Sustainability Report 2024

Supplement

UBS

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Introduction

About this supplement

This Supplement provides further details about the content set out in the UBS Group Sustainability Report 2024. It should therefore be read in conjunction with the Sustainability Report.

› **Refer to the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting***

Cautionary Statement | This Supplement may contain statements that constitute "forward-looking statements." Refer to the Cautionary Statement Regarding Forward-Looking Statements in UBS's Annual Report 2024, available at ubs.com/investors, for further details.

Notice to investors | This Supplement and the information contained herein are provided solely for information purposes, and are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this Supplement to the UBS Group Sustainability Report 2024. Refer to UBS's Annual Report 2024, available at ubs.com/investors, for additional information.

Rounding | Numbers presented throughout this Supplement to the UBS Group Sustainability Report 2024 may not add up precisely to the totals provided in the tables and text. Percentages and percentage changes are calculated on the basis of unrounded figures. Information about absolute changes between reporting periods, which is provided in text and which can be derived from figures displayed in the tables, is calculated on a rounded basis.

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

Governance

Our sustainability governance – additional information

This overview table provides summary information about key bodies and meeting forums governing and implementing sustainability and climate matters at the UBS Group. At the level of the business divisions and Group Functions, dedicated management bodies consider sustainability and climate matters as applicable to the (business) focus / mandate of the respective division or function.

› **Refer to the "Governance" section of the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting,* for the overarching description of the UBS Group's sustainability governance**

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2024
Board of Directors (the BoD) of UBS Group AG	The Chairman of UBS Group AG	Following every CCRC meeting	Third-party transactions (acquisitions and divestments of UBS entities, increase or decrease of ownership in UBS entities and sale / purchase of assets) and capital expenditures, including for purposes pertaining to sustainability and climate, are considered by the GEB and the BoD, with the specific approval authorities and thresholds set out in Annex C to the Organization Regulations of UBS Group AG. The BoD approves the recommendations made by the different BoD committees, including the CCRC.	– Sign-off of UBS Group Sustainability Report 2023 – Review and sign-off of Code of Conduct and Ethics
BoD Corporate Culture and Responsibility Committee (the CCRC)	The Chairman of UBS Group AG Attendees: the Group CEO, the Group Chief Risk Officer (the GCRO), the GEB Lead for Sustainability and Impact, the Chief Sustainability Officer (the CSO), the Group General Counsel	Six times annually	Supports the BoD in its duties to safeguard and advance the Group's reputation for responsible and sustainable conduct. Approves and oversees Group Sustainability and Impact's overall strategy and annual objectives. Reviews the annual Sustainability Report and proposes it to the BoD of UBS Group AG for approval and provides oversight of disclosures related to the annual sustainability report and, jointly with the Audit Committee, the sustainability disclosure assurance audit process.	– Sustainability and impact governance and strategy, including approval of objectives – Climate commitment (including approval of targets) and associated implementation steps – Sustainability and climate risk program and nature-related developments – Regulatory and governmental developments pertaining to sustainability and finance – Sustainability and climate disclosures (including external assurance thereof) – Sustainable finance – Sustainability-related memberships – Culture and workforce matters – Corporate Sustainability Reporting Directive (CSRD) program and implementation
BoD Risk Committee (the RC)	Members: five BoD members	At least semi-annually	Supervises the integration of sustainability and climate in risk management. Oversees and supports the BoD in fulfilling its duty to set and supervise an appropriate risk management and control framework in the areas of: (i) financial and non-financial risks; and (ii) balance sheet, treasury and capital management, including funding, liquidity and equity attribution.	– Regulatory and governmental developments pertaining to sustainability and finance (jointly with the CCRC) – Climate risk program (jointly with the CCRC) – Risks related to nature (jointly with the CCRC)
BoD Audit Committee (the AC)	Members: four BoD members	At least semi-annually	Provides oversight of financial reporting and internal controls over financial reporting. Provides oversight of the effectiveness of the external and internal audit functions and the effectiveness of whistleblowing procedures.	– Sustainability and climate disclosures (jointly with the CCRC) – Environmental, social and governance (ESG) metrics and control framework (jointly with the CCRC)
BoD Compensation Committee (the CC)	Members: Three BoD members	Annually	Supports the BoD in its duties to set guidelines on compensation and benefits, to oversee implementation thereof, to approve certain compensation and to scrutinize executive performance.	– Review of non-financial factors in the performance and compensation determination process – Fair pay

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2024
Group Executive Board (the GEB)	The Group CEO	At least quarterly	Reviews the Group's sustainability and impact strategy and related objectives and proposes these to the CCRC. Signs off on divisional sustainability objectives, in alignment with the GEB Lead for Sustainability and Impact. Ensures firm-wide execution of the firm's approach to climate, including its climate commitment. Sets the overall risk appetite for the firm and resolves overarching matters relating to sustainability and climate risk (SCR).	– Sustainability and impact objectives – Climate commitment and associated implementation steps – ESG data strategy – SCR policy framework – CSRD program
GSI Business Development & Client Forum (GSI BDCF)	GEB Lead for Sustainability and Impact	Monthly	The GSI BDCF is the most senior administrative body overseeing the Group-wide strategy and impact (S&I) activities. Focused on client, product, and impact approaches in relation to the overall UBS S&I implementation activities together with the Business Divisions.	– Group sustainability and impact: strategy, positioning and governance – Corporate disclosures and sustainability report. – Climate (incl. decarbonization) planning – Cross-divisional client coverage and commercial opportunities
GSI Execution Forum (GSI EF)	GSI Chief Operating Officer (GSI COO)	Monthly	The GSI EF is established under the authority of the GSI COO to help discharge its role and responsibilities. Reports to the GSI BDCF and is responsible for the oversight of the front-to-back operating environment and for the implementation of the Group-wide S&I strategy through Group-wide strategic objectives and outcomes.	– Reporting on sustainability programs and commitments (e.g. CSRD program, Climate Program, Investor Protection Program) – Progress updates on sustainability and impact strategy implementation across Group Functions and business divisions
ESG Reporting Forum	The Sustainability CFO and the Head Corporate Responsibility (the Chief Sustainability Office)	Monthly as required	Identifies, oversees and coordinates sustainability-related reporting and disclosure requirements.	– Review and analysis of forthcoming / evolving sustainability disclosure regulations and their pertinence to the firm
ESG Data and Methodology Forum	The Head Methodology, Framework and Climate (the Chief Sustainability Office)	At least quarterly	Facilitates UBS's sustainability journey through high-quality ESG data in line with the firm's overall data strategy. Approves new or changes to existing standardization of ESG data-driven methodologies for the Group that have been deemed to have group-wide implications.	– ESG market data sourcing – Group ESG methodologies standardization – Quality of ESG metrics and reports disclosed externally and internally – ESG data products – ESG calculation engine
Group Risk Control (GRC) Sustainability and Climate Risk Initiative Forum	The Sustainability CRO, Risk Methodology CRO, Head of Sustainability & Climate Risk	Monthly	Development and execution of capabilities to prepare for regulatory stress tests and other sustainability and climate risk exercises fulfilling regulatory expectations on sustainability and climate risk impacting GRC, including: effective climate risk governance framework within GRC, integration of climate risk into existing risk management and control framework and preparation for and execution of regulatory climate stress testing.	– Further implementation of a multi-year transformation initiative to focus on delivering on regulatory expectations of climate and environmental risk, including; climate integration into credit, market and liquidity risk management and stress-testing frameworks
Climate Forum	Co-chaired by the CSO and the Head Methodology, Framework and Climate (the Chief Sustainability Office)	Monthly or as required	Governs the implementation of UBS climate commitments owned by the respective business divisions / Group Functions, e.g. the decarbonization targets and climate transition plan. Assesses design decisions, methodological choices and baselines elaborated by the climate sub-streams climate financing, climate Investing and climate own operations / supply chain. Endorses and provides guidance on targets, the transition strategy options underpinning targets, requiring approval by more senior forums (e.g. CCRC for targets). Monitors progress against relevant milestones and dependencies. Ensures alignment on strategic direction among climate-related activities.	– Climate commitments, sectoral scope and levels of targets – Levers and actions for transitioning investment activities – Partnerships with cross-industry associations – Transition finance

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2024
Group Investor Protection Initiative Steering Forum	The COO GWM	Bi-monthly	Governs program activities, provides strategic guidance and endorses key decisions to ensure alignment with strategic Group objectives on investment product regulations.	– Annual EU Sustainable Finance Disclosures Regulation (SFDR) disclosures (product and entity level) – UK disclosures: Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Disclosure Requirements (SDR) – APAC disclosures (MAS and HKMA)
CSRD Steering Forum	The Sustainability CFO	Monthly	Governs the CSRD program in relation to changes globally and manages escalation of risks. Accountable for delivering the CSRD Program.	– Provide oversight and governance on planning and execution of CSRD-related implementation including double materiality assessment
Nature Steering Forum	The Head Nature & Advocacy (the Chief Sustainability Office)	Monthly	Supports UBS's nature-related activities	– Focus on nature-related key responsibilities
Group Human Resources & Corporate Services (GHRCS) Management Team (MT)	The GEB Lead for GHRCS	As determined by the Chair, at least 10 times per annum	Sets performance targets, responsibilities and priorities related to GHRCS sustainability topics and monitors their execution.	– Group-wide culture journey – Performance and reward – Talent and succession
HR Client Council	The Head HR GWM and all GHRCS MT members that sit in the HR function	Bi-weekly (does not always cover topics related to sustainability)	Delivers high-quality and user-centric HR experiences into the organization. Discusses performance targets, responsibilities and priorities related to HR sustainability topics and monitors their execution.	– Group-wide culture journey – Performance and reward – Talent and succession
Group Real Estate and Supply Chain (GRESC) Management Forum	The Head Group Real Estate & Supply Chain	As determined by the Chair, at least 2 times per annum	Oversees GRESC strategy for operational sustainability. Reviews environmental performance of the firm. Proposes operational sustainability objectives and targets for sign-off to the Group Human Resources and Corporate Services management team.	– New operational sustainability targets for 2030 and 2035 – Operational action plans for the individual global environmental goals – Sustainability objectives for 2024 – ISO 14001 external audit results – Integration approach for sustainability
Sustainable Finance Forum Personal & Corporate Banking (P&C) / Wealth Management (WM) Switzerland	The Head Products, Channels & Marketing at UBS Switzerland AG jointly with Chief Risk Officer P&C/ UBS Switzerland AG	Quarterly	Oversees and facilitates the sustainability strategy and its implementation across the Personal & Corporate Banking segments and Wealth Management Switzerland, in alignment with the goals and ambitions of the Group. Reviews and supports strategic sustainability partnerships and collaborations. Fosters alignment and collaboration across segments and aligned functions.	– Decarbonization targets and associated monitoring – Regulatory developments and disclosures pertaining to Personal & Corporate Banking and sustainable finance – Commercial opportunities around sustainable finance and transition finance – Real estate offering incl. renovation services – Sustainability and sustainable finance training for employees
Asset Management SI Prioritization Forum	The Head of Sustainable Investing (SI) AM	Quarterly	Steers and guides the SI strategy program within Asset Management. Sets key priorities, direction and key decisions to be adhered to by the SI program.	– SI strategy – AM product shelf – SI framework
Asset Management Stewardship Committee	The Head of Investments AM	Quarterly, ad-hoc as required	Provides oversight of the proxy voting standards / processes and corporate governance practices in accordance with the Asset Management proxy voting policy and procedures. It reviews and approves requests to participate in the filing of shareholder resolutions and reviews the credible corrective action process for UN Global Compact breaches.	– Approved and resolved, where needed, proxy votes proposed to deviate from UBS Proxy Voting Policy guidelines – Annual review of the Proxy Voting Policy – Oversaw and approved the credible corrective action process for selected companies with UNGC breaches
Asset Management SI Methodology Forum	The Head of Sustainable Investing AM	Quarterly, ad-hoc as required	Provides oversight of methodology / investment process criteria (including exclusions, ESG integration) for Asset Management's sustainable offering across investment areas.	– Annual review of the UBS AM Sustainability Exclusion Policy – AM SI Classification Framework updates. – Annual reviews of the good governance and do-no-significant-harm methodologies – Approval of net-zero-aligned product classification
Asset Management Regulatory Forum	The Head of Transformation & Change AM	Every six weeks	Provides governance and oversight of regulatory change that affects Asset Management, including sustainability regulations. Monitors the regulatory pipeline and implementation project progress to completion.	– Regulatory discussions pertaining to, among others, Asset Management Association Switzerland (AMAS), the CSRD, ESMA Fund Names Rules, the UK SDR

Governance body	Lead and other membership information	Sustainability / climate agenda frequency	Purpose and responsibilities related to sustainability- and climate-related issues	Topics considered in 2024
Global Wealth Management Sustainability Scores Methodology Board	The Chief Investment Office (CIO) GWM	At least annually	Discusses and decides on material changes to the methodology underlying the CIO sustainability scores.	– Enhanced integration of controversies – Updated materiality map with reviewed sector analyst guidance
Investment Bank Management Team	The Co-Presidents Investment Bank	Bi-annually	Reviews the Investment Bank's sustainability strategy and related objectives. Monitors the Investment Bank's progress against its sustainability strategy and related objectives. Monitors the Investment Bank's execution of the firm's overall approach to climate, including its decarbonization commitment.	– Sustainability strategy and progress – Decarbonization commitment and associated implementation steps – Changes to SCR policy framework – Regulatory developments pertaining to sustainability and finance – Non-financial risks in relation to sustainable finance – Sustainable finance – Training and employee awareness regarding sustainability and sustainable finance

Sustainability and climate risk policy framework

Our sustainability and climate risk policy framework is embedded in our culture and:
– is applied Group-wide, across business divisions, Group functions, locations, and legal entities;
– is integrated into management practices and control principles and overseen by senior management; and
– supports the transition toward a lower carbon future.

Introduction

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

Group Risk Control (GRC) is responsible for our firm-wide SCR policy framework and the management of exposure to sustainability and climate-related (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, applying independent control and oversight.

Our principles and standards apply across all the business divisions, Group functions, locations and legal entities. These principles and standards define roles and responsibilities for the first line of defense (i.e. client and supplier onboarding, transaction due diligence and periodic know-your-client reviews), second line of defense (i.e. sustainability and climate risk transaction assessments) and the Group Executive Board (the GEB), which sets the sustainability and climate risk appetite standards for the firm. Our work in key societal areas, such as protecting the environment and respecting internationally recognized human rights standards, is all part of this. Living up to our societal responsibilities contributes to the wider goal of sustainable development.

Managing SCR is a key component of our corporate responsibility. We apply a SCR policy framework to all relevant activities and across sectors. This helps us identify and manage potential adverse impacts on climate, nature, the environment and human rights, along with the associated risks affecting our clients and ourselves. UBS identified certain controversial activities, where we do not engage and areas of concern, where we engage only under a stringent criteria. For example, UBS recognizes the significant impact of deforestation and land conversion on nature and biodiversity. Our standards cover selected high-deforestation-risk commodities, such as soy or palm oil, which apply across industries and sectors and aim to mitigate their respective negative impact on nature.

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

Our standards

We have set standards and guidelines in product development, investments, financing and supply-chain management decisions. These include the stipulation of controversial activities and other areas of concern in which we will not engage or will only engage subject to stringent criteria. We have established guidelines for sustainable finance and carbon and environmental markets instruments to support UBS's growth strategy for sustainable products and services. We have established a decarbonization control framework with defined thresholds per sector, per business division and at Group level to monitor and control the utilization of the business divisions contributions toward the 2030 corporate lending sector decarbonization targets.

› **Refer to the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting*, for further information on our firm's decarbonization control framework**

Controversial activities – where UBS will not do business

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

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

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

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

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

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

Soft commodities	
Palm oil	Companies must be members of the Roundtable on Sustainable Palm Oil (RSPO) and not subject to any unresolved public criticism from the RSPO. Production companies must furthermore have some level of mill or plantation certification and be publicly committed to achieving full certification (evidence must be available). Companies must also be committed to "No Deforestation, No Peat and No Exploitation".
Soy	Companies producing soy in markets at high risk of tropical deforestation must be members of the Round Table on Responsible Soy (RTRS) or similar standards such as Proterra, International Sustainability and Carbon Certification (ISCC) or Certified Responsible Soy (CRS) and they must not be subject to any unresolved public criticism from these standards. When a company is not certified, it must credibly commit to the RTRS or a similar standard, providing a robust time-bound plan or demonstrate a credible commitment toward an equivalent standard, to be independently verified.
Forestry	The producing company must seek to achieve full certification of its production according to the Forest Stewardship Council (FSC) or a national scheme endorsed in line with the Programme for the Endorsement of Forest Certification (PEFC) within a robust time-bound plan. The producing company must also have fire prevention, monitoring and suppression measures in place.
Fish and seafood	Companies producing, processing or trading fish and seafood must provide credible evidence of no illegal, unreported and / or unregulated fishing in their own production and supply chain.
Power generation	
Coal-fired power plants (CFPP)	We do not provide project-level finance for new CFPP globally and only support financing transactions of existing coal-fired operators (>20% coal reliance) if they have a transition strategy that aligns with the goals of the Paris Agreement or if the transaction is related to renewable energy or clean technology.
Large dams	Transactions directly related to large dams include an assessment against the recommendations made by the International Hydropower Sustainability Assessment Protocol.
Nuclear power	Transactions directly related to the construction of new, or the upgrading of existing, nuclear power plants include an assessment of whether the country of domicile of the client / operation has ratified the Treaty on the Non-Proliferation of Nuclear Weapons.
Extractives	
Arctic drilling and oil sands	We do not provide financing where the stated use of proceeds is for new offshore oil projects in the Arctic or greenfield[1] oil sands projects and only provide financing to companies with significant reserves or production in arctic oil and / or oil sands (>20% of reserves or production) if they have a transition strategy that aligns with the goals of the Paris Agreement or if the transaction is related to renewable energy or clean technology.
Coal mining and mountain top removal (MTR)	We do not provide financing where the stated use of proceeds is for greenfield[1] thermal coal mines and do not provide financing to coal-mining companies engaged in MTR operations. We only provide financing to existing thermal coal-mining companies (>20% of revenues) if they have a transition strategy that aligns with the goals of the Paris Agreement or if the transaction is related to renewable energy or clean technology.
Liquefied natural gas (LNG)	Transactions directly related to LNG infrastructure assets are subject to enhanced sustainability and climate risk due diligence considering relevant factors, such as management of methane leaks and the company's past and present environmental and social performance.
Ultra-deepwater drilling	Transactions directly related to ultra-deepwater drilling assets are subject to enhanced sustainability and climate risk due diligence considering relevant factors, such as environmental impact analysis, spill prevention and response plans, and the company's past and present environmental and social performance.
Hydraulic fracturing	Transactions with companies that practice hydraulic fracturing in environmentally and socially sensitive areas are assessed against their commitment to and certification of voluntary standards, such as the American Petroleum Institute's documents and standards for hydraulic fracturing.
Metals and mining	Transactions directly related to precious metals or minerals assets that have a controversial environmental and social risk track record are assessed against commitment to and certification of voluntary standards, such as the International Council on Mining & Metals (the ICMM), the International Cyanide Management Code, the Conflict-Free Smelter Program and the Conflict Free Gold Standard of the World Gold Council, the Responsible Gold Guidance of the London Bullion Marketing Association (the LBMA), the LBMA or London Platinum and Palladium Market (the LPPM) Good Delivery Lists, the Chain-of-Custody and Code of Practices of the Responsible Jewellery Council, the Fairmined Standard for Gold from Artisanal and Small-Scale Mining of the Alliance of Responsible Mining, the Voluntary Principles on Security and Human Rights, and the International Code of Conduct for Private Security Providers. Transactions directly related to precious metals sourcing, custody, distribution and trading are assessed against precious metal production by refineries that are listed on the London Good Delivery List (the LGD) or the Former London Good Deliver List (the FLGD) for precious metals produced up to the refineries' removal from the LGD, as maintained by the LBMA and the LPPM. We do not provide financing where the stated use of proceeds is for mining operations that utilize tailings disposal in the sea or in rivers. We do not provide financing where the stated use of proceeds is for the exploration or extraction of mineral resources of the deep seabed. Transactions with companies that mine uranium are assessed against the companies' strategy and actions to manage water contamination, waste, and worker and community health and safety, especially with regard to radiation. Consideration is also given to the designated use of the mined uranium (or other radioactive material).
Diamonds	Transactions with companies that mine and trade rough diamonds are assessed against the client's commitment to and certification of voluntary standards, such as the ICMM, and rough diamonds must be certified under the Kimberley Process.
Others	
Project finance	Project finance transactions, including project finance advisory services, project-related corporate loans, bridge loans, project-related refinance and project-related acquisition finance, are subject to enhanced due diligence in alignment with the Equator Principles.
Shipping	Transactions involving marine transportation are assessed against relevant factors such as greenhouse gas emissions and energy efficiency, human rights, safety and pollution prevention policies and responsible ship recycling, in line with applicable international conventions and standards (e.g. International Maritime Organization conventions, the Hong Kong Convention). The carbon intensity and climate alignment of the ship financing portfolio are measured and reported in accordance with the Poseidon Principles.

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

Sustainable finance and carbon and environmental market guidelines

These guidelines contribute to mitigating the potential greenwashing risk and setting group-wide minimum requirements when labeling, marketing and distributing sustainable financing, green equity, carbon and environmental market instruments. Greenwashing refers to a practice where sustainability-related statements, declarations, actions or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product or financial services.[1]

Sustainable financing and green equity instruments

- Green, social, sustainability, and sustainability-linked (GSSS+) loans and bonds
- Sustainability-linked loans financing bonds (SLLB)
- Green mortgages and green loans for real estate
- Transition loans and bonds
- Biodiversity or nature loans and bonds
- Other instruments labeled, marketed or promoted as having intentions or objectives to achieve environmental, social and governance (ESG) outcomes
- Green equity instruments

These instruments are assessed against the applicable industry standards e.g. the Loan Market Association (LMA), Loan Syndication & Trading Association (LSTA), Asia Pacific Loan Market Association (APLMA), the International Capital Market Association (ICMA) principles, the EU Green Bond Standard (EuGB), the World Federation of Exchanges (WFE) and certificates for green buildings recognized by the industry.

Carbon and environmental market instruments

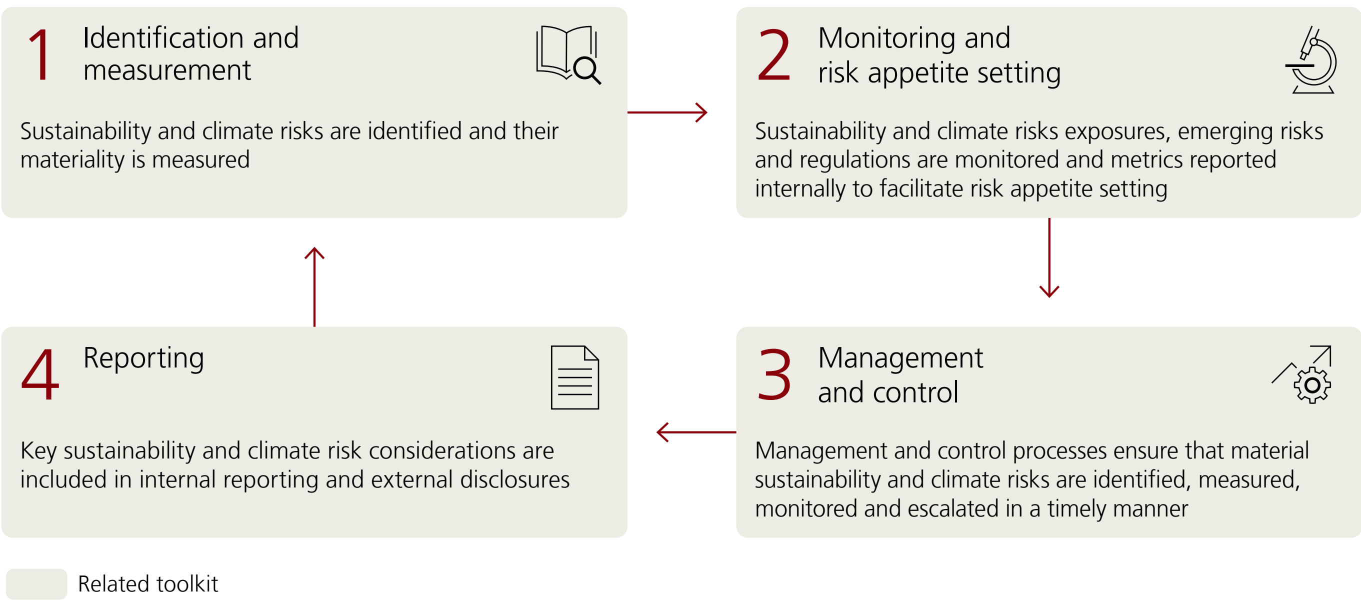
- Voluntary Carbon Credits (VCC)
- Carbon Emission Allowances (CEA)
- Biodiversity credits
- Other instruments labeled, marketed or promoted as having intentions or objectives to achieve Greenhouse Gas emissions reduction or removal outcomes or positive biodiversity / nature outcomes.

