]				Total (CCM + CCA)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total covered assets in the denominator)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling	Proportion of total assets covered[2]
GAR - Covered assets in both numerator and denominator															
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	2.9	0.0		0.0	0.0					5.5	0.0		0.0	0.0	12.4
Financial undertakings										4.6					7.0
Credit institutions										4.6					6.9
Loans and advances										4.2					5.7
Debt securities										7.0					1.2
Equity instruments															0.0
Other financial corporations															0.1
of which investment firms															*0.1*
Loans and advances															0.1
Debt securities															
Equity instruments															
of which management companies															*0.0*
Loans and advances															0.0
Debt securities															
Equity instruments															
of which insurance undertakings															*0.0*
Loans and advances															0.0
Debt securities															
Equity instruments															
Non-financial undertakings		14.5		0.3	2.4					17.4	14.5		0.3	2.4	0.0
Loans and advances		14.5		0.3	2.4					17.4	14.5		0.3	2.4	0.0
Debt securities															
Equity instruments															
Households	6.6									6.6					5.4
of which loans collateralized by residential immovable property	*100.0*									*100.0*					*0.4*
of which building renovation loans															
of which motor vehicle loans															
Local governments financing															
Housing financing															
Other local government financing															
Collateral obtained by taking possession: residential and commercial immovable properties															0.0
Total GAR assets	0.5	0.0		0.0	0.0					1.0	0.0		0.0	0.0	65.1

1 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 2.1. 2 Proportions calculated as a percentage of Total Gross Carrying Amount of each individual line as reported in table 2.1 relative to Total Assets as reported in table 2.1.

2.7 UBS Europe SE consolidated - GAR KPI flow (Turnover)

	31.12.23													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to flow of total eligible assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator														
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	0.6									5.2				
Financial undertakings										5.8				
Credit institutions										5.9				
Loans and advances										4.3				
Debt securities										24.0				
Equity instruments														
Other financial corporations										1.0				
of which investment firms										*1.0*				
Loans and advances										1.0				
Debt securities														
Equity instruments										1.0				
of which management companies										*59.7*				
Loans and advances										59.7				
Debt securities														
Equity instruments														
of which insurance undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Non-financial undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Households	2.8									2.8				
of which loans collateralized by residential immovable property	*100.0*									*100.0*				
of which building renovation loans														
of which motor vehicle loans														
Local governments financing														
Housing financing														
Other local government financing														
Collateral obtained by taking possession: residential and commercial immovable properties														
Total GAR assets[1]	0.1									0.6				

1 Proportion calculated as a percentage of Total GAR assets as reported in table 2.1.

2.8 UBS Europe SE consolidated - GAR KPI flow (CapEx)

	31.12.23													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to flow of total eligible assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling
GAR - Covered assets in both numerator and denominator														
Loans and advances, debt securities and equity instruments not held-for-trading eligible for GAR calculation	0.6									1.8				
Financial undertakings										1.6				
Credit institutions										1.6				
Loans and advances										1.0				
Debt securities										8.8				
Equity instruments														
Other financial corporations														
of which investment firms														
Loans and advances														
Debt securities														
Equity instruments														
of which management companies														
Loans and advances														
Debt securities														
Equity instruments														
of which insurance undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Non-financial undertakings														
Loans and advances														
Debt securities														
Equity instruments														
Households	2.8									2.8				
of which loans collateralized by residential immovable property	*100.0*									*100.0*				
of which building renovation loans														
of which motor vehicle loans														
Local governments financing														
Housing financing														
Other local government financing														
Collateral obtained by taking possession: residential and commercial immovable properties														
Total GAR assets[1]	0.1									0.2				

1 Proportion calculated as a percentage of Total GAR assets as reported in table 2.1.

2.9 UBS Europe SE consolidated - KPI off-balance sheet exposures – Stock (Turnover)

	31.12.23														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total eligible off-balance sheet assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling	
Financial guarantees (FinGuar KPI)															
Assets under management (AuM KPI)		2.1		0.1	1.3		0.0			26.7	2.1		0.1	1.3	

