

The Environment

We regard environmental management as an important characteristic of good business practice.



Environmental Policy

It is the aim of this Policy that in all our business dealings we act in an environmentally responsible manner.

Page 3



Our Performance

We annually report on our environmental performance and on future priorities. This includes key performance indicators based on international reporting standards.

Page 4



Environmental Management System

In accordance with UBS's environmental policy, our environmental management system ensures a process of continual improvement as well as compliance with legal regulations and voluntary commitments.

Page 13



Market Opportunities

We offer a variety of SRIs to our environmentally and socially engaged clients.

Page 18



Risk Management

We seek to consider environmental risks in all our businesses, especially in lending, investment banking, advisory and research, and in our own investments.

Page 23



In-House Operations

We actively seek ways to reduce our direct environmental impact on air, soil and water from in-house operations, with a primary focus on reducing greenhouse gas emissions.

Page 28



Communications & Training

We invest in know-how and integrate environmental considerations into internal communications and training.

Page 37

Validation by Société Générale de Surveillance AG

"We have verified the correctness of the statements in the 2005 Environmental Report of UBS AG and, where necessary, have requested that proof be presented. We hereby confirm that the report has been prepared with the necessary care, that its contents are correct with regard to environmental performance, that it describes the essential aspects of the Environmental Management System at UBS AG and that it reflects the actual practices and procedures at UBS AG."

Elvira Bieri and Dr. Erhard Hug

Zurich, April 2006

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Addressing Climate Change

UBS acknowledges that climate change represents one of the most significant environmental challenges of our times. It will have wide-ranging effects on ecosystems, on societies and on economies worldwide. Business will be shaping innovative strategies in response to new regulations as well as emerging market risks and opportunities. So, how are we responding?

Reducing our direct impact

Although our direct contribution to climate change as a financial institution is rather small compared to other industries, UBS considers the efficient and sustainable management of energy and the reduction of its carbon emissions to be an important aspect of our corporate responsibility. UBS has decided to be ambitious in reducing this direct impact. The Group Executive Board decided in February 2006 to set a group-wide carbon emission reduction target of 40% below 2004 levels by 2012. We will seek to achieve this target by increasing in-house energy efficiency whenever possible, by purchasing more green energy, and by offsetting emissions, including those caused by our business related air travel.

Our past efforts in this area have already been highly recognized. For instance, BusinessWeek, in cooperation with 'The Climate Group' ranked UBS third on their 'Single-Year Percentage Leader' list for reductions in carbon emissions in 2004. Some examples of measures to that effect were:

Our 'On Floor Control System' installed in London buildings detects the presence of people with sensors, eliminating wastage and delivering significant savings on the energy required for lighting and cooling.

In order to reduce carbon emissions from air travel, UBS has implemented extensive video conference facilities in all major buildings worldwide. These range from boardroom videoconferences to desktop videos for individual interaction.

In London, UBS purchases CCL-Free Electricity (Climate Change Levy exempt electricity) which is guaranteed to be generated from either renewable energy or good-quality combined heat and power.

In Zurich, the renovation of a major building resulted in yearly savings of 3.5 GWh, which is 41% of its total annual energy consumption. The building's heating, cooling and lighting systems were entirely upgraded using state-of-the-art technology and operations.

UBS also supports climate change initiatives promoted by governmental authorities: in Japan, UBS Tokyo became part of the Tokyo metropolitan Government "CO2 Emission Reduction Program" based on targeting business sites consuming large volumes of energy. Tokyo carried out an audit of their building and submitted a report. In Switzerland, UBS is a member of the Zurich Energy Model, an initiative launched in 1987 by twelve major energy consumers - among them UBS. Initially launched in the city of Zurich, it now applies across Switzerland. Firms involved in the Model voluntarily commit to energy efficiency increases, and communicate innovative solutions to the general public.

Engaging investors and markets

UBS is a founding member of the Carbon Disclosure Project, through which it collaborates with other institutional investors to write to the 500 largest quoted companies in the world asking for information concerning their greenhouse gas emissions. The project asks companies to identify the business implications of their exposure to climate-related risks and explain what they are doing to address these risks. In 2005, over 90% of responding companies flagged climate change as posing commercial risks or opportunities to their business, and 51% said they had implemented emission reduction programs.

UBS's dedicated SRI equity research team produces research that investigates the effects of climate change on certain companies and sectors. In 2005, the team was instrumental in organizing a UBS Climate Change Conference to discuss and assess climate change related risks for investors, with Sir David King, Chief Scientific Advisor to the UK Government, as the keynote speaker.

UBS is also a member of the Intercontinental Exchange (ICE), an electronic marketplace for energy and emissions trading in conjunction with the European Climate Exchange (ECX). UBS trades ECX carbon financial instruments on behalf of clients.

Environmental Policy

It is the aim of this Policy that in all our business dealings we act in an environmentally responsible manner.



It defines principles and responsibilities for managing environmental issues, and aims to contribute over the long term to UBS shareholder value by seeking to ensure that:

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

UBS's environmental policy, established in 1993, was last revised by the Group Executive Board in September 2005.

[Download "UBS Environmental Policy"](#) 

Our Performance

We annually report on our environmental performance and on future priorities. This includes key performance indicators based on international reporting standards.



History

Our commitment to the environment goes back to the 1970s.

Page 5



Our achievements in 2005

This section describes our achievements against 2005 Group Priorities.

Page 6



Our Priorities for 2006

The Group Executive Board annually defines Group Priorities.

Page 7

Environmental Performance Indicators (EPI)

Every year, we provide a detailed description of our environmental performance using key performance indicators which allow for annual comparisons. They are based on industry standards such as the Global Reporting Initiative (GRI) and VfU (both include environmental performance indicators tailored to financial institutions).



EPI - Management System

The management indicators provide an overview of our environmental management system.

Page 8



EPI - Socially Responsible Investments

Invested assets subject to environmental and social screening.

Page 9



EPI - In-House Operations

Every year, we analyze our environmental and CO2 footprints.

Page 10

History

Our commitment to the environment goes back to the 1970s.

Key milestones of the last four decades:

2006	UBS decided to set a group-wide carbon emission reduction target of 40% below 2004 levels by 2012
2005	UBS successfully passed the second ISO 14001 re-certification covering banking business and in-house operations worldwide
2004	UBS's environmental policy was revised by the Group Executive Board The Investment Bank created an SRI team within Equity Research
2003	ISO 14001 surveillance audit confirmed successful integration of Wealth Management USA (formerly PaineWebber) into UBS's environmental management system
2002	ISO 14001 re-certification covering banking activities and in-house operations worldwide
2001	UBS was included in the FTSE4Good Indexes and the Dow Jones STOXX Sustainability Indexes for the first time
2000	UBS became the leading bank and topped the financial sector as a whole for firms included in the Dow Jones Sustainability Group Indexes (DJSI)
1999	UBS was certified according to the international standard for environmental management systems, ISO 14001 , covering banking activities world-wide and in-house operations in Switzerland Environmental criteria were integrated into UBS's risk and policy framework
1998	New organization and environmental policy at UBS
1997	Launch of Eco-Performance-Portfolio Funds Co-operation on the "Environmental Management in Financial Institutions" guidelines, published by the Swiss Bankers Association (SBA)
1996	Launch of environmental equity analysis for investment advisory services "Environmental management for building construction projects" brochure was published
1995	Purchasing guidelines for office ecology were released Environmental training functional unit was established
1994	Environmental credit assessment procedure for Swiss corporate clients First environmental report
1993	First environmental policy
1992	Signatory to the UNEP bank declaration Signatory to the Charter for Sustainable Development of the International Chamber of Commerce ICC First in-house ecology analyses
1991	Environmental strategy First environmental performance evaluations of in-house operations in Zurich
1989	The first formal energy guidelines
1978	The first energy unit

Our achievements in 2005

The section describes our achievements with regards to the 2005 Environmental Group Priorities.



Pass 2005 ISO 14001 re-certification audit

UBS successfully passed the re-certification audit of its environmental management system, thereby renewing the global ISO 14001 certificate for another three years.

