Our sustainability and climate risk policy framework

UBS

Sustainability and climate risk policy framework

Our sustainability and climate risk policy framework is embedded in our culture and:

- is being extended to the combined firm, following the acquisition of the Credit Suisse Group;
- is integrated into management practices and control principles and overseen by senior management; and
- supports the transition toward a net-zero future.

Introduction

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

Group Risk Control (GRC) is responsible for our firm-wide SCR policy framework and the management of exposure to sustainability and climate (financial) risks on an ongoing basis as a second line of defense, while our Group Compliance, Regulatory & Governance (GCRG) function monitors the adequacy of our control environment for non-financial risks (NFR), applying independent control and oversight.

Our principles and standards apply across all the business divisions, Group Functions, locations and legal entities and are being progressively extended to cover Credit Suisse's activities. These principles and standards define roles and responsibilities for first line of defense (1LoD, i.e., client and supplier onboarding, transaction due diligence, and periodic know-your-client reviews), second line of defense (2LoD i.e., sustainability and climate risk transaction assessments) and the Group Executive Board (that sets the sustainability and climate risk appetite standards for the firm). Our work in key societal areas, such as minimizing the effects of climate change, protecting the environment and respecting human rights, is all part of this. Living up to our societal responsibilities contributes to the wider goal of sustainable development. As a global firm, we take responsibility for leading the debate on important societal topics, contribute to the setting of standards and collaborate in and beyond our industry.

Managing sustainability and climate risk is a key component of our corporate responsibility. We apply a sustainability and climate risk policy framework to all relevant activities. This helps us identify and manage potential adverse impacts on the climate, environment and human rights, as well as the associated risks affecting our clients and ourselves.

We have set standards and guidelines for product development, investments, financing and supply-chain management decisions, as well as guidelines and frameworks for sustainable lending and bond and GHG emissions trading products and services. These guidelines support UBS's growth strategy for sustainable products and services and our work to ensure that sustainability-related criteria are met. These guidelines are being applied to Credit Suisse products and services in the course of the integration process.

We have identified certain controversial activities where we will not engage, or will only engage subject to stringent criteria. As part of this process, we are committed to engaging with clients and suppliers to better understand their processes and policies and to explore how climate-, environment- and human-rights-related risks and impacts may be mitigated.

Our standards

We have set standards in product development, investments, financing and supply-chain management decisions. These include the stipulation of controversial activities and other areas of concern where we will not engage, or will only engage subject to stringent criteria.

Following the acquisition of the Credit Suisse Group, the sustainability and climate risk appetites of UBS and Credit Suisse were revised to define combined standards for the combined firm, aimed at supporting mitigation and de-risking the joint risk profile. UBS's approach was chosen as the blueprint for the combined risk appetite because of its broader scope of application across sectors and its generally stronger risk-mitigants. Former Credit Suisse standards were adopted in areas where UBS did not have a large business footprint before the acquisition, including shipping and project financing, as well as for certain metals and mining areas where UBS did not have a specific standard. UBS is to become a member of the Equator Principles and the Poseidon Principles, the industry's international standards for projects and ship finance.

› **Refer to the "Supporting our strategic goals – our engagement in partnerships" section of the Supplement to the UBS Group Sustainability Report 2023, available at *ubs.com/sustainability-reporting*, for an overview of our external commitments and memberships**

Controversial activities – where UBS will not do business

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

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

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

In addition, UBS does not directly or indirectly finance the development, production or purchase of controversial weapons of such companies determined to fall within the Swiss Federal Act on War Materials.

On the topic of cluster munitions and anti-personnel mines, UBS does not provide credit facilities to, nor conduct capital market transactions for, companies that are involved in the development, production or purchase of cluster munitions and anti-personnel mines. UBS does not include securities of affected companies in its actively managed retail and institutional funds and in discretionary mandates. UBS draws upon external expertise to decide whether a company is subject to the restrictions imposed by Swiss law.

