For qualified investors only
For marketing purposes only

Implementing ESG

How to bring your ESG strategy to life

January 2022

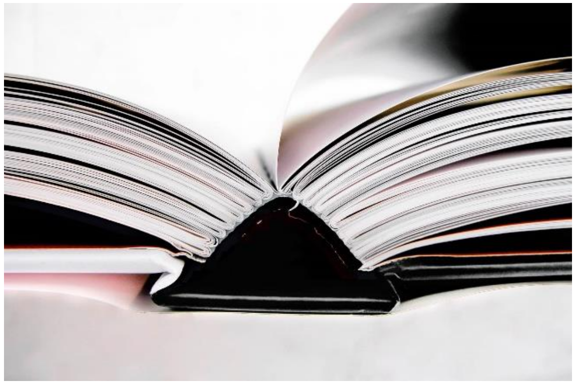
Table of contents

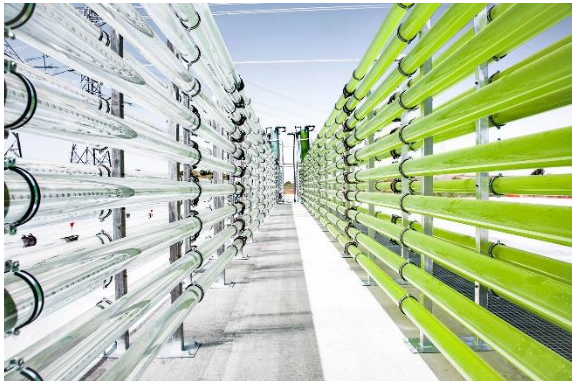
Section 1

Introduction

Changing ESG landscape

ESG requirements and transparency





- Almost 3 years ago UBS published a guide to build a sustainability concept embedded into an insurers' corporate strategy. Much happened in this space requiring an update on drawn conclusions and best practices
- Policy makers and regulators are increasingly focusing on sustainability to develop industry standards and to increase transparency on ESG related risk of the largest asset owners
- Insurers are crucial in this process as they are amongst the largest asset owners and their core business is to identify risks and account for them in their business model

- This booklet provides you with an overview of recent regulatory developments and topics that have changed since our past publication
- Additionally, you will receive an update on ESG approaches and how they can be implemented in investment, financing or structuring processes

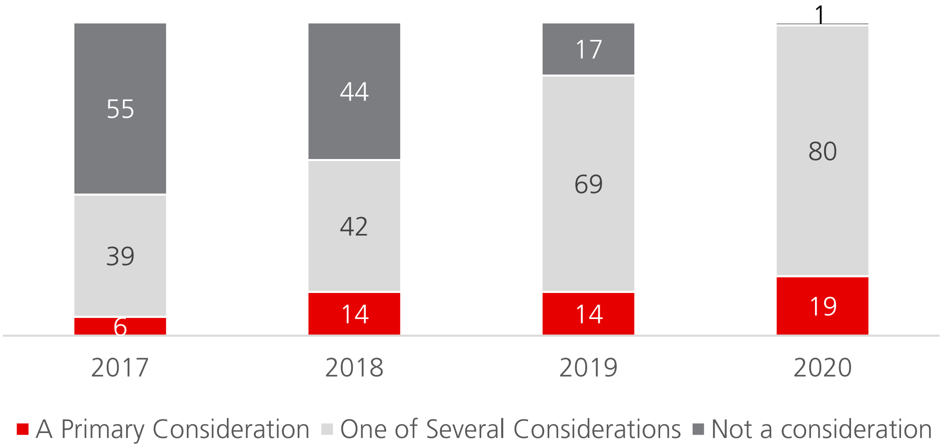
- There is currently what we view as a healthy debate about how to ensure that sustainable finance and investing can become more robust – from quality of underlying data to proper global market standards for definitions and terminology
- Sustainability means different things to different people – you only have to look at the fact there are 17 Sustainable Development Goals
- Financial Institutions have a key role to play here, helping to create common standards which will provide real clarity on what can be expected

Increasing importance for insurers

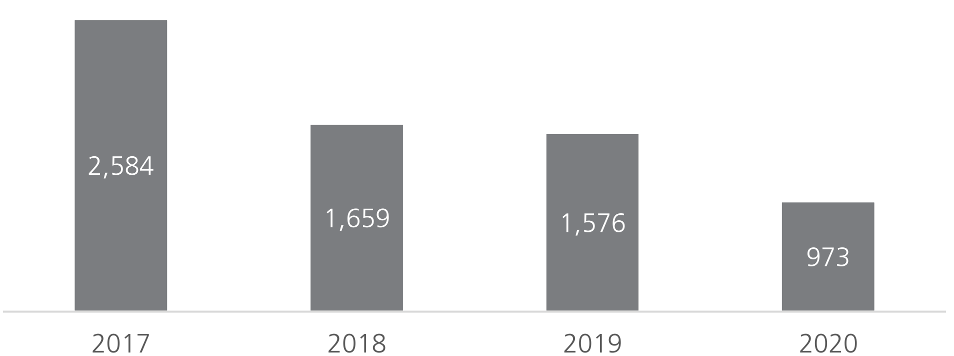
Almost every insurer considers ESG risks in their business model

- European insurers are increasingly considering ESG factors in their investment management process. Less than 1% of the European insurers state that they do not consider ESG in their investment management process at all
- Swiss insurers reduced their ESG risks in their investment portfolio over the past 5 years and also reduced their carbon footprint per FTE
- This effectively demonstrates that ESG is part of many insurers' strategy and also a result of the increasing requirements of policy makers and regulators

Increasing ESG consideration among insurers in EMEA
(% of total population)



Carbon footprint of Swiss insurers
kg CO2, per FTE



Sources: Goldman Sachs - GSAM Insurance Report 2020, SVV - Sustainability Report 2020, UBS Asset Management

Our Net Zero commitment

At UBS, our approach to sustainability is a constant expression of our purpose1. For more than two decades, our firm has been at the forefront of sustainable finance. We've led the way as one of the first financial services firms to sign the United Nations (UN) Environment Programme's Statement by Financial Institutions on the Environment and Sustainable Development. In 2000, we were among the first companies to endorse the UN Global Compact, a United Nations pact by CEOs of businesses to adopt sustainable and socially responsible policies. And, in 2002, we were a founding signatory of the CDP, a not-for-profit organization that helps corporations make environmental disclosures. We became a founding member of the Task Force on Climate-related Financial Disclosures (TCFD) in 2015, a founding signatory of the Principles for Responsible Banking in 2019, a founding member of the Net Zero Asset Managers initiative in 2020 and a founding member of the Net Zero Banking Alliance in 2021.