These instruments are assessed against the applicable industry standards, e.g. the Integrity Council for the Voluntary Carbon Market (ICVCM) Core Carbon Principles, the Biodiversity Credit Alliance guidance and applicable market rules.

Sustainability and climate risk framework

UBS annually performs an assessment of the proximity to sustainability and climate-driven risks of its products, services and supply chain. Products, services and activities deemed high risk are subject to the following framework.

Sustainability and climate risk management framework



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

1 ESA Progress report on Greenwashing – June 2023.

Governance

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

The management of sustainability and climate risk is steered at the GEB level. Reporting to the Group CEO, the Group Chief Risk Officer is responsible for the development and implementation of control principles and an appropriate independent control framework for sustainability and climate risk within UBS, and its integration into the firm's overall risk management and risk appetite frameworks. The Chief Risk Officer (CRO) for Sustainability oversees sustainability and climate risk activities in Group Risk Control, including the Sustainability and Climate Risk Initiative.

Integration in financial and non-financial processes

- *Client onboarding:* Potential clients are assessed for SCR associated with their business activities as part of UBS's know-your-client (KYC) processes.
- *Transaction due diligence:* SCR are identified and assessed as part of standard transaction due diligence and decision-making processes.
- *Product development and investment decision processes:* New financial products and services are reviewed before their launch in order to assess their compatibility and consistency with UBS's environmental and human rights standards. SCR are also considered where relevant as part of the firm's overall ESG approach to investment decision processes and when exercising ownership rights, such as proxy voting and engagement with the management of investee entities.
- *Own operations:* Our operational activities and employees, and contractors working on UBS's premises, are assessed for compliance with relevant environmental, health and safety, and labor rights regulations.
- *Supply chain management:* SCR are assessed when selecting and dealing with suppliers. UBS also evaluates goods and services that pose potential environmental, labor and human rights risks during the life cycle (production, usage and disposal) as part of its purchasing processes.
- *Portfolio review:* At the portfolio level, we regularly review sensitive sectors and activities prone to bearing sustainability- and climate-related risks. We assess client exposure and revenue in such sectors and attempt to benchmark the portfolio quality against regional and / or sector averages. Such portfolio reviews give us an accurate aggregated exposure profile and an enhanced insight into our transaction and client onboarding processes. Based on the outcome of these reviews, we can explore ways to improve the future portfolio profile along a range of risk parameters.

Clients, transactions or suppliers potentially in breach of our standards, or otherwise subject to significant climate, environmental and human rights controversies, are referred to our 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 2024, 5,452 referrals were assessed by our SCR unit, of which 380 were rejected or not pursued, 484 were approved with certain qualifications and 464 were pending. The overall number of SCR referrals increased by 23% compared with 2023. The increase is mainly driven by the combination of SCR standard and risk appetites of Credit Suisse and UBS.

Sustainability and climate risk assessments

	For the year ended		% change
	31.12.24	31.12.23	31.12.23
Cases referred for assessment[1]	5,452	4,443	23
Cases referred for assessment: UBS Europe SE	175	126	39
by region			
Americas	849	847	0
Asia Pacific	862	896	(4)
Europe, Middle East and Africa (excluding Switzerland)	790	590	34
Switzerland	2,951	2,110	40
by business division			
Global Wealth Management	705	587	20
Personal & Corporate Banking	2,347	1,580	49
Asset Management	30	13	131
Investment Bank	2,263	2,181	4
Group functions[2]	107	82	30
by sector[3]			
Agriculture[4]	728	480	52
Industrials[5]	599	575	4
Financial services[6]	701	526	33
Real Estate[7]	222	223	(0)
Metals and mining	838	631	33
Fossil fuels	681	666	2
Services and technology[8]	352	164	115
Transportation	273	442	(38)
Utilities	449	386	16
Sovereigns	48	-	
Others[9]	561	350	60
by outcome[10]			
approved[11]	3,100	2,423	28
approved with qualifications[12]	484	390	24
rejected or not further pursued[13]	380	306	24
pending[14]	464	344	35
assessed[15]	1,024	980	4

1 Transactions and client onboarding requests referred to the SCR function. 2 Relates to procurement / sourcing of products and services. 3 Amendment in sector calculation: sector is selected based on main assessed counterparty, following UBS GIC2 code approach. 4 Includes companies producing or processing fish and seafood, forestry products, biofuels, food and beverage. 5 Includes chemical and pharmaceutical companies. 6 Includes banks, commodity traders, investments and equity firms. 7 Includes real estate and construction and engineering companies. 8 Includes technology and telecom companies. 9 Includes aerospace and defense, general industrials, retail and wholesale. 10 "By outcome" 2024 data is from 22 January 2025. Outcome from 2023 was also recalculated. 11 Client / transaction / supplier transactions approved at SCR. 12 Client / transaction / supplier subject to an SCR assessment and approved with qualifications. Qualifications may include ring-fencing of certain assets, conditions toward client / supplier or internal recommendations. 13 Client / transaction / supplier subject to an SCR assessment and rejected or not further pursued. 14 Decision pending. 15 Assessed companies related to portfolio reviews.

Group sustainability and impact management indicators

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

In 2024, we continued to co-ordinate the delivery of sustainability training and awareness activities across UBS through a dedicated sustainability education workstream. These activities included a series of information sessions following the publication of our Sustainability Report 2023, designed to raise awareness and understanding of our own progress in relation to our sustainability objectives.

Mandatory training increasingly incorporates a consideration of sustainability. This includes our Code of Conduct, Global Anti-Money Laundering and Financial Crime Prevention trainings, all of which are classified as awareness training.

We keep abreast of the ever-evolving landscape through regular updates with our regulatory monitoring teams and continue to develop sustainability training for employees and the Board of Directors.

UBS Sustainability and Impact management indicators

	UBS Group AG (consolidated)		
	For the year ended		
	31.12.24	31.12.23[1]	31.12.22[1]
Personnel in specialized units / functions (full-time equivalents)[2]	535	373	288
Participation in awareness raising training (headcount instances)[3]	382,640	177,585	114,519
Participation in specialized training (headcount instances)[3,4]	47,765	54,364	34,190

1 2023 and 2022 values are showing UBS Group AG excluding Credit Suisse. 2 Employees that are part of the Group Sustainability and Impact organization and / or have specialized knowledge relevant for the Group Sustainability and Impact strategy. 3 Employees may complete multiple trainings in a year and could be counted multiple times. 4 Specialized training is provided to employees in front-office and support functions who are dealing directly with sustainability-related aspects in everyday business processes.

Approach to grievances

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

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

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

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

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

› **Refer to *ubs.com/global/en/contact* to raise concerns or provide feedback**
› **For sustainability-related inquiries and concerns, the Corporate Responsibility team within UBS Group Sustainability and Impact can be contacted via cr@ubs.com**
› **Refer to *rspo.org/as-an-organisation/tools/remediation-and-compensation* for the RSPO's remediation and compensation procedure**

Strategy

Our ratings and recognition

In 2024, we again gained industry recognition for our sustainability and culture efforts. We also continued to maintain leading positions in various ESG ratings, including that of S&P Global's Dow Jones Sustainability Index family, of which we remain a member. MSCI ESG Research maintained our rating at AA and CDP maintained our A– score.

Ratings and recognitions	Scope	UBS Group result
S&P Global Dow Jones Sustainability Indices (DJSI)	ESG performance	Index member of DJSI World and DJSI Ranked 5th of over 650 companies assessed in the same industry group
Sustainalytics	ESG performance	ESG risk rating of 26.8 (medium risk)
MSCI	ESG performance	AA rating "Leader" in industry group
CDP	ESG performance (focused on climate)	A– rating and included in Leadership band
ISS ESG	ESG performance	Corporate responsibility prime status
FTSE4Good Index	ESG performance	Index member
GRESB Real Estate and Infrastructure Assessments	ESG performance	Our submission included 37 strategies overall from across the globe, including Switzerland, Germany, Japan, the US and the UK, comprising 24 strategies from UBS (20 real estate and 4 infrastructure) and 13 Credit Suisse real estate strategies. Of the 16 disclosed UBS real estate strategies, 14 achieved the highest rating of 5 stars and two strategies were rated at 4 stars. Of the 13 disclosed Credit Suisse real estate strategies, one achieved 5 stars, six were awarded 4 stars and the remaining six were awarded 3 stars. Of the four submitted UBS infrastructure strategies, one achieved a 4-star rating, two achieved 3 stars and one achieved 2 stars.
Sustainable Company Award – Large Enterprise of the year by Environment Finance in 2024	ESG performance	Award
ESG Investment Leader Awards	Sustainable finance / investing	Best ESG Investment Fund: Equities
ESG Clarity Awards	Sustainable finance / investing	Best ESG Passive Fund House
Hirschel & Kramer Responsible Investment Brand Index (RIBI) Report 2024	Sustainable finance / investing	Maintained Avant-Gardist status (awarded to the top 28% of the ~600 asset managers globally included in the index) Top 10 in Continental Europe (excluding the UK) Ranked first in Switzerland
Asian Private Banker Awards for Distinction 2024	Philanthropy and community investment	Best Private Bank – Philanthropy
WealthBriefingAsia Awards 2024	Philanthropy and community investment	Best Philanthropy Offering / Initiative of the Year in Southeast Asia
NYC Mayor's Office's Mayoral Service Recognition Program Award	Community investment	Recognized for high rate of employee volunteering among New York City-based companies and peers in 2023 (awarded in April 2024)
CSR China Education Awards	Community investment	ESG Action Award – Inclusion for UBS's Rural Women Entrepreneurs Empowerment Program Public Recognition Special Award for UBS's Rural Women Entrepreneurs Empowerment Program CSR China Top 100 Rank
City AM Dragon Award 2024	Community investment	Team of the Year
World's Most Attractive Employers (Universum)	Employment-related	Top 50 among business students

Ratings and recognitions	Scope	UBS Group result
Most Attractive Employers Switzerland (Universum)	Employment-related	No. 1 among business students
Ideal Employer Awards (eFinancial careers)	Employment-related	No. 13 financial services firm worldwide
Bloomberg Gender-Equality Index	Employment-related	Index member
PRIDE Index (Japan)	Employment-related	Gold
The Times Top 100 Graduate Employers (UK)	Employment-related	Top 100
Seramount's Best Company Lists (US)	Employment-related	100 Best Companies Best Companies for Multicultural Women
Equality 100 Award: Leader in LGBTQ+ Workplace Inclusion (Human Rights Campaign), US	Employment-related	Met all the criteria to earn a score of 100 / 100
Swiss LGBTI Label	Employment-related	Certification
WGEA (Australia)	Employment-related	Employer of Choice for Gender Equality Citation
Career Empowerment Label (CH)	Employment-related	Certification
Financial institutions supporting LGBTQ+ equality in the workplace (cashless.pl)	Employment-related	Met all the criteria to earn a score of 100 / 100
VETS Indexes (US)	Employment-related	5-star employer (top)
Gender Equality Global Report and Ranking (Equileap)	Employment-related	Global Top 2 No. 1 in Switzerland
Career Empowerment Label (CH)	Employment-related	Certification
Rate my placement internship experience (UK)	Employment-related	Top 50
Polish Diversity Awards (My Company Polska)	Employment-related	Polish Diversity Award in the Neurodiversity category
Global Ideal Employer Awards (eFinancialCareers)	Employment-related	No. 13 financial services firm worldwide and no. 3 for Diversity, Equity & Inclusion
Forbes World's Best Employers 2024	Employment-related	Top 60 in Banking and Financial Services
ABSL Diamonds (PL)	Employment-related	Winner for Employee-friendly Working Environment
Digital Economy Award (CH)	Employment-related	Winner in ICT Education Excellence
Diversity Network Awards and European Diversity Awards	Employment-related	Family Matters Network highly commended for Outstanding Network of the Year in the UK and Europe
GradConnection (UK)	Employment-related	Top 3 Banking and Financial Services Graduate Employer
LinkedIn	Employment-related	No. 2 Top Company
Korn Ferry World's Most Admired Companies	Employment-related	Top 5 Megabank
Rate My Placement's Best 100 Student Employers (UK)	Employment-related	Top 50

All information provided as of 31 December 2024.

Environment

Climate-related methodologies – decarbonization approach for our financing activities

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

Lending sector decarbonization targets for 2030 have been established for Swiss real estate mortgages (residential and commercial real estate) and for financing of in-scope activities in the fossil fuels (oil, gas and coal), power generation, iron and steel, and cement corporate sectors. Based on the Credit Suisse AG portfolio as of the end of 2023, we disclose the in-scope ship finance portfolio's climate alignment to the Poseidon Principles' established decarbonization trajectories.

Our approach to target-setting is based on industry guidance and our calculation methodology is aligned to global standards such as the GHG Protocol Corporate Accounting and Reporting Standard and the Partnership for Carbon Accounting Financials (the PCAF). Our approach to defining and operationalizing decarbonization targets can be broken down into five steps:

Our approach to alignment

1	2	3	4	5
Determine scope and priority sectors	Establish baselines and relevant emissions metrics to sectors	Select scientifically recognized reference scenarios	Set decarbonization targets	Embed targets into business processes and client offerings
Example Priority sector: power generation	**Example** Emissions measured in kg CO_2e/MWh, an emissions intensity figure	**Example** NZE by 2050 scenario as mod-elled by the the International Energy Agency (the IEA)	**Example** 60% intensity reduction by 2030 compared with 2021 levels	**Example** Sustainability-linked offerings for renewable energy projects

Determine scope and priority sectors (1)

During the target-setting process, we prioritized sectors that have the highest carbon impact. 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. We performed additional analyses to establish transparency around the contribution of each sector in our portfolio to the total.

For real estate, we considered owner-occupied properties, properties rented out on a non-commercial scale, rented-out properties in multi-family homes, any other income-producing real estate and own-use commercial real estate.

For non-financial corporate loans, our decarbonization approach is closely aligned with the methodology outlined by the PACTA for Banks methodology white paper.[1] As such, we considered the sub-sectors or parts of the value chain that hold the bulk of the impact on the climate system and where the decarbonization efforts must be concentrated.

Corporate clients were allocated to industry sectors based on our internal sector classification (similar to NACE code[1]). Next, on a best-efforts basis, we performed another layer of review to ensure clients are classified accurately within the appropriate sectors according to their activities. Clients with more than 25% of revenues in activities considered within the scope of the respective sectors (except coal activities, where a threshold of 5% applies) were included in the respective assigned sector. Lastly, we performed additional reviews to verify that the sector-specific requirements (often based on the type of activity, the asset type or the segment of the value chain) are captured correctly.

1 PACTA for Banks Methodology Document.

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

We perform an annual assessment of sectors and exposures not covered by targets, considering materiality, the availability of data and methodologies, market expectations and business strategy.

Establish baselines and relevant emissions metrics to sectors (2)

Based on qualitative and quantitative criteria, such as alignment and feasibility (following industry best practices), 2021 was chosen as a baseline year for our decarbonization targets across all lending sectors.

Scope 1, 2 and 3 greenhouse gas emissions

As defined in the PCAF standard,[2] greenhouse gas (GHG) emissions accounting refers to the processes required to consistently measure the amount of GHGs generated, avoided or removed by an entity, allowing it to track and report these emissions over time. For all targets, except iron and steel and cement, for which non-CO_2 GHGs are considered not material, the emissions within scope are the seven gases mandated under the Kyoto Protocol and to be included in national inventories under the United Nations Framework Convention on Climate Change (UNFCCC) – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). For ease of accounting, these gases are normally reported by data providers and clients as carbon dioxide equivalents (CO_2e). Our targets are gross targets, meaning that they do not include GHG removals, carbon credits or avoided emissions as a means of achieving the targets.

Emissions financed from lending activities fall under scope 3, category 15, downstream emissions as defined in the GHG Protocol Corporate Accounting and Reporting Standard. Financed emissions reported under scope 3, category 15, include apportioned scope 1 and 2 emissions of the counterparties or assets being financed. We included scope 3 emissions in our assessment of financed emissions for the fossil fuels sectors.[3]

Quantifying clients' emissions

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

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

For corporate clients, 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: corporate clients disclose their emissions in annual reporting only a few months after the end of a financial year and specialized third-party data providers take between 12 and 18 months to collect disclosed data and make it available to data users. Consequently, our 2023 emissions actuals are calculated on year-end 2023 lending exposure and 2022 emissions data. For asset financing (i.e. real estate) there is no time lag and exposure, and emissions actuals refer to the same year.

Financed emissions

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

1 NACE is the acronym used to designate the various statistical classifications of economic activities developed since 1970 in the European Union. The term NACE is derived from the French title "Nomenclature générale des Activités économiques dans les Communautés Européennes" (Statistical classification of economic activities in the European Communities).
2 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.
3 Scope 3 emissions were also included in our assessment of financed emissions for the automotive sector, which is not a target sector. Automotive sector emissions are reported as part of our overall financed emissions.

$$\textit{Corporate financed emissions} = \sum \left(\textit{Corporate emissions} \times \frac{\textit{Financing to corporate}}{\textit{EVIC or (Equity + Debt)}} \right)$$

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

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

Physical emissions intensity

Generally, we believe that most sectors are best steered by using physical emissions intensity. The physical emissions intensity is a metric that normalizes emissions, e.g. by a company's output. Through the use of intensity metrics, we can monitor whether our corporate clients, or real estate we are financing, are becoming increasingly efficient. In addition, emissions intensity measures tend to be less volatile, as these are less dependent on the amount of lending business that UBS undertakes in different years.

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

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

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

Select scientifically recognized reference scenarios (3)

For Swiss real estate mortgage lending (commercial and residential real estate), our 2030 targets use the percentage decarbonization rate implied by the Energy Perspectives 2050+ ZERO Basis scenario (below 2°C scenario) as a minimum reference rate. This scenario is a representative, country-specific pathway, reflective of the government's climate strategy. It also informs Switzerland's decarbonization ambitions for real estate as set out in the Swiss Climate and Innovation Act.

For the fossil fuels (oil, gas and coal), power generation, iron and steel and cement corporate sectors, we use the percentage decarbonization rate implied by the scenario – IEA NZE by 2050 (IEA's World Energy Outlook of October 2023 update)[1] – as a minimum reference rate. This scenario is one of the most recent and widely accepted models that achieves a temperature increase of 1.5°C by the end of the century (1.5°C-aligned scenario).

Over time we will seek to augment our sector pathways as we gain greater clarity on the validity of key technological and regulatory uncertainties identified and assumed within the IEA NZE scenario (e.g. production volumes, biofuels or carbon capture utilizations and storage). Until that point, the possibility of overshooting is factored into certain sector pathways due to the heavy reliance on external factors beyond our steering capabilities.

1 For fossil fuels (oil, gas and coal), we selected the scenario IEA NZE by 2050 as a reference to base our 2030 target. Our 2030 target is more ambitious than the reduction implied by this scenario.

Set decarbonization targets (4)

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

For the fossil fuels sector, we defined an absolute emissions reduction target and applied the Absolute Contraction Approach, which means the use of contraction of absolute emissions to get to net zero. For all other sectors within scope, we defined physical emissions intensity targets, applying the Sector Decarbonization Approach (SDA). The SDA assumes global convergence of key sector's emissions intensities by 2050 and we set our 2030 decarbonization targets to be in line with this assumption. The graphs included in this report include the 2050 convergence points for reference.

Establishing absolute emissions targets could impose constraints on our ability to lend to clients, including those with lower carbon intensity. This might restrict our ability to support clients as they transition to a low-carbon economy. For transparency, we also disclose the total value of absolute emissions for the sectors covered by the trajectories without setting a target for absolute emissions other than for the fossil fuel sector.

Embed targets into business processes and client offerings (5)

Our 2030 lending sector decarbonization targets were set at UBS Group level, and were approved and continue to be overseen by the Corporate Culture and Responsibility Committee (the CCRC). They are managed by the business divisions in collaboration with Group Sustainability and Impact (GSI) and the Group Functions under the leadership of the Group Executive Board (the GEB) Lead for Sustainability and Impact.

We will continue to publicly disclose our progress on an annual basis. We have deployed and will continue to improve relevant systems and metrics to enable a consistent measurement approach, allowing us to adjust our strategy if needed and steer our activities to ensure ongoing progress.

We recognize that there is more to do and may add ambitions for additional scope 3 activities over time and on a best-efforts basis. While we continue to take steps to align our in-scope business activities with our decarbonization targets, it is important to note that progress toward our targets may not be linear and year-on-year volatility is expected due to changes in the portfolios' composition over time.

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

We regularly review our targets and update our disclosures in line with new or enhanced regulatory developments, evolving best practices for the financial sector and climate science. We aim, at a minimum, to review our targets every five years and, from 2030 onwards, to update the base year and target values after every five-year period to ensure consistency with the most recent climate science and best practices.

Overview of our 2030 lending sector decarbonization targets and progress (UBS Group)

For the year ended 31.12.23

	Gross lending exposure		Targets						Progress[8]		
Sectors	Full value chain (USD bn)[1]	Covered with targets (USD bn)[1]	Target scope	GHG emissions scope	Scenario	Target value	2021–2030 target	Unit	2021 baseline	2023 actuals	% change
Residential real estate[3]	384.7	242.4	Region Switzerland	1,2[5]	Energy Perspectives 2050+ ZERO basis (below 2°C)	21.1	(45%)	kg CO_2e / m^2 ERA[2]	38.7	34.4	(11%)
Commercial real estate[3]		102.1	Region Switzerland	1,2[5]	Energy Perspectives 2050+ ZERO basis (below 2°C)	16.2	(48%)	kg CO_2e / m^2 ERA[2]	31.3	28.5	(9%)
Fossil fuels (coal, oil and gas)[4]	10.6	2.8	B.05, B.06, C.19[6]	1,2,3	IEA NZE 2050 - WEO 2023 (1.5°C)[7]	19.4	(70%)	million metric t CO_2e	64.7	12.9	(80%)
Power generation	5.0	3.9	D.35.1.1, D.35.1.3[6]	1	IEA NZE 2050 - WEO 2023 (1.5°C)	136	(60%)	kg CO_2e / MWh	339	227	(33%)
Iron and steel	0.7	0.5	C.24.1[6]	1,2	IEA NZE 2050 - WEO 2023 (1.5°C)	1.28	(27%)	metric t CO_2 / metric t steel	1.75	1.41	(20%)
Cement	1.1	1.0	C.23.5.1[6]	1,2	IEA NZE 2050 - WEO 2023 (1.5°C)	0.48	(24%)	metric t CO2 / metric t cementitious	0.64	0.62	(3%)

1 Full value chain includes all activities within each sector. Refer to target scope for details on sector coverage. Exposures are shown on a gross basis; gross lending exposure includes total on-balance sheet loans and advances to customers and off-balance sheet guarantees, and irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). Refer to the "Basis of preparation" in "Other supplemental information" of this report for more information about exclusions and parts of the value chain within sectors covered by metrics and targets. 2 ERA: Energy Reference Area. 3 Residential real estate includes owner-occupied properties and properties rented out on a non-commercial scale. Commercial real estate includes rented-out properties in multi-family homes, any other income-producing real estate, and own-use commercial real estate. The reported figures reflect the exposure linked to loans that are secured by real estate collateral. 4 For fossil fuels, a significant share of our gross lending exposure not covered by this target is commodity trade financing for which guidelines and methodologies have yet to be developed. 5 Residential real estate emissions scope covers owners' energy consumption only, Commercial real estate emissions scope covers owners' or tenants' energy consumption only. 6 For corporate sectors, NACE codes are referenced, the following parts of the value chain are included in the targets scope: fossil fuels: coal extraction, oil and gas upstream, refining and integrated companies; power generation: power generation and integrated electric utility companies; iron and steel: production of iron and steel, hot rolling and coking coal manufacturing; cement: production of cement and clinker. 7 For fossil fuels (oil, gas and coal), we selected the scenario IEA NZE by 2050 as a reference to base our 2030 target. Our 2030 target is more ambitious than the percentage reduction implied by this scenario. 8 Metrics are calculated based on gross lending exposures.

For comparative purposes, the 2022 values are shown below. Reported exposures were presented on a pro forma consolidation of UBS Group exposures reported under IFRS and Credit Suisse Group exposures reported under US GAAP.

