

UBS in society Constitutional Document

UBS's goal is to be the financial provider of choice for clients wishing to mobilize capital towards the United Nation's Sustainable Development Goals (SDGs) and the orderly transition to a low carbon economy (the Paris Agreement). This document defines the principles and responsibilities for promoting this commitment systematically across all relevant businesses and for implementing the ethical standards defined in the UBS Code of Conduct and Ethics that govern UBS's interaction with society and the environment.

Key Principles

We implement our vision across four pillars: in finance, in philanthropy, in communities and in business:

- We play an important role in the allocation of capital and strive to support our clients with innovative products and services that address societal concerns and drive change for the better (in finance and in philanthropy)
 - We want to make a positive impact across the geographical areas in which we operate to support the development of prosperous and healthy societies (in communities)
 - We regard clear principles as necessary, collaboration as essential, and a strong corporate culture as paramount to address the ambitious SDGs and the Paris Agreement (in business)
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1. Our Commitment

UBS's goal is to be the financial provider of choice for clients wishing to mobilize capital towards the achievement of the United Nation's Sustainable Development Goals (SDGs) and the orderly transition to a low carbon economy (the Paris Agreement). We work towards this goal by integrating sustainability into our mainstream offerings, through new and innovative financial products with a positive effect on the environment and society, and by advising clients on their philanthropy. And it is through the management of environmental and social risks, the management of our environmental footprint and our sustainability disclosure that we continue to set standards in the industry.

Our cross divisional organization, UBS in society, focuses our firm on this direction. UBS in society is committed to making UBS a force for driving positive change in society and the environment for future generations. It will do so by focusing our firm on creating long term positive impact for clients, employees, investors and society. Our ambition is to be:

- A leader in sustainable finance across all client segments
- A recognized innovator and thought leader in philanthropy¹
- An industry leader for sustainable business practices
- An employer of choice

UBS in society covers all the activities and capabilities related to sustainable finance (including sustainable investing), philanthropy, environmental, climate and human rights policies governing client and supplier relationships, our environmental footprint, human resources as well as community investment. It is through this cross divisional organization that UBS leverages its expertise across all of these areas to drive sustainable performance.

We intend to make sustainable performance the standard across our firm and part of every client conversation. This means that we will focus on the long term and work to provide appropriate returns to all of our stakeholders in a responsible manner. In addition, we are transparent about our targets and progress wherever possible to demonstrate our commitment.

2. Scope

The document defines the principles, governance and controls for implementing this commitment. It outlines how UBS is becoming a force for driving positive change – in finance, in philanthropy, in communities and in our business. Our banking activities, in-house operations, supply chain management and community interactions are subject to, and must be conducted in compliance with this commitment.

¹ Includes client and corporate donations (section 3.2 and 3.3)

3. Principles

The following principles outline how UBS in society promotes the implementation of its commitment to make UBS a force for driving positive change in society and the environment for future generations, across four areas; in finance, in philanthropy, in communities and in our business.

3.1. In finance

We're reshaping the landscape of sustainable finance by using thought leadership, innovation and partnerships to support clients in their sustainability efforts. For:

- **Private investors:** We're helping clients invest in companies that use their resources wisely and deliver reliable, long-term results. It's important to us that our clients can invest in what they care about, make the difference they desire and still get the returns they are looking for.
- **Institutional investors:** We're transforming the business of asset management and taking a long-term perspective by establishing sustainable and impact investing as core components across our offering and solutions.
- **Corporate organizations:** We're offering in-depth research, innovative products and expert advice to organizations who would like to consider environmental, societal and governance criteria in their financing and investing decisions.
- **Swiss businesses:** We're creating programs to help Swiss companies prepare for the new, low-carbon economy.

3.2. In philanthropy

We're partnering with clients and others for good, by offering expert advice, carefully selected programs from UBS Optimus Foundation, and innovative social financing mechanisms, so that our clients can make meaningful and measureable impact:

- **UBS Optimus Foundation:** We're making a measureable improvement in the lives of world's most vulnerable children. From getting more girls into school, to using solar power to improve maternal health we're bringing our clients, partners and extensive network together to support SDG-focused initiatives with the potential to be transformative, scalable and sustainable. We do this through evidence based grant making and innovative social finance, finding the most effective ways to use capital to drive social change.
- **Philanthropy advisors:** We're dedicated to making the philanthropic vision of our clients come to life. From helping them understand where they can begin, to how they can give in the most effective way, our advice is supported by in-depth research. We offer access to a global philanthropist network and insight experiences through our Philanthropy Forums and visits to the foundation's programs.