As the world continues to develop a definition of net zero, as well as the necessary implementation toolkit to help guide a path to the Paris Agreement objectives, we'll set science-based targets for 2025, 2030 and 2035 to progress toward our net zero goal. In what follows, we highlight the key signposts of our journey – covering both areas where we're already taking climate action at UBS as well as our ambitions for the future. Our comprehensive climate strategy, introduced fifteen years ago, firmly supports the orderly transition to a net zero economy and we're formalizing that commitment today. In particular, the focus of our ambitions is to:

- achieve net zero greenhouse gas emissions resulting from all aspects (Scope 1, 2, 3) of our business by 2050, with intermediate
- milestones established to ensure progress
- mobilize capital toward investments in a low-carbon economy
- assist our financing clients with their transition to a low-carbon economy
- provide our investing clients with the choice they need to meet their sustainability and impact objectives, including climate where that is their priority
- as the leading universal bank in Switzerland, support the transition in our home market across all our client segments
- share our lessons learned and best practices as the world seeks solutions to the sustainability challenges ahead of us

Sources: Please see the UBS Sustainability Report 2020 for further details and explanations for our broader sustainability strategy, achievements and goals.

Section 1.1

Update of Sustainability 2018 booklet

UBS

Markets have been rewarding ESG Leaders lately

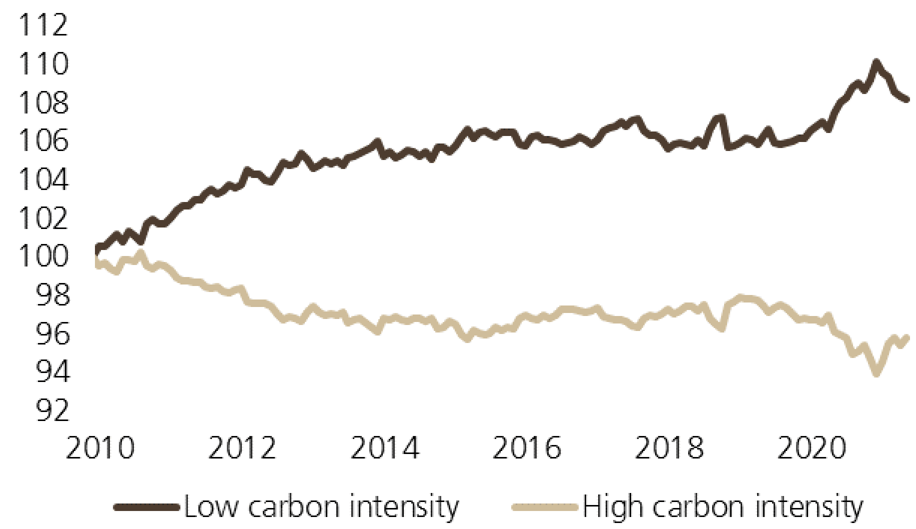
In 2018 we stated that the risk-return profile of SI indices are comparable with standard indices. However, ESG indices have been outperforming lately as allocation in higher ESG rated or carbon light companies increased

High ESG rated companies are outperforming

Relative performance MSCI AC World ESG Leaders vs MSCI AC World

Carbon light portfolios are outperforming

Relative performance of low carbon intensity portfolio vs high carbon intensity portfolio

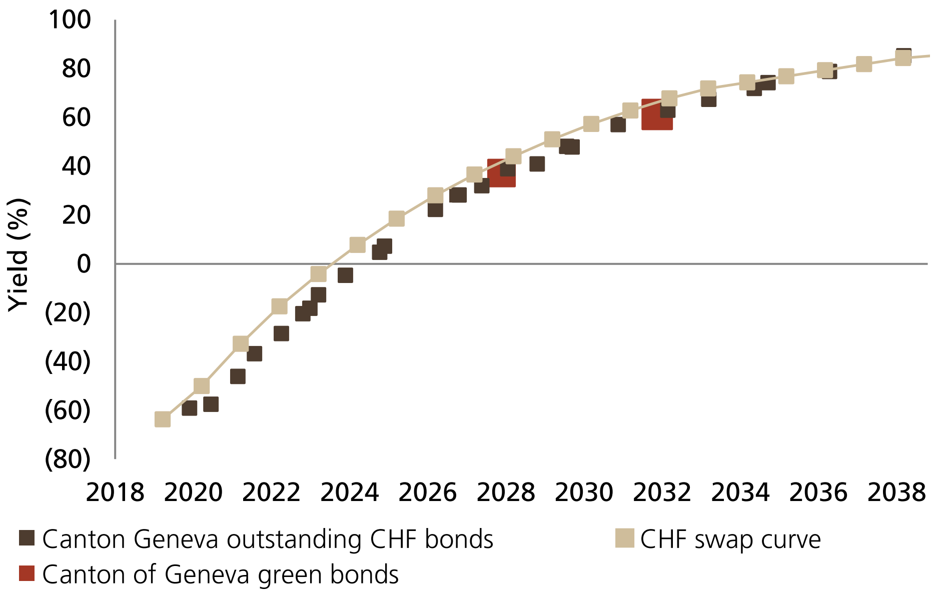


Source: Bloomberg, UBS, as of July 2021.
Charts and scenarios are for illustrative purposes only. Historical performance and forecasts are no guarantee for future performance