Overview of our 2030 lending sector decarbonization targets and progress (UBS Group and Credit Suisse Group)

For the year ended 31.12.22 (pro forma)

	Gross lending exposure		Targets						Progress[8]		
Sectors	Full value chain (USD bn)[1]	Covered with targets (USD bn)[1]	Target scope	GHG emissions scopes	Scenario	Target value	2021–2030 target	Unit	2021 baseline	2022 actuals	% change
Residential real estate[3]	364.9	224.9	Region Switzerland	1,2[5]	Energy Perspectives 2050+ ZERO basis (below 2°C)	21.1	(45%)	kg CO_2e / m^2 ERA[2]	38.7	36.5	(6%)
Commercial real estate[3]		99.1	Region Switzerland	1,2[5]	Energy Perspectives 2050+ ZERO basis (below 2°C)	16.2	(48%)	kg CO_2e / m^2 ERA[2]	31.3	32.1	2%
Fossil fuels (coal, oil and gas)[4]	20.0	7.4	B.05, B.06, C.19[6]	1,2,3	IEA NZE 2050 - WEO 2023 (1.5°C)[7]	19.4	(70%)	million metric t CO_2e	64.7	45.9	(29%)
Power generation	13.7	12.2	D.35.1.1, D.35.1.3[6]	1	IEA NZE 2050 - WEO 2023 (1.5°C)	136	(60%)	kg CO_2e / MWh	339	297	(13%)
Iron and steel	1.4	0.7	C.24.1[6]	1,2	IEA NZE 2050 - WEO 2023 (1.5°C)	1.28	(27%)	metric t CO_2 / metric t steel	1.75	1.68	(4%)
Cement	1.1	1.0	C.23.5.1[6]	1,2	IEA NZE 2050 - WEO 2023 (1.5°C)	0.48	(24%)	metric t CO_2 / metric t cementitious	0.64	0.63	(1%)

1 Full value chain includes all activities within each sector. Refer to target scope for details on sector coverage. Exposures are shown on a gross basis; gross lending exposure includes total on-balance sheet loans and advances to customers and off-balance sheet guarantees, and irrevocable loan commitments (within the scope of expected credit loss) as well as fair value loans. Refer to the "Basis of preparation" in "Other supplemental information" of this report for exclusions and parts of the value chain within sectors covered by metrics and targets. 2 ERA: Energy Reference Area. 3 Residential real estate includes owner-occupied properties and properties rented out on a non-commercial scale. Commercial real estate includes rented-out properties in multi-family homes, any other income-producing real estate, and own-use commercial real estate. The reported figures reflect the exposure linked to loans that are secured by real estate collateral. 4 For fossil fuels, a significant share of our gross lending exposure not covered by this target is commodity trade financing for which guidelines and methodologies have yet to be developed. 5 Residential real estate emissions scope covers owners' energy consumption only, Commercial real estate emissions scope covers owners' or tenants' energy consumption only 6 For corporate sectors, NACE codes are referenced, the following parts of the value chain are included in the targets scope: fossil fuels: coal extraction, oil and gas upstream, refining and integrated companies; power generation: power generation and integrated electric utility companies; iron and steel: production of iron and steel, hot rolling and coking coal manufacturing; cement: production of cement and clinker. 7 For fossil fuels (oil, gas and coal), we selected the scenario IEA NZE by 2050 as a reference to base our 2030 target. Our 2030 target is more ambitious than the percentage reduction implied by this scenario 8 Metrics are calculated based on gross lending exposures.

Financed emissions covered by lending sector decarbonization targets (UBS Group)

For the year ended 31.12.23

	Gross lending exposure (USD bn)[1]	Outstanding exposure (USD bn)[2]	Financed emissions, scopes 1 and 2 (mt CO_2e)[3]	Financed emissions, scope 3 (mt CO_2e)[3]	PCAF score, scopes 1 and 2[4]	PCAF score, scope 3[4]	Economic intensity (mt CO_2e / USD bn)[3]
Exposure covered by target							
Swiss residential real estate[5]	242.4	240.6	1.2		4.1		0.01
Swiss commercial real estate[5]	102.1	101.4	0.8		4.1		0.01
Fossil fuels (coal, oil and gas)	2.8	0.8	0.2	3.3	1.3	1.5	4.60
Power generation	3.9	0.9	1.1		2.1		1.15
Iron and steel	0.5	0.2	0.2		1.7		0.90
Cement	1.0	0.1	0.4		4.1		3.74
Exposure not covered by target							
Other non-financial corporates and real estate mortgages	142.0	81.1	2.5	0.2	4.8	5.0	0.03
Estimated total non-financial corporates and real estate mortgages[6]	494.7	425.1	6.4	3.5			
Financial services firms, private individuals and other	284.7	216.4					
Total exposure	779.4	641.5					

1 Gross lending exposure includes total on-balance sheet loans and advances to customers and off-balance sheet guarantees, and irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). 2 Outstanding exposure includes total on-balance sheet loans and advances to customers (within the scope of expected credit loss) and is based on consolidated IFRS numbers. 3 Based on outstanding exposure. 4 PCAF scores shown represent weighted average based on outstanding exposures. 5 Residential real estate includes owner-occupied properties and properties rented out on a non-commercial scale. Commercial real estate includes rented-out properties in multi-family homes, any other income-producing real estate, and own-use commercial real estate. The reported figures reflect the exposure linked to loans that are secured by real estate collateral. 6 Based on outstanding exposure which includes total loans and advances to customers and guarantees as well as irrevocable loan commitments. For consistency and comparability purposes, shipping related exposures as reported in 2023 are now aggregated in this line. Refer to the "Basis of preparation" section in this Supplement for exclusions and parts of the value chain within sectors covered by metrics and targets.

The sectors for which decarbonization targets have been set represent USD 352.7bn, or 45%, of the USD 779.4bn in total gross lending exposure for 2023, and 71% of the USD 494.7bn in gross lending exposure for which data and methodologies are available to estimate emissions. These sectors account for 7.2m metric tons of CO_2e emissions financed, or 73% of the total financed emissions of 9.9m metric tons. We expect the coverage to change over time as the availability and quality of data improve.

For comparative purposes, the 2022 values are shown below. Please note that 2022 reported exposures were presented on a pro forma consolidation of UBS Group exposures reported under IFRS and Credit Suisse Group exposures reported under US GAAP.

Financed emissions covered by lending sector decarbonization targets (UBS Group and Credit Suisse Group)

For the year ended 31.12.22 (pro forma)	Gross lending exposure (USD bn)[1]	Outstanding exposure (USD bn)[2]	Financed emissions, scopes 1 and 2 (mt CO_2e)[3]	Financed emissions, scope 3 (mt CO_2e)[3]	PCAF score, scopes 1 and 2[4]	PCAF score, scope 3[4]	Economic intensity (mt CO_2e / USD bn)[3]
Exposure covered by target							
Swiss residential real estate[5]	224.9	223.6	1.5		4.0		0.01
Swiss commercial real estate[5]	99.1	98.7	1.0		4.0		0.01
Fossil fuels (coal, oil and gas)	7.4	1.3	1.0	6.5	2.1	2.4	5.61
Power generation	12.2	2.4	2.0		2.2		0.85
Iron and steel	0.7	0.3	0.5		1.7		1.69
Cement	1.0	0.1	0.5		3.2		3.10
Exposure not covered by target							
Other non-financial corporates and real estate mortgages	186.7	88.0	2.9	0.2	4.8	4.0	0.03
Estimated total non-financial corporates and real estate mortgages[6]	532.0	414.4	9.3	6.7			
Financial services firms, private individuals and other	355.1	260.7					
Total exposure	887.1	675.1					

1 Gross lending exposure includes total on-balance sheet loans and advances to customers and off-balance sheet guarantees, and irrevocable loan commitments (within the scope of expected credit loss) as well as fair value loans. 2 Outstanding exposure includes total on-balance sheet loans and advances to customers (within the scope of expected credit loss) as well as fair value loans. 3 Based on outstanding exposure. 4 PCAF scores shown represent weighted average based on outstanding exposures. 5 Residential real estate includes owner-occupied properties and properties rented out on a non-commercial scale. Commercial real estate includes rented-out properties in multi-family homes, any other income-producing real estate, and own-use commercial real estate. The reported figures reflect the exposure linked to loans that are secured by real estate collateral. 6 Based on outstanding exposure which includes total loans and advances to customers, fair value loans and guarantees as well as irrevocable loan commitments. For consistency and comparability purposes, shipping related exposures as reported in 2023 are now aggregated in this line. Refer to the "Basis of preparation" section in this Supplement for exclusions and parts of the value chain within sectors covered by metrics and targets.

› **Refer to the "Basis of preparation" section in this Supplement for detailed information about our climate-related lending metrics**

Reducing our environmental footprint – additional information

Description of methodology for our greenhouse gas reporting

Our gross and market-based greenhouse gas (GHG) emissions across scopes 1, 2 and 3, including a more detailed view of the GHG scope 3 categories, are provided in the tables further below and have been calculated considering the principles, requirements and guidance provided by the GHG Protocol Corporate Standard (version 2004) and the International Organization for Standardization (the ISO) in ISO 14064-1:2018.

Greenhouse gas emissions in scope and units used

All GHG emission figures for scopes 1, 2 and 3, category 1 to 14, are in metric tons of carbon dioxide equivalents (CO_2e). For scopes 1, 2 and 3, category 3, 5 to 8 and 10 to 14 (where relevant), three of the seven GHGs covered by the Kyoto Protocol are included: carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). Hydrofluorocarbon (HFC) emissions have been included in our reporting where we had losses of refrigerant gases. We have no material sources of perfluorocarbon (PCF), sulphur hexafluoride (SF_6) or nitrogen trifluoride (NF_3) emissions under our operational control.

For scope 3, category 1, 2, 4 and 9, emission factors are used that include CO_2, CH_4, N_2O, HFCs, PCFs, SF_6 and nitrogen trifluoride (NF_3).

Quantification of emissions

Scope 1 and 2, as well as scope 3, category 1 to 14, are calculated for the UBS Group based on the operational control approach as detailed by the GHG Protocol Corporate Standard (version 2004).

When possible, the most recent Global Warming Potential (GWP) values published by the IPCC based on a 100-year time horizon were used to calculate the CO_2e emissions of non-CO_2 gases.[1] Removals and carbon credits have not been included in the calculations.

We have used published national conversion factors and global warming potentials to calculate emissions from own operations. In the absence of any such national data, the UK Department for Environment, Food & Rural Affairs (DEFRA)'s Greenhouse Gas Conversion Factors for Company Reporting and, in some cases, the U.S. Environmental Protection Agency (EPA), VfU, International Energy Agency (IEA) and WaterShed CEDA emissions factor indicators have been used for the calculation of GHG emissions.

Scope 1

Scope 1 emissions include emissions from burning fossil fuels (e.g. heating oil, natural gas) in buildings, loss of refrigerants and fuels used in business-related travel in vehicles owned by the company. Emissions are calculated using measured activity data at building and country level for the following environmental accounts: natural gas, heating oil, diesel / heating oil for emergency power supply, biomass, wood pellets, wood chips, fuel consumption for own cars, fuel consumption for own jets and refrigerants. Measured activity data is converted into GHG emissions by means of specific related emission factors from DEFRA.

Scope 2

Scope 2 emissions include emissions from purchased electricity, including electricity related to IT usage at various types of data hosting facility not under UBS operational control, and cooling, district heating and other types of heating systems (e.g. steam) used in buildings. Measured and estimated activity data is converted into GHG emissions by means of specific related emission factors from DEFRA, EPA and the IEA. In addition, where specific provider-based information regarding the fuel sources for district heating could be obtained, a corresponding emission factor was used.

Scope 3

Scope 3 emissions are reported for each significant category and have been calculated considering the principles and provisions of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (version 2011). Our significant scope 3 categories were determined based on multiple inputs. Firstly, the amount and intensity of the estimated GHG emissions informed the importance of the category for UBS. Secondly, the availability of data was assessed to inform whether the category could be estimated as stand-alone emissions. Finally, a peer benchmark complemented the assessment, allowing comparison of which categories other banks deem important.

We conducted a screening of our total scope 3 GHG emissions based on the 14 scope 3 categories identified by the GHG Protocol Corporate Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (version 2011) using appropriate estimates.

1 For data sourced from the Environmental Protection Agency (EPA), IPCC AR4 100y GWP are used.

To calculate the **scope 3, category 1, 2, 4 and 9** emissions, we used a combination of applying a spend-based method and using supplier-specific actual emissions. The spend-based method is based on our annual spend with vendors and associated emission factors (supplier specific emissions intensity is taken from the CDP, where data is adequate and verified, and for others from the Comprehensive Environmental Data Archive (CEDA) by Watershed Factors multi-regional input / output emissions factor database per industry and country). For supplier-specific actual emissions, our primary cloud provider's emissions are taken directly from the emissions impact dashboard provided by them. Scope 3, category 1, 2, 4 and 9 emissions are reported together because they are based primarily on our spend with vendors, which is a mix of our capital and operating expenditure. Furthermore, they include spend related to transportation and the delivery of purchased goods and services and related to downstream transport.

Scope 3, category 3 is calculated based on all relevant energy and fuel indicators represented in scopes 1 and 2. **Scope 3, category 5** is calculated based on the office waste data collected in our locations. Where activity data could not be collected, we estimated the kilograms of waste produced. **Scope 3, category 6** includes emissions from our business travel by air, and by rail and road where information is available. This is the first time we have also included emissions from hotels in our calculations. **Scope 3, category 7**, employee commuting, as defined by the Greenhouse Gas Protocol, includes emissions from employee commuting and from employees working from home. For employee commuting, we estimate emissions based on the distance traveled, using governmental sources that provide average distances per mode of transport, and on the percentage split of transport modes used by commuters. For emissions from employees working from home, we use the UNFCCC model.

Scope 3, categories 10 to 12 are not relevant to the UBS business model as we do not supply physical products. **Scope 3, categories 8 and 13** is currently not reported separately and are partially included in the reporting of our scope 1 and 2 emissions. We are working to gain more clarity on this category. **Scope 3, category 14** is not applicable to UBS as it does not have franchises.

Overview of our environmental indicators (UBS Group)

Environmental indicators[1]

For the year ended		31.12.24[2]		31.12.23[1,2]	31.12.22[2]
	GRI[3]	Absolute normalized[4]	Trend[5]	Absolute normalized[4]	Absolute normalized[4]
Environment					
Total direct and intermediate energy consumption[6]	302-1-e	679 GWh	↘	755 GWh	866 GWh
Total direct energy consumption[7]	302-1-e	79 GWh	↘	92 GWh	109 GWh
Natural gas	302-1-a	84.1%	↑	67.8%	70.6%
Heating oil	302-1-a	6.5%	↓	18.7%	15.3%
Fuels (petrol, diesel, gas, biomass)[8]	302-1-a	8.5%	↓	12.9%	13.5%
Renewable energy (solar power, etc.)	302-1-b	0.9%	↑	0.6%	0.6%
Total intermediate energy purchased[9]	302-1-e	600 GWh	↘	663 GWh	757 GWh
Electricity	302-1-c-i	531 GWh	↘	587 GWh	668 GWh
Electricity from gas-fired power stations[10]	302-1-c-i	0.1%	↓	2.2%	2.8%
Electricity from oil-fired power stations[10]	302-1-c-i	0.1%	↓	0.6%	0.6%
Electricity from coal-fired power stations[10]	302-1-c-i	0.0%	↓	1.4%	3.2%
Electricity from nuclear power stations[10]	302-1-c-i	0.0%	↓	0.2%	2.3%
Electricity from hydroelectric power stations[10]	302-1-c-i	35.7%	↘	39.5%	29.5%
Electricity from other renewable resources[10]	302-1	64.1%	↗	56.1%	61.6%
Heat (e.g. district heating)[11]	302-1-c-ii, iii, iv	70 GWh	↘	76 GWh	89 GWh
Share of electricity from renewable sources[12]	302-1	99.8%	→	95.6%	91.1%
Travel					
Total business travel[13]	305-3	358 m Pkm	↑	310 m Pkm	311 m Pkm
Rail travel[14]	305-3	2.9%	↓	3.6%	3.1%
Road travel[14]	305-3	4.9%	↓	10.1%	5.4%
Air travel	305-3	92.2%	↗	86.4%	91.5%
Number of flights (segments)	305-3	153,805	↑	130,836	137,218
Paper					
Total paper consumption	301-1-a	2,400 t	↓	3,371 t	3,401 t
Post-consumer recycled	301-1-a-ii	8.8%	↑	5.3%	6.0%
New fibers FSC[15]	301-1-a-ii	41.2%	↓	66.2%	46.7%
New fibers ECF + TCF[15]	301-1-a-i	50.1%	↑	28.5%	47.3%
New fibers chlorine-bleached[15]	301-1-a-i	0.00%	→	0.00%	0.01%
Waste					
Total waste	306-3	6,996 t	↓	8,485 t	8,381 t
Valuable materials separated and recycled	306-4	52.9%	↘	57.4%	52.2%
Incinerated	306-5-c-ii	22.3%	↗	20.5%	17.3%
Landfilled	306-5-c-iii	24.8%	↗	22.2%	30.5%
Total water consumption[16]	303-5	1.23 m m3	→	1.21 m m3	1.04 m m3
Greenhouse gas (GHG)					
Direct GHG emissions (scope 1)[17]	305-1	18,168 t	↘	20,796 t	25,167 t
Gross location-based energy indirect GHG emissions (scope 2)[16]	305-2	132,284 t	↘	150,735 t	164,717 t
GHG reductions from renewable electricity[18]	305-5	120,178 t	→	125,252 t	128,257 t
Market-based energy indirect GHG emissions (scope 2)[17]	305-2	12,107 t	↓	25,482 t	36,460 t
Gross other indirect GHG emissions (gross scope 3)[17]	305-3	1,045,659 t	↓	1,354,681 t	107,517 t
Total gross GHG emissions	305-1, 305-2, 305-3	1,196,111 t	↓	1,526,212 t	297,401 t
Total net GHG emissions (GHG footprint)[19]	305	1,075,934 t	↓	1,400,960 t	169,144 t

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

1 All figures are based on the level of knowledge as of January 2025. GHG emissions for 2023 were restated to account for data enhancements, inclusion of additional Scope 3 categories and enlarging the scope of Scope 3 Category 1 emissions. As a result of this restatement our previously reported 2023 emissions increased from 168,688 t CO_2e scope 1, 2 (market-based) and 3 emissions to 1,400,960 t CO_2e. 2 Reporting period: 1 January to 31 December. 3 Reference to GRI Sustainability Reporting Standards (see also globalreporting.org). 4 Non-significant discrepancies from 100% are possible due to roundings. 5 Trend: the respective trend is stable (→) if the variance is less than 5%, low decreasing / increasing (↘,↗) if it is bigger than 5% and less than 15% and decreasing / increasing (↓,↑) if the variance is bigger than 15%. Trend arrows relate to the year-on-year change in the displayed number and not underlying figures. 6 Refers to energy consumed within the operational boundaries of UBS Group. 7 Refers to primary energy purchased that is consumed within the operational boundaries of UBS Group (oil, gas, fuels). 8 Includes non-material share of biomass. 9 Refers to energy purchased that is produced by converting primary energy and consumed within the operational boundaries of UBS Group (electricity and heating/cooling). 10 The percentages are approximates based on best available information. 11 Includes heating consumption, cooling consumption and steam consumption. 12 Non-significant deviations due to summing and rounding may occur. 13 These metrics are inputs into GRI 305-3 but not required. They are reported as contextual information. 14 Rail and road travel: where data available. 15 Paper produced from new fibers. FSC stands for Forest Stewardship Council, ECF for Elementary Chlorine Free and TCF for Totally Chlorine Free. UBS Group regards recycled paper as well as paper with FSC/PEFC certification as renewable and sustainable. We disclose their share as "Share of recycled and FSC paper". New Fiber Chlorine Bleached is considered non renewable material. 16 Water consumption includes utility water and excludes unpolluted withdrawn water. 17 Refers to ISO 14064 and the "GHG Protocol Corporate Standard" (ghgprotocol.org), the international standards for GHG reporting: GHG emissions reported in metric tons of CO2e; scope 1 accounts for direct GHG emissions by UBS Group; scope 2 accounts for gross indirect GHG emissions associated with the generation of imported / purchased electricity (location-based reflects grid average emission factor, market-based reflects emission factors from contractual instruments), heat or steam; gross scope 3 accounts for other indirect GHG emissions for categories 1, 2, 3, 4, 5, 6, 7, 9. Starting from 2023 additional scope 3 GHG categories are included and category 1 has a significantly enlarged scope. Scope 3 emissions for 2022 do not include these updates. See table 'Scope 3 subcategories'. Biogenic emissions are not reported separately as not material. 18 GHG savings from the purchase of renewable electricity. 19 GHG footprint equals total gross GHG emissions minus GHG reductions from renewable energy.

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

Environmental indicators per full-time employee (UBS Group)

		For the year ended			
	Unit[1]	31.12.24[4]		31.12.23	31.12.22
Direct and intermediate energy	kWh / FTE	6,084	→	6,208	6,854
Business travel	Pkm / FTE	3,211	↑	2,548	2,459
Paper consumption	kg / FTE	21.5	↓	27.7	26.9
Waste	kg / FTE	62.7	↘	69.8	66.3
Water consumption[2]	m3 / FTE	11.0	↗	9.9	8.3
CO_2 footprint[3]	t / FTE	9.6	↓	11.5	1.3

Legend: FTE = full-time employee; kWh = kilo watt hour; Pkm = passenger kilometer; kg = kilogram; m^3 = cubic meter; t = metric ton
Notes: FTEs are calculated on an average basis including FTEs which were employed through third parties on short-term contracts.

1 FTEs are calculated on an average basis including contractors. 2 Water consumption includes utility water and excludes unpolluted withdrawn water. 3 Starting from 2023 additional Scope 3 GHG categories are included and category 1 has a significantly enlarged scope. See table 'Overview of GHG emissions across our scope 3 subcategories (UBS Group)'. 4 Trend: the respective trend is stable (→) if the variance is less than 5%, low decreasing / increasing (↘,↗) if it is bigger than 5% and less than 15% and decreasing / increasing (↓,↑) if the variance is bigger than 15%. Trend arrows relate to the year-on-year change in the displayed number and not underlying figures.

We continue the work to quantify and provide transparency for our value chain emissions related to our own operations.

The table below shows a more detailed view of the GHG scope 3 categories for the UBS Group.

Overview of GHG emissions across our scope 3 subcategories (UBS Group)[1]

			For the year ended	
Category number	**Scope 3 subcategory**	**Status**	31.12.24 GHG emissions (tCO_2e)	31.12.23 GHG emissions (tCO_2e)
Category 1	Purchased goods and services	Reported	810,469	1,125,611
Category 2	Capital goods	Not separated from cat. 1		
Category 3	Fuel- and energy-related activities	Reported	41,895	47,718
Category 4	Upstream transportation and distribution	Not separated from cat. 1		
Category 5	Waste generated in operations	Reported	1,068	1,405
Category 6	Business travel	Reported	81,964	61,150
Category 7	Employee commuting	Reported	110,262	118,798
Category 8	Upstream leased assets	Not reported		
Category 9	Downstream transportation and distribution	Not separated from cat. 1		
Category 10	Processing of sold products	Not relevant		
Category 11	Use of sold products	Not relevant		
Category 12	End-of-life treatment of sold products	Not relevant		
Category 13	Downstream leased assets	Partially included in scope 1 and 2		
Category 14	Franchises	No franchises		
Category 15	Investments	Refer to the "Supporting our clients' low-carbon transition" section of this report for further information		

1 All figures are based on the level of knowledge as of January 2025. GHG emissions for 2023 were restated to account for data enhancements, inclusion of additional Scope 3 categories and enlarging the scope of Scope 3 Category 1 emissions.

UK climate and sustainability disclosures

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

UBS AG Asset Management in the UK

In-scope entities

These disclosures are prepared on behalf of the four operating legal entities, namely UBS Asset Management (UK) Ltd, UBS Asset Management Funds Ltd, UBS Asset Management Life Ltd and Credit Suisse Asset Management Ltd (jointly referred to as Asset Management UK), which all form part of the Asset Management business division in the UK, owned by the UBS Group, collectively authorized and regulated by the FCA.

– **UBS Asset Management (UK) Ltd** is a Markets in Financial Instruments Directive (MiFID) investment firm that provides portfolio management services to pension funds, other institutional clients and collective investment schemes.
– **UBS Asset Management Funds Ltd** is an Authorized Corporate Director (ACD) for a number of UK undertakings for collective investment in transferable securities (UCITS) schemes, as well as a UK alternative investment fund manager (AIFM).
– **UBS Asset Management Life Ltd** is an insurance company subject to the Solvency II prudential regime. Its principal activity is providing long-term, unit-linked insurance benefits to pension funds in the UK through a range of unit-linked investment funds across a broad range of investment capabilities. UBS Asset Management Life Ltd is a dual-regulated firm as it is also authorized by the Prudential Regulation Authority (PRA).
– **Credit Suisse Asset Management Ltd** is also an MiFID investment firm that provides investment and fund management services, through the Credit Investment Group investment capability, to pension funds, other institutional clients and collective investment schemes. Credit Suisse Asset Management Ltd was officially acquired by UBS Asset Management Holdings Ltd, the holding entity for the Asset Management UK operating entities, on 1 May 2024 following the announcement of the UBS Group merger in March 2023.

All four operating entities fall within the scope of the regulatory obligations under the ESG Sourcebook and are required by the FCA to provide entity-level sustainability disclosures. The disclosures follow the structure recommended by the TCFD and SDR with a reporting period from 1 January 2024 to 31 December 2024. This is aligned to Asset Management UK's financial reporting period and with the reporting period of the UBS Group Sustainability Report 2024. All data included in the statement is therefore for this period, unless otherwise indicated.