Develop and implement environmental risk control processes for advisory, research and own investments where appropriate.

A new online resource was made available to investment bankers, research teams and control groups globally to help in identifying, analyzing and managing environmental and social risks. The website was specifically designed for UBS by Innovest Strategic Value Advisors and offers non-traditional analysis on over 2,000 companies in more than 60 sectors.

In addition, environmental risk management was further improved for our lending practices: in Global Wealth Management & Business Banking, procedures and tools were further refined and tailored to client segments, transaction size and risk exposure.

Ensure appropriate SRI product offering.

Global Asset Management created a new "Responsibility Fund" umbrella for in-house funds and launched a new SRI fund in July 2005, the UBS Responsibility Fund - European Equities. Simultaneously, an SRI awareness campaign was launched with a focus on wealth management client advisors and desk heads. UBS is a member of the Intercontinental Exchange (ICE), an electronic marketplace for energy and emissions trading in conjunction with the European Climate Exchange (ECX). UBS trades ECX carbon financial instruments on behalf of clients.

Clarify UBS's strategic position for managing its energy consumption / CO2 footprint.

UBS decided to set a group-wide carbon emission reduction target of 40% below 2004 levels by 2012. We will seek to achieve this target by increasing in-house energy efficiency whenever possible, by purchasing more green energy, and by offsetting emissions, including those caused by our business-related air travel.

Further promote environmental awareness worldwide

Significant specialized training and awareness raising was conducted in all Business Groups (3,261 employees trained in 2005).

Our Priorities for 2006

The Group Executive Board annually defines Environmental Group Priorities, in line with our Environmental Policy and with the ISO 14001 requirement to demonstrate continual improvement of our environmental management system.

- Pass 2006 ISO 14001 surveillance audit
- Review scope of UBS's environmental risk framework
- Review UBS's existing strategy towards the various segments of Socially Responsible Investment products and services
- Further promote environmental awareness of UBS employees worldwide
- Implement UBS's CO₂ strategy

Environmental Performance Indicators - Management System

The management indicators provide an overview of our environmental management system at Group level.

Investing in know-how and relevant expertise is essential to improve environmental performance. It is training that enables us to achieve our environmental goals and the desired impact on value drivers in our various business areas. Audits play an important role in the necessary controls and in defining new measures.

Management indicators for environmental performance

		For the year ended			% change from
		31.12.05	31.12.04	31.12.03	31.12.04
Full-time equivalent, except where indicated	GRI ¹	31,12,05	31,12,04	31,12,03	31,12,04
Personnel financial businesses²		69,569	67,407	65,879	3
In specialized environmental units ³		25.3	22.0	16.4	15
Environmental awareness raising					
Employees trained	F5	2,251	1,664	1,377	35
Training time (hours)	F5	1,214	2,124	1,857	(43)
Specialized environmental training					
Employees trained	F5	1,010	602	1,106	68
Training time (hours)	F5	2,066	1,932	2,548	7
External environmental audits⁴					
Employees audited	F6	147	11	26	1,236
Auditing time (days)	F6	17	2	3	750
Internal environmental audits⁵					
Employees audited	F6	216	148	171	46
Auditing time (days)	F6	39	29	37	34

1 Global Reporting Initiative (see also www.globalreporting.org). F stands for the environmental performance indicators defined in the GRI Financial Services Supplement

2 All employment figures represent the state as of 31 December 2005.

3 2005: 21.8 UBS and 3.5 external employees (FTE)

4 Audits carried out by SGS Société Générale de Surveillance SA. Surveillance audits took place in 2003 and 2004. The more comprehensive re-certification audit was done in 2005.

5 Audits/reviews carried out by specialized environmental units. The implementation of environmental risk policies is also audited by Group Internal Audit.

Environmental Performance Indicators

Socially Responsible Investments

Invested assets subject to environmental and social screening.

SRI invested assets, at CHF 51.29 billion on 31 December 2005, were up 28% from a year earlier. This growth rate is higher than UBS's overall invested assets, up 20%. SRI invested assets now represent 1.93% of UBS's invested assets.

SRI invested assets	GRI ¹	For the year ended			% change from
		31.12.05	31.12.04	31.12.03	31.12.04
CHF billion, except where indicated					
UBS		2,652	2,217	2,098	20
Socially Responsible Investments					
Positive criteria	F9	1.05	0.78	0.71	34
Engagement ²	F9	38.90	31.60		23
Exclusion criteria	F9	10.73	7.32	8.95	47
Third-party ²	F9	0.61	0.29	0.13	109
Total SRI assets ²	F9	51.29	39.99		28
Proportion of invested assets (%) ³		1.93	1.80		
Performance of UBS's SRI Funds (%)					
Absolute performance Eco Performance ⁴		21.79	4.66	15.90	
Relative performance Eco Performance vs. MSCI ⁵		(5.72)	(1.30)	(3.74)	

1 Global Reporting Initiative (see also www.globalreporting.org). F stands for the Environmental Performance Indicators defined in the GRI Financial Services Sector Supplement 2 Figures for 2003 not available due to revised definition. 2 Total socially responsible investments / invested assets. 3 Eco Performance = UBS (Lux) Equity Fund-Eco Performance B. 4 Benchmark: MSCI World (r).

Positive criteria: applies to the active selection of companies, focusing on how a company's strategies, processes and products impact its financial success, the environment and society. Engagement: investors enter into a dialogue with boards or management of companies with the aim of influencing corporate behavior and policies, if appropriate, in relation to environmental, social or ethical issues.

Exclusion criteria: companies or sectors are excluded based on environmental, social or ethical criteria, e.g. companies involved in weapons, tobacco, gambling, or with high negative environmental impacts.

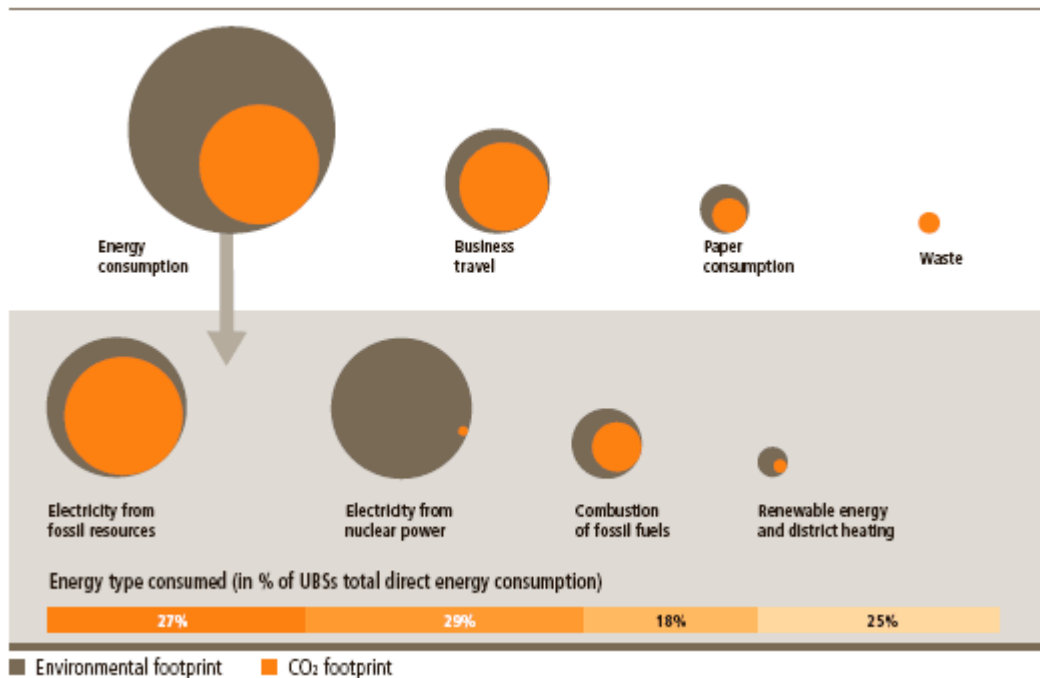
Third-party: UBS's open product platform gives clients access to SRI products from third-party providers.