2.10 UBS Europe SE consolidated - KPI off-balance sheet exposures – Stock (CapEx)

	31.12.23														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total eligible off-balance sheet assets)			of which use of proceeds	of which transitional	of which enabling			of which use of proceeds	of which enabling			of which use of proceeds	of which transitional	of which enabling	
Financial guarantees (FinGuar KPI)															
Assets under management (AuM KPI)		5.1		0.5	2.5		0.0			24.6	5.2		0.5	2.5	

2.11 UBS Europe SE consolidated - Key Performance Indicators on activities related to Nuclear and Fossil Gas – Stock

Row	Nuclear energy-related activities	31.12.23
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	**Fossil gas-related activities**	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Building a better working world

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To the Management of
UBS Group AG, Zurich

Basel, 27 March 2024

Independent assurance report on selected sustainability metrics and information for the year ended 31 December 2023

We have been engaged to perform assurance engagements on certain sustainability metrics and information disclosed in the UBS Group Sustainability Report 2023, including the Supplement of UBS Group AG and its consolidated subsidiaries (the Group or UBS) for the year ended 31 December 2023 (the Report). Specifically, we were engaged to provide:

- limited assurance on sustainability metrics and information as referenced in the Group's GRI (Global Reporting Initiative) Content Index and metrics identified in Appendix A (metrics and information in scope of limited assurance); and
- reasonable assurance on metrics identified in Appendix B (metrics in scope of reasonable assurance)

Other than as described in the preceding paragraph, which sets out the scope of our engagements, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion or conclusion on this information.

Applicable criteria

The Group defined as applicable criteria (applicable criteria):
- GRI Standards (a summary of the standards is presented on the GRI homepage); and
- the Group's definitions and methods as defined in the 'Basis of Reporting' document (within the Supplement of the UBS Group Sustainability Report 2023). The 'Basis of Reporting' has been used as the applicable criteria for metrics identified in Appendices A and B.

We believe that these criteria are a suitable basis for our limited and reasonable assurance engagements.

Responsibility of the Management

Management is responsible for the selection of the applicable criteria and for preparation and presentation, in all material respects, of the disclosed metrics and information in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the metrics and information that it is free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Limited assurance

Our responsibility is to express a conclusion on the metrics and information in scope of limited assurance, based on the evidence we have obtained.

Reasonable assurance

Our responsibility is to express an opinion on the metrics in scope of reasonable assurance, based on the evidence we have obtained.

We conducted our assurance engagements in accordance with the with the *International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform these engagements to obtain limited or reasonable assurance as stated above about whether the metrics and information in the Report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the metrics and information in scope of limited assurance.

Limited assurance

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Reasonable assurance

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the metrics in scope of reasonable assurance. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the metrics in the scope of reasonable assurance. In making those risk assessments, we considered internal control relevant to the Group's preparation of the metrics in scope of reasonable assurance.

Procedures performed

Our limited and reasonable assurance procedures included, amongst others, the following work:

- Conducting interviews with key personnel to understand the sustainability strategy and the process for determining material sustainability topics.
- Comparing material topics against key issues raised in stakeholder dialogues, areas of performance covered in external media reports and sustainability reports of UBS's peers.
- Evaluating the appropriateness of the applicable criteria used, their consistent application and related disclosures in the Report.
- Conducting interviews with key personal to understand the process for collecting, collating, and reporting the metrics and information during the reporting period, including obtaining an understanding of internal control relevant to the engagements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Undertaking analytical review procedures to support the reasonableness of the data and to identify areas of the metrics and information with a higher risk of misleading or unbalanced information or material misstatements and obtaining an understanding of any explanations provided for significant variances.
- Evaluating the appropriateness of metrics within the Report and the consistency of the metrics and information presented across the Report.

In addition, our procedures over the metrics in scope of reasonable assurance included, but were not limited to:

- Performing process walkthroughs to obtain an understanding of Management's reporting processes, including Management's internal control framework and guidelines.
- Selecting key items and representative samples based on statistical sampling methodology and agreeing to source information to test the accuracy and completeness of the data, including the correct filtering and mapping of data based on the underlying applicable criteria.

Our procedures did not include testing the accuracy of the externally published input data provided by third parties.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Due to a lack of standardization regarding the measurement of the metrics, different, but acceptable approaches are emerging in the market which can affect comparability between entities and over time. In addition, there is a lack of high-quality data in certain areas which can further impact how the metrics is measured. Significant assumptions and limitations are laid out in more detail in the 'Basis of Reporting' document.