Since the introduction of the SDR in 2024, Asset Management UK has taken proactive steps to enhance existing processes and controls to ensure full compliance with the regulation across our investment management, marketing and operations. This commitment aligns with our Asset Management sustainability objectives, as part of UBS's dedication to continue being transparent with clients as well as meeting evolving regulatory and stakeholder expectations.

In response to the SDR requirements, we have documented a comprehensive assessment of our product offerings and aligned our disclosure practices with the mandated standards. We have ensured that our product disclosures adhere to SDR guidelines, enhancing transparency and accountability across the Asset Management UK product shelf.

Dependencies on the UBS Group Sustainability Report 2024

The UBS Group Sustainability Report (UBS Group SR) has aligned its disclosures with the recommendations of the TCFD, integrating climate risk considerations and opportunities into our reporting practice. Additionally, the UBS Group SR addresses broader social and governance factors, ensuring comprehensive reporting, aligned to the SDR requirements. The UBS Group SR includes both a sustainability significance assessment and a climate materiality assessment to ensure our sustainability disclosures reflect our stakeholders' expectations and concerns.

› **Refer to the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting*, for more information about the assessment of material risks and opportunities**

Asset Management UK aligns to the Group by fostering a sustainable, responsible investment approach, reinforcing our commitment to a transparent and resilient business model.

Asset Management UK is part of, and fully aligned to, the strategy, governance and risk management framework at the Asset Management divisional level. The subsequent sections detail the specific considerations for Asset Management UK.

› **Refer to the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting*, for additional information about Asset Management's sustainability and climate approach**

Governance and risk management

The boards of the four UK operating entities (the Boards) are responsible for oversight of sustainability and climate risks as part of overall responsibility for adequate risk management. The Boards delegate the oversight of business conduct and risk management to the UK Management and Risk Committee (UK MRC). The UK MRC is the executive meeting group for the UBS UK Asset Management legal entities. Its purpose is to oversee the adequacy and effectiveness of the risk and control environment of the entities, assume responsibility in relation to the entities' regulated activities and ensure appropriate management of risk for the entities.

The UK MRC is chaired by the Asset Management UK Chief Executive, who is accountable to the Boards of the entities. It is attended by the first, second and third line of defense Senior Management Functions (SMF). The SMFs are: (i) the accountable first-line-of-defense body for UK sustainability and climate risks; and (ii) responsible for the alignment to Asset Management's divisional sustainability strategy. The forum ensures robust oversight and alignment with the overall risk management framework and mechanism for escalation. The SMF structure is governed under the controls within Asset Management UK's Senior Managers & Certification Regime.

In line with the Investment Firms Prudential Rules (IFPR) requirements, the identification, assessment, management and reporting of sustainability and climate risks is included in the Internal Capital Adequacy and Risk Assessment (ICARA) process. Asset Management UK also leverages the Group's sustainability frameworks, including the climate risk integration guidelines, the climate engagement framework and the net-zero alignment framework. The combination of Asset Management UK's governance framework, regulatory processes and alignment with the Group approach, structure and frameworks ensures a cohesive and rigorous approach to managing sustainability and climate risks.

Metrics and targets

Pertinent sustainability metrics and targets are set and monitored at the Asset Management level.

› **Refer to the "Strategy" section of the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting*, for more information about our key aspirations and progress**

Compliance statement

We confirm that the disclosures (including any third-party or group disclosures cross-referenced therein) comply with the requirements under the ESG Sourcebook for TCFD and SDR entity reporting as at 17 March 2025.

Nasreen Kasenally
UBS Asset Management (UK) Ltd

Andrew Wood
UBS Asset Management Funds Ltd

Jonathan Hollick
UBS Asset Management Life Ltd

Malcolm Edwards
Credit Suisse Asset Management Ltd

UBS AG London Branch

The discretionary portfolio management activities of the Global Wealth Management division undertaken by UBS AG London Branch are within the scope of the ESG Sourcebook requirements. These in-scope activities are, in substance, undertaken by UBS in Switzerland. The climate-related disclosures included in the UBS Group Sustainability Report 2024 for UBS Global Wealth Management therefore also apply to UBS AG London Branch.

› **Please refer to the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting,* for more information about Strategy, Governance, Managing sustainability and climate risks and Environment as applicable to Global Wealth Management for these disclosures**

We confirm that the disclosures (including any third-party or group disclosures cross-referenced therein) relating to the activities of UBS AG London Branch within the scope of the ESG Sourcebook comply with the requirements under the ESG Sourcebook for TCFD and entity reporting as at 17 March 2025.

Anna Nilssen UBS AG London Branch	James Mulford UBS AG London Branch

Social

Workforce by the numbers

This section provides supplementary information to "People and culture make the difference" in the "Social" section of the UBS Group Sustainability Report 2024.

As of 31 December 2024, we had 108,648 employees as full-time equivalents (FTEs), 4,194 FTEs less than 31 December 2023.

To give the most accurate view of our global workforce, human resources reporting considers one person (working full time or part time) as one headcount. This accounts for the total UBS Group employee number of 110,323 as of 31 December 2024 (compared with 115,038 as of 31 December 2023). The following tables are all reported on this basis, unless otherwise specified.[1,2,3] The percentages in the tables may not total 100 as they are calculated on the basis of unrounded figures and several numbers in this section were restated due to workforce-related changes. The corrections are considered immaterial, with the change in headcount in single digits.

1 Our reporting covers key statistics relevant to full- and part-time employees, along with relevant data about external staff. All data was calculated on / as of 31 December 2024, unless otherwise noted.
2 2024 and 2023 UBS Group data are consolidated values based on separate UBS and Credit Suisse calculations that follow the same methodology. Changes in data from 2022 to 2023 are predominantly driven by the integration of Credit Suisse into UBS Group.
3 Gender data is self-reported in HR systems and does not include those who have chosen not to disclose as a male or female employee.

External hires by region

	UBS Group					
	31.12.24		31.12.23		31.12.22	
	Number	%	Number	%	Number	%
Americas	2,083	24.4%	2,442	21.4%	3,468	27.3%
Asia Pacific	2,400	28.2%	3,642	31.8%	4,149	32.7%
EMEA	1,582	18.6%	2,476	21.7%	2,797	22.0%
Switzerland	2,460	28.9%	2,875	25.1%	2,280	18.0%
Total external hires	8,525	100%	11,435	100%	12,694	100%

External hires by gender

	UBS Group					
	31.12.24		31.12.23		31.12.22	
	Number	%	Number	%	Number	%
Male	4,909	57.6%	6,488	56.7%	7,116	56.1%
of which "Director and above"	*755*	*15.4%*	*1,200*	*18.5%*	*1,207*	*17.0%*
Female	3,592	42.1%	4,947	43.3%	5,578	43.9%
of which "Director and above"	*280*	*7.8%*	*545*	*11.0%*	*619*	*11.1%*
Total external hires	8,525	100%	11,435	100%	12,694	100%

External hires by age group

	UBS Group					
	31.12.24		31.12.23		31.12.22	
	Number	%	Number	%	Number	%
Under 30	4,460	52.3%	5,391	47.1%	5,769	45.4%
Between 30 and 50	3,673	43.1%	5,463	47.8%	6,313	49.7%
Over 50	392	4.6%	581	5.1%	612	4.8%
Total external hires	8,525	100%	11,435	100%	12,694	100%

Voluntary and involuntary employee turnover

	UBS Group		
	31.12.24	31.12.23	31.12.22
	%	%	%
Voluntary turnover	7.9%	12.4%	12.6%
Involuntary turnover	4.1%	5.3%	2.5%
Overall turnover[1]	12.8%	18.6%	15.9%

1 Including neutral termination, which refers to employees who left the firm due to neither bank nor employee-initiated reasons, e.g. end of employment contract, normal retirement, disability or death.

Employee turnover by region and gender

	UBS Group								
	31.12.24			31.12.23			31.12.22		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Americas	13.3%	13.2%	13.3%	19.1%	20.0%	17.9%	13.4%	13.7%	13.0%
Asia Pacific	15.5%	14.3%	17.2%	23.8%	23.1%	24.7%	20.3%	21.3%	18.8%
EMEA	12.0%	12.2%	11.8%	19.0%	19.5%	18.3%	19.1%	19.7%	18.1%
Switzerland	10.8%	10.8%	10.9%	13.7%	13.5%	14.0%	12.7%	12.7%	12.6%
Overall turnover	12.8%	12.5%	13.3%	18.6%	18.6%	18.7%	15.9%	16.2%	15.4%

Employee turnover by gender – "Director and above" only

	UBS Group		
	31.12.24	31.12.23	31.12.22
	%	%	%
Male	12.1%	17.5%	11.0%
Female	12.7%	16.6%	10.5%
Overall turnover	12.3%	17.2%	10.9%

Employee turnover by age group

	UBS Group		
	31.12.24	31.12.23	31.12.22
	%	%	%
Under 30	17.2%	22.6%	22.5%
Between 30 and 50	11.9%	18.6%	15.6%
Over 50	11.7%	15.1%	11.2%
Overall turnover	12.8%	18.6%	15.9%

Employees by ethnicity – UK only

	UBS Group					
	31.12.24		31.12.23[1]		31.12.22[1]	
	Number	%	Number	%	Number	%
Ethnic minority[2]	2,946	32.9%	2,883	31.2%	1,991	31.1%
of which Asian	*2,133*	*23.9%*	*2,106*	*22.8%*	*1,425*	*22.3%*
of which Black	*362*	*4.0%*	*334*	*3.6%*	*229*	*3.6%*
of which two or more ethnicities	*284*	*3.2%*	*280*	*3.0%*	*213*	*3.3%*
of which other ethnic group	*167*	*1.9%*	*163*	*1.8%*	*124*	*1.9%*
White	4,277	47.8%	4,519	48.9%	3,120	48.8%
Other	1,720	19.2%	1,842	19.9%	1,286	20.1%
Total	8,943	100%	9,244	100%	6,397	100%

1 Prior period figures have been restated due to the inclusion of additional Ethic minority category – "other ethnic group" - during the year. 2 For UBS reporting purposes, ethnic minority refers to employees in our UK populations who have self-declared themselves as one of the categories highlighted in the table. By extension of that, ethnic minority is considered to be the number or percentage of employees in the UK who self-identify as an ethnic minority and declare this in the firm's Human Resource IT system.

Employee category "Director and above" by ethnicity – UK only

	UBS Group		
	31.12.24	31.12.23	31.12.22
	%	%	%
Ethnic minority	27.4%	24.3%	23.4%
of which Black	*2.5%*	*2.1%*	*2.2%*
White	53.0%	53.6%	54.0%
Other	19.6%	22.1%	22.5%
Total	100%	100%	100%

External hires by ethnicity – UK only

	UBS Group					
	31.12.24		31.12.23		31.12.22	
	Number	%	Number	%	Number	%
Ethnic minority	294	43.8%	371	40.4%	357	39.50%
of which "Director and above"	*78*	*26.5%*	*92*	*24.8%*	*104*	*29.10%*
of which UK Black	*59*	*20.1%*	*61*	*16.4%*	*45*	*12.60%*
of which "Director and above"	*10*	*16.9%*	*11*	*18.0%*	*12*	*26.67%*
White	265	39.5%	384	41.8%	396	43.90%
of which "Director and above"	*87*	*32.8%*	*157*	*40.9%*	*159*	*40.20%*
Other	112	16.7%	164	17.8%	150	16.60%
of which "Director and above"	*39*	*34.8%*	*58*	*35.4%*	*50*	*33.3%*
Total external hires	671	100%	919	100%	903	100%

Employee turnover by ethnicity - UK only

	UBS Group		
	31.12.24	31.12.23	31.12.22
Ethnic minority	9.8%	18.3%	13.6%
of which Black talent	*10.3%*	*22.2%*	*15.1%*
of which "Director and above"	*9.8%*	*18.6%*	*10.7%*
White	12.2%	19.5%	11.3%
of which "Director and above"	*11.6%*	*18.2%*	*8.9%*
Other	11.9%	26.4%	16.2%
of which "Director and above"	*11.4%*	*26.6%*	*13.3%*
Overall turnover	11.4%	20.7%	13.1%

Employees by ethnicity – US only

	UBS Group					
	31.12.24		31.12.23[1]		31.12.22[1]	
	Number	%	Number	%	Number	%
Ethnic minority[2]	7,775	32.5%	8,018	31.9%	5,962	28.2%
of which Asian	*4,020*	*16.8%*	*4,121*	*16.4%*	*2,667*	*12.6%*
of which Hispanic / Latino	*2,032*	*8.5%*	*2,067*	*8.2%*	*1,830*	*8.7%*
of which Black	*1,102*	*4.6%*	*1,223*	*4.9%*	*960*	*4.5%*
of which American Indian or Alaska Native	*26*	*0.1%*	*29*	*0.1%*	*23*	*0.1%*
of which Native Hawaiian or Pacific Islander	*37*	*0.2%*	*37*	*0.1%*	*33*	*0.2%*
of which two or more ethnicities	*557*	*2.3%*	*539*	*2.1%*	*447*	*2.1%*
of which other ethnicities	*1*	*0.0%*	*2*	*0.0%*	*2*	*0.0%*
White	15,578	65.1%	16,345	65.0%	14,971	70.8%
Other	574	2.4%	796	3.2%	209	1.0%
Total	23,927	100%	25,159	100%	21,142	100%

1 Restatement on 2022 and 2023 values due to additional transparency on ethnic minority categories. 2 For UBS reporting purposes, ethnic minority refers to employees in our US populations who have self-declared themselves as one of the categories highlighted in the table. By extension of that, ethnic minority is considered to be the number or percentage of employees in the US who self-identify as an ethnic minority and declare this in the firm's Human Resource IT system.

Employee category "Director and above" by ethnicity – US only

	UBS Group		
	31.12.24	31.12.23	31.12.22
	%	%	%
Ethnic minority	26.1%	25.1%	20.5%
White	71.4%	71.6%	78.7%
Other	2.5%	3.3%	0.8%
Total	100%	100%	100%

External hires by ethnicity – US only

	UBS Group					
	31.12.24		31.12.23		31.12.22	
	Number	%	Number	%	Number	%
Ethnic minority	735	39.5%	1,091	46.9%	1,350	40.7%
of which "Director and above"	*127*	*17.3%*	*187*	*17.1%*	*227*	*16.8%*
White	1,094	58.7%	1,199	51.5%	1,835	55.4%
of which "Director and above"	*196*	*17.9%*	*265*	*22.1%*	*395*	*21.5%*
Other	34	1.8%	37	1.6%	128	3.9%
of which "Director and above"	*10*	*29.4%*	*8*	*21.6%*	*23*	*18.0%*
Total external hires	1,863	100%	2,327	100%	3,313	100%

Employee turnover by ethnicity – US only

	UBS Group		
	31.12.24	31.12.23	31.12.22
Ethnic minority	14.4%	21.6%	17.5%
of which "Director and above"	*13.7%*	*19.9%*	*13.6%*
White	11.9%	16.1%	11.7%
of which "Director and above"	*11.5%*	*15.2%*	*8.5%*
Other	20.1%	43.5%	16.6%
of which "Director and above"	*23.0%*	*48.6%*	*11.3%*
Overall turnover	13.0%	18.9%	13.4%

Supporting opportunities

Sustainable finance at UBS – additional information

ESG integration and exclusion

UBS ESG (environmental, social and governance) integration strategies consider sustainability-related factors alongside traditional financial metrics in the investment process, without an explicit intent to align or contribute to sustainability-related objectives. Exclusion approaches, meanwhile, exclude individual companies or industries from a portfolio, either because their activities do not meet certain sustainability-related criteria, and / or they do not align with the client's values and / or UBS's. ESG integration and exclusion approaches often contribute to sustainability focus and impact investment strategies to varying degrees but, at UBS and in certain jurisdictions, are not themselves considered sustainable investing strategies.

UBS's invested assets of strategies subject solely to ESG integration amounted to USD 347.6bn in 2024[1] (2023: USD 351.3bn). UBS AG's invested assets of strategies applying only some level of exclusion stood at USD 95.3bn at the end of 2024[2] (2023: USD 85.1bn). The combined total of UBS invested assets of strategies applying only ESG integration or exclusion strategies was USD 442.9bn as of 31 December 2024[3] (2023: USD 436.5bn). As these assets do not qualify as sustainable investment for UBS, they are not included in the sustainable investing invested assets table in the "Supporting opportunities" section of the UBS Group Sustainability Report 2024.

1, 2, 3 Figures do not include invested assets classified under the Credit Suisse SIF but do include invested assets of Credit Suisse portfolios that have been migrated onto UBS platforms and vetted against UBS sustainable investing policies or merged with existing UBS SI portfolios. This process is being carried out in waves and will continue until at least the end of 2025.

Managing sustainability and climate risks

Climate-related risk methodologies and scenarios

This section provides an overview of our target approach to integrating climate-related risks into other risk categories, along with an overview of our scenario analysis and of the methodological approaches taken in developing our sustainability and climate risk analytics.

UBS's target approach to integrating climate risk into risk management framework across risk categories

Integration of climate risk: target approach					
Process	Credit risk	Market risk (traded and non-traded)	Non-financial risk (NFR)	Reputational risk	Liquidity risk
Systematic integration of climate risk into the firm's risk identification processes and stress testing framework					
Risk identification and measurement	UBS identifies and measures material concentrations of exposure to climate-related risk across sensitive geographies, sectors and counterparties. Climate risk scenario analysis and stress testing enable UBS to assess risks along different climate-related pathways and time horizons up to 30 years, for an assessment of capital and risk-weighted asset (RWA).	UBS identifies new transmission channels of market risk impacts by assessing market-based responses to climate-related risk drivers. This process involves monitoring potential impacts on the value of UBS's positions that may be materially affected by climate-related-risk-driven price and / or volatility shifts. UBS deploys custom climate-related stress modeling to quantify potential losses from changes in market variables, such as interest rates, foreign exchange rates, credit spreads, equity and commodity prices, as well as correlations and volatility, etc.	NFR implications are assessed across compliance, financial crime and operational risk taxonomies, including business continuity risk, to enable UBS to identify potential deficiencies in internal processes or vulnerabilities to external events.	Clients, new transactions, products and services go through standard review and decision processes prior to UBS conducting business. These processes support the identification, assessment and escalation of potential reputational risk. The design and operating effectiveness of the framework rely on including the sustainability and climate-related risk management processes. Examples include: – client onboarding (financial crime prevention / anti-money laundering / know your customer); – sustainability and climate risks; – suitability and appropriateness review; – new business and complex transaction approval processes; and – third-party risk management and outsourcing and offshoring processes.	As part of the sustainability and climate risk initiative, we will continue to build out the climate-related risk identification process for liquidity risk. We plan to assimilate insights gained from our efforts to quantify and integrate climate-related credit and market risks, to collectively determine how liquidity risks may be more accurately captured. We see the integration of climate risk into liquidity risk management (as with other climate risks) as an iterative process, improving the quality of data, analytics and insights over time.
Execution of BoD- and GEB-defined risk appetite for sustainability and climate risks, based on identified material risks					
Monitoring and risk appetite setting	Integration of (quantitative) climate-related risks into the firm's risk appetite framework, including, but not limited to, climate-related portfolio concentration limits (considering materiality thresholds). The process includes ongoing monitoring of potential emerging sources of credit risk related to climate-related risk.	Integration into market risk-monitoring processes, reflecting insights from risk identification and ongoing assessment of exposure to industry sectors, sovereign debt, commodity prices, foreign exchanges rates and interest rates. This includes an assessment of potential material climate-sensitive exposure (to sectoral, geographic and / or asset type).	Monitoring and risk appetite setting based on BCBS principle alignment into existing NFR assessment and monitoring processes to explicitly contemplate sustainability and climate risks and support control mapping considerations to trigger standard NFR materiality determinations for related risk exposures when conducting taxonomy risk appetite statement assessments.	Our risk appetite framework ensures that risk-taking at every level of the firm is in line with our strategic priorities and capital and liquidity plans, and with our pillars, principles and behaviors. The framework takes a comprehensive approach, integrating all material risks from across the firm. Ongoing monitoring and surveillance activities and escalation processes are in place to protect UBS's franchise and reputation.	We aim to integrate material climate-related risks into the liquidity risk monitoring processes based on insights from risk identification and ongoing assessments of additional liquidity impacts from a climate-related risk perspective.

Integration of climate risk: target approach					
Process	Credit risk	Market risk (traded and non-traded)	Non-financial risk (NFR)	Reputational risk	Liquidity risk
Quantitative and qualitative integration of sustainability and climate risk principles into risk management frameworks and processes					
Risk management and control	Integrating climate-related risk considerations into the credit lifecycle, including onboarding, deal review, collateral valuation and periodic credit processes, enables UBS to mitigate the potential for climate-related credit losses. Driven by proprietary methodologies (e.g. heatmaps, counterparty-level / issuer-level rating models) and qualitative or quantitative integration into risk metrics (e.g. probability of default) and decision-making. Management and controls measures may include the setting of limits, portfolio management (e.g. hedges) and / or business acceptance criteria.	Climate-related considerations are integrated into market risk processes, which may result in enhancements to management systems and processes and challenges to existing risk control measures.	Embedding of ESG (environmental, social and governance) factors into NFR assessment and control frameworks, including enhancements to new business initiatives, client onboarding, oversight of marketing materials related to sustainability, business continuity planning adaptations and / or minimum product standards of sustainability characteristics.	Ongoing review of framework design and the operating effectiveness and ESG controls embedded in key processes, such as new business controls and suitability and appropriateness reviews, enables UBS to continuously evolve its reputational risk management capacity.	We aim to integrate identified material risks into our internal liquidity risk management framework. We recognize climate-related risk drivers may transmit to liquidity adequacy through our ability to raise funds and liquidate assets, or indirectly through our customers' demands for liquidity (e.g. given a market or physical climate shock).
Internal reporting and external disclosures on climate-related risk					
Timely reporting of material changes in climate-driven risk identification, quantification and monitoring, and in utilization of risk appetite and / or key risk management and control decisions. This includes integration of climate-related credit and market risk metrics (e.g. climate-driven delta risk or expected credit loss from climate-sensitive loans) in standard internal risk reports at the level of the Group, significant Group entities and / or business divisions. A Group-consolidated view of all high-inherent-risk cases that have been raised through the reputational risk review process is integrated quarterly into the Group Risk Report. Enhance automation of risk metrics into external disclosure processes, accompanied by materially relevant information on climate risk identification, monitoring (e.g. new transmission channels), exposure trends and mitigating actions.					

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

Climate-related risk methodologies

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

– risk identification and measurement: by identifying sectors and segments that are potentially vulnerable to the transmission channels of climate-driven financial and non-financial risks, which, in turn, enables resource prioritization for detailed bottom-up risk analysis;
– monitoring and risk appetite setting: by helping to monitor sustainability and climate risk exposures and to facilitate risk appetite setting for material risks;
– risk management and control: by helping to understand and monitor UBS's exposure to climate-related risks and which transmission channels may increase or augment the risk profile supporting a risk mitigating strategy; and
– risk reporting and disclosure: by providing decision-relevant information in internal reports to executive and board leadership and external disclosure to stakeholders.

	Transition risk	Physical risk
Methodology (heatmap)	Originally developed in collaboration with UNEP-FI and Oliver Wyman, our expert-based transition risk ratings have been further refined in-house by UBS. These ratings and risk segmentation processes now reflect changes in risk profiles, evolving views on climate risk materiality, and UBS's business footprint. Sectors are assigned climate transition risk scores (0-1) and ratings (low to high). Geographic information and counterparties is captured by distinguishing between emerging and industrialized countries. As a result, lending exposure data is categorized by risk ratings, through their sectoral and country designation.	A score is calculated at sector / country level based on a geographically and economically representative physical asset population collected from vendor data. A hazard-specific exposure score is determined as an average, with a penalty applied for the variance of the population, which is augmented by channels that amplify / mitigate the risk at sector level. A final score is then obtained by aggregating across hazards. This score is ranged within a rating (low / moderately low / moderate / moderately high / high). As a result, lending exposure data is categorized by risk ratings, through their sectoral and country designation.
Methodology (rating models)	The model produces a counterparty-level assessment (on the same scale as described above) by adjusting the heatmap rating using data on a company's alignment to net-zero targets, captured via CTAS, where available.	The model generates firm-level physical risk scores by aggregating physical hazards and transmission channels, and applying suitable mitigants, when data on a representative number of assets is available for a company. This approach aligns with the physical risk heatmap methodology and provides a company-level rating based on asset-level data.
Timelines	Short-term (0–3 years)	Short-term (0–3 years)
Scenario	Ambitious and disorderly approach to meeting <2°C goals of the Paris Agreement	Current state of world
Interpretation	Reflect levels of risk and likelihood of financial impact and exposure based on the defined scenario.	Reflect level of risk and likelihood of financial impact and exposure based on a current state of world
Examples	At sector / country level: High for most fossil fuel sectors; moderate for most transportation and industrial sectors.	At sector / country level: Moderately high for some manufacturers in Southeast Asia (due to typhoons); moderately low for the same manufacturers in Switzerland (due to fluvial dynamics).

