



UBS Environmental Policy

Approved by the Group Executive Board on 14 September 2005.



Preamble

The protection of our environment is one of the most pressing issues facing our world today. It is not only economic and political developments that will shape our business, but increasingly social and environmental factors as well. UBS regards sustainable development as a fundamental aspect of sound business management. UBS was one of the first financial institutions to sign the United Nations Environment Programme's "Statement by Financial Institutions on the Environment and Sustainable Development", and among the first companies to endorse the UN Global Compact.

UBS aims to observe international environmental standards in all that we do – not only with respect to our direct impact, but also when providing financial services to our clients. This commitment is underpinned with an ISO 14001 certified environmental management system.

The Group Environmental Policy sets out our approach to managing environmental risks and opportunities. It is our objective that it be embedded in our culture, our vision and values, our management and control principles and is lived by our people.

Marco Suter
Group Environmental Representative



Purpose and scope

It is the aim of this Policy that in all our business dealings we act in an environmentally responsible manner. It defines principles and responsibilities for managing environmental issues, and aims to contribute over the long term to UBS shareholder value by seeking to ensure that:

- UBS identifies and manages environmental risks;
- UBS pursues environmentally-friendly opportunities in the financial market;
- UBS's environmental performance improves continuously

The Policy applies world-wide to all transactions, services and activities involving environmental issues entered into by or on behalf of UBS in the course of business. Both banking activities and in-house operations (logistics and infrastructure) are subject to and must be conducted in compliance with this policy.

Implementation of this Policy is a process of continuous improvement, and although many goals have already been achieved, there are still areas which need to be addressed.



Environmental Principles

Principle 1: environmental risk management

We seek to consider environmental risks in all our businesses, especially in lending, investment banking, advisory and research, and in our own investments. A failure to properly identify, manage or control environmental risks can lead to financial losses and damage our reputation, as set out in the UBS Risk Management and Control Principles.

We seek to avoid transactions if there are material environmental risks that cannot be properly assessed or where, in the judgment of UBS, the counterparty is not addressing environmental issues in an appropriate and responsible manner.

Principle 2: environmental market opportunities

We also seek to pursue opportunities in the financial market for environmentally-friendly products and services, such as Socially Responsible Investments (SRIs). We offer a variety of SRIs to our environmentally and socially engaged customer base.

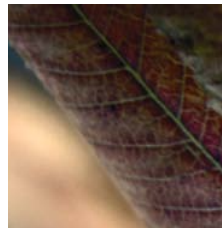
Principle 3: in-house ecology

We are committed to providing an environmentally safe work place to our staff, and to actively seeking ways to reduce our direct environmental impact on air, soil and water from in-house operations, with a primary focus on reducing greenhouse gas emissions. The major areas where UBS has a direct impact are, in order of importance, energy consumption, business travel, paper consumption, and waste.

We will seek to assess the environmental impact of our suppliers' products and services, and to engage with them whenever necessary to limit environmental risks.

Principle 4: certified environmental management system

We ensure efficient implementation of our policy through a global environmental management system certified according to ISO 14001 – the international environmental management standard. This certificate attests that UBS's Environmental Management System is an appropriate tool for complying with

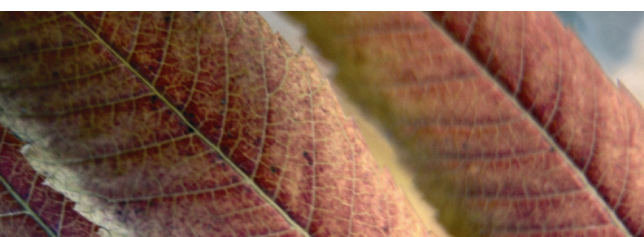


the relevant environmental regulations, for achieving self-defined environmental objectives, and for maintaining continuous improvement of environmental performance. The management system is structured in a management cycle consisting of planning, implementation, controlling and management review including corrective actions.

Principle 5: training and communication

Environmental awareness and expertise play an important role in implementing our goals. We therefore invest in know-how and integrate environmental considerations into internal communications and training.

We regularly report on our progress on implementing the Group Environmental Policy as part of UBS's annual reporting. We also welcome open dialogue and communicate actively with relevant stakeholders.



UN-Initiative “Global Compact”

It is the goal of the Global Compact to underpin markets with a set of fundamental social and environmental values. UBS supports this important initiative and we are convinced that by adopting its principles we not only contribute to its stated objective, but also create value for our shareholders.

The Global Compact's Principles:

Human Rights

- 1 Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- 2 make sure that they are not complicit in human rights abuses.

Labour Standards

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 eliminate discrimination in respect of employment and occupation.

Environment

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- 10 Businesses should work against all forms of corruption, including extortion and bribery.

Structure and responsibilities

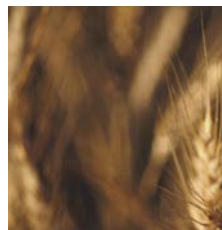
The primary responsibility for implementing the Environmental Policy lies within the Business Groups¹. The Group functions ensure a comprehensive and consistent approach to environmental management across UBS.

The Group Executive Board is responsible for approving the Environmental Policy, for nominating a Group Environmental Representative and for approving the annual ISO 14001 environmental management review.

The Group Environmental Representative is UBS's senior level representative for environmental issues. He or she guides UBS's environmental strategy, updates the Group Executive Board via the annual ISO 14001 Management Review and liaises with the Corporate Responsibility Committee in order to raise relevant environmental concerns.²

The Group Environmental Policy Unit is located within the Corporate Center. It co-ordinates the implementation of the Environmental Policy, updates the Group Environmental Representative on progress made, and prepares submission of strategic objectives to the Group Executive Board. It engages with the Business Groups to maximize synergies and best practice across the firm. In particular, it guides the ISO 14001 management process³ ensuring a coherent and consistent approach to environmental management and continued external certification against this standard. It also manages, in coordination with the Chief Communication Officer area, UBS's environmental reporting and communications.

Environmental Organization



The Business Group¹ Environmental Representative is normally a member of the Business Group Executive Board, Executive Committee or Management Committee, and acts as a sponsor for environmental initiatives. He or she is responsible for the implementation of the Group Environmental Policy within the Business Group. In accordance with ISO 14001, he or she:

- submits annual objectives to the appropriate Business Group Committees;
- develops, where appropriate, further policies and processes that are tailored to the needs of the Business Group;
- ensures that appropriate resources – in stand-alone units or embedded in other functions – are allocated within the Business Group to manage environmental issues arising in risk control, in product development and distribution, and in logistics and infrastructure;
- oversees implementation of policies and annual objectives, ensuring that adequate training is provided and that compliance with applicable legal requirements is monitored;

- updates the Committees and the Group Environmental Policy Unit via regular reporting and an annual ISO 14001 management review of the Business Group;
- ensures effective co-operation with the Group Environmental Policy Unit to produce UBS's external environmental reporting, and to answer enquiries from stakeholders and other interested parties.

The Business Group environmental units or related functions support the Business Group Environmental Representative. In some cases, particularly for logistics and infrastructure, these environmental units or functions may have responsibilities across several Business Groups where appropriate. They conduct the ISO 14001 management process in their area of responsibility³.



Footnotes

¹ "Corporate Center" is also considered a Business Group for these purposes.

² The mandate of the Corporate Responsibility Committee is to discuss and judge the relevance of current or anticipated developments in stakeholder expectations related to responsible corporate conduct and their possible consequences for UBS and to suggest appropriate action.

³ Detailed requirements, responsibilities and procedures are described in UBS's ISO 14001 manual.



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