3.3. In communities

We recognize that UBS's long-term success depends on the health and prosperity of the communities of which we are part.

Our Community Affairs programs represent the firm's investment in communities. Our programs seek to overcome disadvantage through long-term investment in education and entrepreneurship. We provide UBS resources (both financial and employee volunteering) to drive change and create a positive impact. Our approach is to build sustainable and successful partnerships with non-profit organizations and social enterprises to ensure that our contributions have a lasting impact.

Our Community Affairs framework is global in scope and delivers both community and business impact in each of the regions in which we operate. Regional execution of the global strategy ensures we are effectively aligning our programs to address local community issues and support business priorities.

3.4. In our business

We're leading by example in that we challenge ourselves and our peers to raise the bar and be open about the impact our actions have on society and the environment. Our focus is on:

- **Environmental and social risk:** We apply an environmental and social risk (ESR) framework to identify and manage potential adverse impacts to the environment, the climate and to human rights as well as the associated environmental and social risks our clients' and our own assets are exposed to. UBS's comprehensive ESR standards are aligned with UBS in society, govern client and supplier relationships, and are enforced firm-wide and applied to all activities.
- **Environmental footprint:** We set quantitative targets to reduce group-wide greenhouse gas emissions and the environmental impact of our operations. Environmental programs include investments in sustainable real estate and efficient information technology, energy and water efficiency, paper and waste reduction and recycling, the use of environmentally friendly products (such as renewable energy or recycled paper), business travel and employee commuting. UBS aims to reduce negative environmental and social impacts of goods and services it purchases and engages with suppliers to promote responsible practices.
- **Human resources:** Our employees are crucial to our business success. We seek to attract, develop and retain talented people at all levels with diverse background and skills to effectively advise our clients, deliver innovative solutions, manage risk, navigate evolving regulatory requirements, and drive change. We also focus on increasing awareness of UBS in society amongst our employees by integrating sustainability topics in our employee lifecycle activities.
- **Corporate responsibility:** We report openly and transparently about our firm's environmental, social, governance (ESG) performance, including UBS in society, and seek to maintain open dialogue and active communications with our stakeholders.

4. Responsibilities and Structure

The **Corporate Culture and Responsibility Committee (CCRC)**² supports the UBS Board of Directors in its duties to safeguard and advance the Group's reputation for responsible and sustainable conduct. It approves and monitors UBS in society's overall strategy and annual objectives, reviews that the UBS in society constitutional document is relevant and up to date, and oversees the program's annual management review (see section 5).

The **Group CEO**³ supervises the execution of the UBS in society strategy and annual objectives. The Group CEO also informs the Group Executive Board (GEB) and Corporate Culture and Responsibility Committee (CCRC) about UBS in society updates as appropriate.

The **Head UBS in society** is UBS's senior level representative for environmental and sustainability issues. He or she is nominated by the Group CEO, chairs the UBS in society Steering Committee, is a member of the Global Environmental Social Risk Committee, and is a permanent guest to the CCRC. He or she develops the UBS in society strategy, leads in its execution, and submits annual objectives to the Group CEO. On behalf of the Group CEO, he or she proposes the UBS in society strategy and annual objectives to the CCRC for approval. He or she is supported by the UBS in society Executive Committee (EC)⁴ in this effort.

The **UBS in society Steering Committee (SC)**⁵ ensures firm-wide execution of the UBS in society strategy across business divisions, functions and regions. The Committee is chaired by the Head UBS in society and is composed of divisional, regional, and Group COO EC members as well as UBS in society EC members. SC members are nominated by their respective GEB member and/or the Head UBS in society, and are responsible to define and implement the sustainability strategy of their BA/Function (and to allocate resources accordingly) in-line with the UBS in society strategy. SC members ensure their objectives and plans are signed off by their GEB member/ECs.

The **Global Environmental & Social Risk Committee**⁶ defines an ESR framework and independent controls that align UBS's environmental and social risk appetite with that of UBS in society. It is chaired by the Group Chief Risk Officer, who is responsible for the development and implementation of principles and appropriate independent control frameworks for environmental and social risks within UBS.