› **Refer to the "Managing sustainability and climate risks" and the "Basis of preparation" sections of this Supplement for details on methodologies**

Below table provides climate-driven transition and physical risk sensitive exposure for UBS AG (standalone), UBS Switzerland AG (standalone) and UBS Europe SE (standalone).

Risk management – Climate-related metrics

	For the year ended	
	31.12.24	31.12.23
Climate-related metrics (USD bn)[1, 2, 3, 4, 5]		
Exposure to climate-sensitive sectors, transition risk: Traded products, UBS AG (standalone)[6]	*0.70*	*0.23*
Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Switzerland AG (standalone)[6]	*1.27*	*0.66*
Exposure to climate-sensitive sectors, transition risk: Traded products, UBS Europe SE (standalone)[6]	*0.09*	*0.00*
Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS AG (standalone)[7]	*6.05*	*4.29*
Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Switzerland AG (standalone)[7]	*0.25*	*0.00*
Exposure to climate-sensitive sectors, transition risk: Issuer risk, UBS Europe SE (standalone)[7]	*0.10*	*0.00*
Exposure to climate-sensitive sectors, physical risk: Traded products, UBS AG (standalone)[6]	*1.23*	*4.51*
Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Switzerland AG (standalone)[6]	*0.21*	*1.08*
Exposure to climate-sensitive sectors, physical risk: Traded products, UBS Europe SE (standalone)[6]	*0.24*	*0.44*
Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS AG (standalone)[7]	*7.76*	*8.52*
Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Switzerland AG (standalone)[7]	*0.40*	*0.84*
Exposure to climate-sensitive sectors, physical risk: Issuer risk, UBS Europe SE (standalone)[7]	*0.05*	*0.23*

1 Methodologies for assessing climate-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 collateral. 2 Over the last year, the UBS Group continued its effort to integrate Credit Suisse systems and data. As a result, the metric calculation process benefits from data enhancement even when methodology remains same year on year. At the same time, integration work is ongoing and expected to bring in further data alignment in future which may require restatement of reported metrics. 3 UBS continues to collaborate to resolve methodological and industry data challenges, and seeks to integrate both impacts to and dependencies on a changing natural and climatic environment, into how UBS evaluates its risks and opportunities. 4 Climate-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels. Risk ratings represent a range of scores across five rating categories: low, moderately low, moderate, moderately high, and high. The climate-sensitive exposure metrics are determined based upon the top three of the five rated categories i.e. moderate to high. 5 As the transition and physical risk rating models and physical risk heatmap are embedded further into the risk management framework, we may identify new use cases that could trigger validation of model for identified use cases and associated enhancements. As a consequence, restatement of reported metrics may be required. 6 For traded products, the metric is calculated using over-the-counter (OTC) derivatives, exchange-traded derivatives (ETDs) and securities financing transactions (SFTs), consisting of securities borrowing and lending, and repurchase and reverse repurchase agreements. 7 For issuer risk, the metric is calculated upon HQLA assets, debt securities, bonds, liquidity buffer securities.

Scenario analysis

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

Scenario name	Developed by	Temperature alignment	Type[3]	Carbon dioxide removal (CDR)[4]	Description (as provided by the developing organization)
Net Zero 2050 (2023)	NGFS	+1.5°C	Orderly	Moderate reliance	Net Zero 2050 is an ambitious scenario that limits global warming to 1.5°C, with stringent climate policies and innovation, reaching net-zero CO_2 emissions around 2050. Some jurisdictions, such as the US, the EU and Japan, reach net zero for all greenhouse gases by this point. This scenario assumes that ambitious climate policies are introduced immediately. CDR is used to accelerate decarbonization but is kept to the minimum possible and broadly in line with sustainable levels of bioenergy production. Net CO_2 emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (< 0.1°C) of 1.5°C in earlier years. Physical risks are relatively low, but transition risks are high.
Delayed Transition (2023)	NGFS	+1.8°C	Disorderly	Low reliance	Delayed Transition assumes that global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited. This scenario assumes that new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies, leading to a "fossil recovery" out of the economic crisis brought about by COVID-19. The availability of CDR technologies is assumed to be low, pushing carbon prices higher than in Net Zero 2050. As a result, emissions exceed the carbon budget temporarily and decline more rapidly than in well-below 2°C after 2030, to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than Net Zero 2050 and below 2°C scenarios.
Below 2°C (2023)	NGFS	+1.8°C	Orderly	Moderate reliance	Below 2°C gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C. This scenario assumes that climate policies are introduced immediately and become gradually more stringent, though not as high as in Net Zero 2050. CDR deployment is relatively low. Net-zero CO_2 emissions are achieved after 2070. Physical and transition risks are both relatively low.
Fragmented World (2023)	NGFS	+2.3°C	Too little too late	Low–medium reliance	Fragmented World assumes a delayed and divergent climate policy response among countries globally, leading to high physical and transition risks. Countries with net-zero targets achieve them only partially (80% of the target), while the other countries follow current policies.
Current Policies (2023)	NGFS	+3.0°C	Hothouse world	Low reliance	Current Policies assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions increase until 2080, leading to about 3°C of warming and severe physical risks. This includes irreversible changes, such as higher sea levels. This scenario can help central banks and supervisors consider the long-term physical risks to the economy and financial system if we continue on our current path to a "hothouse world".
Nationally Determined Contributions (2023)	NGFS	~2.5°C	Hothouse world	Low reliance	Nationally Determined Contributions (NDCs) includes all pledged policies, even if not yet implemented. This scenario assumes that the moderate and heterogeneous climate ambition reflected in the NDCs at the beginning of 2021 continues over the course of the 21st century (low transition risks). Emissions decline but lead nonetheless to about 2.5°C of warming associated with moderate to severe physical risks. Transition risks are relatively low.
Low Demand (2023)	NGFS	+1.5°C	Orderly	Moderate reliance	Low Demand assumes that significant behavioral changes – reducing energy demand – in addition to (shadow) carbon price and technology induced efforts, would mitigate pressure on the economic system to reach global net zero CO_2 emissions around 2050.

Case studies on the management of sustainability and climate risks

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

Why is addressing sustainability and climate risk (SCR) in trade finance relevant?

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

What do we do?

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

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

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

› **Refer to the "Managing sustainability and climate risks" section of the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting*, for details on how sustainability and climate risks within traditional risk categories (particularly credit risk) are managed**

Case study 2. Climate risks in financing electric utilities

What are the climate risks associated with electric utilities?

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

What do we do?

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

How do we execute our commitment when financing electric utilities?

SCR controls are part of our standard transaction due diligence processes. Utilities companies are screened for exposure to coal-fired power plants. Where a client or related entity has coal-fired power plants in their portfolio, we first determine the current and future asset base of the client, in terms of revenues or megawatt capacity of the various fuel types in the client's power generation portfolio (e.g. nuclear, natural gas, coal and renewables). This is determined through desk research, third-party specialty databases and engaging with the client in question. The SCR unit checks if the company has a transition strategy, i.e. a plan to divest that aligns with the goals of the Paris Agreement.

How did our SCR approach impact a particular case?

UBS was in contact with a Brazilian utility company with more than 20% of its installed capacity linked to coal, which triggers the UBS standard. The business team engaged with the company for almost a year to make progress on its transition strategy and improve its disclosure related to coal. In 2022, the company publicly committed to not investing in additional coal-fired thermal capacity, gradually reducing the share of coal-generated energy in its overall matrix and fully divesting from coal by 2040, thus aligning with Network for Greening the Financial System and IEA scenarios. The frequent and constructive contact between the company and the business team, together with a strong collaboration with the SCR unit, enabled the client to be onboarded and successful transactions delivered.

› **Refer to the "Managing sustainability and climate risks" section of the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting*, for details on the decarbonization control framework**

Case study 3. Non-compliance with the standards of the Roundtable on Sustainable Palm Oil

Why is palm oil such a hot topic?

According to the Global Change Data Lab, more than 60% of tropical deforestation is due to the production of palm oil, soy and beef. Deforestation and forest degradation can cause biodiversity to decline and contributes to 12–20% of global greenhouse gas (GHG) emissions according to the London School of Economics. Furthermore, as millions of people rely directly on forests, deforestation continues to cause severe societal problems, sometimes leading to violent conflicts.

What do we do?

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

How did our SCR approach impact a particular case?

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

Case study 4. Applying soy standards

Why is soy an important topic?

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

What do we do?

UBS has an enhanced standard for companies involved in the production and trading soybean. Before engaging in a client relationship with any company significantly involved in soy production and / or trading, our team of SCR experts evaluates the company and its practices. The SCR unit checks if the company is a member or applies any of the recognized standards (Round Table on Responsible Soy, ProTerra, International Sustainability & Carbon Certification or Cefetra Certified Responsible Soya) and how the company manages sustainability matters in its processes. Based on the output of this assessment and commitments made by the company, the SCR unit will approve, reject or escalate the transaction.

How did UBS approach a particular case?

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

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

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

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

What do we do?

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

How does our SCR approach impact a particular case?

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

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

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

The International Labour Organization (the ILO) estimated in 2022 there were 167.7 million migrant workers in the global labor force, of which the countries of Asia and the Pacific host 16.2%. Poor governance and implementation of labor laws and policies in the Asian manufacturing industry may potentially lead to marginalization of migrant workers and, in some instances, forced labor. According to the ILO, forced labor takes many forms, including debt bondage, trafficking and other forms of modern slavery. In the countries of Asia and the Pacific, forced labor, human trafficking and modern slavery remain a significant problem.

What do we do?

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

How did our SCR approach impact a particular case?

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

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

Specific climate risk disclosure for client investment assets in Singapore and Hong Kong

In response to the Guidelines on Environment Risk Management for Asset Managers issued by the Monetary Authority of Singapore and the Circular to licensed corporations on management and disclosure of climate-related risks by fund managers issued by the Securities and Futures Commission of Hong Kong, we provide climate scenario monitoring and oversight information for discretionary portfolios managed in Singapore and in-scoped collective investment schemes managed in Hong Kong, based on our climate risk management processes as outlined in the UBS Group Sustainability Report.

Climate scenarios

For physical risk, we consider as our central scenario representative concentration pathways (RCP) 4.5 (reflecting expected global warming of 2–3°C by 2100) and associated modeled physical risk implications on asset values by 2030. Additionally, we perform scenario analysis on RCP 2.6 (below 2°C) and RCP 8.5 (more than 4°C under a business-as-usual scenario) into the longer term (2050).

For transition risk, we perform scenario analysis based on a country-specific carbon price trajectories (with three scenarios low, medium, high indicating the pace of carbon price inflation) across three time horizons: short (2025) to long-term (2050), with medium (2030) as our central scenario.

The identification of the middle-of-the-road pathway and 2030 as the central scenario balances multiple factors, namely: the relevance of financial projections, current policies and implementation rates, and the need for near-term checkpoints within long-term climate action.

We define any portfolio with high or very high exposure to either physical or transition risk as bearing material climate risk. We monitor material risk exposure based on the central scenario and flag material risk across other scenarios.

Asset Management monitoring and governance

Our proprietary ESG (environmental, social and governance) Dashboard, used in our public markets business, includes climate-related physical and transition risk data and flags the highest-risk issuers. Combining risk and mitigation data enables research analysts to consider the physical and transition climate risks in their assessment of the ESG risks of an issuer. At portfolio level, Asset Management's global risk system provides transparency to portfolio managers regarding greenhouse gas emissions and intensity and, in our risk control activities, we are identifying portfolios with increased risks across a range of scenarios.

In our private markets business, there is a climate risk management process to identify, assess and potentially mitigate climate risks to improve the adaptation and / or resiliency of our assets and overall portfolios to climate-change-related hazardous events and the transition to a net-zero world. This approach is embedded throughout the investment life cycle for underlying assets of portfolios. During the acquisition stage, climate-related (physical and transition) risks and opportunities are assessed during due diligence. On an ongoing basis, standardized quarterly risk processes are run by our independent risk teams, including indicators on physical and transition risk exposure and other ESG metrics. Using the latest available data on asset-level physical climate risk exposures and environmental performance, this is incorporated into the annual business planning process and, where necessary, escalated to investment decision-making bodies.

Governance – Singapore

The Board of Directors and senior managers of UBS Asset Management (Singapore) Ltd. (UBSSG) are informed and kept updated on environment-related risks. These risks are reviewed by the following bodies in UBSSG:

- Board of Directors of UBSSG: The Board of Directors is the governing body of UBSSG and is responsible for following the overall direction from global level as well as the supervision and implementation of environment-related risks. It assumes ultimate responsibility for the conduct, operations and financial soundness of the respective entity, including quarterly meetings to monitor environment-related risks.
- Senior managers of UBSSG: The responsibilities of the senior managers include ensuring the development, implementation and review of framework, policies, and metrics and allocating adequate resources with appropriate expertise. Regular meetings are held to monitor the status and progress of efforts to manage environment-related risks.

Governance – Hong Kong

The Board of Directors and managers-in-charge (MICs) of UBS Asset Management (Hong Kong) Limited (UBSHK) are informed and kept updated on climate-related risks. These risks are reviewed by the following bodies in UBSHK:

- Board of Directors of UBSHK: The Board of Directors is the governing body of UBSHK and is responsible for following the overall direction from global level as well as the supervision of climate-related risks. It assumes ultimate responsibility for the conduct, operations and financial soundness of the respective entity, including quarterly meetings to monitor climate-related risks.
- MICs of UBSHK: The responsibilities of the MICs include ensuring the development, implementation and review of framework, policies, and metrics and allocating adequate resources with appropriate expertise. Regular meetings are held to monitor the status and progress of efforts to manage climate-related risks.

2024 portfolio disclosure

For Asset Management, based on the 2024 environmental risk analysis, no strategies with material concentration of risk were identified, though limited data coverage particularly in sovereign and semi-sovereign bonds remain a constraint. Transition risk analysis indicates elevated mid-term exposure primarily in one index tracking equity mandate but no material concerns given the passive investment style. Risk Control held discussions with PMs for portfolios with high / very high-risk impacts under the 2030 / medium scenario, with the more stringent 2050 / high scenario reviewed on an informational basis. These insights have been actively incorporated into their investment strategies where relevant.

Global Wealth Management monitoring and governance

Similarly, Global Wealth Management has developed a governance and control framework to ensure quality and consistency of data and ongoing monitoring of climate risks. Material risks identified are presented to the relevant governance forums / committees for review and acknowledgement, such as Location Risk Committees and Business Risk Forums in Singapore and Hong Kong and other potentially relevant regional and global risk forums. Responsibilities for managing climate risks have been set out in accordance with the three lines of defense model, covering various functions including, but not limited to, business line staff, risk management and compliance, and internal audit. Our framework will be reviewed periodically and progressively enhanced as data availability and quality increases and industry practices develop.

2024 portfolio disclosure

Based on the 2024 environmental risk analysis, no strategies with material physical risks have been identified for Global Wealth Management.

Information on UBS Group AG pursuant to the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor

The Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (the Swiss Ordinance) regulates the due diligence and reporting obligations of Swiss companies under Articles 964j–964l of the Swiss Code of Obligations in relation to importing or processing certain minerals and metals from conflict-affected and high-risk areas (CAHRA) and in relation to child labor, by UBS Group AG consolidated (UBS).

Minerals and metals

Gold is one of the four in-scope minerals and metals of the Swiss Ordinance and the only one relevant to UBS, and this appendix identifies and quantifies risks within the gold bullion supply chain of UBS.[1] Pursuant to Article 9 (and Appendix A, 1) of the Swiss Ordinance, companies with their registered office in Switzerland that comply with, and report on their compliance with, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas[2] (the OECD Guidance) are exempt from the due diligence and reporting obligations of the Swiss Ordinance. Given that UBS operates its gold bullion businesses in compliance with said OECD Guidance and hereby reports in accordance with it, UBS is exempt from these obligations.

UBS is a "bullion bank" and "downstream company" within the meaning of the OECD Guidance, and therefore its in-scope gold bullion supply chain covers the refineries where such gold bullion was manufactured. Gold bullion verifiably manufactured prior to 1 January 2012 is out of the scope (grandfathered stocks).

To ensure that existing due diligence and management systems within UBS address the risks associated with gold from CAHRA, it checks and documents which gold bars imported by UBS on its own account into Switzerland were refined in CAHRA;[3] it has adopted a Gold Bullion Supply Chain Risk Management Plan that addresses the supply chain risks (red flags) illustrated in OECD Guidance "Supplement On Gold."

According to this plan, UBS only sources and accepts (both on its own and on clients' account) gold bullion produced by refineries that are listed on the London Good Delivery List (LGD)[4] or the Former London Good Delivery List (FLGD)[5] as maintained by the London Bullion Market Association (the LBMA).[6] In the case of a refinery listed on the FLGD, only bullion produced up to their removal from the LGD is acceptable. This principle is also part of the UBS sustainability and climate risk (SCR) policy framework.

› **Refer to the "Sustainability and climate risk policy framework" in this supplement for more information**

LBMA LGD refineries are required to operate their businesses according to the relevant LBMA Responsible Sourcing Program, in particular the Responsible Gold Guidance (RGG). The RGG requires refineries to comply with the OECD Guidance.[7] The LBMA makes publicly available on its website certificates of compliance for individual refineries, alongside annual RGG compliance audits conducted by third-party auditors.

UBS identifies the refineries of gold bars that are received by means of the bar lists accompanying a shipment and by auditing the received bars against the bar list. Our risk identification (red flags) is limited to whether the refinery has a due diligence framework in place. Therefore, UBS may rely on the LBMA's accreditation as proof that such a refinery has in place the relevant due diligence processes to identify red flags in its own supply chain. Should we identify any red flag in a LGD refinery, as per the Gold Bullion Supply Chain Risk Management Plan, we will report the matter to the LBMA for investigation.

1 Gold bullion supply chain means the sourcing and importation of gold bullion by UBS into Switzerland for its own account.
2 See: *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, dated 2016.
3 For this check, UBS relies on the location of the refinery (i.e. the refinery, which is engraved on the incoming gold bar).
4 See: *lbma.org.uk/good delivery current list – Gold.*
5 See: *lbma.org.uk/good delivery former list – Gold.*
6 Exception: grandfathered stocks that are out of scope of the OECD Guidance (see OECD Guidance, page 62).
7 See: *cdn.lbma.org.uk/downloads – Responsible Gold Guidance.*

Individual gold bullion bars received by the UBS vault in Zurich are inspected to ensure that they were manufactured by the LBMA LGD refineries, as per the operating procedures maintained by the UBS vault managers. Therefore, direct responsibility for policing the incoming gold falls to the vault managers and their immediate line managers.

The UBS vault managers, who are part of the Investment Bank's COO, are responsible for the inspection of the inventory.

UBS vault managers track and archive the following information on each accepted gold bullion bar in the system: date of receipt, immediate sender (refinery / counterparty / client) and immediate receiver (to whom the bank delivered the gold bullion bar) of the gold bullion bar, the metal, bar-number, weight and fineness, name of the refinery, year of production (if available), and also the country of origin of the refinery. These details are archived in the internal system for 10 years.

In the event that an allegation is received by UBS that an LGD refinery is failing in its due diligence responsibilities under the OECD Guidance, then, in line with the OECD Guidance principle of allowing companies to implement risk mitigation measures through associations, UBS will refer the matter to the LBMA for investigation. The LBMA has oversight of the LGD list and administers the LBMA disciplinary process. During an investigation by the LBMA, UBS will suspend acceptance of gold bullion produced by the refinery subject to the investigation.

As a member, we support the LBMA financially and in other ways through our participation in various LBMA committees and working groups. We constantly monitor LBMA member communications with regard to actions the LBMA takes on LGD refineries. Violation of the RGG can lead to removal of a refinery from the LGD list by the LBMA. From the effective date of such removal, new bullion production will be deemed unacceptable to UBS, barring reinstatement by the LBMA. In this way, UBS will meet the recommendations of the OECD Guidance to cease sourcing from non-compliant refineries.

Child labor

Pursuant to Article 5 of the Swiss Ordinance, UBS assessed and concluded that there are no reasonable grounds to suspect that the products or services we offer have been manufactured or provided using child labor. These findings were documented internally. Therefore, UBS is exempt from the due diligence and reporting obligations of the Swiss Ordinance.

Supply chain risks associated with child labor are covered under the UBS Responsible Supply Chain Management (RSCM) framework, which is based on identifying, assessing and monitoring vendor practices in the areas of human and labor rights, the environment, health and safety and anticorruption. Central to the RSCM framework is our Responsible Supply Chain Management Policy, to which UBS direct vendors are bound by contract – this has specific expectations for our vendors to avoid child labor. In 2024, this framework was rolled out to Credit Suisse as well. Additionally, supply chain risks associated with child labor are covered under the SCR Policy Framework. The framework covers all pertinent activities for UBS Group as of the end of 2024.

Our framework also includes initial screening and ongoing monitoring of suppliers. We also explicitly communicate our standards, commitments and prohibitions with regard to environmental and social issues, including child labor, both internally and externally, via policies, public statements and codes of conduct.

Other supplemental information

Basis of preparation

The basis of preparation provides information on the definition, scope, methodology and assumptions used to calculate and report 2024 metrics that UBS voluntarily discloses or where UBS applies internal definitions to meet mandatory requirements. Each metric is prepared in accordance with an internal procedure that specifies processes, reporting systems, data sourcing, roles and responsibilities, methodologies and controls. The design of these metrics considers prevailing reporting frameworks and industry best practices. UBS regularly reviews the metrics that are disclosed and may make updates or changes in line with its business priorities, regulatory requirements, industry standards and market practices.

Sustainable investments

Theme	Supporting opportunities
Metric(s)	Sustainable investing invested assets (USD bn) Sustainable investing invested assets (Asset Management) (USD bn) Sustainability focus invested assets (USD bn) Impact investing invested assets (USD bn) Sustainable investing proportion of UBS total invested assets (%) Sustainable investing invested assets Credit Suisse integration-related impact (Asset Management) (USD bn) Sustainable investing invested assets Credit Suisse integration-related impact (Global Wealth Management) (USD bn) Sustainable investing invested assets Global Wealth Management-US Sustainability Focus (USD bn) The metrics above do not contain any invested assets (IA) classified under the legacy Credit Suisse Sustainable Investing Framework (SIF). UBS sustainable investing invested assets (SI IA) contain IA of former Credit Suisse portfolios only where they have been migrated onto UBS platforms and vetted against UBS sustainable investing policies or merged with existing UBS SI portfolios.
Legal entity	UBS Group AG (consolidated)

Definition and method – UBS Group framework	UBS's approach to sustainable investing is defined in its Group Sustainable Investing Policy. For UBS, sustainable investing includes any product or service with an underlying investment strategy that, in addition to targeting market-rate financial returns, also aims to explicitly:
	– align with one or more specific sustainability-related objectives; or
	– contribute to achieving one or more specific sustainability-related objectives, while also considering corporate governance factors (e.g. sound management structures, remuneration of staff and tax compliance) and potential adverse impacts on broader sustainability, where relevant.
	UBS's sustainable investing approaches are "Sustainability focus" and "Impact investing." These approaches as they stand are part of the global sustainable investing framework, which is not tailored to or defined by any specific local regulatory requirements or definitions. Specifically, the "Sustainability focus" approach refers only to UBS's framework definition, and not to existing regulations. The way that UBS defines sustainable investing is being reviewed to ensure that it appropriately considers evolving market practice, client expectations and relevant regulatory guidance. For an investment product or service to be considered part of our sustainable investing offering, the explicit alignment with or contribution to one or more sustainability-related objectives must be demonstrated within the underlying investment strategy. Strategies focused only on the integration of sustainability risks and / or exclusions and / or active ownership, without a contribution to sustainability-related objectives, would not qualify as sustainable investing for UBS. UBS's investment approaches can be summarized as follows:
	
	Traditional investing
	– targets market-rate investment returns
	– no explicit sustainability objectives
	– manages sustainability and all risks related to investment performance
	– may use sustainability-related tools, but these do not drive the strategy
	
	Sustainable investing
	– Sustainability focus
	  – targets market-rate investment returns
	  – has 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
	  – targets market-rate investment returns
	  – has explicit intentions to generate measurable, verifiable, positive sustainability outcomes
	  – impact attributable to investor action and / or contribution

Definition and method – Asset Management	In designating any specific investment fund or mandate as sustainable, the below two-step identification / classification process is followed. This is applied to new product onboardings and changes to existing classifications.
	– assignment of a specific sustainable investing classification to a product by the product manager (for funds) or customer relationship manager (CRM) (for mandates)
	– review of assigned classification for both funds and mandates by investment specialist (by asset class).
	Criteria applied in determining whether an investment strategy for both funds and mandates qualifies as sustainability focus or impact investing include the following:
	– sustainability focus
	  – certain exclusions (e.g. thermal coal-based power generation, controversial business activities) as per UBS Asset Management exclusions policy
	  – ESG risk (i.e. negative) screening incorporated into portfolio construction
	  – promotion of positive sustainability characteristics
	– Impact investing (in addition to sustainability focus criteria)
	  – sustainability goals and investment universe of the strategy currently linked to UN SDGs
	  – strategy-specific voting and / or engagement intended to generate company and / or investor contribution
	  – mandatory consideration of ESG factors as part of the portfolio construction process for sustainability focus and impact investing strategies
	In order to allow for a transparent interpretation of year-on-year changes in the SI IA, the IA impact from the integration of former Credit Suisse products into the UBS AM sustainable investing product shelf during 2024 has been singled out and is reported as part of the explanatory footnotes.