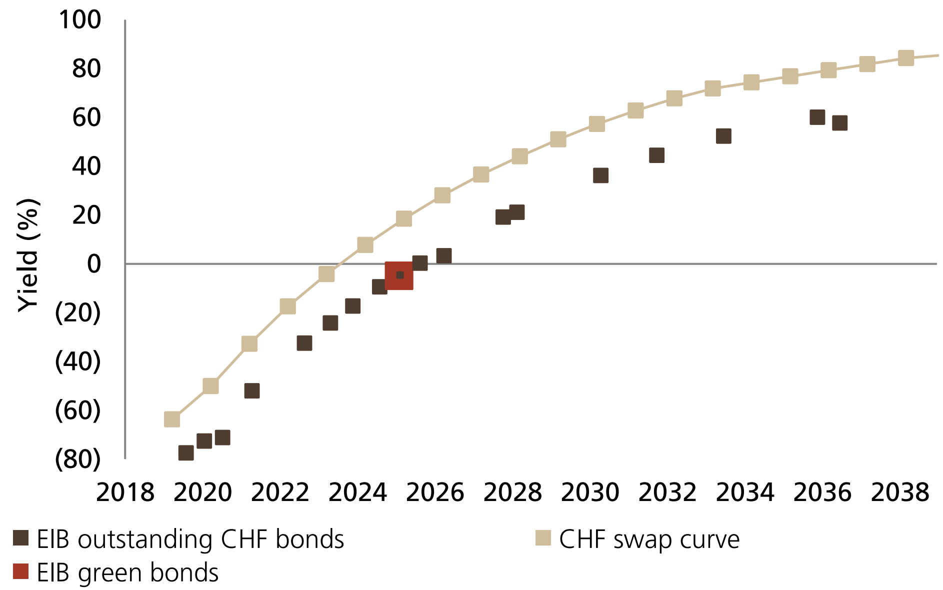
Financing costs

Comparable financing costs between Green Bonds vs. Normal Bonds: however positive publicity is generated

Yields of Canton Geneva outstanding CHF bonds



Yields of EIB outstanding CHF bonds



- In practice, there is currently no observable price difference between Green Bond vs. Normal Bond
- There has been some evidence of Green Bonds outperforming Normal Bonds in the secondary market.
- Public sector measures that may be implemented to stimulate green bonds:
  - Tax-based incentives
  - Credit enhancement
  - Preferential risk-weight etc.

Source: UBS Investment Bank

Section 1.2

Regulation

Disclosure Regulation – Changing the ESG Conversation

Understanding SFDR - what is it and why does it matter to me?

The **Sustainable Finance Disclosure Regulation (SFDR)** and Taxonomy are explicitly designed to incentivise financial services firms to allocate capital to investments that will help do public good

What?

- The EU Sustainable Finance Disclosure Regulation (SFDR) came into force on March 10
- It represents a set of enhanced disclosures around sustainable funds which applies in EEA countries.
- Put simply: asset managers and financial advisers now need to be more transparent about the way they integrate sustainability risks and opportunities within their investment processes and provide greater disclosure around a fund's environmental and/or social features.

Why?

- It's part of the EU's Sustainable Finance Framework – a package of legislation designed to direct capital towards more sustainable businesses
- To help investors do this, SFDR regulations are designed to make it easier for investors to compare the sustainability profiles of funds and understand their activities

How?

- The EU has devised a classification system, which labels funds as either Article 6, Article 8 or Article 9, depending on the degree to which sustainability factors are embedded in the investment process

Switzerland

- Finma included additional transparency reguirements for climate risks in the amended «Circular 2016/2: Disclosure – Insurers» to increase transparency for climate risks among insurance companies in supervisory category 2 (Total assets > CHF 50bn or complexity)
- Ongoing discussions about additional regulation for sustainable investing

Sustainable Finance Disclosure Regulation (SFDR)

A clear and robust framework defines the way we implement sustainability across our investment strategies. It encompasses three overarching approaches designed with the requirements of the EU SFDR in mind.

ESG integration approach

Driven by a focus on taking better account of material risks which could enhance investment returns

ESG integration involves a more holistic accounting of sustainability factors in the investment process. We believe this leads to better informed investment decisions which could, in turn, reduce risk and enhance performance.

The **ESG Integration** approach reflects the implications of **Article 6** of the **EU SFDR** and specifically addresses ESG risks as part of the risk assessment approach. It comprises three key elements: Standard Exclusions, SI Assessment and Stewardship

Sustainable Focus approach

The Sustainability Focus approach builds on the ESG risk-focused elements of the ESG integration approach by:

- Further expanding the minimum standard exclusions policy
- Applying additional ESG characteristics such as: low carbon, better ESG ratings, improved gender diversity

This approach is in line with the requirements of Article 8 of the EU SFDR.

Impact (thematic) Focus approach

Goes one step further by extending the ESG characteristics to create measurable societal benefits usually linked to frameworks such as the UN Sustainable Development Goals or the Paris Agreement

Article 6 - Explains how sustainability risks are integrated in investment processes

Transparent explanation of the way in which sustainability risks are integrated in the product's investment decisions

Art. 6 products are not labelled as sustainable products. However, they can still:
- Take sustainability factors into account as part of the investment process, alongside traditional financial metrics
- Apply minimum exclusions
- Engage with portfolio companies on sustainability risks and opportunities and vote consistently at shareholder meetings

✓ Art. 6 product materials contain a description of how sustainability risks are defined and integrated into the investment process

✓ If sustainability risks are not accounted for, the decision must be explained

Article 8 - Specifically promotes sustainability characteristics such as environment and social characteristics, along with good governance

Targets investments **promoting** ESG characteristics and avoids investments which fail to comply with ESG requirements

Art. 8 products are considered sustainable products and have the following characteristics:
- Invest in companies that do no significant harm, in accordance with a pre-defined set of sustainability standards,
- May only invest in companies which follow good governance practices

Article 8 products typically have:

✓ Additional exclusions, which must be clearly stated

✓ An above average ESG profile (ESG score)