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

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

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

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

Diamonds	Transactions with companies that mine and trade rough diamonds are assessed on the client's commitment to and certification of voluntary standards, such as the ICMM, and rough diamonds must be certified under the Kimberley Process.
Project Finance	Project finance transactions, including project finance advisory services, project-related corporate loans, bridge loans, project-related refinance and project-related acquisition finance, are subject to enhanced due diligence in alignment with the Equator Principles.
Shipping	Transactions involving marine transportation are assessed against relevant factors such as greenhouse gas emissions and energy efficiency, human rights, safety and pollution prevention policies, and responsible ship recycling, in line with applicable international conventions and standards (e.g., International Maritime Organization conventions, the Hong Kong Convention and the Poseidon Principles). The carbon intensity and climate alignment of the ship financing portfolio are measured and reported in accordance with the Poseidon Principles.

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

Sustainable Financing Guideline

Introduction

This groupwide guideline applies to all loans and bonds that are labelled, marketed, or promoted[1] as having intentions or objectives to achieve environmental, social or governance ("ESG") outcomes for which UBS acts as a lender, intermediary or issuer.[2] It sets out applicable Sustainable Product Labels as well as a set of minimum requirements for labelling purposes.

Sustainable Product Labels

The labels of sustainable loan and bond products are largely based on the definitions used by the Loan Market Association (LMA), Loan Syndication & Trading Association (LSTA), Asia Pacific Loan Market Association (APLMA) and the International Capital Market Association (ICMA).

Green, Social and Sustainability Loans and Bonds are instruments made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green and/ or Social Projects that form part of a credible program of the borrower/issuer to improve its environmental and/or social footprint.

Sustainability-Linked Loans and Bonds are any types of instruments which incentivize the borrower/ issuer's achievement of ambitious, predetermined Sustainable Performance Targets (SPTs) that are measured using predefined sustainability KPIs.

Other sustainable labelled products include but are not limited to:

- Loans or bonds with sustainability features that do not match the definition of any of the industry categories;
- Mortgage products linked to sustainability which are not covered by the Green Loan Principles.

1 "Labelled, marketed or promoted" should be construed broadly, including the name or label of the product and explicit statements and any related UBS documentation, and needs to be considered in its entirety to ascertain what a client or other external stakeholder may reasonably assume from reading the material. 2 For UBS issued bonds, the term "UBS", as used in this guideline, refers to the Investment Bank business division assuming the role of the intermediary, whereas the term "issuer" refers to UBS as issuer.

UBS minimum requirements

This guideline sets out UBS minimum requirements for sustainable lending and bond products and transactions. UBS must carry out due diligence procedures in accordance with the Group policy on sustainability and climate risks.

Product and transaction level requirements

		Green, Social, Sustainability Loan/Bond	Sustainability-linked Loan/Bond	Other labelled Loan/Bond
1	Each business division offering products and services in scope of this guideline must define and document one or several product standards ensuring compliance with UBS policies, alignment with market standards, product documentation, reporting and monitoring.	X	X	X
2	UBS must ensure that green/social projects to be financed or refinanced with the proceeds of green, social or sustainability loans/bonds are aligned with industry standards, referenced in the product's legal documentation and form part of a credible program of the borrower/issuer to improve their environmental and/or social footprint. Additionally, UBS must ensure that the borrower/issuer has adequate procedures (e.g., annual reporting) in place to ensure proceeds are exclusively used for the specified green/ social projects; and associated risks are managed accordingly.	X		
3	UBS must ensure that an external review is obtained by the borrower/issuer prior to the loan/bond being made available to ensure that KPIs are measurable and material to the borrower/ issuer's core sustainability and business strategy; represent a material improvement in the respective KPIs beyond a "Business as Usual" trajectory and are determined on a predefined timeline, set before or concurrently with the issuance of the loan/bond, and reflected in the legal documentation. Additionally, the external verification of the borrower/issuer's performance against the KPIs/SPTs should take place on an annual basis thereafter. Where the borrower opts out from such external review, the justification on KPIs materiality and SPTs ambitiousness must be articulated.		X	
4	UBS must structure the product in such a manner that it is meaningful (e.g., promoting one or several UN SDGs) and sufficiently material (in relation to the size and duration of the product), measurable and has a verifiable expected impact. For labelled real estate loans, UBS must ensure that the labelled real estate loan is intended to improve the environmental footprint and align greenhouse gas emissions of the property to UBS's decarbonization ambition.			X
5	UBS must ensure that the borrower/issuer has adequate incentives (e.g., margin incentives for SLL) to adhere to agreed objectives e.g., SPTs or project goals.	X	X	X

Greenhouse Gas Emissions Trading Guideline

Introduction

This groupwide guideline applies to all greenhouse gas emissions trading instruments and activities for which UBS engages in as an advisor, broker, issuer, investment manager or platform (co-)owner. It sets out instruments and activities UBS may engage in, as well as a set of minimum requirements.