Definition and method – Global Wealth Management	Investment products included by Global Wealth Management in UBS's sustainable investing IA include: *Mutual funds* (e.g. UCITS) and separately managed accounts (SMAs): in determining whether an investment fund qualifies as a sustainable investment, UBS Global Wealth Management's Fund Investment Solutions and Investment Manager Analysis teams perform detailed due diligence, with a focus on assessing the intentionality of the ESG criteria utilized in the investment process. The due diligence process involves ESG questionnaires and can include interviews with fund managers. The fund due diligence is designed to determine whether a fund strategy should be labeled as sustainability focus or impact investing. The fund must be approved via designated approval bodies within Global Wealth Management to obtain a sustainable investing / impact investing product classification. *Private market and hedge funds*: in determining whether a hedge fund qualifies as a sustainable investment, UBS Global Wealth Management's Global Alternative Investment Solutions team partners with the Chief Investment Office to assess the degree to which the fund manager systematically addresses sustainability and / or impact objectives across the investment process and the overall portfolio. Currently, Global Wealth Management only considers private market funds that meet the impact investing criteria (see below), while hedge fund investments are mostly classified as sustainability focus. Direct holdings of *green, social, sustainability and sustainability-linked bonds* and of *multilateral development bank bonds*: based on bond coverage by the Chief Investment Office with explicit use of proceeds or issued by multilateral development banks (MDBs).[1] For impact Investing strategies only, the assessment process additionally considers whether an investment fund / strategy complies with the Chief Investment Office's criteria for impact investments as specified in a dedicated governance document. The assessment can be conducted across asset classes; at the present time, only shareholder and bondholder engagement funds, private market funds and multilateral development bank bonds are considered impact investments by Global Wealth Management. In order to allow for a transparent interpretation of year-on-year changes in the SI IA, the IA impact from the integration of former Credit Suisse products into the Global Wealth Management sustainable investing product shelf during 2024 has been singled out and is reported as part of the explanatory footnotes. Sustainability focus products originating in Global Wealth Management's US business are not reported as part of the full-year 2024 SI IA figures. These products are undergoing additional validation procedures to ensure alignment with internal UBS frameworks and standards, and are reported as part of the explanatory footnotes. Identification and production of the IA values associated with this product subset follows the same process as described here. Full-year SI IA values for 2023 and 2022 have been restated accordingly.

1 Direct holdings of green, social, sustainability and sustainability-linked bonds are currently only included for clients of Global Wealth Management in the United States, mainly for regulatory reasons.

› **Refer to the "Supporting opportunities" section of the UBS Group Sustainability Report 2024, available at *ubs.com/sustainability-reporting*, for more information about UBS's investment approaches**

ESG integration and exclusion invested assets

Theme	Supporting opportunities
Metric(s)	**Invested assets:** ESG integration and exclusion (USD bn) ESG integration (USD bn) Exclusion (USD bn)
Legal entity	UBS Group AG (consolidated)
Definition and method	UBS identifies two approaches that consider sustainability-related factors in the investment process to varying degrees, but which on their own are not considered sustainable investment. The investment products within scope for reporting invested assets (IA) for these two categories are exclusively UBS Asset Management products under the direct management of UBS Asset Management: – ESG integration: considers sustainability-related factors alongside traditional financial metrics to assess the risk-return profile in the investment process. – Exclusion: individual companies or entire industries are excluded from portfolios because their activities do not meet certain sustainability-related criteria, and / or do not align with the values of clients and / or UBS. The metrics above do not contain any invested assets (IA) classified under the legacy Credit Suisse Sustainable Investing Framework (SIF). UBS ESG integration and / or exclusion invested assets contain IA of former Credit Suisse portfolios only where they have been migrated onto UBS platforms and vetted against applicable policies or merged with existing, UBS SI portfolios.

› **Refer to the UBS AM Sustainable Investing Policy and the Sustainability Exclusion Policy for details, available at *ubs.com/am-si***

Global Wealth Management clients' impact investing assets

Theme	Supporting opportunities
Metric(s)	Global Wealth Management clients' impact investing assets (USD bn)
Legal entity	UBS Group AG (consolidated)
Definition and method	Global Wealth Management clients' impact investing assets focus on investment decisions that seek to make a difference while generating competitive financial returns. Accordingly, Global Wealth Management impact investment products exhibit investment strategies that have an explicit intention to generate measurable, verifiable and positive sustainability outcomes. Impact generated is attributable to investor action and / or contribution. The objective of the metric is to illustrate the volume of impact investments. Targeting market-rate investment returns, sustainability objectives or outcomes may include, but are not limited to, the UN Sustainable Developments Goals (SDGs) as identified in the United Nations' 2030 Agenda for Sustainable Development. The metric is the sum (in USD bn) of the market value of: – private market funds recognized as impact investments; – investment funds, separately managed accounts (SMAs) and ETFs recognized as impact investments; and – multilateral development bank bonds recognized as impact investments. This metric does not contain invested assets (IA) classified under the legacy Credit Suisse Sustainable Investing Framework (SIF). UBS sustainable investing invested assets (SI IA) contain IA of (former) Credit Suisse portfolios only where they have been migrated onto UBS platforms and vetted against UBS sustainable investing policies or merged with existing UBS SI portfolios.

Global Wealth Management clients' discretionary assets aligned to SI Strategic Asset Allocation

Theme	Supporting opportunities
Metric(s)	Global Wealth Management clients' discretionary assets aligned to SI Strategic Asset Allocation (USD bn) Credit Suisse sustainability mandates (USD bn) Global Wealth Management US SI SAA Aligned invested assets undergoing additional validation procedures (USD bn)
Legal entity	UBS Group AG (consolidated)

Definition and method	The metric comprises the sum of assets under management (AuM) for Global Wealth Management discretionary offerings aligned to SI Strategic Asset Allocation (SI SAA).
	The metric is the sum (in USD bn) of the following products:
	– UBS Manage SI mandates:
	  – UBS Manage [sustainable investing]
	  – UBS Manage Advanced [sustainable investing]
	  – UBS Manage Premium [sustainable investing]
	– Credit Suisse Sustainability mandates:
	  – Credit Suisse Platinum Sustainability Mandate
	  – Credit Suisse Premium Sustainability Mandate
	  – Credit Suisse Private Sustainability Mandate
	– UBS Asset Allocation Funds CIO SI SAA aligned. These are funds that meet SI requirements
	– UBS sustainable investment portfolio separately managed accounts (SMAs) (US)
	2024 figures exclude invested assets related to Global Wealth Management's US business that are undergoing additional validation procedures to ensure alignment with internal UBS frameworks and standards. The prior period has been restated accordingly.

› **Refer to *ubs.com/global/en/legal/discretionary-mandates* for more information on discretionary mandates**

Sustainable investment in Personal Banking

Theme	Supporting opportunities
Metric(s)	% sustainability investing (SI) share of clients' investment assets in Personal Banking
Legal entity	UBS Group AG (consolidated)
Definition and method	The percentage is specific to Personal Banking and represents the sum of sustainable investing product holdings in relation to the overall volume of clients' investment assets, excluding cash deposits and savings. Products booked on Credit Suisse platforms are not included as they have not been migrated onto UBS platforms and vetted against UBS sustainable investing policies or merged with existing UBS SI portfolios. The metrics consider the following investment solutions as sustainable: – 100% of UBS Manage [SI] – 100% of UBS Manage Advanced [SI] – 100% of UBS Vitainvest Funds Sustainable – 100% of UBS Strategy Funds Sustainable – 100% of UBS SI Strategy Funds – 50% of UBS Manage [Selection] A proportion of 50% of UBS Manage [Selection] is applied as a conservative assumption. UBS Manage [Selection] is a blended managed solution between UBS Manage SI and non-SI mandates. The overall share of sustainable investments is 60–80% depending on the investment strategy.

› **Refer to *ubs.com/global/en/legal/discretionary-mandates* for more information on discretionary mandates**

Sustainable loans in Personal & Corporate Banking

Theme	Supporting opportunities
Metric(s)	Sustainable loans (USD bn)
Legal entity	UBS Group AG (consolidated)
Definition and method	The reported metric represents the total USD (drawn exposure) classified as "sustainable loans" in accordance with internal guidelines. These guidelines are aligned with the Loan Market Association's (LMA) guidelines for sustainability-linked Instruments (i.e. Sustainability-Linked Loan Principles) and use of proceeds instruments (i.e. Green Loan Principles and Social Loan Principles). The scope of the metric is the total on-balance sheet drawn exposure of sustainable loans granted to Personal & Corporate Banking – Corporate & Institutional Clients booked on the UBS Switzerland AG platform for the reported period. Sustainable loans booked in Personal & Corporate Banking on Credit Suisse infrastructure are not included in this metric. These loans will be considered for inclusion in this metric once they have been migrated to UBS infrastructure and subject to alignment with UBS policies and guidelines. The metric does not include loans secured by mortgages or bonds.

Green, social, sustainability and sustainability-linked (GSSS) bond deals

Theme	Supporting opportunities
Metric(s)	**Total GSSS metrics** Number of green, social, sustainability and sustainability-linked (GSSS) bond deals Total deal value of GSSS bond deals (USD bn) UBS apportioned deal value of GSSS bonds deals (USD bn) **Climate-related metrics** Number of green, sustainability and sustainability-linked bond deals Total deal value of green, sustainability and sustainability-linked bond deals (USD bn) UBS apportioned deal value of green, sustainability and sustainability-linked bond deals (USD bn)
Legal entity	UBS Group AG (consolidated)
Definition and method	The bond deals are issued by UBS clients with the support of UBS Investment Bank Global Banking. The climate-related metrics do not include social bonds or sustainability-linked bonds with only social KPIs. The categorization of green, social, sustainability and sustainability-linked (GSSS) bonds is aligned with, but not limited to, the voluntary International Capital Market Association (ICMA) Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Guidelines, ICMA Sustainability-Linked Bond Principles (SLBP). The principles include a recommendation that the issuer appoints an external review provider to undertake an independent external review (e.g. second-party opinion – SPO). This is consistent with market practice. The number of GSSS deals is defined as the sum of all bonds in line with the referenced ICMA Principles and guidelines, where UBS has a role (e.g. bookrunner, sustainability structuring advisor, coordinator). Dual tranche issuances with the same ESG labels are counted as one deal, whereas dual-tranche issuances with different ESG labels are counted as two deals. Dual tranches with different currencies are also counted as two deals. The climate-related metrics follow a similar approach to the GSSS bonds. The metric categorization is aligned with, but not limited to, the ICMA principles (excluding the Social Bond Principles), with GSSS methodology applied to the volume and apportionment calculations. For 2024, the percentage for the calculation of UBS apportioned deal value is obtained from deal documentation. GSSS bond and climate-related bond deals are compiled from an internal transactions database and are validated against external sources, Bloomberg and Dealogic. Deals are screened against the qualifying ESG criteria.

Green, social and sustainability bonds in Group Treasury

Theme	Supporting opportunities
Metric(s)	Green, social and sustainability bonds in the Group Treasury asset portfolios (USD bn)
Legal entity	UBS Group AG (consolidated)
Definition and method	The UBS Group tracks the market value of green, social and sustainability bonds in the Group Treasury asset portfolios (as defined by use-of proceeds bonds) (USD bn). Group Treasury invests its high-quality liquid asset portfolios under a dedicated ESG Investment Framework. The framework integrates ESG considerations in the investment process and is aligned with, but not limited to, the International Capital Market Association (ICMA) Green Bond Principles, ICMA Social Bond Principles and ICMA Sustainability Bond Guidelines. The metric is the sum of the market value in USD bn equivalent of green, social and sustainability bonds held in the Group Treasury asset portfolios. The green, social and sustainability bonds balance is provided by UBS Group Treasury based on a download from the internal booking system. Bloomberg is used to validate the use of proceeds.

Companies actively engaged on sustainability topics

Theme	Supporting opportunities
Metric(s)	Number of companies engaged on sustainability topics Number of engagement meetings on sustainability topics Number of sustainability engagement meetings conducted regarding environmental and social issues
Legal entity	UBS Group AG (consolidated)
Definition and method	The metrics relate to corporate issuers that have been engaged by UBS Asset Management on sustainability topics. – Companies engaged on sustainability topics represents the number of individual corporate issuers engaged during the reporting period, where a sustainability topic has been one of the topics of engagement. – Number of engagement meetings represents the total number of engagement contacts made with companies, where sustainability has been one of the topics of engagement. – Companies engaged on environmental and social topics represents the number of individual corporate issuers engaged during the reporting period, where the engagement topic has been either environmental or social.

Engagement objectives on sustainability topics

Theme	Supporting opportunities
Metric(s)	% engagement objectives focused on sustainability topics with progress
Legal entity	UBS Group AG (consolidated)
Definition and method	The percentage share of engagements with progress against preset objectives is the proportion of individual engagement objectives that have been set for corporate issuers on sustainability topics, where progress has been demonstrated, i.e. the issue has been acknowledged, strategy / measures are being developed or have been implemented. The metrics are derived from UBS Asset Management and are drawn from the engagements where UBS sets specific objectives. We measure our progress against objectives on a rolling three year basis to reflect the common lifecycle of engagements. Starting in 2024, UBS Asset Management changed the way that it tracks most of its engagements so that it requires pre-set objectives to be determined, the status of these objectives to be tracked over time using discrete milestones and these milestones to be updated based on evidence gathered in engagement meetings or in company disclosures. In 2023, the metric was based on indicators of progress related to a view of the overall responsiveness of the company being engaged, represented by an indication of sentiment.

% of sustainable investing funds

Theme	Supporting opportunities
Metric(s)	% of sustainable investing (SI) funds
Legal entity	UBS Group AG (consolidated)
Definition and method	The percentage of sustainable investing (SI) funds metric is the number of UBS Asset Management SI funds globally as a proportion of the overall number of UBS Asset Management funds over a three-year rolling basis, calculated using the average of the fourth quarter-end percentages for the reporting year and the two preceding years. The scope covers traditional funds (i.e. equity, fixed income, multi-asset and indexed) and alternative funds (i.e. REPM, CIG, HFS, O'Connor) sponsored and managed by UBS Asset Management. Out of scope are mandates, white labeled funds, UBS Asset Management feeder and single investor funds. As of 2024, products managed by Credit Suisse Asset Management that are categorized in accordance with the legacy Credit Suisse sustainable investment framework are within the scope of the total number of funds but not the total number of UBS Asset Management sustainability investing funds. They will only be included once migrated onto UBS Asset Management product shelves, i.e. once corresponding data has been onboarded to UBS systems, they are fully meeting the requirements of UBS's Group Sustainable Investing Policy and they are classified as a UBS sustainable investing product. This process is being carried out in waves and will continue at least until the end of 2025.

Investment-associated carbon emissions

Theme	Climate-related investing
Metric(s)	**Portfolio emissions (Asset Management)** Investment-associated carbon emissions (million metric tons of CO_2e) Carbon intensity (metric tons of CO_2e per USD m invested) Carbon intensity (metric tons of CO_2e per USD m revenue) Equities asset class carbon intensity (metric tons of CO_2e per USD m invested) Equities asset class carbon intensity (metric tons of CO_2e per USD m revenue) Fixed Income asset class carbon intensity (metric tons of CO_2e per USD m invested) Fixed Income asset class carbon intensity (metric tons of CO_2e per USD m revenue)
Legal entity	UBS Group AG (consolidated)
Definition and method	UBS Asset Management investment-associated emissions are the total aggregated attributed scope 1 and scope 2 carbon emissions of investment portfolios derived from attributed emissions of underlying investments. These arise from the total size of assets and various investment decisions within a portfolio (which may or may not be related to managing portfolio carbon emissions). Absolute investment-associated emissions are calculated from individual portfolio emissions intensity where their underlying investments are in corporate and sovereign issuers. The scope of the metric is limited to investment portfolios in UBS Asset Management and to investment areas where emissions data is available. The metric therefore principally encompasses equities, fixed income and multi-asset portfolios, accounting for 48% of UBS Asset Management's total invested assets. Credit Suisse portfolios that have been migrated onto UBS platforms are included in the metrics. For carbon intensity metrics, UBS Asset Management calculates the carbon intensity of individual issuers within a portfolio based on company scope 1 and 2 emissions divided by enterprise value including cash or by revenue, respectively. This is aggregated to a portfolio metric based on weightings within the portfolio and aggregated to UBS Asset Management and equities and fixed income asset-level, based on the calculations described below. Emissions data is sourced from MSCI, a third-party data provider. A data coverage threshold is applied for inclusion in the metrics calculations. For the purposes of ensuring data quality, portfolios are included in the calculation only where carbon metrics can be calculated for between 50–150% of the value of the portfolio constituents. This variation in carbon metrics coverage arises from the data availability from our data provider as well as from the effect of cash and derivative positions in some portfolios. As this data coverage varies between portfolios, an adjustment is also undertaken, in which the carbon emissions and carbon intensities of individual portfolios are scaled, so that all portfolio carbon metrics are adjusted to reflect 100% data coverage. UBS Asset Management uses MSCI data where this is available and does not develop specific proxy data for these metrics. The metrics are calculated as follows: – Investment-associated emissions (million metric tons of CO_2e): the total absolute investment-associated emissions of UBS Asset Management are calculated by multiplying the emissions intensity of a portfolio by the value of the portfolio, with the final figure representing the sum of all in-scope portfolios – Carbon intensity (metric tons of CO_2e per USD m invested) and carbon intensity (metric tons of CO_2e per USD m revenue): UBS Asset Management investment-associated carbon intensity metrics represent the total aggregated attributed scope 1 and scope 2 emissions intensity of investment portfolios and are calculated based on the following formulas: $\text{Carbon intensity (tCo2e / USDm invested)} = \frac{\sum(\text{Portfolio carbon intensity (tCo2e / USDm invested)} \times \text{Portfolio value (USD)})}{\sum(\text{Value of all portfolios in scope of calculation (USD)})}$ $\text{Carbon intensity (tCo2e / USDm revenue)} = \frac{\sum(\text{Portfolio carbon intensity (tCo2e / USDm revenue)} \times \text{Portfolio value (USD)})}{\sum(\text{Value of all portfolios in scope of calculation (USD)})}$ The equities and fixed income asset-level carbon intensity metrics are calculated using the above formulas, for the in-scope portfolios for each asset class.

Net-zero ambition

Theme	Climate-related investing
Metric(s)	Number of net-zero ambition portfolios Net-zero ambition AuM (USD bn) Net-zero ambition share of total AuM (%)
Legal entity	UBS Group AG (consolidated)
Definition and method	These metrics demonstrate UBS's progress in developing and growing its offer to clients of net-zero ambition portfolios. The process includes a review of the investment process and product documentation and approval by UBS Asset Management's Sustainable Investment Methodology Forum. Legacy Credit Suisse portfolios have not yet been subject to the outlined governance process and are therefore not included. The metrics are derived from a comprehensive database of UBS Asset Management portfolios containing various characteristics, including those related to a net-zero ambition. **Number of net-zero ambition portfolios** represents the number of unique portfolios identified as having a net-zero ambition, following UBS Asset Management's net-zero alignment framework. The calculation represents the total number of individual products classified as having a net-zero ambition, less the number of feeder funds, number of additional share classes and number of white label products servicing a mandate. **Net-zero ambition assets under management (AuM)** is the aggregate invested assets of portfolios identified as having a net-zero ambition following UBS Asset Management's net-zero alignment framework. Portfolios classified in this way are linked to the respective assets under management and summed up to achieve the reported figure. The **net-zero ambition share of total AuM** is the proportion of UBS AM's assets under management that are being managed with a net-zero ambition. For 2024, the net-zero ambition share of total AuM is the net-zero ambition AuM figure divided by the total assets under management of UBS Asset Management. For 2023, the net-zero ambition assets share of total assets under management percentage relates to UBS AG Asset Management only.

Lending associated emissions

Theme	Environment
Metric(s)	**Lending decarbonization metrics (based on gross exposure)** Swiss residential real estate physical intensity (scopes 1 and 2; kg CO_2e / m2 ERA) Swiss commercial real estate physical intensity (scopes 1 and 2; kg CO_2e / m2 ERA) Fossil fuels financed emissions (scopes 1, 2 and 3; million metric tons CO_2e) Power generation physical intensity (scope 1; kg CO_2e / MWh) Iron and steel physical intensity (scopes 1 and 2; t CO_2 / t of steel produced) Cement physical intensity (scopes 1 and 2; gross metric t CO_2 / t cementitious produced) **Financed emissions metrics (based on outstanding exposure)** Swiss residential real estate financed emissions (mt CO_2e) Swiss commercial real estate financed emissions (mt CO_2e) Fossil fuels financed emissions (mt CO_2e) Power generation financed emissions (mt CO_2e) Iron and steel financed emissions (mt CO_2e) Cement financed emissions (mt CO_2e) Other non-financial corporates and real estate mortgages financed emissions (mt CO_2e) **PCAF quality scores based on outstanding exposure (rating of 1–5)** **Economic intensity based on outstanding exposure (mt CO_2e / USD bn)**
Legal entity	UBS Group AG (consolidated), UBS AG
Definition and method	**Lending decarbonization metrics (based on gross exposure)** Swiss residential real estate physical intensity (scopes 1 and 2; kg CO_2e / m^2 ERA) Swiss commercial real estate physical intensity (scopes 1 and 2; kg CO_2e / m^2 ERA) **Definition** These metrics measure the emission intensity associated with UBS's Swiss real estate lending activity for residential and commercial real estate. The metrics include real estate financed by Credit Suisse Group for the pre-acquisition reporting years 2021 and 2022 and provide a framework for setting and managing decarbonization targets. **Scope** – Measurement type: physical intensity – Financial indicator: gross lending exposure (loans and advances to customers, guarantees and irrevocable loan commitments). – Location: the majority of the properties are located in Switzerland, with all properties financed by UBS's Swiss operations. – Type of real estate: residential real estate includes owner-occupied properties and properties rented out on a non-commercial scale. Commercial real estate includes rented-out properties in multi-family homes, any other income-producing real estate and own-use commercial real estate. – Greenhouse gas (GHG) coverage: CO_2 as reported or estimated. Non-CO_2 GHGs are considered immaterial for this sector. – Value chain coverage: owners' energy consumption for residential real estate; owners' or tenants' energy consumption for commercial real estate. **Calculation** The physical intensity metrics express the real estate emissions per square meter, using the Swiss-specific floor space measurement, Energy Reference Area (ERA). The metrics are calculated as follows: $\textit{Real estate physical emissions intensity} = \dfrac{\sum(\textit{Real estate emissions} \times \textit{LTV})}{\sum(\textit{Real estate area} \times \textit{LTV})}$ where LTV represents the loan-to-value ratio.

Definition and method

Lending decarbonization metrics (based on gross exposure)

Fossil fuels financed emissions (scopes 1, 2 and 3; million metric tons CO_2e)

Power generation physical intensity (scope 1; kg CO_2e / MWh)

Iron and steel physical intensity (scopes 1 and 2; t CO_2 / t of steel produced)

Cement physical intensity (scopes 1 and 2; gross metric t CO_2 / t cementitious produced)

Definition

These metrics measure the financed emissions or the physical intensities related to specific carbon-intensive activities financed by the UBS Group (including Credit Suisse Group for the pre-acquisition reporting years 2021 and 2022). The metrics provide a framework for setting and managing decarbonization targets.

Scope

- Financial indicator: gross lending exposure (loans and advances to customers, guarantees and irrevocable loan commitments).
- Capital markets transactions, derivatives, treasury holdings and loans that are traded on a market are excluded. Fair value loans have been assessed as immaterial and excluded since 2023 to align with climate risk disclosures.
- A materiality threshold of USD 1m is applied for corporate loans.
- The scope includes clients where more than 25% of their revenues are derived from in scope activities (except for coal, which is 5%).

Fossil fuels (scopes 1, 2 and 3, million metric tons CO_2e)

- Measurement type: absolute financed emissions
- Value chain coverage: oil and gas exploration and production, oil and gas refining, coal extraction (including thermal and metallurgic), and integrated companies operating across the value chain are included. Midstream companies, transportation, trading storage and retail activities are out of scope. A significant share of UBS's gross exposure not covered by this metric is commodity trade financing for which guidelines and methodologies have yet to be developed.
- NACE code scope: B.05, B.06, C.19
- Greenhouse gas (GHG) coverage: CO_2e as reported by counterparties, estimated by third-party vendors or proxied.