✓ Prioritized engagement with companies which are improving their ESG standards

Article 9 - Generating sustainable outcomes is the primary investment objective

Clearly targets a **significant** level of sustainable investments and uses positive screening to specifically focus on impact investing

Art. 9 products explicitly target a significant level of sustainable investments. What counts as an Art.9 product is defined by the SFDR regulations and includes:

✓ Compliance with the principles of 'Do No Significant Harm'

✓ Compliance with good governance principles

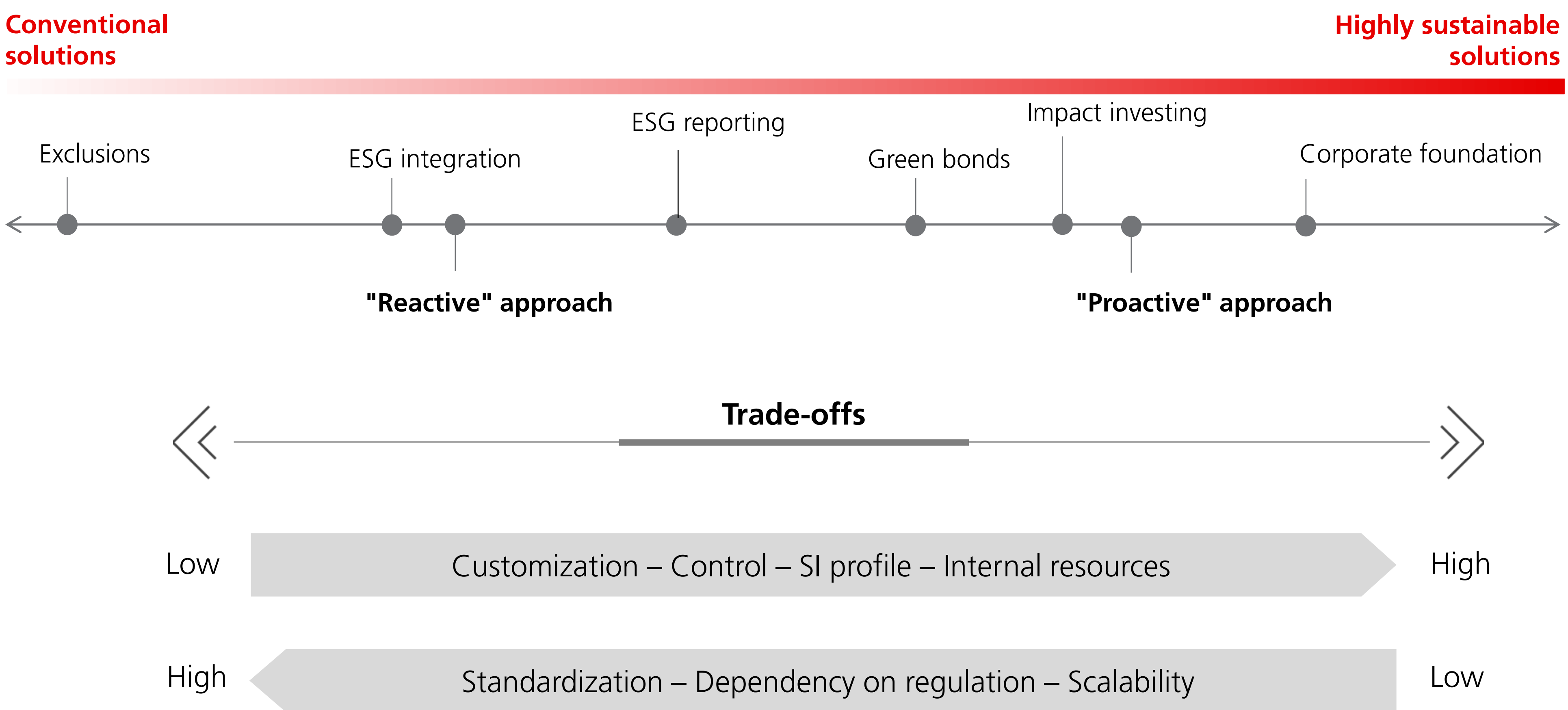
✓ Specifically invest in a set level of sustainable investments that are beneficial in the areas of environmental or society

Section 2

ESG approaches

Sustainability – How should we position ourselves?

Various possibilities to approach sustainability



Possible approaches

"Reactive" approach

This reactive approach is ideal for institutions that want to commit minimal resources to the adoption of sustainability in their portfolios and primarily do so to meet any current and future regulatory requirements.

Characteristics

- Passive approach to sustainable investing
- motivated by requirement to stay compliant with changing regulation
- Only a part of the portfolio is allocated to sustainable investments
- Does not require significant changes to the investment strategy
- Implements SVVK exclusion criteria
- No corporate foundation / CSR
- Does not attract positive publicity
- Reactive reporting

Regulation-driven approach

"Proactive" approach

This approach requires more resources committed and is tailored to institutions that are willing to adapt their business model to make sustainability a key differentiator in their competitive landscape.

Characteristics

- (Pro)-active approach to sustainable investing and reporting
- Desire to use sustainable investing to differentiate from competitors, aspirations to become a leader in sustainable investing
- Entire portfolio consists of sustainable investments
- SI benchmarks are used
- Adjustment to investment strategy may be required
- Implements SVVK exclusion criteria
- Potentially a corporate foundation / CSR
- Has potential to generate high positive publicity
- Proactive reporting
- CSR reporting, proactive disclosure

Driven by aspiration to be an ESG-leader

Section 3

ESG implementation

Section 3.1

Investing

UBS

What is Sustainable Investing (SI) for UBS AM?

Sustainable Investing is an overarching concept

Definition of Sustainability

Sustainability enables environmental, social and governance (ESG) factors to be applied to business activities in a way that creates opportunities and mitigates risks, which should be reflected in the long-term financial success of companies.

What do we mean at UBS Asset Management by Sustainable Investing?