Environmental Performance Indicators - In-House Operations

Every year, we analyze our environmental and CO₂ footprints.

The graph below shows the relative environmental and CO₂ footprints of our energy consumption, business travel, paper consumption and waste. It also breaks down our energy consumption according to source, and displays their related environmental and CO₂ footprints. This shows that the type of energy mix we purchase has a strong influence on our overall environmental and CO₂ footprint. In 2005, 25% of the energy we consumed came from renewable energy sources and district heating.

Environmental and CO₂ footprints



The size of the circles represents the scale of the environmental impact for each factor – the larger the circle area, the greater the environmental significance of the process.

Environmental footprint: shows the environmental impact (i.e. through emissions, use of resources, waste) of each corresponding process. This includes all relevant upstream and downstream processes, such as acquisition of raw materials, manufacturing, transport and disposal. The environmental footprint is approximated based on the amount of non-renewable energy consumed.

CO₂ footprint: shows the global warming potential of a process, including all relevant upstream and downstream processes. The CO₂ footprint equals the quantity of CO₂ and other greenhouse gases that emerge through the corresponding energy consumption process.

Overall, our energy consumption in 2005 increased by 3% from a year earlier, which is roughly in line with our 3.2% headcount increase over the same period. CO₂ emissions directly and indirectly released by UBS (see CO₂ footprint in table "Absolute indicators" below) increased by 8.6%. There are several reasons explaining this trend: UBS' strong growth in the Asia Pacific region and, to a lesser extent, in the US, where the electricity country mixes have higher carbon content than the cleaner energy mixes purchased in Switzerland and London. Our business growth in 2005 also led to more air travel, another major source of increasing carbon emissions. UBS has recognized this trend, which is closely tied to its growth strategy, and has decided to address its CO₂ emissions in a systematic and comprehensive way. Our planned carbon strategy is detailed on page 2.

Ratio Indicators per FTE	Unit	2005	2004	2003
Total direct energy	kWh / FTE	13'891	13'924	14'706
Total indirect energy	kWh / FTE	27'907	25'970	29'723
Total business travel	Pkm / FTE	11'704	10'563	7'831
Total paper consumption	kg / FTE	203	198	218
Total water consumption	m3 / FTE	25.8	28.9	28.3
Total waste	kg / FTE	316	363	395
Total environmental footprint	kWh / FTE	43'251	39'130	43'154
Total CO ₂ ¹	t / FTE	3.84	3.77	4.78
CO ₂ footprint ²	t / FTE	7.64	7.26	7.89

1 GHG scope 1 and 2.
2 GHG scope 1, 2 and 3.

Absolute Indicators		2005	2004	2003
Environmental Performance Indicators ¹	GRI ²	Absolute Normalised ³	Data Quality ⁴	Absolute normalised ³
Total direct energy ⁶	EN3	966 GWh	**	939 GWh
Direct intermediate energy purchased ⁷	EN3	790 GWh	**	751 GWh
electricity from gas-fired power stations		10%	**	13%
electricity from oil-fired power stations		5.8%	**	5.5%
electricity from coal-fired power stations		18%	**	16%
electricity from nuclear power stations		36%	**	31%
electricity from hydroelectric power stations		10%	**	16%
electricity from biomass and waste power stations		2%	**	2%
electricity from wind power stations		11.4%	**	7.6%
electricity from other renewable resources		2.9%	**	4.6%
district heating		3.8%	**	4.6%
Direct primary energy consumption ⁸		177 GWh	**	188 GWh
natural gas	EN3	81%	**	83%
heating oil	EN3	16%	**	14%
fuels (petrol, diesel, gas)	EN3	2.5%	**	2.6%
renewable energy (solar power, bioorganic, etc.)		0.03%	***	0.04%
Total indirect energy ⁹	EN4	1'941 GWh	**	1'751 GWh
Total business travel	EN34	814 Mio Pkm	**	712 Mio Pkm
rail travel		3.4%	*	4.6%
road travel		0.7%	*	1.0%
air travel		96%	***	94%
Number of flights (segments)		373'950	***	342'458
Total paper consumption	EN1	14'139 t	**	13'378 t
post-consumer recycled	(EN2) ¹⁰	6.9%	**	8.3%
new fibres ECF + TCF ¹¹		92.6%	**	91.5%
new fibres chlorine bleached		0.4%	**	0.2%
Total water consumption	EN5	1.80 Mio m3	*	1.95 Mio m3
drinking water		100%	n.a.	100%
Total waste	EN11	21'999 t	*	24'462 t
valuable materials separated and recycled		65%	*	70%
incinerated		13.4%	*	9.8%
landfilled		21%	*	20%
Total environmental footprint ¹²		3'009 GWh	**	2'638 GWh
Total CO₂ (GHG scope 1 and 2) ¹³	EN8	267'159 t	**	254'273 t
Direct CO ₂ (GHG scope 1)	EN8	14%	**	16%
Indirect CO ₂ (GHG scope 2)	EN8	86%	**	84%
CO₂ footprint (GHG scope 1, 2 and 3) ¹⁴		531'462 t	**	489'500 t

Legend: GWh = giga watt hour; Pkm = person kilometers; t = tons; m3 = cubic meters; m = million

- 1 All figures are based on the level of knowledge as of the end of February 2006.
- 2 Global Reporting Initiative (see also www.globalreporting.org). EN stands for the Environmental Performance Indicators defined in the GRI. EN in brackets indicates a minor deviation from GRI that is commented.
- 3 Non-significant discrepancies from 100% are possible due to rounding errors.
- 4 Specifies the estimated reliability of the aggregated data and corresponds approximately to the following uncertainty: up to 5% – ***, up to 15% – **, up to 30% – *. Uncertainty is the likely difference between a reported value and a real value.
- 6 Refers to energy consumed within the operational boundaries of UBS.
- 7 Refers to energy purchased that is produced by converting primary energy and consumed within the operational boundaries of UBS (electricity and district heating).
- 8 Refers to primary energy purchased which is consumed within the operational boundaries of UBS (oil, gas, fuels).
- 9 Refers to primary energy, which is consumed to produce the electricity and district heating consumed by UBS.
- 10 Differing from the GRI Guidelines, pre-consumer recycled paper is counted as paper coming from new fiber as a worst case approach.
- 11 Paper produced from new fiber, which is ECF (Elementary Chlorine Free) or TCF (Totally Chlorine Free) bleached.
- 12 Shows the environmental impact (through emissions, use of resources, waste) by a process including all relevant upstream and downstream processes. The environmental footprint is approximated using the equivalent of nonrenewable energy consumed.
- 13 Refers to the "GHG (greenhouse gas) protocol initiative" (www.ghgprotocol.org), an international standard for CO2 reporting. Scope 1 accounts for direct greenhouse gas emissions by UBS. Scope 2 accounts for indirect greenhouse gas emissions associated with the generation of imported / purchased electricity, heat or steam.
- 14 Represents the total global warming potential from all linked relevant upstream and downstream processes. It equals total CO2 emissions according to the GHG standard (scope 1, 2 and 3)

Environmental Management System

In accordance with UBS's environmental policy, our environmental management system ensures a process of continual improvement as well as compliance with legal regulations and voluntary commitments.



Impact on Value Drivers

Our Environmental Policy aims to contribute over the long term to UBS shareholder value.

Page 14



Environmental Organization

The Group Executive Board nominates a Group Environmental Representative to guide the environmental strategy.

Page 15



Environmental Management Cycle

Our Management Cycle is based on the methodology known as Plan-Do-Check-Act.

Page 17

In May 1999, UBS received certification according to the ISO 14001 environmental standard. This made UBS the first financial institution in the world to have its environmental management system in banking operations certified according to ISO 14001 on a worldwide basis.

In 2002 and 2005, UBS successfully passed the ISO 14001 re-certification audits. They were performed by SGS Société Générale de Surveillance SA and now covers banking activities and in-house operations worldwide.