Calculation – fossil fuels financed emissions:

- Counterparty financed emissions: amount of CO_2e emissions in million metric tons based on financing provided in relation to portfolio company's enterprise value including cash (EVIC) or the sum of equity and debt for private companies.
- Portfolio financed emissions: sum of counterparties' emissions attributed to the UBS Group.

$$\textit{Corporate financed emissions} = \sum \left(\textit{Corporate emissions} \times \frac{\textit{Financing to corporate}}{\textit{EVIC or (Equity + Debt)}} \right)$$

Power generation (scope 1, kg CO_2e / MWh)

- Measurement type: physical intensity
- Value chain coverage: power generation and integrated electric utility companies are included. Power transmission and distribution companies, energy storage and manufacturers of power plant parts are out of scope
- NACE code scope: D.35.1.1, D.35.1.3
- GHG coverage: CO_2e as reported by counterparties, estimated by third-party vendors or proxied.

Iron and steel (scopes 1 and 2, t CO_2 / t of steel produced)

- Measurement type: physical intensity
- Value chain coverage: production of pig iron, steel and coking coal manufacturing and / or steel hot rolled steeling are included. Mining of raw materials, steel finishing and use of steel are out of scope
- NACE code scope: C.24.1
- GHG coverage: CO_2 as reported by counterparties, estimated by third-party vendors or proxied.

Cement (scopes 1 and 2, gross metric t CO_2 / t cementitious produced)

- Measurement type: physical intensity
- Value chain coverage: counterparties producing cement and clinker are included. Mining of raw materials, production of concrete and users of cement or concrete are out of scope.
- NACE code scope: C.23.5.1
- GHG coverage: CO_2 as reported by counterparties, estimated by third-party vendors or proxied.

Calculation – power generation, iron and steel, and cement physical emission intensities:

- Counterparty physical emission intensity: metric that normalizes a company's emissions by its output (i.e. the megawatt hours produced, the quantity of steel produced or the quantity of cementitious produced). This metric allows UBS to monitor the emission efficiency of its clients.
- Portfolio physical intensity: to allocate multiple companies' intensities at a portfolio level, a portfolio weight approach is applied, which is an average of the companies' intensities weighted by their gross exposure.

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

Definition and method	**Financed emissions (based on outstanding exposures)** Swiss residential real estate financed emissions (mt CO_2e) Swiss commercial real estate financed emissions (mt CO_2e) Fossil fuels financed emissions (mt CO_2e) Power generation financed emissions (mt CO_2e) Iron and steel financed emissions (mt CO_2e) Cement financed emissions (mt CO_2e) Other non-financial corporates and real estate mortgages financed emissions (mt CO_2e)

Definition

– This metric measures the total financed emissions for non-financial corporate loans and real estate mortgages. It is calculated based on the outstanding lending exposure according to PCAF reporting guidance.

Scope

– Financial indicator: outstanding lending exposure (loans and advances to customers). Guarantees, irrevocable loan commitments, capital markets transactions, derivatives, treasury holdings and loans that are traded on a market are excluded. Fair value loans have been assessed as immaterial and excluded from 2023 to align with climate risk disclosures.
– A materiality threshold of USD 1 m is applied for corporate loans
– Corporate sector scope: all corporate sectors except financial and insurance activities, private households with employees, extraterritorial organizations and ship / aircraft financing
– Real estate scope: owner-occupied properties, properties rented out on a non-commercial scale, rented-out properties in multi-family homes, any other income-producing real estate and own-use commercial real estate
– Emissions scope: scope 1 and 2 emissions are in scope for all sectors (except for the power generation sector where only scope 1 is included). Scope 3 emissions are in scope for the fossil fuels and automotive sectors (car manufacturers).
– GHG coverage: CO_2e as reported by counterparties, estimated by third-party vendors or proxied

Calculation

– Corporate financed emissions are the sum of counterparties' emissions attributed to the UBS Group:

$$\textit{Corporate financed emissions} = \sum \left(\textit{Corporate emissions} \times \frac{\textit{Financing to corporate}}{\textit{EVIC or (Equity + Debt)}} \right)$$

– In the case of real estate, the attribution factor is the loan-to-value (LTV) of the property:

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

Definition and method	**PCAF quality scores based on outstanding exposure (rating of 1–5)**

The Partnership for Carbon Accounting Financials (PCAF) quality score measures the reliability and quality of data used to calculate financed emissions of corporate loans and real estate mortgages. It is calculated in accordance with PCAF reporting guidance: PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

A PCAF score is applied to corporate and real estate sectors in line with the above-defined scope for financed emissions.

Measuring indicator

– Type: quality score ranging from 1 to 5, with 1 being the best
– Emissions scope: For in scope sectors, the PCAF quality score is calculated for scope 1 and 2 emissions (except for the power generation sector where only scope 1 is included). For fossil fuels and automative (car manufacturers) sectors, the PCAF quality score is also calculated for scope 3 emissions.

Calculation

– Counterparty PCAF quality score: a score from 1 to 5 is assigned to a counterparty based on the data source of the emissions (reported, production proxy, economic activity-based proxy)
– Portfolio and sector PCAF quality score: weighted average sum based on outstanding exposure. The weighted average PCAF scores vary per sector. Sectors where UBS has set targets typically have PCAF scores between 1-3 reflecting better quality data. Other sectors generally place more reliance on economic activity-based proxies (PCAF scores 4 and 5) reflecting a higher estimation uncertainty.
– The PCAF score is calculated by multiplying the individual property PCAF score by its respective outstanding exposure and then weighting by the total outstanding exposure.

$$\textit{PCAF quality score} = \sum \left(\textit{PCAF corporate quality score} \times \frac{\textit{Financing to corporate}}{\textit{Total financing}} \right)$$

$$\textit{Real estate PCAF score} = \sum \frac{\textit{PCAF score} \times \textit{Outstanding exposure}}{\textit{Total outstanding exposure}}$$

Definition and method

Economic intensity based on outstanding exposure (mt CO_2e / USD bn)

The economic intensity metrics aims to make emissions intensities comparable. It measures the economic intensity which is calculated in accordance with PCAF reporting guidance: PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Economic intensity is applied to corporate and real estate sectors in line with the above-defined scope for financed emissions.

Measuring indicator

– Emissions scope: scopes 1 and 2 emissions are calculated across sectors except for the power generation sector where only scope 1 emissions are considered. Scope 3 emissions are calculated for the fossil fuels and automotive sectors (car manufacturers).

Calculation

– Clients' economic intensity: financed emissions calculated based on outstanding exposure (million metric tons CO_2e) divided by the outstanding exposure
– Economic intensity: sum of clients' or real estate financed emissions divided by the sum of outstanding exposures

$$\textit{Economic intensity} = \sum \textit{Financed emissions} / \sum \textit{Outstanding exposure}$$

$$\textit{Real estate economic intensity} = \frac{\sum \textit{Real estate financed emissions}}{\sum \text{Outstanding exposure}}$$

Notes on data sources and reporting

Limitations and assumptions relating to decarbonization metrics and financed emissions metrics (along with PCAF scores and economic intensities)

Exposures considered in the metrics described include:

– outstanding (drawn) exposure: loans and advances to customers; and
– gross exposure: loans and advances to customers, guarantees and irrevocable loan commitments.

The UBS Group and Credit Suisse Group have historically had different accounting methodologies. The emissions metrics for 2021 and 2022 are calculated based on a pro forma consolidation of UBS Group exposures reported under IFRS and Credit Suisse Group exposures reported under US GAAP. In 2023, the UBS Group included Credit Suisse AG and all exposures were reported under IFRS.

UBS Group AG exposures include effects from purchase price allocation adjustments (PPA), recorded as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations. Such effects are not included in the equivalent UBS AG exposures.

To estimate corporate clients' emissions, we rely on data available in our own disclosures, data from specialized third-party providers and internal data. Current limitations on the availability of emissions data at company or asset-level require us to include approximations in the calculations; for example, by applying a sector-level proxy where company- or asset-level data is not available.

For Swiss real estate, emissions are estimated at the individual property level where the required CO_2-relevant real estate data is available. Where this is not the case, proxies are applied. For example, a conservative assumption of oil heating is applied (if there is no data on the type of heating system), the average emissions of the other properties in the portfolio is taken or the respective area is used. The emissions proxies are specific to the energy carrier of the heating system and area proxies are defined by the property utilization. Additionally, emissions estimates include various indirect sources of information, e.g. solar irradiation averages according to location and roof tilt, heat transfer coefficients and average heat gains.

The loan-to-value (LTV) attribution factor used for calculating the financed emissions associated with UBS's Swiss real estate lending activity includes values that are based on a collateral allocation logic and also includes additional collateral that is not directly related to the value of the property. These LTV attribution factors are used as it is the information currently available to UBS. For corporate sectors, there is an inherent one-year time lag between the as-of date of our lending exposure and the as-of date of client emissions and financials. This can be explained by two factors: clients tend to disclose their emissions a few months after the end of a financial year in annual reporting and specialized third-party data providers take up to nine months to collect disclosed data and make it available to data users. Consequently, the updated baselines for our decarbonization ambitions are based on year-end 2021 lending exposures and clients' 2020 emissions and financials. Our 2023 emissions actuals are based on year-end 2023 lending exposure and clients' 2022 emissions and financials. For real estate, there is no time lag and UBS exposures and real estate emissions actuals refer to the same year, which is 2023.

› **Refer to the PCAF guidance, available at *carbonaccountingfinancials.com*, for the PCAF guidance referenced**

Theme	Environment
Metric	**Poseidon Principles disclosure (shipping)** **Poseidon Principles trajectory reflecting new IMO "minimum" ambition (%)** Poseidon Principles trajectory reflecting new IMO "minimum" ambition (CO_2e, ambition to reduce total annual GHG emissions by 20% by 2030 and by 70% by 2040 (compared with 2008 emissions), reaching net-zero GHG emissions by around 2050*), calculations on a well-to-wake basis using a concept involving calculating individual trajectories based on actual vessel size as set out in the Poseidon Principles Technical Guidance **Poseidon Principles trajectory reflecting new IMO "striving" ambition (%)** Poseidon Principles trajectory reflecting new IMO "striving" ambition (CO_2e, ambition to reduce total annual GHG emissions by 30% by 2030 and by 80% by 2040 (compared with 2008 emissions), reaching net-zero GHG emissions around 2050*), calculations on a well-to-wake basis using a concept involving calculating individual trajectories based on actual vessel size as set out in the Poseidon Principles Technical Guidance) Note: In 2023, UBS additionally reported its results against the IMO Initial Strategy ("IMO 50": CO_2, ambition to reduce total annual GHG emissions by 50% (compared with 2008 emissions) by 2050. The "IMO 50" trajectory was decommissioned by the Poseidon Principles Association. *Note: the Poseidon Principles trajectories are based on a net zero by 2050 consideration.
Legal entity	UBS AG
Definition and method	**Definition** – The Poseidon Principles (PP) framework is for assessing and disclosing the climate alignment of ship finance portfolios and promoting international shipping decarbonization. **Scope** – Financial indicator: credit products (drawn amounts in the case of loans) – including bilateral loans, syndicated loans, club deals and guarantees – secured by vessel mortgages, finance leases secured by title over vessel, or unmortgaged export credit agency (ECA) loans tied to a vessel – Activities scope according to PP Technical Guidance: vessels that fall under the purview of the IMO (i.e. vessels operating internationally, 5,000 gross tonnage and above that have an established PP trajectory whereby the emissions intensity can be measured with data generally provided by ship owners to the IMO under the IMO Data Collection System for fuel consumption (IMO DCS)). – The reporting is based on year-end 2023 portfolio data. At that time UBS was not yet a party to the Poseidon Principles and the merger between UBS and Credit Suisse had not yet been completed. Hence, while UBS became the reporting entity following completion of the merger, exposures within scope for the 2024 reporting cycle (based on 2023 data) remain limited to the portfolio of the former Credit Suisse AG. **Measuring indicator** – Type: Annual Efficiency Ratio (AER) – Metric: AER (expressed as) gCO_2e / dwt-nm – Carbon emissions scopes: 1, 3 category 3 (fuel- and energy-related activities (not included in scope 1 or scope 2)) – GHG scope: CO_2e (IMO revised strategies) **Calculation:** AER intensity (on per vessel basis): $$AER = \frac{\sum_i Ce_i}{\sum_i dwtD_i}$$ For each vessel, the Annual Efficiency Ratio (AER) is determined, using the parameters of fuel consumption (for determining CO_2e emissions ("Ce") by applying respective emission factors in accordance with the PP Technical Guidance), distance traveled "D" (in nautical miles, "nm") and deadweight ("dwt"). For certain asset types (cruise vessels, ferries, vehicle carriers), gross tons ("gt") is used instead of dwt. The climate alignment delta is then determined by comparing the actual AER to the respective trajectory values applicable for the vessel under the IMO Revised Strategy, determined in accordance with the PP Technical Guidance. The deviation is expressed as positive (i.e. above / worse than trajectory) or negative (i.e. below / better than trajectory) alignment delta as a percentage. To establish the portfolio result, in accordance with the PP Technical Guidance, each individual vessel result is weighted with the vessels associated drawn exposure at the end of the relevant reporting year (i.e. 2023 for the 2024 reporting cycle), with the portfolio's climate alignment delta result constituting the weighted average of the individual vessel results. The reporting level is determined by dividing the drawn exposure of the in-scope reporting vessels by the drawn exposure of the overall in-scope fleet. Reasons for non-reporting are incomplete data sets, clients being non-responsive or clients refusing to or being unable to provide data (e.g. due to confidentiality considerations, exiting the lending relationship or data being produced / owned by a third-party). Applicable trajectories, emission factors and calculation methodologies are provided by the Poseidon Principles Association and are set out in the PP Technical Guidance provided to its signatories. The Poseidon Principles Annual Disclosure Reports are published at https://www.poseidonprinciples.org/finance/resources/. For the 2024 reporting cycle (based on 2023 data), the Poseidon Principles Technical Guidance v.5.1 was used. Key year-on-year changes implemented in the Poseidon Principles Technical Guidance relevant to the Poseidon Principles 2024 reporting cycle comprise of a correction of passenger vessel trajectory values, a minor update to the "minimum" trajectories for tankers and an update to well-to-wake emission factors. The impact of these updates with respect to UBS's results published in the 2023 UBS Group AG Sustainability Report is assessed as immaterial.

› **Refer to the Poseidon Principles Technical Guidance, available at *poseidonprinciples.org***

Capital markets-associated emissions

Theme	Environment
Metric	Facilitated amount (apportioned deal volumes) (USD bn) Facilitated emissions for capital markets (million metric tons CO_2e) PCAF quality score (rating of 1–5) Facilitated emissions economic intensity (million metric tons CO_2e / USD bn)
Legal entity	UBS Group (consolidated)

Definition and method

Scope

- These metrics include transactions, where UBS and / or Credit Suisse are the designated global coordinator, joint bookrunner or lead manager. Co-manager roles are also included.
- The following transaction types are included: Debt capital markets (DCM) and equity capital markets (ECM transactions, private placements (only where captured in Dealogic), green bonds (which are treated like conventional bonds due to the lack of data and methodology to account for use of proceeds emissions).
- The following products are out of scope: sovereign bonds, securitized products (including asset-backed securities), derivative financial products, syndicated loans and advisory services such as mergers & acquisitions (M&A) advice.
- Value chain activity within scope for facilitated emissions calculations: oil and gas (oil and gas exploration and production, oil and gas refining and integrated companies); coal mining (including thermal and metallurgical); power generation; cement manufacturing; iron and steel making and hot rolling; primary or secondary aluminum; transport – car manufacturers and airline operators.
- Emissions scope: scopes 1 and 2; scope 3 only for fossil fuels and automotive sectors
- Greenhouse gas (GHG) coverage: CO_2e as reported by counterparties, estimated by third-party vendors or proxied

Facilitated amount (USD bn)

Definition

- This metric aggregates the volume of ECM and DCM deals (in USD bn) facilitated by UBS with a fee-based apportionment.

Calculation

- The facilitated amount per deal is calculated as the total capital raised apportioned to participating financial institutions using league table credit (fee-based apportionment).

$$\textit{Apportioned deal volumes} = \sum \textit{Facilitated amount per deal}$$

Facilitated emissions (million metric tons CO_2e)

Definition

- The metric aggregates the facilitated emissions arising from capital markets activities (in mt CO_2e). Emissions relate to capital markets transactions where UBS has facilitated clients' capital raising.

Calculation

- The facilitated amount is calculated as the total amount raised divided between the financial institutions involved using league table credit (fee-based apportionment)
- A 33% weighting factor (per PCAF Standard Part B) is applied to the capital markets issuances in scope to account for the difference between a financing activity and a facilitation activity

$$\textit{Facilitated emissions} = \sum \frac{\textit{Facilitated amount}}{\textit{EVIC or Equity + Debt}} \ x \ \textit{Weighting factor x Annual emissions}$$

PCAF quality score (rating of 1-5)

Definition

- The PCAF quality score is designed to evaluate the reliability and quality of data used in calculating facilitated emissions. The score is calculated in accordance with PCAF reporting guidance.

Calculation

- Following PCAF data quality scoring guidance, reported emissions and physical activity-based emissions proxies are prioritized when estimating facilitated emissions. Economic activity-based emissions proxies are used as fallback options where the emissions are not reported and cannot be estimated based on physical activities. Economic activity-based proxies are estimated at sector level (where possible and relevant at country / regional level).
- PCAF data quality scores are aggregated at sector and portfolio level based on an exposure weighting. Note that the data quality score for scope 1 and 2 emissions is calculated and disclosed separately from scope 3 emissions.

	$$\text{Sector PCAF quality score} = \sum \left(\text{PCAF corporate quality score} \times \frac{\text{Facilitated amount to corporate}}{\text{Total sector apportioned value}} \right)$$
	Facilitated emissions economic intensity (million metric tons CO_2e / USD bn) **Definition** – The economic intensity metrics aims to make emissions intensities comparable. It assesses the facilitated emissions intensity arising from capital markets activities (in Mt CO_2 per USD m). Economic intensity is calculated in accordance with PCAF reporting guidance. **Calculation** – The economic intensity is calculated as the total facilitated emissions divided by the attributed facilitated amount $$\text{Facilitated emissions intensity} = \sum \frac{\text{Facilitated emissions}}{\text{Total attributed facilitated amount}}$$
Notes on data sources and reporting	**Limitations and assumptions** – Deal level data and clients in scope is sourced from Dealogic. The split of the facilitated amount between banks is based on Dealogic revenue (fees) apportioning of total deal amount. – The calculation for facilitated emissions (and related metrics) follows the PCAF's Global GHG Accounting and Reporting Standard – Part B Facilitated Emissions (first version, December 2023) (except for deviations relating to scoping of syndicated loans and private placements and the methodology for green bonds). Capital markets transactions are accounted for only in the year in which the facilitation occurs (flow-based approach) using the reported and / or estimated emissions of the issuer for the previous year. This is due to the time lag in the availability of emissions data. – Company valuations and revenues are sourced from third-party data vendor. Where financial data is not available, other sources of data are considered, including public reporting and internal data. – Where emissions data is not available, production-based proxies or sector-revenue-based proxies are applied as the next best alternative.

Carbon-related assets

Theme	Sustainability and climate risk
Metric(s)	Carbon-related assets (USD bn) Proportion of total gross lending exposure (expressed as a percentage)
Legal entity	UBS Group AG (consolidated), UBS AG (standalone), UBS Europe SE (standalone), UBS Switzerland AG (standalone)
Definition and method	Carbon-related assets are defined as concentrations of credit exposure to assets tied to the four non-financial groups as defined by the Task Force on Climate-related Financial Disclosures (TCFD) (using Global Industry Classification Standard, GICS). These four groups are (i) energy; (ii) transportation; (iii) materials and buildings; and (iv) agriculture, food and forest products. Recognizing that the term carbon-related assets is currently not well defined, the TCFD encourages banks to use a consistent definition to support comparability. The metric is calculated for UBS Group AG (consolidated), UBS AG (standalone), UBS Switzerland AG (standalone) and UBS Europe SE (standalone) on the total on balance sheet loans and advances to customers and off balance sheet guarantees and irrevocable loan commitments (within the scope of expected credit loss) and is based on standalone or consolidated IFRS numbers, depending on the legal entity scope. For UBS Group, numbers are inclusive of purchase price allocation adjustments recorded in UBS Group as a result of the acquisition of Credit Suisse in compliance with IFRS 3, Business Combinations. The carbon-related assets metric is the total exposure of assets in the four non-financial groups as defined by the TCFD in its expanded definition published in 2021. UBS defines carbon-related assets through industry-identifying attributes of the firm's banking book. It also 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 and food and beverage production, also 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. Economic sectors are classified according to the Group Industry Code 2.0 (GIC 2.0) which comprises a hierarchical structure, and further dissected using the heatmap segmentation. Internal UBS GIC2.0 sectors / subsectors are utilized. The proportion of total gross lending exposure (expressed as a percentage), is calculated by using carbon-related assets in the numerator and total gross lending exposure, in the denominator.

Total exposure to climate-sensitive sectors – transition risk

Theme	Sustainability and climate risk
Metric(s)	Total exposure to climate-sensitive sectors, transition risk (USD bn) Proportion of total gross lending exposure (expressed as a percentage), transition risk
Legal entity	UBS Group AG (consolidated), UBS AG (standalone), UBS Europe SE (standalone), UBS Switzerland AG (standalone)
Definition and method	Sustainability and climate risks may manifest as credit, market, liquidity and / or non-financial risks for UBS, resulting in potential adverse financial, liability and / or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g. real estate). Climate risks can arise from efforts to mitigate climate change (transition risks). Transition risks from efforts to address a changing climate may contribute to a structural change across economies and can consequently affect banks and the stability of the broader financial sector through financial and non-financial impacts. The metric is calculated for UBS Group AG (consolidated), UBS AG (standalone), UBS Switzerland AG (standalone), UBS Europe SE (standalone) for banking products, traded products and issuer risk. For banking products, the metric is calculated on total on balance sheet loans and advances to customers and off balance sheet guarantees and irrevocable loan commitments (within the scope of expected credit loss), hereafter referred to as "total gross lending exposure" and is based on consolidated or standalone IFRS numbers, depending on the legal entity. For the UBS Group, numbers are inclusive of purchase price allocation adjustments recorded in the UBS Group as a result of the acquisition of Credit Suisse in compliance with IFRS 3, Business Combinations. For traded products, the metric is calculated on over-the-counter (OTC) derivatives, exchange-traded derivatives (ETDs) and securities financing transactions (SFTs), consisting of securities borrowing and lending, and repurchase and reverse repurchase agreements. Issuer risk, also known as tradable single name exposures, refers to the price and other risks resulting from changes in the financial condition of a specific issuer that cannot be attributed to general market risk. For issuer risk, the metric is calculated on HQLA assets, debt securities, bonds and liquidity buffer securities. In 2024, UBS launched a transition risk rating model (TR RM), designed to provide a company-level rating of transition risk, where input data is available. The model methodology mainly relies on two inputs: the output of the transition risk heatmap (TR HM), which is based on the counterparty's sectoral classification and country group, and the Company Transition Assessment Scorecard (CTAS). CTAS is an internal UBS tool that categorizes large, listed companies based on the data collected from external providers and summarizes them into a category that is indicative of each firm's stance towards net-zero alignment. In the TR RM, the counterparty's TR HM rating is adjusted based on the distance between the net zero stance of a company and that of its group's median via the CTAS. Whenever CTAS does not provide an assessment for a company, the model relies exclusively on the TR HM. The coverage of TR RM depends on CTAS, which in turn, depends on the data collected from external providers. Once data is available for a wider set of companies, the coverage of TR RM is expected to improve. The TR HM methodology is based upon a risk segmentation process, first dividing financing types and then rating economic sectors and sub-industry segments that share similar climate risk vulnerability characteristics. Climate transition risk scores and rating are assigned to sectors and segments according to their vulnerability to (i) climate policy, (ii) low-carbon technology risks, and (iii) revenue or demand shifts under an immediate, ambitious, and disorderly approach to meeting the well-below-2°C Paris Agreement goal. The risk ratings can be used to support the identification of potential climate-sensitive concentrations and further analysis. The ratings in the heatmap reflect the levels of risk that would likely occur under an ambitious transition (in the short term, 0–3 years) and disorderly with respect to diversification of policy stringency across developing and industrialized countries. The countries are classified as either industrialized countries ("IC") or emerging markets countries ("EM"), as per UBS country risk policy. UBS derived the methodological approach for the transition risk assessment from an active collaboration with the United Nations Environment Programme Finance Initiative (UNEP FI) and Oliver Wyman. Assessments are derived as part of the 2018–2022 collaboration with the UNEP FI based on Integrated Assessment Modelling Consortium (the IAMC) scenario information along with academic research supporting risk rating analysis. The collaboration included development of the initial TR HM methodology. Since the original version, UBS has further established the ratings and risk segmentation process in-house, reflecting changes in risk profile on the ground, evolving in-house views on climate risk materiality, and UBS's own business footprint. The TR HM provides transition risk ratings based on both the country of risk domicile and internal UBS industry classification Group Industry Code 2.0 (GIC2.0), while the TR RM provides company-level ratings. Both the TR HM and the TR RM rely on a five -point rating scale: low, moderately low, moderate, moderately high, high and moderately high. Climate sensitive sectors and subsectors are defined as those business activities that are rated as having high, moderately high, or moderate vulnerability to transition risks. UBS lending exposure is then mapped to the counterparty-level rating (TR RM), or else, when counterparty-specific input data is missing or data quality is not sufficient, the transition risk ratings from TR HM are used as fallback based on the counterparty's country of risk domicile and sector classification (GIC2.0). The exposures that are not mapped due to the absence of counterparty-level ratings and sector- / country-based risk ratings are treated as "not classified". Additionally, to increase the granularity of risk ratings and coverage for key financial institutions and corporate clients booked in specific legal entities, a bespoke company level assessment is carried out. The assessment is done outside of TR RM; however, the rating is combined with the TR RM output in a final unified output table. Lombard lending is assigned an overall rating based on the average riskiness of the collaterals that are posted backing the loans, applying the heatmap methodology to the issuer of the collaterals, and on an internal adverse scenario analysis (yielding an overall moderately low-risk rating). For real estate financing and private clients with mortgages, an expert-based overall rating is assigned based on internal analyses of UBS real estate portfolios. Additionally, real estate financing to corporate clients is assigned the worst of the portfolio rating and the client rating as per TR HM. The proportion of total gross lending exposure (expressed as a percentage), transition risk, is calculated by summing all transition climate risk-sensitive exposures, in the numerator, and dividing that by total gross lending exposures, in the denominator.