We define Sustainable Investing (SI) as a set of investment strategies that incorporate material environmental, social and governance (ESG) considerations into investment decisions. These strategies typically seek to reach one or more of the following objectives:

- Improving portfolio risk / return characteristics
- Achieving a positive environmental or social impact alongside financial returns
- Aligning investments with stated values

Examples of ESG factors and considerations

	Environmental	Social	Governance
Corporates	• Environmental policy and management • Energy footprint • Water supply • Sustainable transport • Waste management • Climate change strategy	• Consumer rights • Supply chain management • Health and safety • Product safety • Labor relationships • Stakeholder relations • Human rights	• Board diversity • Board structure • Executive pay • Shareowner rights • Accounting / audit • Business ethics • Conflicts of interests
Sovereigns	• Natural resources • Energy transition	• Demographics • Income inequality • Unemployment	• Fiscal management and public debt • Government effectiveness • Corruption control

Source: UBS Asset Management

From exclusion to impact

How we approach sustainable investing

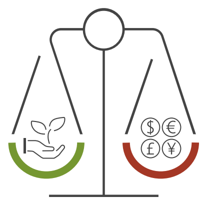
ESG Integration Strategies

Standard Exclusions

Avoidance of investments which are deemed undesirable either by UBS or our clients.

UBS standard exclusions:

- Controversial weapons
- Thermal Coal and Oil Sands*



SI Assessment

Integration of ESG factors in the investment process alongside traditional financial metrics.

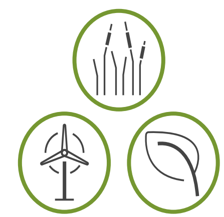
- ESG relevant risk analysis helps us look to the future, to identify long-term risks and opportunities, and invest accordingly

Stewardship

As owners of the companies, we invest in, we have a fiduciary duty to:

- Monitor companies' ESG performance
- Engage with management on identified risks and opportunities
- Vote consistently at shareholder meetings

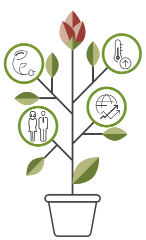
Sustainable and Impact Strategies



Sustainability Focus

Our Sustainable strategies can be characterized by:

- Extended criteria for exclusions (which go beyond the standard exclusions)
- Risk-based screening to identify those higher risk issuers which are to be avoided in the investable universe
- Positive sustainability characteristics



Impact (thematic) strategies

Our Impact strategies meet the minimum criteria of the sustainability-focused strategies and additionally include a verifiable impact measurement. The UN Sustainable Development Goals (SDGs) create the framework for impact investing.

Source: UBS Asset Management 2021. For illustrative purposes only.
*For actively managed as well as rule-based Climate Aware strategies.

Standard Exclusions

Pillar 1

Standard Exclusions

A fundamental element of sustainable investing is the role of fiduciary duty. In our view, acting as good stewards entails the avoidance of investments which are deemed undesirable. As such each investor should define a standard set of minimum exclusions or follow the exclusion recommendation of an established responsible investing association.

Definition

Exclusion of activities and practices that are considered undesirable. Even if a certain activity is not prohibited by law, it is not automatically socially desirable. Therefore, do not invest in activities that are considered undesirable by the majority of investors.

Source: UBS Asset Management 2021.

Screening and sustainable investment assessments

Pillar 2

ESG data inputs

ESG Risk Signal

- A clear, actionable signal helps to drive the research process
- ESG Risk Data to identify ESG risks across four dimensions, based on various ESG data provider inputs

In-house research

Fundamental analysis

- ESG risk recommendation is part of the investment case
- Risk assessment is forward-looking and focused on material issues
- Strong collaboration across investment teams to drive stewardship outcomes
- In-depth ESG research and stewardship expertise amplifies ESG know-how across investment teams
- Company specific and thematic ESG research on high-risk issues

SI research analysis

Investment decision making

Portfolio Managers
Incorporation of ESG risks in investment decision making

- ESG Risk Recommendation summarizes final ESG view to PMs
- ESG risks may be mitigated through engagement and on-going monitoring
- Confirmation of ESG risks may trigger sell decision
- Portfolio manager may decide to maintain the position with a justification that the opportunity outweighs the risks

Identify → Review → Decide

Source: UBS Asset Management as of 30 September 2021. For illustrative purposes only.
1 We plan to add three full-time SI Research analysts by December 31, 2021

Stewardship

Pillar 3

Stewardship in practice

Proxy voting
It is our belief that voting rights have economic value and should be treated accordingly. As a result, we consider voting to be an important part of the investment process and the overall stewardship approach of asset owners. Stewardship approaches have proven to be a very effective means of promoting sustainable behaviors.

Engagement
We believe that engaging with investee companies and prospective investee companies can steer those companies toward longer-term issues that drive company value and that we believe will likely contribute to the success of the investment thesis over time. These discussions relate to the governance structure and increasingly to longer-term sustainability trends that have a material impact on company performance, such as climate change, environmental management and human capital performance. These efforts involve reaching out to both executive and, ideally, non-executive, board members in order to influence the company strategy. Finally, engagements entail working closely with corporate management to take appropriate and concrete measures to unlock long-term value.

Most fundamentally, engagements linked to the investment case provide a differentiated means of creating better longer-term returns.

Source: UBS Asset Management 2021.

Sustainability Focused Approach

Pillar 4

Four possible criteria to consider:

1 Activity based exclusions
Exclusions are applied in various areas based on products and involvement (e.g., tobacco, coal, controversial weapons).

2 Risk based screening
Risk based screening is applied to identify those higher risk issuers which are to be avoided within the investable universe.

3 Superior ESG profile
The portfolio composition places a higher weight on those issuers with positive sustainable characteristics and / or a superior carbon profile.

4 Active dialogue
Maintaining an active dialogue with and the exercising of voting rights in selected companies in order to improve their sustainability profile.

Apply minimum standards for the sustainability profile of an investment strategy, which must ultimately exceed that of a traditional benchmark. Thus, this approach goes beyond SI valuation with a focus on ESG risks, as it defines a set of criteria that are considered "sustainable" and therefore preferred when investing. Assets that do not meet these criteria are not suitable for investment or only to a precisely defined, limited extent.