Conclusion – limited assurance

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the metrics and information in scope of limited assurance for the year ended 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Opinion – reasonable assurance

In our opinion, the metrics in scope of reasonable assurance for the year ended 31 December 2023 have been prepared, in all material respects, in accordance with the applicable criteria.

Restricted use

This report is intended solely for the information and use of UBS to inform Management about the result of the assurance engagements. Consequently, it may not be suitable for any other purpose than the aforementioned.

Ernst & Young Ltd.

Maurice McCormick
Partner

Eveline Hunziker
Executive in charge

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Appendix A

Metrics covered by our limited assurance engagement		
Section	**Metric**	**Reporting Boundary**
Table "Climate-related risks and opportunities metrics"	Number of green, sustainability, and sustainability-linked bond deals	UBS Group
	Total deal value of green, sustainability, and sustainability-linked bond deals (USD billion) UBS-apportioned deal value of above (USD billion)	
Table "Climate-related lending metrics"	Swiss residential real estate (scopes 1 and 2 kg CO_2e / m^2 ERA) (reported as of 31.12.2022)	UBS Group
	Swiss commercial real estate (scopes 1 and 2 kg CO_2e / m^2 ERA) (reported as of 31.12.2022)	
	Fossil fuels (oil, gas and coal; scopes 1, 2 and 3 million metric t CO_2e) (reported as of 31.12.2022)	
	Power generation (scope 1 kg CO_2e / MWh) (reported as of 31.12.2022)	
	Iron and steel (scopes 1 and 2 metric t CO_2 / metric t of steel) (reported as of 31.12.2022)	
	Cement (scopes 1 and 2 metric t CO_2 / metric t of cementitious) (reported as of 31.12.2022)	
Table "Climate-related lending metrics – Poseidon Principles"	Shipping (delta alignment to Poseidon Principles "IMO 50" trajectory) (reported as of 31.12.2022)	Credit Suisse AG
	Shipping (delta alignment to "IMO 2023 minimum trajectory") (reported as of 31.12.2022)	
	Shipping (delta alignment to "IMO 2023 striving for trajectory") (reported as of 31.12.2022)	
Table "Climate-related investing metrics"	Number of net-zero ambition portfolios	UBS AG
	Net-zero ambition assets share of total assets under management (%)	
	Asset Management investment-associated emissions (absolute; in t CO_2e)	
	Asset Management investment-associated carbon intensity (carbon footprint; in t CO_2e per USD million invested)	
	Weighted average carbon intensity – active equity assets (t CO_2e per USD million of revenue) % AuM weighted average carbon intensity below benchmark (active equity)	
	Weighted average carbon intensity – active fixed income assets (t CO_2e per USD million of revenue) % AuM weighted average carbon intensity below benchmark (active fixed income)	
	Weighted average carbon intensity – indexed equity assets (t CO_2e per USD million of revenue)	
	Weighted average carbon intensity – indexed fixed income assets (t CO_2e per USD million of revenue)	
	Weighted average carbon intensity – direct real estate (kg CO_2e per square meter) (reported as of 31.12.2022)	
	Carbon footprint – active equity assets (t CO_2e per USD million invested) % AuM weighted average carbon intensity below benchmark (active equity)	
	Carbon footprint – active fixed income assets (t CO_2e per USD million invested) % AuM weighted average carbon intensity below benchmark (active fixed income)	
	Carbon footprint – indexed equity assets (t CO_2e per USD million invested)	
	Carbon footprint – indexed fixed income assets (t CO_2e per USD million invested)	
Table "Facilitated emissions"	Select carbon-intensive sectors (reported as of 31.12.2022) Facilitated amount (USD billion) (reported as of 31.12.2022) Facilitated intensity (million metric t CO_2e / USD billion) (reported as of 31.12.2022)	UBS Group
	Select carbon-intensive sectors as % of total facilitated amount (reported as of 31.12.2022)	
	Other sectors (USD billion) (reported as of 31.12.2022)	
	Total facilitated amount (USD billion) (reported as of 31.12.2022)	
Graph "Global Wealth Management – 2023 highlights"	Global Wealth Management clients' impact investing assets (USD billion)	UBS AG
	Global Wealth Management clients' discretionary assets aligned to SI Strategic Asset Allocation (USD billion)	
Graph "Asset Management – Active Ownership"	Asset Management's corporate engagements on ESG topics achieved positive progress against stated objectives (%)	UBS Group
	Number of companies Asset Management actively engaged with on ESG topics	
	Number of Asset Management conducted engagement meetings on ESG topics with investee companies	
Text "Leveraged and debt capital markets"	Number of facilitated green, social, sustainability, or sustainability linked bond transactions	UBS Group
	Number of facilitated green, social, sustainability, or sustainability linked bond transactions	Credit Suisse AG