Total exposure to climate-sensitive sectors – physical risk

Theme	Sustainability and climate risk
Metric(s)	Total exposure to climate-sensitive sectors, physical risk (USD bn) Proportion of total gross lending exposure (expressed as a percentage), physical risk
Legal entity	UBS Group AG (consolidated), UBS AG (standalone), UBS Europe SE (standalone), UBS Switzerland AG (standalone)
Definition and Method	Sustainability and climate risks may manifest as credit, market, liquidity and / or non-financial risks for UBS, resulting in potential adverse financial, liability and / or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g. real estate). Climate risks can arise from changing climate conditions (physical risks). Physical risks from a changing climate may contribute to a structural change across economies and can consequently affect banks and the stability of the broader financial sector through financial and non-financial impacts. The metric is calculated for UBS Group AG (consolidated), UBS AG (standalone), UBS Switzerland AG (standalone), UBS Europe SE (standalone) for banking products, traded products, and issuer risk. For banking products, the metric is calculated on total on balance sheet loans and advances to customers and off balance sheet guarantees and irrevocable loan commitments (within the scope of expected credit loss), hereafter referred to as "total gross lending exposure" and is based on consolidated or standalone IFRS numbers, depending on the legal entity. For the UBS Group, numbers are inclusive of purchase price allocation adjustments recorded in the UBS Group as a result of the acquisition of Credit Suisse in compliance with IFRS 3, Business Combinations. For traded products, the metric is calculated on over-the-counter (OTC) derivatives, exchange-traded derivatives (ETDs) and securities financing transactions (SFTs), consisting of securities borrowing and lending, and repurchase and reverse repurchase agreements. Issuer risk, also known as Tradable Single Name Exposures, refers to the price and other risks resulting from changes in the financial condition of a specific issuer that cannot be attributed to general market risk. For issuer risk, the metric is calculated on HQLA assets, debt securities, bonds and liquidity buffer securities. In 2024, UBS developed a physical risk rating model (PR RM) that is aligned with the physical risk heatmap model (PR HM) and provides the rating at a company-level when its asset-level data is available. Both the PR RM and the PR HM consider company type, and neither the existence or the type of collateral, nor the type of relationship the bank has with the company are factored in. The PR HM has a broader scope of application compared to the PR RM. The PR HM applies an aggregation logic to generate ratings for all companies in relevant sector-country combinations, providing average estimates, while the PR RM provides a company-level rating when its asset-level data has information on the associated climate physical risk. The developed physical risk heatmap methodology will be validated for the corporate entities in real estate financing and in Global Wealth Management for non-Lombard loans and unsecured lending in due course. The PR RM and PR HM measure how four acute physical risk hazards (wildfires, heatwave, floods, and tropical cyclones) may drive current physical risk of UBS counterparties. The physical risk is measured by a score calculated by combining a physical risk exposure metric derived from asset-level data, sourced from ESG data vendors. The PR HM isolates assets falling under the same sector and location (country of risk domicile) to calculate a sector-country-level physical risk score for each of the four hazards. Due to data limitations from our vendor feed, for some sector-country combinations such representative population is not large enough to infer reliable metrics. In these cases, increasingly wider geographies are considered until reliability is minimally ensured. To account for data concentrations, a penalization factor is applied to sector-country exposure scores. The hazard-specific physical exposure scores are further amplified / mitigated by considering the level to which each sector is vulnerable / resilient to a particular hazard. At this step, multiple risk transmission channels are taken into account. Specific to the PR RM, sufficient geographic diversification of a counterparty's assets acts as a mitigant of the physical risk exposure scores. At the final stage, exposure scores are aggregated across transmission channels and hazards to derive a single physical rating score. The score is mapped to a five-point rating scale: low, moderately low, moderate, moderately high, high. Climate-sensitive sectors are defined as those business activities that are rated as having high, moderately high or moderate vulnerability to physical risk. UBS lending exposure is then mapped to the counterparty-level rating (PR RM), or else, when counterparty-specific asset data is missing or data quality is not sufficient in our vendor feed, the physical risk ratings from PR HM are used as fall back based on the counterparty's country of risk domicile and sector classification. The exposures that are not mapped due to absence of counterparty-level rating and sector / country-based risk rating are treated as "not classified". To drive the top-down classification of risk, the internal UBS Group Industry Code 2.0 (GIC2.0) is used to classify economic sectors in a hierarchical structure. For real estate financing and private clients with mortgages, an expert-based overall rating is assigned based on internal analyses of UBS real estate portfolios, with a focus on flooding risk in Switzerland. Additionally, real estate financing to corporate clients is assigned the worst of the portfolio rating and the client rating as per PR HM. Lombard lending is assigned an overall rating based on the average riskiness of the collaterals that are posted backing the loans, applying the heatmap methodology to the issuer of the collaterals, and on an internal adverse scenario analysis (yielding an overall moderately low-risk rating). The proportion of total gross lending exposure (expressed as a percentage), physical risk, is calculated by summing all physical climate risk-sensitive exposures, in the numerator, and dividing that by total gross lending exposure in the denominator.

Cases referred for assessment

Theme	Sustainability and climate risk
Metric(s)	Cases referred for assessment
Legal entity	UBS Group AG (consolidated), UBS Europe SE
Definition and method	The metric measures the total number of cases that were referred to the sustainability and climate risk unit (the SCR unit) in 2024 for the UBS Group. It is produced by taking the total number of cases referred for assessment from the internal tools. The cases referred as part of this metric are categorized by region, business division, sector and outcome. The relevant sectors for each case are determined by reviewing each case on a transaction-by-transaction basis. The business divisions, as the first line of defense, identify sustainability and climate risks that are within the scope of the SCR policy and refers them to the SCR unit (as the second line of defense). Risks may be identified across business activities, including products, services, transactions and onboardings. The SCR unit takes a risk decision on the referred cases after assessing their compliance with the firm's risk appetite standards outlined in the SCR policy. Assessment outcomes include: Approved: client / transaction / supplier approved by the SCR unit. Approval is granted when no further information is needed to complete the assessment and no controversies that breach SCR standards are found. Approved with qualifications: client / transaction / supplier subject to an SCR assessment and approved with qualifications. Qualifications may include ring-fencing of certain assets, conditions regarding the client / supplier or internal recommendations. Rejected or not further pursued: client / transaction / supplier subject to an SCR assessment and rejected or not further pursued. Pending: decision pending for client / transaction / supplier. A pending status indicates the SCR unit is working on the assessment or waiting for further information from the respective business division. Assessed: review of a company or a portfolio based on a request from the first line of defense, a senior management committee or other business-related reason.

Workforce

Theme	Social
Metric(s)	**Global** – Absentee rate, UBS (%) – Statistical pay gap (%) – Employee listening survey results, response rate (%) and engagement rate (%) – Total cost of training (USD bn) – Employee feedback **Switzerland** – Absentee rate, Credit Suisse (%) Note: All metrics listed above, unless otherwise stated, are calculated using data from UBS's Human Resource IT system.
Legal entity	UBS Group AG (consolidated)
Method – absentees, UBS and Credit Suisse	The absentee rate is the percentage of days lost due to sickness or accident in the total of all working days for the entire headcount population. It is calculated as the total number of working days lost due to accident or sick leave divided by the total (average headcount by country) multiplied by the number of expected working days. The number of expected working days is calculated as total calendar days less weekends, public holidays and vacation days. Public holidays and vacation days differ by country. For employees in legacy Credit Suisse legal entities, it is calculated as the number of Swiss absentees. Credit Suisse does not report work-related injuries, lost days and absenteeism globally, as definitions of these differ nationally and are governed by local legal requirements. Credit Suisse's systems capture this data on a regional rather than global level.
Method – statistical pay gap	The statistical pay gap measures the difference between male and female total compensation using multivariate statistical regression analysis, after taking into consideration objective factors that explain pay differences, including role, location and performance. The regression analysis produces a gender coefficient, which represents the statistical unexplained gap, expressed as a percentage. For example, a gap of -1% would indicate that on average, females are paid 99% of what males are paid, after considering the objective factors included in the analysis. This metric is a voluntary disclosure as part of UBS's commitment to fair pay. Scoping details: Based on total compensation, which includes fixed compensation, incentive and other awards, in line with internal compensation definitions that are reviewed annually. Locations include Switzerland, the United States, the United Kingdom, Hong Kong and Singapore. Employees excluded: US financial advisors, the graduate training program, interns, trainees (apprentices), temporary staff and contractors, all of whom are remunerated on a different pay structure. The metric also excludes employees who were not eligible for an incentive due to hire date.
Method – employee listening survey results	This metric provides insights into employees' views on key management topics ranging from strategy to engagement and work environment, with variances depending on the survey conducted in the given calendar year. Scope includes all UBS permanent employees, including details by legal entity, business division or Group Function and product coverage. The scores that are reported are expressed as a percentage. The response rate is calculated as the number of participants divided by the total number of employees invited to participate; the engagement rate is calculated as the number of employees selecting 7 or above on a scale of 0-10 per the Net Promoter Score (NPS) / Likert scale divided by the total number of employees invited to participate. An external survey provider, Qualtrics platform, is used to collect data and compute the metric.
Method – employee feedback	This metric gives insights into the amount of feedback received by employees throughout the calendar year either as a check-in with their line manager, via feedback requests or via feedback that was proactively given. The population in scope is all employees who receive a performance review, and the result is provided as a total number. The feedback collected is available to line managers to support the year-end performance reviews of their employees.
Method – total cost of training	Total cost of training includes the total cost of all global trainings provided by Human Resources as well as costs in the divisions and functions that are booked to the training accounting cost line. Within Human Resources, it includes the total cost of providing training including staff-related costs and related incoming allocations.

Supply chain

Theme	Environment
Metric(s)	Number of vendors voluntarily disclosing their environmental performance through CDP's Supply Chain program Number of vendors that submitted disclosures in CDP % of the vendors voluntarily disclosing that actually submitted disclosures in CDP
Legal entity	UBS Group AG (consolidated)
Definition and method	The metrics are calculated as follows: % of the voluntarily disclosing vendors completing their climate disclosures in the CDP platform = ∑⟦vendors whose disclosure status is "submitted" ⟧) / (∑⟦vendors who are voluntarily disclosing in CDP Supply Chain Program⟧

Theme	Environment
Metric(s)	GHG key vendors % of GHG key vendors that have disclosed their emissions and declared in CDP a stated net-zero target
Legal entity	UBS Group AG (consolidated)
Definition and method	GHG key vendors are vendors that collectively contribute to greater than 50% of UBS's calculated scope 3 (category 1, 2, 4 and 9) emissions. A GHG key vendor: – is a top GHG scope 3 emitter relative to UBS's overall scope 3 vendor-related emissions. – is a vendor with whom UBS has a long-term ongoing relationship or is its preferred vendor. – together with other GHG key vendors, contributes to more than 50% of UBS's supply chain scope 3 vendor-related emissions. Key vendors are identified from internal vendor spend reports. The number and percentage of key vendors achieving this metric are sourced from the CDP Supply Chain Program platform. Calculation: % of GHG key vendors that have disclosed their emissions and declared in CDP a stated net-zero target = (Total number of GHG key vendors who disclosed their scope 1 and 2 emissions and declared in CDP a stated net-zero target) / (Total number of GHG key vendors) The following vendor categories are excluded from the definition of GHG key vendors: – non-vendors – post-trade fees, broker & exchange fees, commissions & retrocessions – government authorities (e.g. FINMA, HMRC) – other banks (e.g. JP Morgan, BNY Mellon) – vendors with pass through costs / resellers (e.g. Hays / Adecco and SoftwareOne) – energy / utilities suppliers (covered in scope 2) – landlords (covered in scope 2) – construction vendors (no ongoing relationship) – air travel, ground and accommodation providers (covered under scope 3 category 6) – exclusions from category teams based on a confirmed exit plan for the relationship

Theme	Social
Metric(s)	Diverse vendor spend (%)
Legal entity	UBS Group AG (consolidated)
Definition and method	This metric measures the total spend UBS has with diverse suppliers. Expressed as a percentage, the metric is calculated as the sum of the annual spend with all third-parties identified as diverse, divided by the total third-party spend across all UBS entities globally. To obtain the list of diverse vendors whom UBS has spent with, a mapping is done between the UBS spend figures and the list of diverse suppliers retrieved from external databases. UBS leverages the following external databases to determine the diversity statuses of a supplier: – WeConnect International – Disability:IN – The Canadian Aboriginal and Minority Supplier Council (CAMSC) – Minority Supplier Development UK (MSDUK) – The National LBGT Chamber of Commerce (NGLCC) – Duns and Bradstreet (this information is extracted by the UBS Supply Chain Data Analytics Insights & Enablement Specialist team directly from the database) – Supplier.io Diverse vendors include but are not limited to those certified as: – women-owned; – minority-owned, including location-specific qualifications such as aboriginal-owned in Canada and indigenous-owned in Australia; – veteran-owned, including owned by service-disabled veteran; – owned by persons with disabilities; – LGBTQ+-owned; – disadvantaged-owned, including historically underutilized businesses; and, – small business enterprises, as defined and recognized by their respective national or state government criteria. The following spend categories are excluded from the metric calculation, as they are regarded as non-third party spend: – certain intercompany spends, per internal definitions. – government and tax authorities – legal settlements – non-third-party spend – employee expenses

Environmental footprint

Theme	Environment
Metric(s)	Percentage of contractual instruments, scope 2 greenhouse gas GHG emissions. Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to scope 2 GHG emissions. Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to scope 2 GHG emissions.
Legal entity	UBS Group AG (consolidated)

Definition and method	Volumes of purchased electricity covered by energy attribute certificates (EACs) are recorded in UBS's internal environmental data system Enablon by origin source (hydro, wind, solar, etc.). These renewable electricity volumes are multiplied by standard emission factors for each location and deducted from location-based emissions calculated for the same location. The outcome is market-based emissions.
	Reductions in emissions from energy certificates (EACs or renewable energy credits (RECs)), are calculated following RE100 standards and applied at country level to support the calculation of UBS's market-based (net) scope 2 emissions.
	The scope of the reporting extends to locations where UBS Group has operational control, as defined by the GHG Protocol.
	– Renewable energy consumption is captured from the following sources:
	  – Unbundled procurement of energy attribute certificates
	  – Bundled procurement of renewable energy through an electricity supply contract including, but not limited to, renewable electricity tariffs and power-purchase agreements
	  – Direct wire supply from third-party generators (currently not relevant for UBS operations)
	  – On-site renewable energy assets
	  – Grid supply in countries where the grid mix is renewable (above 95%)
	– Definitions of what qualifies as renewable energy will be commensurate with, primarily, the standards as set out in the UBS Global Renewable Energy Guideline and secondarily, the RE100 technical guidance and credible claims criteria (in the event that exemptions to compliance with the Global Renewable Energy Guideline have been granted by the Head of In-House Environmental Management).
	– Bundled procurement, direct wire and on-site renewable generation are measured at an individual asset-level (although often more than one asset may be covered by one of these contractual instruments).
	– Unbundled procurement and renewable grid supply is measured at a country level, less any consumption already measured at asset-level.
	
	Calculation:
	Percentage of contractual instruments, scope 2 GHG emissions = GHG reductions from Energy Attribute Certificates / gross location-based energy indirect GHG emissions (scope 2)
	
	Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to scope 2 GHG emissions = energy attributes purchased as part of bundled contracts / total Energy Attribute Certificates
	
	Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to scope 2 GHG emissions = energy attributes purchased as part of unbundled contracts / total Energy Attribute Certificates

Theme	Environment
Metric(s)	Total amount of carbon credits outside value chain that are verified against recognized quality standards and cancelled (tCO_2eq)
Legal entity	UBS Group AG (consolidated)
Definition and method	Annual carbon emissions data (own operations emissions) is retrieved from the internal environmental data system Enablon. This is enhanced for inclusion of the forecast, if the purchase is in advance. Only air travel emissions and any other residual emissions are considered to determine the carbon credits required for the year. Tender requirements are based on the UBS Carbon and Environmental Markets Guideline, which is based on the applicable industry standards e.g. the Integrity Council for the Voluntary Carbon Market's (ICVCM) Core Carbon Principles. Shortlisted tenders go through internal due diligence before final contracts are executed, to ensure the requirements are met. Credit purchases and retirements are executed via third-party supplier and are documented through the certificates delivered by the supplier.

Assurance and certification

ISO 14001 and 50001 certifications

In 2024, the Environmental Management System (EMS) of the UBS Group, excluding Credit Suisse and Social Impact and Philanthropy, was certified under the ISO 14001:2015 standard for all business activities, i.e. the activities, products and services of Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank and Group Functions, with environmental aspects. The EMS also applies to all in-house operations at major locations and data centers, including selected former Credit Suisse buildings (please refer to the certificates below). In this regard, UBS seeks to continuously improve environmental and sustainability performance and pollution prevention, where possible, across the firm.

Additionally, UBS Group AG is compliant with the requirements stated in the ISO 50001:2018 standard. The scope of the certification is as follows: the EMS includes all in-house operations conducted at 31 locations, consisting of offices and datacenters in selected European countries and cities.

MGMT. SYS.
RvA C 466

Certificate

Certificate number: 2017-015

Certified by EY CertifyPoint since: September 1, 2017

Based on certification examination in conformity with defined requirements in ISO/IEC 17021-1:2015, the Environmental Management System as defined and implemented by

UBS Group AG*

located in Zürich, Switzerland is compliant with the requirements as stated in the standard:

ISO 14001:2015

Issue date of certificate: August 17, 2023
Re-issue date of certificate: September 13, 2024
Expiration date of certificate: August 19, 2026

EY CertifyPoint will, according to the certification agreement dated April 27, 2023, perform surveillance audits and acknowledge the certificate until the expiration date noted above.

**The certification is applicable for the assets, services and locations as described in the scoping section at the back of this certificate.*

DocuSigned by:
Jatin Sehgal
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J. Sehgal | Director, EY CertifyPoint

Digital version

UBS Group AG

Scope for certificate 2017-015

The scope of this ISO 14001:2015 certification is as follows:

The Environmental Management System includes all business activities in all locations – i.e. activities, products and services of all business divisions (Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank) and Group Functions, in all branches, with environmental aspects. The EMS related to business activities excludes Credit Suisse Banking Business activities and Social Impact.

The global banking business scope mentioned above applies to the global banking business activities conducted from the jurisdictions listed below. The physical locations are out of scope unless mentioned on the following page for in-house operations.

Argentina
Australia
Austria
Bahamas
Bahrain
Bermuda
Brazil
Canada
Cayman Islands
Chile
China
Colombia
Denmark
France
Germany
Guernsey
Hong Kong
India
Indonesia
Ireland
Israel
Italy
Japan
Jersey
Kazakhstan
South Korea
Liechtenstein
Luxembourg
Malaysia
Mexico
Monaco
Netherlands
New Zealand
Panama
Peru
Philippines
Poland
Portugal
Puerto Rico
Qatar
Saudi Arabia
Singapore
South Africa
Spain
Sweden
Switzerland
Taiwan
Thailand
Turkey
United Arab Emirates
United Kingdom
United States
Uruguay
Venezuela

The Environmental Management System is centrally managed out of the in-scope headquarter location Bahnhofstrasse 45, 8001 Zürich, Switzerland.

This scope is only valid in connection with certificate 2017-015.

Digital version

UBS Group AG

Scope for certificate 2017-015

The EMS applies to all in-house operations at the major locations and data centers in the following geographical locations, including selected Credit Suisse buildings (as per the "EMS_Building List ISO 14001_reviewed 11.10.2024").

The in-house operations scope mentioned above applies to the following physical locations:

Australia, Sydney
Brazil, Sao Paulo
China, Beijing
China, Shanghai
China, Wuxi
France, Paris
Germany, Frankfurt am Main
Hong Kong, Hong Kong
India, Hyderabad
India, Navi Mumbai
India, Pune
Italy, Milano
Japan, Tokyo
Luxembourg, Luxembourg
Mexico, Ciudad de Mexico
Panama, Panama City
Poland, Krakow
Poland, Wroclaw
Singapore, Singapore
Spain, Madrid
Switzerland, Aarau
Switzerland, Basel
Switzerland, Bern
Switzerland, Biel/ Bienne
Switzerland, Carouge
Switzerland, Genève
Switzerland, Gümligen
Switzerland, Lausanne
Switzerland, Lugano
Switzerland, Luzern
Switzerland, Manno
Switzerland, Opfikon
Switzerland, Renens
Switzerland, Schaffhausen
Switzerland, St. Gallen
Switzerland, Urdorf
Switzerland, Zürich
Taiwan, Taipei
United Kingdom, Hayes
United Kingdom, London
United States, Chicago
United States, Nashville
United States, New York
United States, Raleigh
United States, Shelton
United States, Stamford
United States, Weehawken

The Environmental Management System mentioned in the above scope is restricted as defined in "EMS_Building List ISO 14001_reviewed 11.10.2024".

This scope is only valid in connection with certificate 2017-015.

MGMT. SYS.
RvA C 466

Certificate

Certificate number: 2017-017

Certified by EY CertifyPoint since: September 1, 2017

Based on certification examination in conformity with defined requirements in ISO/IEC 17021-1:2015, the Energy Management System as defined and implemented by

UBS Group AG*

located in Zürich, Switzerland is compliant with the requirements as stated in the standard:

ISO 50001:2018

Issue date of certificate: August 17, 2023
Re-issue date of certificate: September 13, 2024
Expiration date of certificate: August 19, 2026

EY CertifyPoint will, according to the certification agreement dated April 27, 2023, perform surveillance audits and acknowledge the certificate until the expiration date noted above.

**The certification is applicable for the assets, services and locations as described in the scoping section at the back of this certificate.*

DocuSigned by:
Jatin Sehgal
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J. Sehgal | Director, EY CertifyPoint

UBS Group AG

Scope for certificate 2017-017

The scope of this ISO 50001:2018 certification is as follows:

The Energy Management System includes all in-house operations conducted at 31 locations, consisting of offices and datacenters in selected European countries and cities as listed in the ''EnMS_Building List ISO 50001_reviewed 11.10.2024''. Included in the scope is the UBS Headquarter in Zürich.

The Energy Management System is centrally managed out of Bahnhofstrasse 45, 8001 Zürich, Switzerland. The scope mentioned above applies to the following locations:

Bordeaux, France
Lyon, France
Paris, France
Strasbourg, France
Berlin, Germany
Düsseldorf, Germany
Frankfurt, Germany
Hamburg, Germany
München, Germany
Stuttgart, Germany

Bologna, Italy
Brescia, Italy
Firenze, Italy
Milano, Italy (2 sites)
Modena, Italy
Napoli, Italy
Padova, Italy
Roma, Italy
Torino, Italy
Treviso, Italy

Luxembourg, Luxembourg (2 sites)
Madrid, Spain (2 sites)
Krakow, Poland
Fabryzcna, Poland
Wroclaw, Poland
London, United Kingdom (2 sites)
Zürich (HQ only), Switzerland

The Energy Management System mentioned in the above scope is restricted as defined in "EnMS_Building List ISO 50001_reviewed 11.10.2024".

This scope is only valid in connection with certificate 2017-017.

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UBS Group AG
P.O. Box
CH-8098 Zurich

ubs.com

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