Source: UBS Asset Management 2021.

Impact Approach

Pillar 5

Impact strategies

Impact strategies invest with the intention to contribute to measurable positive social and environmental impact alongside financial returns. They meet the minimum criteria of sustainability focused strategies and additionally include a verifiable impact measurement. The UN Sustainable Development Goals (SDGs) create the framework for impact investing.

Impact investing: Essential requirements
In order for impact investing in listed equities to succeed long-term, it should generate a competitive financial return, equal to or better than a broad benchmark. In addition, a true impact strategy should meet three other requirements: intentionality, measurement and verifiability and additionality.

Impact comes from intention
Intentionality requires that the universe for impact portfolios consists of companies with products or services that generate positive impact (tied to the UN SDGs). better longer-term returns for investors.

Measurement and verifiability are essential
Measurement and verifiability are critical components of impact investing because they provide the basis for demonstrating the difference which impact investing makes on the world. This is particularly important because investors need assurance that capital has been deployed effectively and that there is an incremental result of the investment.

Additionality through engagement
Additionality requires that an investment realizes positive change that would have otherwise not occurred. We believe that additionality can only be realized through long-term engagements with companies in the portfolio oriented around positive change.

Source: UBS Asset Management 2021.

Incorporating sustainability factors in rules-based strategies

Combining index, quantitative and sustainability experience and expertise

Replicating third party indices

- Tracking ESG indices
- Index selection crucial
- Establish work relationship with key index providers and IP firms
- Participating in index consultations
- Dialogue on the latest index research and developments
- Negotiating competitive index license and index data fee

Constructing custom indices

- Customize indices in collaboration with investment managers or index providers
  - Specified exclusions
  - Custom indices
- Construct custom indices in collaboration with clients and index providers

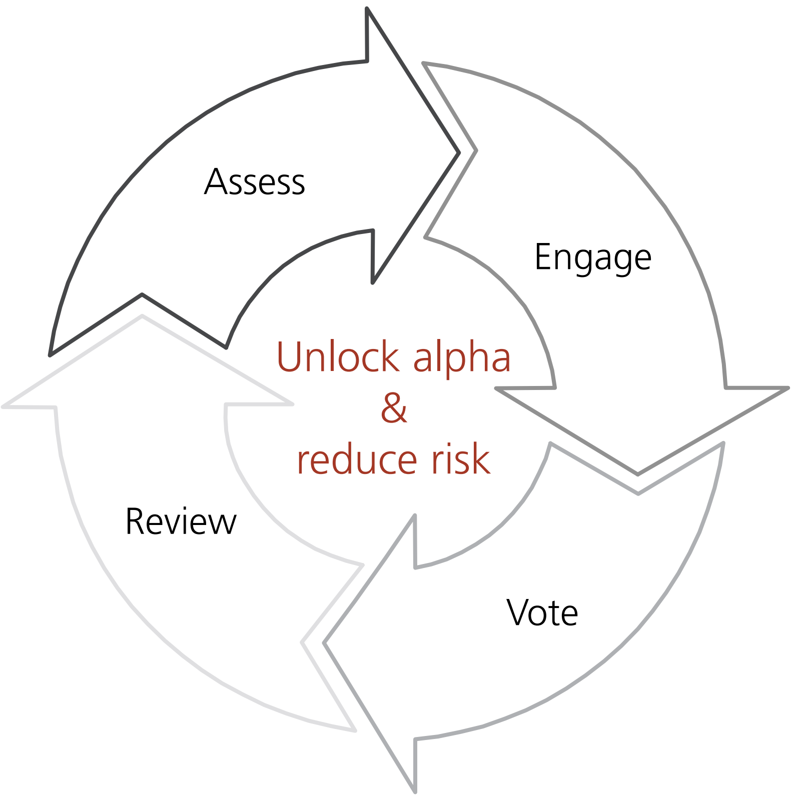
Proprietary rules-based / self-indexing

- Applying tilts based on specified factors / metrics
- Sourcing fundamental and ESG data from a range of third party databases
- Portfolio management system to construct efficient portfolios
- Benefitting from research and back-testing experience of investment managers

Source: UBS Asset Management

Transparent and proactive investment stewardship

Leveraging strength of large asset owners to drive positive, material change



Core part of the investment process

- Grounded in driving performance and avoiding downside risks
- High quality engagements on sustainability issues with senior executives and board members

Combined strengths across all strategies

- Seeking to maximize outcomes by combining insights from active investments with voting power of index linked strategies
- Stewardship approach pursued consistently across fixed income and equities on behalf of asset owners looking to maximize impact of engagement outcomes

Strong external collaboration

- Helping to further ESG best practices across the investment industry
- Leading within the Climate Action 100+ coalition