Impact on Value Drivers

Our Environmental Policy aims to contribute over the long term to UBS shareholder value.



Competence and responsibility

We believe that our competence in environmental management as well as the seriousness with which we take our responsibilities -- both to society and the environment -- enhances our reputation of being a responsible corporate citizen.

Our environmental reporting shows how UBS's environmental commitment in the individual business areas affects its market value and highlights in particular the effect of the "environmental factor" on different value drivers which play a key role in determining UBS's market value.

Invested assets / Net new money

UBS's competence in the analysis of environmental and social factors can be an important element when competing for new mandates in the asset and wealth management businesses and is also a factor in retaining existing portfolios. This expertise is increasingly valued by institutional investors.

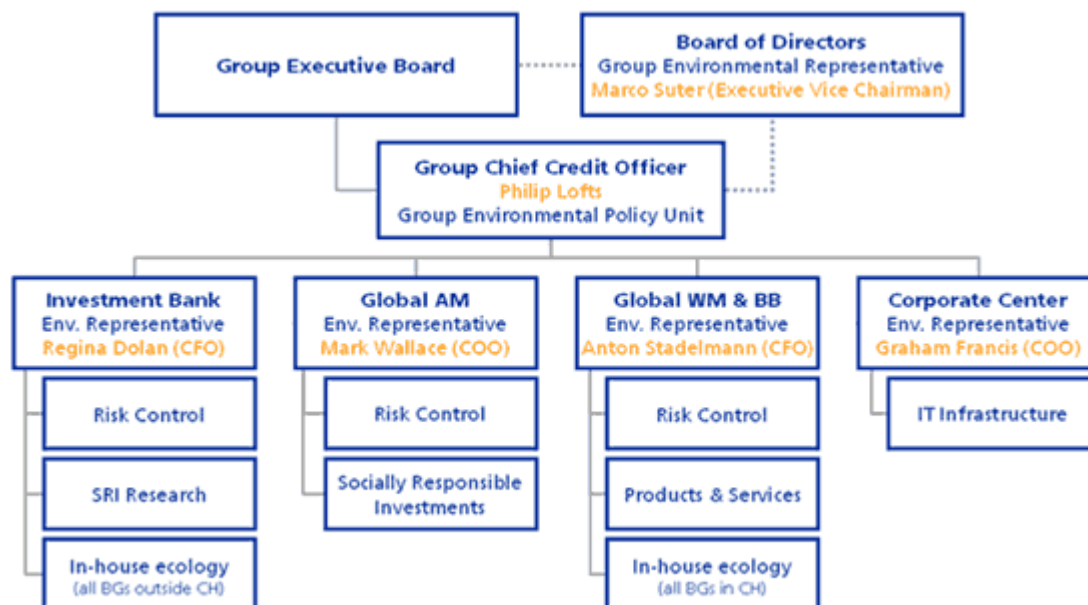
Impaired loans / Reduced provisioning requirements

Paying constant attention to the environmental risks involved in lending and investment banking can help lower the need for subsequent provisions.

Cost / income ratio

Investments in in-house ecology increase eco-efficiency. As well as improving environmental performance by using fewer resources and lowering emissions, they can also reduce the company's costs.

Environmental Organization



The **Group Executive Board** nominates a **Group Environmental Representative** to guide UBS's environmental strategy and raise relevant environmental concerns with the Corporate Responsibility Committee. This function is currently held by Marco Suter, Executive Vice-Chairman of UBS and Chairman of the Corporate Responsibility Committee. He is supported by the Group Environmental Policy unit, ensuring a coherent and consistent approach to environmental management across UBS.

The **Business Group Environmental Representatives** act as sponsor for environmental initiatives and are responsible for the implementation of UBS's environmental policy within the Business Groups. They are supported by Business Group environmental units or related functions.

Investment Bank

Risk management: the Environmental Risk Competence Center provides support to the business and control functions when requested, promotes awareness and devises environmental education programs.

Market opportunities: a team of sell-side analysts in the Investment Bank's equity research department monitors ratings provided by outside agencies on environmental, corporate governance and other SRI factors. The team produces original research on areas of increasing or diminishing risk and organizes collaborative research by analysts on the companies and industries they cover around emerging SRI themes and also works to quantifying their effects on share prices.

In-house ecology: the Global Ecology unit establishes and maintains the environmental management system in terms of in-house ecology at major locations outside Switzerland, across all Business Groups.

Global Asset Management

Market opportunities: the Socially Responsible Investments (SRI) unit conducts research and analysis on investment risks and opportunities arising from social, environmental and corporate governance challenges. This research is both employed within the portfolio of UBS SRI products, as a further input for financial analysis and as a basis for dialogue with companies on social, environmental and governance risks.

Global Wealth Management & Business Banking

Risk management: Ecofact AG, a consultancy, is the Competence Center Environmental Risk for Wealth Management & Business Banking. Services of this unit cover the development of risk assessment procedures, training of employees, in-depth assessments of transactions involving significant environmental risk and the maintenance of the environmental management system dealing with risk issues. In the US the

Risk Control unit independently monitors, assesses and supervises the Wealth Management US businesses in implementing the environmental policy.

Market Opportunities: the Business Area Products & Services takes the lead on initiatives to explore and exploit environmental market opportunities. Its current focus lies on an extended offering of socially responsible investment products to clients in booking center Switzerland.

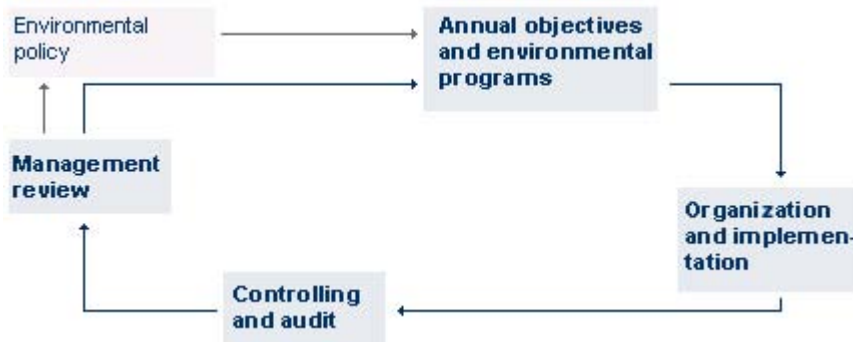
In-house ecology: the Environmental Management unit is in charge of in-house ecology in Switzerland across all Business Groups.

Corporate Center / IT Infrastructure

In-house ecology: The ITI Office for Environmental Management coordinates the environmental initiatives for IT infrastructure worldwide.

Environmental Management Cycle

Our management cycle is based on the methodology known as Plan-Do-Check-Act.



Annual objectives - Plan

The Group Executive Board is responsible for approving the annual Environmental Group Priorities. In-line with these priorities the Business Group Environmental Representatives submit annual objectives to the appropriate Business Group committees.

The annual objective-setting process is based upon the analysis of the environmental impact of bank products (as applied to environmental, banking and reputation risks), the environmental performance evaluation of in-house operations (i.e. analysis of the most important energy and materials flows) and the monitoring of compliance with legal and other requirements.

Organization and implementation - Do

The Business Group Environmental Representatives are responsible for the implementation of the environmental policy within his or her Business Group. They ensure that appropriate resources are allocated within their Business Group to manage environmental issues arising in risk control, in product development and distribution, and in logistics and infrastructure.

Controlling and audits - Check

UBS has been tracking comprehensive quantitative indicators since 1999 to help measure, monitor and improve the performance of its environmental management.

The extensive annual internal environmental audits relating to banking activities and in-house operations are of special significance. Their results provide an important basis for the evaluation of the environmental management system and planning for future programs.

Management review - Act

The Business Group Environmental Representatives update their appropriate committees and the Group Environmental Representative via an annual Business Group management review. The Group Environmental Representative then updates the Group Executive Board via the annual ISO 14001 Management Review, informs on the degree of implementation of the environmental policy and on environmental audit results, and submits general environmental priorities. To keep the Group Executive Board up to date with developments in environmental performance throughout the year, environmental aspects are integrated in internal reporting processes.