Greenhouse gas emissions trading instruments and activities

Voluntary carbon credits (VCC) are issued by carbon projects to either reduce greenhouse gas emissions or to increase carbon sequestration. Projects that meet a set of verification standards can be certified by independent certification bodies and issue carbon credits denominated as a unit of carbon (i.e., one metric ton of CO_2 or the equivalent of any other greenhouse gas). These credits can be purchased in the voluntary carbon market by companies / organizations who wish to compensate (or 'offset') their own carbon footprint.

Carbon emission allowances (CEA) are standardized rights to generate a pre-defined quantity of carbon emissions e.g., one metric ton of CO_2, that can be traded in compliance carbon markets. They are issued by national or international governmental organizations in a fixed volume, which is determined based on national or international emission targets, and then either sold or allocated to market participants.

Derivatives and structured products may be structured with underlying features linked to VCCs or CEAs.

Other carbon-related/ labelled products and services include but are not limited to banking products and services labelled, marketed or promoted[1] as "net zero aligned", "carbon neutral", "carbon compensated" etc.

1 "Labelled, marketed or promoted" should be construed broadly, including the name or label of the product and explicit statements and any related UBS documentation, and needs to be considered in its entirety to ascertain what a client or other external stakeholder may reasonably assume from reading the material.

UBS minimum requirements

The guideline sets out UBS minimum requirements for GHG trading products and transactions. UBS must carry out due diligence procedures in accordance with the Group policy on sustainability and climate risks.

		VCC	CEA
1	Each business division engaging in the activities or offering products and services in scope of this guideline must define and document one or several product standards ensuring compliance with UBS policies, alignment with market standards, product documentation, reporting and monitoring.	X	X
2	Any VCC that UBS purchases, trades or invests in on its own account or on behalf of clients or uses as underlying asset in a derivative or structured product must be approved by internationally recognized registries and underlying projects must be verified in accordance with established international standards to provide assurance that the VCC comply with the ICVCM Core Carbon Principles.	X	
3	Voluntary offsetting of physical or financed emissions must adhere to the following principles: · REDUCE: Science-based climate targets and credible trajectories to achieve these targets must be clearly articulated with direct emission reductions being the priority · REPORT: Physical or financed greenhouse gas emissions must be measured and reported at least annually in accordance with accepted third-party standards for corporate greenhouse gas accounting and reporting · OFFSET: Offsets must be purchased by the borrowers / investees themselves, not by the bank.	X	
4	If UBS purchases VCC to offset its own or a client's emissions, UBS must make sure to retire these VCC permanently and not trade them any longer nor use them to offset further emissions.	X	
5	Any CEA that UBS purchases, trades or invests in on its own account or on behalf of clients or uses as underlying must be issued by an authorized Emissions Trading System (ETS).		X
6	Any transactions in CEAs in authorized Emissions Trading System (ETS) must be structured in a manner that: The purchase should not trigger any foreseeable counteracting responses by stabilization mechanisms built into the emissions trading system (e.g., new CEA being added or planned cancellations of CEA not taking place as a consequence of the purchases). If CEA are to be purchased with the intention to accelerate the path of reduction in the overall amount of carbon emissions allowed by the respective ETS, the CEA purchased cannot be traded anymore. Where supply reduction is not an explicit goal, the holding and trading of CEAs is permissible in line with relevant rules and policies of respective ETSs.		X

Sustainability and climate risk framework

UBS annually performs a sustainability and climate risk materiality assessment of its products, services and supply chain (in accordance with the ISO 14001 standard and UBS's Risk Control Self-Assessment). Products, services and activities deemed high risk are subject to the following framework.