The **Business Divisions** are responsible for developing, providing resources to, and executing the UBS in society annual objectives in their respective division as they relate to client relationships, product development, investment management, distribution and risk management, predominantly in the areas of sustainable finance and client philanthropy.

The **Regions** are responsible for providing resources to, and executing Community Affairs objectives in their region through their respective regional Community Affairs teams. The Community Affairs objectives are aligned with the global framework of UBS in society.

The **Corporate Center** functions are responsible for developing, providing resources to, and executing UBS in society annual objectives as they relate to risk control, sustainability regulation, employee training and development, in-house environmental and supply chain management, and communications.

² Responsibilities and authority of the CCRC are defined in Annex C of the Organization Regulations of UBS Group AG

³ As set out in the Corporate Center Business Regulations

⁴ As set out in the UBS in society Executive Committee Terms of Reference

⁵ As set out in the UBS in society Steering Committee Terms of Reference

⁶ As set out in the Global Environmental and Social Risk Committee Terms of Reference

5. Reporting and Controls

Our commitment is implemented through a firm-wide management system steered by defined measurable objectives. Their achievement is reviewed on a semi-annual basis by the Head of UBS in society, and on an annual basis by the Corporate Culture and Responsibility Committee.

Progress made in implementing UBS in society's strategy, commitment, and objectives is reported as part of UBS's annual reporting. This reporting is reviewed and assured externally according to the requirements of the Global Reporting Initiative's (GRI) sustainability reporting guideline. We also regularly report on the implementation of our climate strategy and follow the recommendations provided by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and externally verify our greenhouse gas reporting according to ISO 14064.

UBS is certified according to ISO 14001 and ISO 50001 international environmental and energy management standards. These certificates attest that UBS's environmental management system is an appropriate tool for evaluating compliance with the relevant environmental regulations, achieving self-defined environmental objectives, and maintaining continual improvement of environmental performance.

The implementation of our commitment and principles, as laid out in this document, is a process of continual improvement.

Standard Information

The Sustainable Development Goals (SDGs)

In September 2015, with the support of 193 nations, the United Nations launched the 2030 Agenda for Sustainable Development to end poverty, combat climate change, and fight injustice. Seventeen Sustainable Development Goals (SDGs) went into effect in January 2016 to address global socio economic imbalances threatening the lives of people living in developing economies and the future of generations to come.

The Paris Agreement

The Paris Agreement is an agreement within the United Nations Framework Convention on Climate Change (UNFCCC) signed in 2016. As of March 2019, 195 countries had signed committing to keep the long-term global average temperature increase to well below 2 °C above pre-industrial levels; and to pursue efforts to limit the increase to 1.5 °C above pre-industrial levels, recognizing that this would substantially reduce the risks and impacts of climate change. It also aims to increase the ability of parties to adapt to the adverse impacts of climate change, and make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Climate strategy

UBS considers an orderly transition to a low-carbon economy as vital. Orderly means that emissions are reduced in a measured way to meet climate goals, starting now⁷. We support this transition through our comprehensive climate strategy. We are determined to protect our clients, and our own assets from climate-related risks in the context of uncertain policy and technology developments, mobilize private and institutional capital to finance the transition and reduce our own direct climate impact.

Environmental and social risk (ESR)

Environmental and social risks are broadly defined as the risk that UBS supports clients, or sources from suppliers, who cause or contribute to severe environmental damage or human rights infringements. Environmental and social risks can also arise if UBS's operational activities and its employees (or contractors working on behalf of UBS) fail to operate within relevant environmental and human rights regulations. Environmental and social risks (including human rights and climate-related risks) may result in adverse financial and reputational impacts for UBS.

Sustainable Investments (SI)

Sustainable investing is an approach that seeks to incorporate environmental, social and governance (ESG) considerations into investment decisions. SI strategies seek to 1) achieve a positive environmental or social impact, and/or 2) align investments with an investor's values regarding ESG topics, while aiming to improve the portfolio risk and return characteristics.

Sustainable Finance

Sustainable finance refers to any form of financial service that integrates environmental, social and governance (ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large.

⁷ NGFS - A call for action , Climate change as a source of financial risk, First comprehensive report, 2019.