Environmental Market Opportunities

We offer a variety of Socially Responsible Investment products and services to our environmentally and socially engaged clients.



Environmental Factors

UBS has strong expertise in incorporating environmental and social aspects into its research and advisory activities.

Page 19



Socially Responsible Investments

Learn more about the socially responsible investment products UBS offers to both private and institutional investors.

Page 20



SRI Sell-side Research

Responding to steady demand from clients for SRI advice, the Investment Bank created in 2004 an SRI team within Equity Research.

Page 22

The Environmental Factor in Market Opportunities

UBS has strong expertise in incorporating environmental and social aspects into its research and advisory activities.



There are a number of factors involved in acquiring new client assets, including the financial performance of products, the level of service offered and the company's reputation. The firm's expertise in incorporating environmental and social aspects into its company research, and the offering of a variety of socially responsible investment (SRI) products, can be important factors when seeking to attract new investors.

Socially Responsible Investments

UBS offers several Socially Responsible Investment (SRI) products and services to both private and institutional investors.



In addition to financial considerations, SRI products put special focus on environmental, social, or ethical criteria. There are three main approaches:

Positive criteria: applies to the active selection of companies, focusing on how a company's strategies, processes and products impact its financial success, the environment and society.

Engagement: investors enter into a dialogue with boards or management of companies with the aim of influencing corporate behavior and policies, if appropriate, in relation to environmental, social or ethical issues.

Exclusion criteria: companies or sectors are excluded based on environmental, social or ethical criteria, e.g. companies involved in weapons, tobacco, gambling, or with high negative environmental impacts.

Our Global Asset Management business offers a wide range of SRI products:

In Switzerland and Japan, we use an approach that actively selects the best performers in each industry on environmental and social criteria. We are currently able to offer global, European, and Japanese equity products; all benchmarked against MSCI or Topix indices.

UBS Responsibility Funds

In the US, Global Asset Management manages various institutional accounts that exclude certain companies or sectors using "negative" screening criteria.

In the UK, Global Asset Management seeks to influence corporate responsibility and corporate governance performance of the companies it invests in. "Corporate Governance and Socially Responsible Investment Policies" were adopted in response to the UK Pension Fund Act, thereby including SRI criteria in its corporate governance activities.

The Investment Bank offers a variety of structured products that take into account environmental and social topics, such as an open-end index certificate which tracks the FTSE 4Good Europe 50 Index, or share baskets in new energy technology (Full Cell Basket III Certificate, PERLES on an UBS Renewable Energy Basket) and water (International Water Basket, European Water Certificate). Further information can be found on UBS's portal for structured products: [UBS KeyInvest](#)

Finally, our wealth management businesses around the world also offer SRI products from third-party providers.

Case studies

2006 - UBS Diapason Global Biofuel Index

UBS Investment Bank launched the world's first biofuel index, forming the basis for a range of structured products. The UBS Diapason Global Biofuel Index has a balanced weighting and reflects the key raw materials required to produce the main fuels, ethanol and biodiesel.

Biofuel Index

2005 – UBS (Lux) Equity Fund – Global Innovators

In July 2005, Global Asset Management launched the UBS (Lux) Equity Fund – Global Innovators. This innovative fund focuses on the various challenges the world faces in the twenty-first century, including energy and water shortages, continuing environmental damage and the demographic changes taking place in many industrialised countries. The fund's investment themes have been selected to correspond to these issues and comprise renewable energy, mobility, water and nutrition & healthcare. Investments are made in companies whose products and services make a contribution towards solving the key issues facing the world in the twenty-first century. Our SRI analysts select new, high-growth companies known as "innovators" which make a contribution towards sustainable development in accordance with the chosen investment themes.

2005 – UBS (Lux) Responsibility Fund – European Equity

In July 2005, Global Asset Management launched a new SRI fund, the UBS (Lux) Responsibility Fund - European Equity, and brought all SRI products under a unique fund umbrella called UBS Responsibility Funds.

The new fund was launched in response to the results of two market surveys: In the first, a representative sample of private investors were interviewed. The results confirmed findings made in previous surveys, showing that while many investors express an awareness (35%) and an interest (25%) in SRI, few have actually taken the active step of buying these products. In the second, 70 institutional investors from various European countries as well as from the USA and Australia were surveyed. The responses showed that the market for SRI in this client segment is expected to grow moderately, and that 40% of the investors planned to increase their SRI investments in the next three years. In parallel to this launch, UBS is conducting an internal awareness campaign to increase the visibility of UBS's SRI fund offering with Wealth Management client advisors.

2004 – Engaging in SRI

In the UK, Global Asset Management considers some key SRI criteria when choosing investments for its clients. These criteria include the corporate environmental policy, management and reporting of the companies in which it might invest.

This approach to SRI is one of “focused engagement”: companies are not screened on SRI grounds alone, rather Global Asset Management UK takes the opportunity as an investor to influence companies’ policies and behavior.

Global Asset Management has had several successes with individual companies but perhaps its largest engagement activity to date has been its involvement in the Carbon Disclosure Project. Through this, it collaborates with other institutional investors to write to the 500 largest quoted companies in the world asking for information concerning their greenhouse gas emissions. The project asks companies to identify the business implications of their exposure to climate-related risks and explain what they are doing to address these risks. In 2004, 45% of the 500 companies believed climate change represents a risk or an opportunity, with 65% of companies in high-impact sectors now measuring and reporting emissions.

SRI Sell-Side Research

Responding to steady demand from clients for SRI advice, the Investment Bank created in 2004 an SRI team within Equity Research.



Among others, these sell-side analysts research areas of increasing or diminishing risk, working on quantifying the effects of social and environmental issues on companies' share prices.

In Equity Research, identifying the material SRI issues presents challenges. We think three things help determine which environmental and social issues are critical: what society sees as important; the nature of the competitive pressures facing firms in an industry; and how costs and benefits are (or will be) distributed between stakeholders.

Case studies

2005 - UBS hosts conference on climate change

The Investment Bank's Socially Responsible Investment (SRI) Research team hosted its first ever conference on climate change. Over 100 clients attended the day-long event at the London offices, which featured thought-provoking and informative presentations by both internal and external environment experts. In an opening keynote speech Sir David King, chief scientific advisor to the UK government, addressed the science of climate change, exploring the question: 'What's really happening?' There then followed a series of presentations on a variety of climate-related issues, including 'Why business cannot ignore climate change' or 'Climate change risk: is it a significant threat to the oil business?'

The afternoon sessions focused on what it takes to make climate-change-related businesses viable. Companies at the cutting edge of innovation in this area spoke on solar power, carbon sequestration, biofuel and energy recovery from waste.

2004 – Why try to quantify the unquantifiable?

The SRI Equity Research team views potential corporate social liabilities (unrecognized social and environmental costs) as just another claim on the business, alongside debt, equity and pension provisions. This makes it clear that social and environmental costs can compete with shareholders' equity, so they are value drivers.

This approach can be used in the context of the utility and cement industries to indicate that investment by firms in CO2 emission reduction can also reduce costs, and risk, thereby enhancing profit in the medium term. This suggests that investment, by firms, in the reduction of social and environmental costs can enhance shareholder value.

Environmental Risk Management

We seek to consider environmental risks in all our businesses, especially in lending, investment banking, advisory and research, and in our own investments.



Environmental Factors

For UBS, it is key to identify, manage, or control environmental risks in our business transactions.

Page 24



Risk Management in the Investment Bank

Environmental risk management policies and processes in the Investment Bank.

Page 25



Risk Management in Global WMBB

Environmental risk management policies and processes in Global Wealth Management & Business Banking.

Page 26



Risk Management in Global AM

Environmental risk management policies and processes in Global Asset Management.

Page 27

Environmental Factors in Risk Management

For UBS, it is key to identify, manage, or control environmental risks in our business transactions.