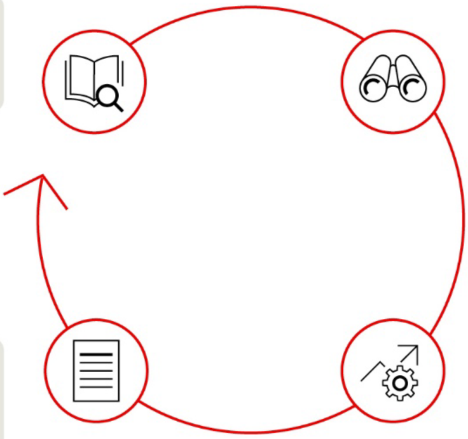
Sustainability and climate risk framework

1 Identification and measurement

Sustainability and climate risks are identified and their materiality is measured

2 Monitoring and risk appetite setting

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



3 Management and control

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

4 Reporting

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

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

Governance

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

The management of sustainability and climate risk is steered at the GEB level. Reporting to the Group CEO, the Group Chief Risk Officer is responsible for the development and implementation of control principles and an appropriate independent control framework for sustainability and climate risk within UBS, and its integration into the firm's overall risk management and risk appetite frameworks. The Chief Risk Officer (the CRO) for Sustainability supports the GEB by providing leadership on sustainability in collaboration with the business divisions and Group Functions.

Integration in financial and non-financial processes

- *Client onboarding:* Potential clients are assessed for sustainability and climate risks associated with their business activities as part of UBS's know-your-client (KYC) processes.
- *Transaction due diligence:* Sustainability and climate risks are identified and assessed as part of standard transaction due diligence and decision-making processes.
- *Product development and investment-decision processes:* New financial products and services are reviewed before their launch in order to assess their compatibility and consistency with UBS's environmental and human rights standards. Sustainability and climate risks are also considered where relevant as part of the firm's overall ESG approach to investment-decision processes and when exercising ownership rights, such as proxy voting, and engagement with the management of investee entities.
- *Own operations:* Our operational activities and employees, and contractors working on UBS's premises, are assessed for compliance with relevant environmental, health and safety, and labor rights regulations.
- *Supply chain management:* Sustainability and climate risks are assessed when selecting and dealing with suppliers. UBS also evaluates goods and services that pose potential environmental, labor and human rights risks during the life cycle (production, usage and disposal) as part of its purchasing processes.

– *Portfolio review:* At the portfolio level, we regularly review sensitive sectors and activities prone to bearing sustainability- and climate-related risks. We assess client exposure and revenue in such sectors and attempt to benchmark the portfolio quality against regional and/or sector averages. Such portfolio reviews give us an accurate aggregated exposure profile and an enhanced insight into our transaction and client onboarding processes. Based on the outcome of these reviews, we can explore ways to improve the future portfolio profile along a range of risk parameters.

Clients, transactions or suppliers potentially in breach of our standards, or otherwise subject to significant climate, environmental and human rights controversies, are referred to our Sustainability and Climate Risk unit, which approves or rejects the cases after assessing their compliance with the firm's risk appetite standards. Advanced data analytics on companies associated with such risks is integrated into the web-based compliance tool used by our staff before they enter into a client or supplier relationship, or a transaction. The systematic nature of this tool significantly enhances our ability to identify potential risk.

In 2023, 3,297 referrals were assessed by our Sustainability and Climate Risk unit, of which 251 were rejected or not pursued, 356 were approved with certain qualifications and 419 were pending. The overall number of SCR referrals increased by 16% compared with 2022.

Sustainability and climate risk assessments

	UBS				Credit Suisse	
					Step Trace[2]	CETF[3]
	For the year ended			% change	For the year ended	
	31.12.23	31.12.22	31.12.21	31.12.22	**31.12.23**	**31.12.23**
Cases referred for assessment[1]	**3,297**	2,834	2,919	16	**316**	**830**
Cases referred for assessment: UBS Europe SE	**126**	88				
by region						
Americas	**611**	548	496	11	**85**	**151**
Asia Pacific	**785**	729	631	8	**93**	**18**
Europe, Middle East and Africa (excluding Switzerland)	**513**	481	556	7	**26**	**51**
Switzerland	**1,388**	1,076	1,236	29	**112**	**610**
by business division						
Global Wealth Management	**178**	151	278	18		
Personal & Corporate Banking	**1,209**	1,151	1,345	5		
Asset Management	**13**	11	24	18		
Investment Bank	**1,815**	1,443	1,162	26		
Group Functions[4]	**82**	78	110	5		
Credit Suisse Swiss Bank					**86**	**285**
Credit Suisse Investment Bank					**152**	**214**
Credit Suisse Wealth Management					**78**	**331**
by sector[5]						
Agriculture[6]	**419**	466	536	(10)	**44**	**17**
Industrials[7]	**439**	321	353	37	**55**	**81**
Financial services[8]	**509**	341	209	49	**17**	**0**
Real Estate[9]	**212**	76	82	179	**11**	**0**
Metals and mining	**583**	578	689	1	**38**	**10**
Fossil fuels	**320**	350	318	(9)	**55**	**291**
Services and technology[10]	**142**	144	190	(1)	**22**	**0**
Transportation	**91**	85	80	7	**11**	**340**
Utilities	**240**	204	225	18	**55**	**91**
Others[11]	**342**	269	237	27	**8**	**0**
by outcome[12]						
approved[13]	**2,123**	1,981	1,989		**278**	
approved with qualifications[14]	**356**	413	396		**4**	
rejected or not further pursued[15]	**251**	301	137		**20**	
pending[16]	**419**	125	17		**14**	
assessed[17]	**148**	14	380			**830**