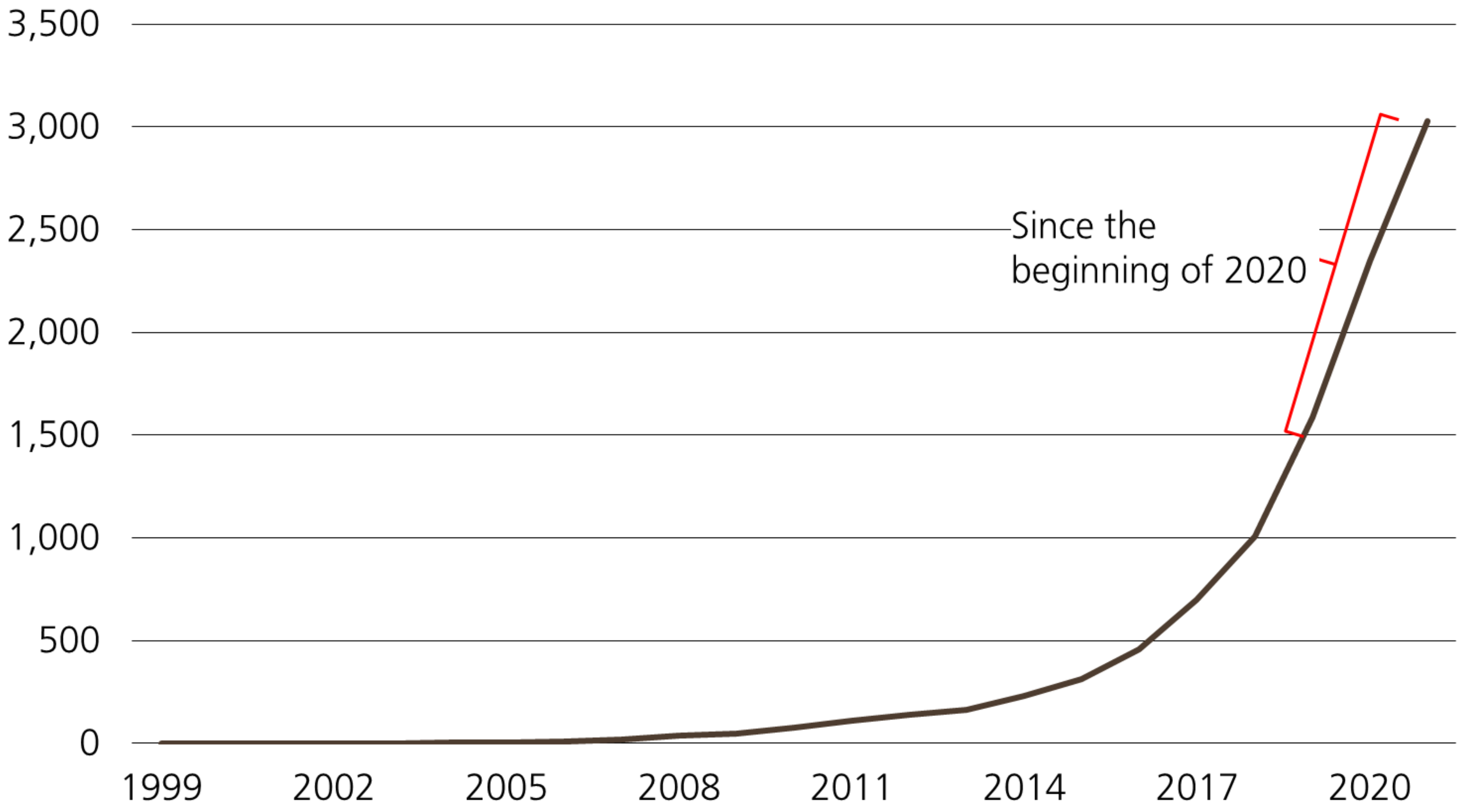
Source: UBS Sustainability report 2020.

Section 3.2

Financing

Sustainable debt issuance has hit the USD 3trn threshold

ESG cumulative debt issuance, in USD billions



Source: BNEF, UBS, as of June 2021.
Please see important disclaimer at the end of the document

Sustainable Finance and Corporate strategy benefits

Sustainable Finance can be a tool to bring the conversation to a corporate level in a tangible way where companies actively engage internally by leveraging competencies and/or new processes to address sustainability strategies

5 key sustainable finance steps

Sustainable Financing tools

1 Selection of instrument

Use of Proceeds

- Green, Social, Sustainability (GSS) instruments

Sustainability-linked

- KPI instruments

2 Selection of eligible assets, target setting for KPIs

- Identify eligible assets of the company that relates to sustainable finance categories
  - E.g. Green buildings, energy efficiency, low carbon infrastructure
- Select or determine new KPIs and set Sustainable Performance Targets and transition trajectory

3 Implementation of governance

- To incorporate sustainable finance, relevant governance practices, including competencies (e.g. treasury, sustainability, business), need to be in place
- Requires review of existing processes, such as monitoring and reporting practices

4 Annual reporting / verification

- Regular disclosure to allow stakeholders to review progress and impact
- Assurance reports

5 Communication

- Sustainable finance signals to investors and enables deeper conversations with stakeholder groups in regards to the company's intentions to monitor and manage their business
- Concrete impact data addresses investor expectations and measurability of efforts

Issuance

5 key corporate benefits

Corporate Strategy formulation

1 Exploration of business rationale

- Opens up discussion and internal communication to enable action
- Explore how does it relate to:
  - the company,
  - products,
  - services,
  - stakeholders

2 Corporate target setting

- In reviewing the company's practices around tracking and measuring KPIs, this could lead to setting ambitious targets that are material to the company and conveys ambitions

3 Interconnectivity of internal stakeholders

- Setting up governance process can lead to cultural shifts where regular dialogue between key representatives can create behavioral change that connects all the way to board level
- Stronger identification with the business from stakeholders

4 Corporate Reporting

- Reporting procedures and data collection from existing processes can be leveraged for sustainable finance instruments, or vice versa where sustainable finance help create these procedures

5 Clear corporate purpose

- Active implementation of communication strategy around ESG internally and externally
- Increased visibility and transparency
- Potential creation of future benchmarks and setting industry leadership for impact methodologies