Environmental aspects can influence a client's earnings, assets or reputation. A corporate client polluting air or water might be fined and his production sites may require unexpected investments. Owners of real estate may find the worth of their assets reduced by exposure to natural hazards or contamination. Corporate clients may also incur liability or reputation risks if they are involved in illegal or controversial activities.

For UBS, a failure to identify, manage or control these environmental risks can manifest itself across a wide variety of risks inherent to our business activities, such as credit risks or liability risks. It is therefore UBS's policy to assess the environmental risks of all relevant transactions.

If a transaction poses substantial environmental risks, the bank can take several courses of action. It can adapt the terms of the loan contract, it may engage the client in a dialogue about possible remedial action, or it may decline the transaction altogether.

Risk Management in the Investment Bank



The Investment Bank Global Environmental Risk Policy is based on UBS AG's Environmental Policy and was approved in 1999. The purpose of the policy is to ensure that appropriate consideration is given to environmental risk. It applies globally to all transactions, services and activities performed by the Investment Bank and involving environmental risks.

Although the Investment Bank's policy is the foundation for risk identification, it is its due diligence process that promotes identification at an early stage. The Investment Bank performs due diligence on all counterparties prior to engaging in a business relationship. The depth of an environmental analysis is based in part on its risk classification, on UBS's familiarity with the counterparty, and on comfort with the contents of the prospectus provided by the client. In the initial due diligence phase, environmental factors are screened by Investment Banking staff. If there are indications of significant environmental risk, the internal environmental competence center may be contacted to provide a more detailed environmental assessment. External international standards such as the World Bank guidelines may assist in such assessments. In 2005, the competence center completed 36 detailed environmental assessments.

An important due diligence tool that facilitates the bank's ability to identify, analyze and manage environmental and social risks is an online research portal and advisory license with Innovest Strategic Value Advisors. Innovest is an institutional investment research firm that uses a rating scale similar to Moody's and S&P but with a focus on non-traditional drivers of investment risk and returns (a companies' environmental, social, and governance performance). Via this portal employees globally are able to access over 2,000 company and 60 sector reports.

Case studies

2005 – Participation in an Initial Public Offering (IPO)

Environmental risks in the Oil & Gas sector are potentially significant and may involve air emissions, water and land pollution, transportation, facility decommissioning and site remediation, legal regulations (climate change – emissions restrictions and chemical regulations) and employee safety.

As part of its normal due diligence, UBS will carefully scrutinize a company examining its past and current performance concerning the environment. As part of the due diligence process we focused on identifying and characterizing potentially significant environmental, health and safety liabilities associated with the practices of the firm. Our due diligence confirmed the company has a solid environmental management program that is able to detect and manage its risks. In instances where there have been accidents or contamination, the company acted in a responsible manner and either cleaned up the facility themselves or hired the appropriate expertise to assist them. In addition, the company has made a commitment to developing renewable energy sources and has implemented programs that are focused on climate change, lower carbon energy, clean fuels, biodiversity, water and social investment. UBS' assessment of this company was confirmed when reviewing Innovest Strategic Value Advisors' research who rated the company AAA for environmental and social performance

2004 – Senior credit facility and co-manger for a bond for a chemical company

UBS was approached to issue a senior credit facility and act as co-manager for a high-yield bond offering for a chemical company.

Environmental risks in the chemical sector are potentially significant and may include soil and water contamination, use of raw materials, legal liabilities and general public opposition.

As part of its due diligence, UBS performed a Phase I and II evaluation of the counterparty. Phase I due diligence focused on identifying and characterizing significant potential environmental, health and safety liabilities associated with past and current practices at the facility or with off-site sources. Phase II environmental site assessments characterized the nature and extent of potential contamination and produced estimates of the costs of remediation. UBS made sure that reserves, including cash reserves, were established for remediation and potential liabilities.

Based upon the internal and external assessments, UBS concluded that it was comfortable engaging in a business relationship with the counterparty because it had provided the following warranties:

- the counterparty was complying with the requirements of the regulatory authorities;
- the counterparty created a reserve for historical environmental cleanup issues;
- the counterparty recognized future capital costs and budgeted for new wastewater technologies.

Risk Management in Global Wealth Management & Business Banking



The environmental risk policy of Global Wealth Management & Business Banking applies to all credit transactions of this Business Group. The policy ensures, firstly, that portfolios with significant exposure to environmental risk are identified and monitored. Secondly, the policy specifies a generic procedure for managing environmental risk in the credit process. The actual environmental assessments are integrated into these processes and tailored to client segments, transaction size and risk exposure. This generic environmental risk assessment involves a three-step procedure. The responsible client

advisor carries out a **first screening**, covering financial risks linked to environmental aspects such as compliance with environmental legislation, workplace safety, contaminated sites and natural hazards. If the risks cannot be fully ruled out during the first screening, a credit officer initiates a **second screening** and decides whether the risks identified are transparent enough for the credit decision to be taken. Transactions entailing significant environmental risk undergo a **third step**, a detailed environmental assessment – a service provided by the Business Group's environmental risk unit. In 2005, 34 such detailed assessments took place. If a transaction poses substantial environmental risks, the bank can take several courses of action. It can adapt the terms of the loan contract, it may engage the client in a dialogue about possible remedial action, or it may decline the transaction altogether.

Case studies

2005 – Shipment of wood from Central Africa to Europe

UBS applies its firm environmental policies in all transactions. Instructed by a client to effect a payment for a shipment of wood from Central Africa to Europe, the environmental credit risk procedures of Global WM&BB revealed that detailed environmental due diligence was required.

Global WM&BB's Environmental Risk Competence Center carried out the due diligence, including a dialogue with the client's senior management and independent forestry experts. The objective was to ensure that the wood was harvested under sustainable conditions and stemmed from legal sources.

The environmental due diligence confirmed that the client managed environmental and social aspects professionally. The client's business activities in the tropical forest were in accordance with international standards and best practice.

2004 – Convert an old watch factory into residential lofts

Environmental risks rarely block the granting of a loan as solutions can often be found that minimize risks for both the firm and clients as the case study below illustrates.

One of our clients was planning to convert an old watch factory into residential lofts and applied for a loan to do so.

While reviewing the file, the client's advisor at UBS became worried that the soil and the building itself might be contaminated as it had been a heavily used industrial site for decades. To make sure, UBS's environmental risk unit commissioned an expert to analyze whether the site was polluted or not. Soil samples were taken, drainage was inspected and interviews held with the watch factory's former employees. The results showed that the site was not contaminated, making the risk – both to the bank and client – more transparent. The results will also aid the client in negotiating sales with future buyers of the lofts.

In short, the example above shows how environmental risk assessment not only contributes to sound management decisions in the context of any investment project but also substantially reduces risks for both UBS and its clients.

Risk Management in Global AM



In 2004, Global Asset Management introduced a formal environmental risk matrix that assesses the reputation and environmental risks that its investments might imply. In this review, investments were reviewed according to business areas and the results of the audit were presented to the ISO 14001 re-certification auditors. This risk matrix now forms part of the environmental management system employed within Global Asset Management.

In-House Operations

We actively seek ways to reduce our direct environmental impact on air, soil and water from in-house operations, with a primary focus on reducing greenhouse gas emissions.

The major areas where UBS has a direct impact are, in order of importance, energy consumption, business travel, paper consumption, and waste.

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



Environmental Factors

Professional know-how and an efficient environmental management system allow UBS to use resources better and bring down costs.

Page 29



Energy Efficiency

Our improvement programs include investments in energy-efficient technology, and encouraging good housekeeping measures.

Page 30



Building Ecology

UBS aims to take environmental concerns into account in its construction projects in order to improve the sustainability of its buildings.

Page 31



Renewable Energy

UBS seeks to reduce its greenhouse gas emissions by improving the energy mix we purchase towards a higher proportion of renewable energy.

Page 32



Business Travel

UBS is constantly identifying ways to encourage use of environmentally friendly alternatives to air and road travel.

Page 33



Paper

Using recycled paper results in many environmental benefits.