	Total deal value of green, social, sustainability, and sustainability-linked bond transactions	UBS Group
	Total deal value of green, social, sustainability, and sustainability-linked bond transactions	Credit Suisse AG
Graph "Personal & Corporate Banking" – 2023 highlights (Private clients)"	SI share of UBS AG P&C assets under custody in Personal Banking (%)	UBS AG
	Share of sustainable net new investment products in UBS AG P&C Personal Banking (%)	
Table "Risk management – Climate- and nature-related metrics"	Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Group excluding Credit Suisse	UBS Group excluding Credit Suisse
	Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Group excluding Credit Suisse	
	Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Group excluding Credit Suisse	
	Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Group excluding Credit Suisse	
	Exposure to nature-related risks: UBS Group excluding Credit Suisse Exposure to nature-related risks, proportion of total customer lending exposure, gross (%)	
	Exposure to nature-related risks: UBS AG (standalone)	UBS AG
	Exposure to nature-related risks: UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to nature-related risks: UBS Europe SE (standalone)	UBS Europe SE
	Exposure to nature-related risks: Traded products, UBS Group excluding Credit Suisse	UBS Group excluding Credit Suisse
	Exposure to nature-related risks: Issuer risk, UBS Group excluding Credit Suisse	
Table "Sustainability and climate risk assessments"	Number of cases referred for assessment	UBS Group excluding Credit Suisse
	Number of cases referred for assessment: UBS Europe SE	UBS Europe SE
	Number of cases referred for assessment: Credit Suisse – Step Trace	Credit Suisse
	Number of cases referred for assessment: Credit Suisse – CETF	
Text "Stewardship / voting rights"	Number of resolutions voted upon (based on UBS AG Asset Management's corporate governance principles) Number of company meetings where above votes casted Number of resolutions being directly related to environmental and social issues	UBS AG
	Number of ESG engagement meetings conducted regarding environmental and social issues	UBS Group
Table "2030 lending sector decarbonization targets"	Residential real estate – 2022 actuals	UBS Group
	Commercial real estate – 2022 actuals	
	Fossil fuels (coal, oil and gas) – 2022 actuals	
	Power generation – 2022 actuals	
	Iron and steel – 2022 actuals	
	Cement – 2022 actuals	
Table "Financed emissions covered by lending sector decarbonization targets"	Swiss residential real estate – financed emissions, scopes 1 and 2 (mt CO_2e) (reported as of 31.12.2022)	UBS Group
	Swiss commercial real estate – financed emissions, scopes 1 and 2 (mt CO_2e) (reported as of 31.12.2022)	
	Fossil fuels (coal, oil and gas) – financed emissions, scopes 1, 2 and 3 (mt CO_2e) (reported as of 31.12.2022)	
	Power generation – financed emissions, scopes 1 and 2 (mt CO_2e) (reported as of 31.12.2022)	
	Iron and steel – financed emissions, scopes 1 and 2 (mt CO_2e) (reported as of 31.12.2022)	
	Cement – financed emissions, scopes 1 and 2 (mt CO_2e) (reported as of 31.12.2022)	
	Other non-financial corporates not covered by targets – financed emissions, scopes 1, 2 and 3 (mt CO_2e) (reported as of 31.12.2022)	
	Estimated total non-financial corporates and real estate mortgages (incl. fair value loans) – financed emissions, scopes 1, 2 and 3 (mt CO_2e) (reported as of 31.12.2022)	
Table "Climate-related lending metrics (UBS AG consolidated)"	Swiss residential real estate (scopes 1 and 2 kg CO_2e / m^2 ERA) (reported as of 31.12.2022)	UBS AG
	Swiss commercial real estate (scopes 1 and 2 kg CO_2e / m^2 ERA) (reported as of 31.12.2022)	
	Fossil fuels (scopes 1, 2 and 3 million metric t CO_2e) (reported as of 31.12.2022)	
	Power generation (scope 1 kg CO_2e / MWh) (reported as of 31.12.2022)	
	Iron and steel (scopes 1 and 2 metric t CO_2 / metric t of steel) (reported as of 31.12.2022)	