1 Transactions and client onboarding requests referred to the SCR function. 2 StepTrace records all referrals, which Sustainability Risks considers having a nexus to significant environmental and/or social risks for the purposes of internal monitoring and reporting, internal training and awareness, and discretionary engagement with external stakeholders. 3 Client Energy Transition Framework (CETF) was developed to engage with clients on their approach to managing environmental and social risks as well as their transition strategy. The framework consists of the identification of priority sectors/industries and a methodology to categorize clients that operate in these sectors according to their energy transition readiness. 830 names have been assessed (new or updated categorization) for the year 2023. As CETF categorizations have been assigned at a counterparty level, in some cases different CETF categorizations can be linked to a parent group. 4 Relates to procurement / sourcing of products and services. 5 Amendment in sector calculation: sector is selected based on main assessed counterparty, following UBS GIC2 code approach. 6 Includes, e.g., companies producing or processing fish and seafood, forestry products, biofuels, food and beverage. 7 Includes e.g. chemical and pharmaceutical companies. 8 Includes, e.g., banks, commodity traders, investments and equity firms. 9 Includes e.g., real estate and construction and engineering companies. 10 Includes technology and telecom companies. 11 Includes, e.g., aerospace and defense, general industrials, retail and wholesale. 12 "By outcome" 2023 data is from 25 January 2024. Outcomes from 2022 and 2021 were also recalculated. 13 Client / transaction / supplier transactions approved at SCR. 14 Client / transaction / supplier subject to an SCR assessment and approved with qualifications. Qualifications may include ring-fencing of certain assets, conditions toward client / supplier or internal recommendations. 15 Client / transaction / supplier subject to an SCR assessment and rejected or not further pursued. 16 Decision pending. 17 Assessed companies related to portfolio reviews.

Key memberships and commitments of pertinence to the SCR policy framework

Topic	Relevance to UBS	Initiatives/commitment
Environment and climate change	Our approach to climate, as set out in the UBS Group Climate and Nature Report 2023. UBS Group AG excluding Credit Suisse is certified according to ISO 14001, the international environmental management standard.	1992 One of the first financial institutions to sign up to the UN Environment Programme bank declaration. 2002 CDP founding signatory. 2015 Founding member of the Task Force on Climate-related Financial Disclosures. 2020 Founding member of the Net Zero Asset Managers initiative. 2021 Founding member of the Net-Zero Banking Alliance.
Forestry and Biodiversity	Our approach to nature, as set out in the UBS Group Climate and Nature Report 2023	2012 Member of the RSPO. 2014 Endorsed the "Soft Commodities" Compact from the Banking Environment Initiative and the Consumer Goods Forum.
Human Rights	Our commitment to respecting human rights, as set out in the UBS Human Rights Statement	2011 Founding member of the Thun Group of Banks on banking and human rights.
Industry- wide sustainability topics	Our progress in implementing Group Sustainability and Impact objectives, as set out in the UBS Sustainability Report 2023 (externally assured in accordance with the Global Reporting Initiative (GRI) Standards)	2000 One of the first companies to endorse the UN Global Compact. 2000 Founding member of the Wolfsberg Group of Banks on financial crime prevention. 2019 Founding signatory of the UN Principles for Responsible Banking (the PRB).

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

ubs.com