Page 34



Waste and recycling

Recycling initiatives help to encourage staff engagement in the ISO 14001 program.

Page 35



Procurement

UBS favors suppliers which can demonstrate good environmental and social performance.

Page 36

Environmental Factor in In-House Operations

We impact the environment in a number of ways. Our businesses consume electricity, employees travel for business purposes, they use paper and generate waste in the course of their work, and offices require heating and cooling systems.



Improving our use of these resources can boost operating margins and enhance environmental performance.

Professional know-how and an efficient environmental management system allow UBS to use resources better and bring down costs:

The level of environmental performance necessary to comply with regulatory requirements can be achieved as effectively and cost-

efficiently as possible.

Costs can be lowered simply by improving internal processes or implementing technical measures, such as adjusting the heating or air conditioning of a building.

Reducing the Bank's impact on the environment can be achieved using intelligent engineering at no additional cost, for example in building services.

Energy Efficiency



Energy represents an important environmental impact area for UBS and is a major contributor to our overall greenhouse gas emissions. Our improvement programs include investments in energy-efficient technology, and encouraging good housekeeping measures, such as requiring that inactive PCs and office equipment be turned off.

Case studies

2005 – Renovation of a major building in Zurich

In Zurich, the renovation of a major building resulted in yearly savings of 3.5 GWh, which is 41% of its total annual energy consumption. The building's heating, cooling and lighting systems were entirely upgraded using state-of-the-art technology and operations.

2005 - Modification program for our supplemental air conditioning units

At a New York City office, a modification program for our supplemental air conditioning units was undertaken. Initially the units, when conditions called for cooling, would start up both compressors. We rewired several of the air conditioning units to start up one compressor at a time. The second compressor would only start if the first unit could not maintain temperature. Moreover, we reprogrammed the air conditioning units. Instead of starting the units up at a specific time, we modified the units to start up when the interior temperature called for it. This control change resulted in a saving of 4 to 6 hours a day in operating hours of the units.

2004 - 'On Floor Control System' in London

Our 'On Floor Control System' installed in London buildings detects the presence of people with sensors, eliminating wastage and delivering significant savings on the energy required for lighting and cooling.

2003 – Energy efficiency measures in the design of trading floor extension

In Stamford, Connecticut (USA), UBS worked closely with The Connecticut Light & Power Company (CL&P) to ensure energy efficiency measures were included in the design of the trading floor extension. UBS committed to achieving a number of improvement measures specified by CL&P and the investment in these technologies was then partially offset by incentive discounts from CL&P. These measures included designing and installing efficient lighting and cooling systems meeting CL&P's specifications. The total energy saving for 2003 is estimated at 850,000 kWh, representing roughly 2% of the annual electricity consumption for the building.

2002 – Replacing printers and photocopiers with multifunctional machines

In Switzerland, UBS completed a major project of replacing 18,000 printers and 1,400 photocopiers with 5,800 new, multifunctional machines, optimizing energy consumption. We believe the new energy-efficient machines will save 3.0–3.5 gigawatts a year, corresponding to approximately 1–2% of UBS's annual consumption of electricity in Switzerland. Also, during the installation process, we took the opportunity to encourage employees to cut their paper consumption by promoting wider use of recycled paper, and informing and training employees about double-sided printing capabilities and other ways to save paper.

Building Ecology



UBS aims to take environmental concerns into account in its construction projects in order to improve the sustainability of its buildings. In addition, UBS also pursues opportunities for environmental improvements in and around existing premises.

Case studies

2005 – LEED standards in the Americas

In the Americas, we are expanding our in-house ecology initiatives to include the use of U.S. Green Buildings Council's Leadership in Energy & Environmental Design ("LEED") standards where appropriate within our real estate construction and development.

2004 – Building capacity

Around 300 UBS project managers and engineering specialists have been trained worldwide in the environmental management of construction projects over the past few years. Our environmental management system requires project managers to report on the measures taken to achieve increased sustainability in construction projects.

2004 –Solar installation in Geneva

In 2004, UBS in Geneva made the roof of one of its larger buildings available for installing over 1200 solar panels. Together, they produce around 150'000 kWh per year and represent one of the largest solar installations in Geneva. The solar panels are owned and operated by a solar utility company, with the electricity produced fed back into the city's grid.

2004 – Zurich: Nature park

The grounds around a major UBS building in Zurich were awarded in 2004 a "nature park" label by the Swiss foundation "Natur & Wirtschaft". The goal of the foundation is to encourage firms to contribute to conservation and biodiversity on land surrounding their buildings, in particular in urban and industrialized areas. Criteria required to be awarded the label include the planting of indigenous species, no herbicides, pesticides or fungicides, and that the grassland may not be cut more than twice a year.

2002 – Switzerland: Environmental management in construction ecology

UBS has collaborated with the Swiss Federal Office for Construction and Logistics and an external consulting firm to produce a brochure entitled "Environmental management of construction projects". These documents are intended as a guide for project teams on incorporating sustainability into construction projects. It allows the people who use and run buildings to reduce environmental impact and thus the cost of building management, as well as to create a better working environment.

[Download "Environmental management in construction ecology" \(in German only\)](#) 

Renewable energy



In addition to our energy efficiency programs, UBS also seeks to reduce its greenhouse gas emissions by improving the energy mix we purchase towards a higher proportion of renewable energy. Such renewable energy may include wind energy, solar energy, energy from biomass or waste, hydropower, tidal energy or heat pumps using heat from the surroundings.

Case studies

2005 - London: Renewable energy contract

UBS currently purchases a renewable energy product for its 10 largest buildings, covering 93% of the total energy usage in the UK. The supply is backed by 100% renewable certificates guaranteeing generation from renewable energy sources such as hydroelectric, wind, biomass and others. The favorable tax conditions arising from the renewable mix (Climate Change Levy exemption) means that only a relatively low premium for renewable energy is paid.

2003 - New tariff agreement for all electricity in London

In September 2003 we signed a new tariff agreement for all electricity in London, which means that up to 95% of our supply is now from renewable sources. The remainder is from combined heat and power (CHP) generation plants, which means that the supply is 100% exempt from the UK climate change levy (CCL) – a UK tax measure to incentivize industry to meet the government's Kyoto targets.

The process for renewing the energy tariff agreement consisted of obtaining competitive bids from a number of suppliers based on alternative energy mix scenarios (i.e. ranging from traditional brown energy to 100% CCL-exempt). The result was that the green energy bid worked out as being the most cost effective owing to the effect of the UK climate change levy exemption – so the best solution for the environment also meant the best solution for the bottom line. The precise mix of renewables and CHP energy is dependent upon the supply market and is reported on by the supplier on an annual basis. As a minimum, this is expected to result in a 25% decrease of the greenhouse gas emissions and environmental footprint caused by our electricity consumption in the UK.

2000 – Energy purchase in Switzerland

UBS switched its electricity supplies to a supplier who guaranteed lower energy prices, pricing models that are transparent and straightforward, and a heavily streamlined payments processes, but who also provided environmental benefits. This supplier makes energy usage data on the Bank's 50 biggest buildings available online to Energy Management, thereby allowing any unacceptable situations to be swiftly rectified, and has guaranteed that the proportion of power supplied from renewable water energy sources will remain at the current level of 60% until 2003.

Business Travel



Business travel is a significant contributor to UBS's greenhouse gas emissions. However travel is essential for our client-facing businesses, and in vast geographical regions such as Asia Pacific and the Americas. We are constantly identifying ways to encourage use of environmentally friendly alternatives to air and road travel, and will also seek to offset carbon emissions caused by our business travel, in-line with UBS's carbon emissions reduction target.

Case studies

2005 – Mobility CarSharing

UBS offers its employees in Switzerland the services of the car sharing company "Mobility". Instead of using their own car for business client visits, UBS promotes the combination of public transportation and Mobility. Mobility is a leading CarSharing company in Switzerland with the largest network of stations (some 1'000). These services are based on economical, technological and ecological efficiency.