	Cement (scopes 1 and 2 metric t CO_2 / metric t of cementitious) (reported as of 31.12.2022)	
Table "Climate-related lending metrics (Credit Suisse AG consolidated)"	Swiss residential real estate (scopes 1 and 2 kg CO_2e / m^2 ERA) (reported as of 31.12.2022)	Credit Suisse AG
	Swiss commercial real estate (scopes 1 and 2 kg CO_2e / m^2 ERA) (reported as of 31.12.2022)	
	Fossil fuels (scopes 1, 2 and 3 million metric t CO_2e) (reported as of 31.12.2022)	
	Power generation (scope 1 kg CO_2e / MWh) (reported as of 31.12.2022)	
	Iron and steel (scopes 1 and 2 metric t CO_2 / metric t of steel) (reported as of 31.12.2022)	
	Cement (scopes 1 and 2 metric t CO_2 / metric t of cementitious) (reported as of 31.12.2022)	
Text "Benefits and assistance"	UBS Group excluding Credit Suisse's absentee rate in 2023 (globally)	UBS Group excluding Credit Suisse
	Credit Suisse's absentee rate in 2023 (Switzerland)	Credit Suisse
Text "Our achievements in 2023"	Number of ESG shareholder resolutions voted upon (UBS AG Asset Management)	UBS AG
	Asset Management's corporate engagements on climate topics achieved positive progress against stated objectives (%)	UBS Group
Table "Key climate- and nature-related achievements"	Number of companies actively engaged with on climate topics	UBS Group
Table "External hires – FA/CA gender percentage - Americas only"	Female – FA/CA (%)	UBS Group excluding Credit Suisse
	Male – FA/CA (%)	
Table "External hires – FA/CA ethnicity percentage - US only"	Ethnic Minority – FA/CA (%)	UBS Group excluding Credit Suisse
	White – FA/CA (%)	
	Other – FA/CA (%)	
Table "Turnover by FA/CA – US only"	FA/CA (%)	UBS Group excluding Credit Suisse
	Other staff (%)	
	Overall turnover (%)	
Table "Turnover by FA/CA and gender - Americas only"	Female – FA/CA (%)	UBS Group excluding Credit Suisse
Table "FA/CAs by gender - Americas only"	Female – FA/CA (%)	UBS Group excluding Credit Suisse
Table "Turnover by FA/CA and ethnicity - US only"	Ethnic minority – FA/CA (%)	UBS Group excluding Credit Suisse
	White – FA/CA (%)	
	Other – FA/CA (%)	
	Overall turnover – FA/CA (%)	
Text "ESG integration and exclusion"	ESG integration and exclusion invested assets (USD billion)	UBS AG
	ESG integration invested assets (USD billion)	
	Exclusion invested assets (USD billion)	
Risk management – Climate- and nature-related metrics	Exposure to climate-sensitive sectors, transition risk: Traded products, UBS AG (standalone)	UBS AG
	Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Europe SE (standalone)	UBS Europe SE
	Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS AG (standalone)	UBS AG
	Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Europe SE (standalone)	UBS Europe SE
	Exposure to climate-sensitive sectors, physical risk: Traded products, UBS AG (standalone)	UBS AG
	Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Europe SE (standalone)	UBS Europe SE
	Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS AG (standalone)	UBS AG
	Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Switzerland AG (standalone)	UBS Switzerland AG

	Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Europe SE (standalone)	UBS Europe SE
	Exposure to nature-related risks: Traded products, UBS AG (standalone)	UBS AG
	Exposure to nature-related risks: Traded products, UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to nature-related risks: Traded products, UBS Europe SE (standalone)	UBS Europe SE
	Exposure to nature-related risks: Issuer risk, UBS AG (standalone)	UBS AG
	Exposure to nature-related risks: Issuer risk, UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to nature-related risks: Issuer risk, UBS Europe SE (standalone)	UBS Europe SE
Graph "Climate risk heatmap (transition risk)"	Exposure to climate-sensitive sectors, transition risk, breakdown by risk category (USD billion)	UBS Group excluding Credit Suisse
	Exposure to climate-sensitive sectors, transition risk, breakdown by sector and geographic classifier of market maturity (USD billion)	
Graph "Climate risk heatmap (physical risk)"	Exposure to climate-sensitive sectors, physical risk, breakdown by risk category (USD billion)	UBS Group excluding Credit Suisse
	Exposure to climate-sensitive sectors, physical risk, breakdown by sector and country adaptive capacity (USD billion)	
Graph "Climate risk heatmap (nature risk)"	Exposure to climate-sensitive sectors, nature risk, breakdown by risk category (USD billion)	UBS Group excluding Credit Suisse
	Exposure to climate-sensitive sectors, nature-related risk, by sector and alignment to average of transition and physical risk (USD billion)	
Table "Risk exposures by sector"	2023 exposure (USD billion) by sector/subsector	UBS Group excluding Credit Suisse
	Transition risk – weighted average transition risk rating 2023 by sector/subsector	
	Transition risk – 2023 transition risk climate-sensitive exposure (USD billion) by sector/subsector	
	Physical risk – weighted average physical risk rating 2023 by sector/subsector	
	Physical risk – 2023 physical risk climate sensitive exposure (USD billion) by sector/subsector	
	Nature-related risk - weighted average nature-related risk rating 2023 by sector/subsector	
	Nature-related risk – 2023 nature-related risk climate-sensitive exposure (USD billion) by sector/subsector	
Table "UBS Europe SE climate transition and physical risks exposures and nature-related risk exposures"	2023 exposure (USD million) by sector/subsector	UBS Europe SE
	Transition risk – 2023 transition risk climate-sensitive exposure (USD million) by sector/subsector	
	Physical risk – 2023 physical risk climate sensitive exposure (USD million) by sector/subsector	
	Nature-related risk – 2023 nature-related risk climate-sensitive exposure (USD million) by sector/subsector	
Graph "UBS Europe SE Climate risk heatmap (transition risk)"	Exposure to climate-sensitive sectors, transition risk, breakdown by risk category (USD billion)	UBS Europe SE
Graph "UBS Europe SE Climate risk heatmap (physical risk)"	Exposure to climate-sensitive sectors, physical risk, breakdown by risk category (USD billion)	UBS Europe SE
Graph "UBS Europe SE Climate risk heatmap (nature risk)"	Exposure to climate-sensitive sectors, nature risk, breakdown by risk category (USD billion)	UBS Europe SE

Appendix B

Metrics covered by our reasonable assurance engagement		
Section	**Metric**	**Reporting Boundary**
Table "Climate-related investing metrics"	Number of climate-related resolutions voted upon Proportion of supported climate-related resolutions (%)	UBS AG
Table "Sustainable Investments"	Sustainability focus invested assets (USD billion)	UBS AG
	Impact investing invested assets (USD billion)	
	Total sustainable investments (USD billion)	
	Sustainable investments proportion of total invested assets (%)	
Graph "Asset Management – 2023 highlights"	Asset Management managed Sustainable Focus and Impact Investing assets (USD billion)	UBS AG
Text "Leveraged and debt capital markets"	Number of facilitated green, social, sustainability, or sustainability linked bond transactions	UBS AG
	Total deal value of green, social, sustainability, and sustainability-linked bond transactions	
Table "Risk management – Climate- and nature-related metrics"	Carbon-related assets UBS: Group excluding Credit Suisse Carbon-related assets proportion of total customer lending exposure, gross (%)	UBS Group excluding Credit Suisse
	Carbon-related assets: UBS AG (standalone)	UBS AG
	Carbon-related assets: UBS Switzerland AG (standalone)	UBS Switzerland AG
	Carbon-related assets: UBS Europe SE (standalone)	UBS Europe SE
	Exposure to climate-sensitive sectors, transition risk: UBS Group excluding Credit Suisse Climate-sensitive sectors, transition risk, proportion of total customer lending exposure, gross (%)	UBS Group excluding Credit Suisse
	Exposure to climate-sensitive sectors, transition risk: UBS AG (standalone)	UBS AG
	Exposure to climate-sensitive sectors, transition risk: UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to climate-sensitive sectors, transition risk: UBS Europe SE (standalone)	UBS Europe SE
	Exposure to climate-sensitive sectors, physical risk: UBS Group excluding Credit Suisse Climate-sensitive sectors, physical risk, proportion of total customer lending exposure, gross (%)	UBS Group excluding Credit Suisse
	Exposure to climate-sensitive sectors, physical risk: UBS AG (standalone)	UBS AG
	Exposure to climate-sensitive sectors, physical risk: UBS Switzerland AG (standalone)	UBS Switzerland AG
	Exposure to climate-sensitive sectors, physical risk: UBS Europe SE (standalone)	UBS Europe SE

Key terms and definitions

Sustainability

Is commonly defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations (UN) Brundtland Commission, 1987). In this way, we sometimes refer to sustainability to imply a broader scope of resources that may be exhausted beyond those that impact climate change. Our ambition is to conduct business and operations without negatively impacting the environment, society or the economy as a whole and, through our sustainability disclosure, to be transparent about how we are pursuing this.

Sustainable Development Goals (the SDGs)

The 2030 Agenda for Sustainable Development, adopted by all UN member states in 2015, provides a shared blueprint for peace and prosperity for people and the planet. At its heart are the *17 UN Sustainable Development Goals* (available on sdgs.un.org/goals), the SDGs, which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

ESG (Environmental, Social, Governance)

A framework to help stakeholders understand how an organization is managing risks and opportunities related to ESG criteria or factors. It is often used in the context of investing, but – beyond the investment community – clients, suppliers, and employees are also increasingly interested in how sustainable an organization's operations are.

Sustainable finance

Sustainability focus: 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.

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.

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 from the borrower/issuer to improve their 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.

Low-carbon economy

Refers to a type of decarbonized economy that is based on low energy consumption and low levels of greenhouse gas (GHG) emissions.

GHG emissions

Scope 1: Accounts for GHG emissions by UBS.

Scope 2: Accounts for indirect GHG emissions associated with the generation of imported / purchased electricity (grid average emission factor), heat or steam.

Scope 3: Accounts for GHG emissions resulting from activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain.

Net zero: Refers to cutting GHG emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere.

GHG key vendor: A top GHG scope 3 emitter relative to UBS's overall scope 3 supply chain emissions and with which UBS has a long-term ongoing relationship.

Sustainability disclosure

Global Reporting Initiative (GRI): Provider of the world's most widely used sustainability disclosure standards (the GRI Standards).

Task Force on Climate-related Financial Disclosures (TCFD): Provider of climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation.

Taskforce on Nature-related Financial Disclosures (TNFD): Provider of nature-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation.

Value Reporting Foundation SASB Standards: Disclosure standards to guide the disclosure of officially declared material sustainability information by companies to their investors.

World Economic Forum International Business Council (WEF IBC): Provider of the Stakeholder Capitalism Metrics, which offer a set of universal, comparable disclosures focused on people, planet, prosperity and governance that companies can report on, regardless of industry or region.

Materiality assessments

With regard to the materiality assessments included in this report (GRI-based and climate-related), the GRI requires companies to determine material topics that "represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights." The TCFD requires companies to conduct a double materiality assessment that looks at both the inside-out impact the company has on the environment and the outside-in impact climate-related activities might have on the company performance.

Aspiration

Desire to achieve a particular goal.

Ambition(s)

Ambitions are parts of a long-term vision detailing what results a company aspires to accomplish and by when.

Target(s)

Targets are smaller, interim steps or milestones towards an ambition that are aligned with its details. As individuals and teams within the organization reach their targets, the organization makes progress towards the ultimate ambition(s).