2005 - Video Conferencing

A significant increase in the number of video conference units and usage was observed in 2005. Over 20 000 video conferences were held in 2005, representing a 47% increase from 2004. A further 100 video conference units were also purchased. It is hoped that the increased usage of such units will reduce the need for travel.

Paper



In the past few years, UBS purchased annually around 14,000 tons of paper, representing a significant portion of the overall environmental impact resulting from our in-house operations. Reducing consumption and encouraging the use of recycled paper results in many environmental benefits, such as using fewer resources and producing less pollution.

Case studies

2005 – Technical improvements lead to huge paper reduction and cost savings

UBS implemented technical improvements in its output management in Switzerland. A large number of internal lists previously available only in printed form were replaced by electronic versions. As a result, the number of pages printed decreased from 21 million in 2002, to 5 million in 2005. As for external client output, new packaging machines have increased the maximum amount of sheets per envelope from ten to sixteen.

2000 – Switzerland: Information folder for materials officers

Materials officers in Switzerland receive a comprehensive information folder on the purchase and use of paper. The folder contains notes on the advantages of using recycled paper within the company in terms of costs and environmental impact. It also offers tips and measures to reduce paper consumption. Stickers for correctly identifying paper trays resulted in a significant increase in the percentage of recycled paper used in offices.

[Download: Information folder \(in German only\)](#) 

Waste and recycling



Waste is one of the most visible environmental impacts of in-house operations, and recycling initiatives help to encourage staff engagement in the ISO 14001 program. In addition to our longstanding recycling programs in Switzerland, new or enhanced office programs have been introduced in all major office locations internationally (New York, Stamford, New Jersey, Chicago, London, Singapore, Hong Kong, Sydney, Tokyo and Melbourne).

Case studies

2005 – London: Replacement of metal filing cabinets

In London office upgrades resulted in the replacement of metal filing cabinets in our main office buildings. UBS worked with a local metal merchant to recycle hundreds of metal filing cabinets. Over 10 tonnes of metal waste were recycled in 2005.

2005 – Used toner recycling program

Used printer, fax machine, and copy machine cartridges comprise a bulky portion of the office waste stream. The plastic used in each toner cartridge contains approximately one half quart of oil. In London, UBS has implemented a program to recycle toner cartridges and now only purchases re-manufactured cartridges. Toner cartridges are collected by staff and recycled through a 3rd Party contractor. Where possible toners are refilled (off site by the contractor) and reused onsite. Last year we reused over 4500 toner cartridges.

2004 – Recycling stationery

New York and London employees are encouraged to use recycled stationery and return excess items for reuse. With nearly 3500 items reissued in 2004 the initiative has been very successful and obviously has a positive environmental impact through the reduction of waste and the consumption of natural resources. Moreover, with the value of re-issued items currently running at about 5% of the annual stationery bill, this also represents genuine savings.

2004 – Office recycling program

All London buildings now have separate bins for cans, plastic bottles, cups, newspapers and mixed paper either within the office or in common staff areas. In addition to office wastes, electronic equipment, fluorescent tubes, batteries and certain hazardous substances are also recycled. This means that, overall, more than 50% of the waste generated in our London offices are now being diverted away from landfill or incineration.

Procurement



UBS favors suppliers which can demonstrate good environmental and social performance. As a significant buyer of goods and services, environmentally responsible procurement is another key focus area for UBS. We continuously seek to review and work with suppliers to ensure environmental and social considerations are addressed.

Requirements for client gifts

Case studies

2005 – The London Mayor's green procurement Code

UBS signed The London Mayor's green procurement Code. Set up in June 2001, the Mayor's Code aims to stimulate demand for the purchase of recycled content products. It also aims to help organisations identify opportunities to recycle waste and/or buy products manufactured from recycled materials. Signing up to the Mayor's Green Procurement allows UBS to access brokerage services and access information about the providers and services of recycled content products.

2005 – Environmental label for hotels in Switzerland

UBS included in its internal hotel directory information about the environmental performance of the listed hotels. Based on a questionnaire about environmental management and measures taken, the hotels were labeled "green", "amber", "red".

2005 – Tender for office print devices

In 2005 environmental and socially responsible factors were integrated into a tender for office print devices in London (copiers, faxes, printers) and played a major part in the selection process. Specific factors included; integrated paper saving features, use of re-manufactured components, low use of toner and energy saving measures.

2004 – Suppliers of corporate gifts

UBS engages with selected suppliers in order to improve social and environmental conditions in the countries in which its corporate gifts are produced. 14 audits and re-audits were conducted in 2003 and 2004 in Portugal and in China by the Société Générale de Surveillance AG to check compliance with ecological and social standards.

2003 – Suppliers of corporate gifts

Almost the full range of UBS client gifts (98% of items) was assessed according to ecological and social criteria up to the end of 2003. This process found that around 60% of products met our demanding social and ecological requirements. Consequently, we have far exceeded our goal of 30% as at end-2003. UBS engages with selected suppliers in order to improve social and environmental conditions in the countries in which its corporate gifts are produced. In 2002, for example, the ten most important suppliers were invited by Wealth Management & Business Banking to a one-day workshop, where they were briefed on our social and ecological purchasing criteria.

Communications & Training

Environmental awareness and expertise play an important role in achieving our environmental goals and the desired impact on value drivers in our various business areas. We therefore invest in know-how and integrate environmental considerations into internal communications and training.



UBS identifies all relevant communications and training needs to ensure that all personnel, whose work may create a significant impact on the environment, are appropriately aware and trained. UBS distinguishes environmental training in two categories:

Awareness raising is designed to provide a general understanding of UBS's environmental policy and principles. It also aims at motivating employees to act in an environmentally friendly way at the workplace.

Specialized environmental training is provided to employees who are dealing with environmental aspects in everyday business processes, such as investment advisors, credit officers or operators of technical systems. Each training unit is tailor-made and designed to be as realistic as possible, i.e. it focuses on the specific task facing the target group within the environmental management system. Wherever possible, these modules are not stand-alone solutions, but form part of our existing standard training, enabling us to incorporate environmental aspects in the relevant business processes.

Performance indicators are compiled regularly to show how well the agreed measures have been implemented and how many people from the relevant target groups have been trained.

To help raise awareness, we regularly provide our employees with information on our commitment to the environment via the intranet: the central UBS intranet site highlights environmental successes or events, provides environmental tips or informs about the introduction of new procedures and tools.

Case studies

2005 – Specialized training for In-house ecology outside Switzerland

In 2005, 500 staff were trained in global offices outside of Switzerland. The training was predominantly specialised environmental training sessions aimed at UBS contractors, resource managers, building managers and M&E staff. Examples include

Weehawken, US: Specialized environmental training was undertaken for nine UBS contractors in fuel oil spill prevention (legislation, procedures and response measures).

Hong Kong: Specialized ISO 14001 Internal Training Session for thirteen Hong Kong staff in April 2005. The training provided a review of UBS's ISO 14001 EMS system, the environmental policy and the relevant operational procedures and office initiatives.

London: Building services legislation training was undertaken for 15 contractors and staff in September 2005. The training related to legislation updates that are relevant to building contractors.

2005 – Risk Management training in Switzerland

46 Client Advisors and Credit Officers in charge of Swiss Multinationals and Commodity Trade Finance were trained on new environmental risk procedures and checklist.

2004 – UBS Environmental Day in London

As part of UBS's commitment to environmental management, a UBS environment day event was held at our London conference center in November 2004. The day consisted of several speakers and case studies of existing environmental initiatives. The day not only provided an opportunity to raise awareness among employees of the firm's environmental program but also to create links with business "peers" to encourage involvement in environmental activities.

2004 – Facilities training

The in-house ecology unit outside of Switzerland conducted specialized training for 159 employees and key vendors that oversee and manage our facilities globally.

2004 – Switzerland: Welcome day for new employees

In Switzerland, as part of the welcome day for new employees, 606 employees were made aware of UBS's environmental initiatives. These efficient awareness-raising campaigns take place in each major Swiss location, and are conducted through either classroom presentations or an exhibition stand.