Abbreviations frequently used in our sustainability report

A

ADA	Artificial Intelligence and Data Analytics
AMAS	Asset Management Association Switzerland
AML	anti-money laundering
AuM	assets under management
ASIP	Association Suisse des Institutions de Prévoyance

B

BCBS	Basel Committee on Banking Supervision
BD(s)	Business division(s), organizational units of the UBS business: (i) Global Wealth Management, (ii) Personal & Corporate Banking, (iii), Asset Management and (iv) the Investment Bank
B4SI	Business Investment for Societal Impact
BIS	Bank for International Settlements
BoD	Board of Directors
BoE	Bank of England

C

CCRC	Corporate Culture and Responsibility Committee
CCS	carbon capture and storage
CDP	formerly the Carbon Disclosure Project
CDR	carbon dioxide removal
CFO	Chief Financial Officer
CHF	Swiss franc
CIC	Corporate & Institutional Clients
CIO	Chief Investment Office
C&ORC	Compliance & Operational Risk Control
CPS	current policies scenario
CSRD	Corporate Sustainability Reporting Directive

D

DAF	donor-advised fund
DJSI	Dow Jones Sustainability Indices

E

EC	European Commission
EMS	environmental management system
eNPS	employee net promoter score
ESG	environmental, social and governance
EU	European Union
EUR	euro
ERA	Energy Reference Area
ESR	environmental and social risk
ETF	exchange-traded fund
EY	Ernst & Young

F

FATF	Financial Action Task Force
FCT	foreign currency translation
FINMA	Swiss Financial Market Supervisory Authority
FTE	full-time employee
FX	foreign exchange

G

GARP	Global Association of Risk Professionals
GCFO	Group Chief Financial Officer
GCRG	Group Compliance, Regulatory & Governance
GEB	Group Executive Board
GFA	Group Franchise Awards
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	greenhouse gas
GIA	Group Internal Audit
GICS	Global Industry Classification Standard
GRI	Global Reporting Initiative

H

HR	human resources

I

IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICMA	International Capital Market Association
ICMM	International Council on Mining and Metals
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIF	Institute of International Finance
IPCC	Intergovernmental Panel for Climate Change
ISO	International Organization for Standardization

K

KRT	key risk taker

L

LEED	Leadership in Energy and Environmental Design
LoD	lines of defense
LRD	leverage ratio denominator
LTIP	Long-Term Incentive Plan
LTV	loan-to-value

M

MAT	Materiality Assessment Team
M&A	mergers and acquisitions
MiFID II	Markets in Financial Instruments Directive II

N

NFR	non-financial risks
NFRD	Non-Financial Reporting Directive
NGFS	Network for Greening the Financial System
NYSE	New York Stock Exchange
NZAMi	Net Zero Asset Managers initiative
NZBA	Net-Zero Banking Alliance
NZE	Net-Zero Emissions by 2050 Scenario

O

OECD	Organization for Economic Co-operation and Development
ORF	operational risk framework
OTC	over-the-counter

P

PACI	Partnership Against Corruption Initiative
PACTA	Paris Agreement Capital Transition Assessment
PCAF	Partnership for Carbon Accounting Financials
P&L	profit and loss
POCI	purchased or originated credit-impaired
PRA	UK Prudential Regulation Authority
PRB	Principles for Responsible Banking
PRI	Principles for Responsible Investment

Q

QED	Quant Evidence & Data Science

R

RSCM	responsible supply chain management
RSPO	Roundtable on Sustainable Palm Oil
RW	risk weight
RWA	risk-weighted assets

S

SBC	Swiss Bank Corporation
sCFO	Sustainability Chief Financial Officer
SCR	sustainability and climate risk
SCS	Swiss Climate Score
SDA	Sectoral Decarbonization Approach
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SDS	Sustainable Development Scenario
SEC	US Securities and Exchange Commission
SECO	State Secretariat for Economic Affairs
SFDR	Sustainable Finance Disclosure Regulation
SFWG	Sustainable Finance Working Group (IIF)
SI	sustainable investment
SIFI	SDG Impact Finance Initiative
SII	UBS Sustainability and Impact Institute
SIX	SIX Swiss Exchange
SME	small and medium-sized entities
SNB	Swiss National Bank
SRI	socially responsible investment

T

TBTF	too big to fail
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures

U

UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
UNGPs	UN Guiding Principles on Business and Human Rights
USD	US dollar

V

VaR	value-at-risk

W

WFSF	Wolfsberg Forum for Sustainable Finance

Note: This list of abbreviations is not deemed to be comprehensive of all the abbreviations used in this report.

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

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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.

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