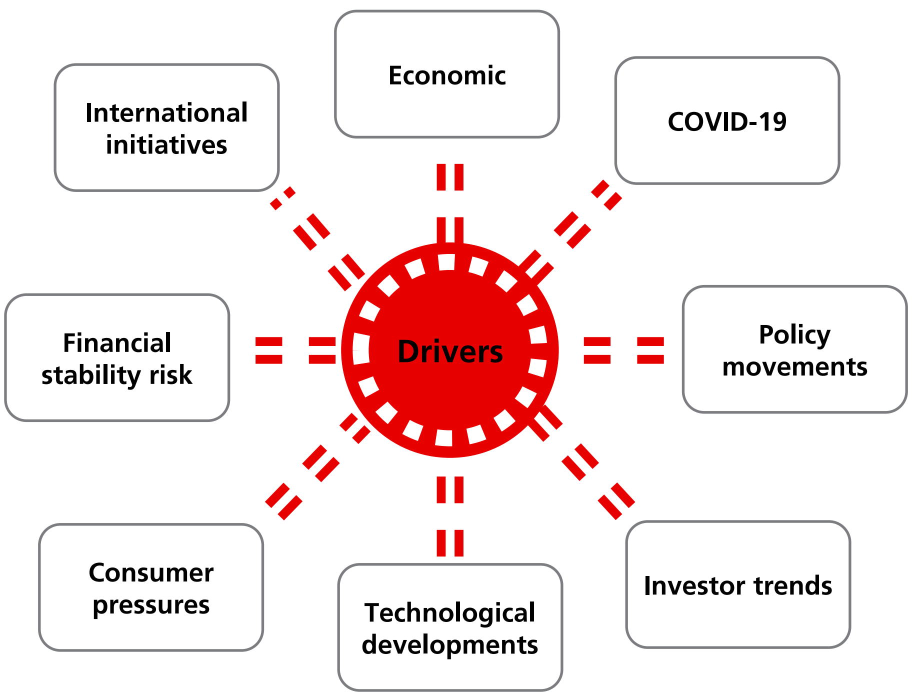
Corporate Strategy vision

Drivers: Sustainable Finance markets, Regulations

Sustainable finance is the fast water in finance and flows and performance have been resilient in 2020, despite the COVID-19 pandemic

Sustainable Finance market drivers

The Sustainable Finance market has gained significant traction across the board since inception, with the level of integration of sustainability and incorporation of climate change risk into business models under scrutiny from various stakeholders



Investors engaging with the market during the COVID-19 disruption have strongly supported sustainability assets, a trend that is expected to continue to accelerate going forward

Key Regulations

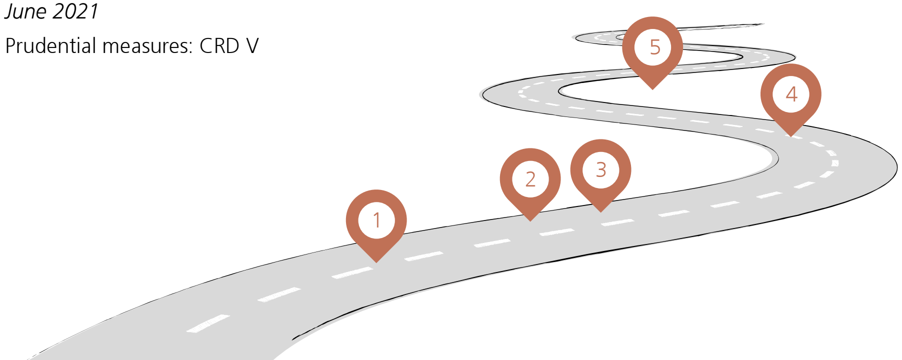
01 *June 2019*
Shareholders Rights Directive II

02 *March 2021*
Sustainability Related Disclosures Regulation (SFDR)

03 *June 2021*
Prudential measures: CRD V

04 *December 2021*
Climate Benchmark Regulation

05 *January 2022*
EU Taxonomy



Focus: Sustainability Related Disclosures Regulation

The Disclosure Regulation came into effect in March of 2020. The deadline for Financial Market Participants to comply with the regulation, i.e. provide disclosures, is 10 March '21

Detail and complexity of a Financial Market Participant's response will depend in some cases on the size of the firm (larger firms have more stringent requirements)

Entity level requirements

- Mandatory for all: Transparency of sustainability risk policies
- Comply or explain: Transparency on the integration of sustainability risks
- Mandatory for all: Transparency of remuneration policies on integration of sustainability risks
- Mandatory for "large" FMPs, comply or explain for others: Transparency on adverse sustainability impacts

Product level requirements

- Comply or explain: Transparency on adverse sustainability impacts
- Disclosures mandatory for financial products with sustainability objectives
- Disclosures mandatory for financial products with environmental or social characteristics

Sustainable Bond market

Switzerland in focus

Notable recent developments

SIX launches new ESG equity and bond indices in the Swiss Market – *Feb 11, 2021*

- The offering includes 2 SPI ESG Indices based on Swiss Performance Index (SPI) for equities, and 20 SBI ESG indices based on Swiss Bond Index (SBI). To be included, issuer must have ESG Impact Rating higher than C+, and <5% revenue from controversial sectors, and not be excluded from Swiss Association for Responsible Investments

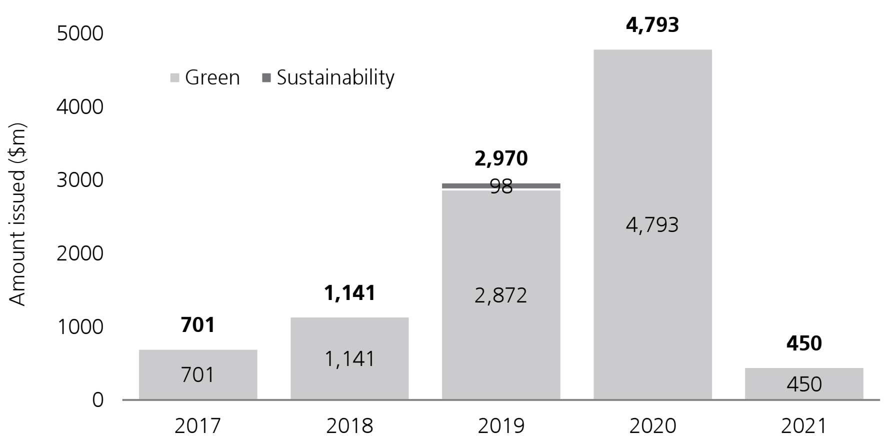
Switzerland becomes an official supporter of TCFD – *Jan 12, 2021*

- In line with Switzerland's sustainable finance policy, Swiss companies have been called by the Federal Council to adopt the TCFD recommendations. Currently, the recommendations are on a voluntary basis with a bill to be drafted to make them binding. The bill will be discussed with the Swiss private sector and trade associations through 2021

FINMA conducts consultation on disclosure requirements with respect to climate-related financial risks – *Nov 11, 2020*

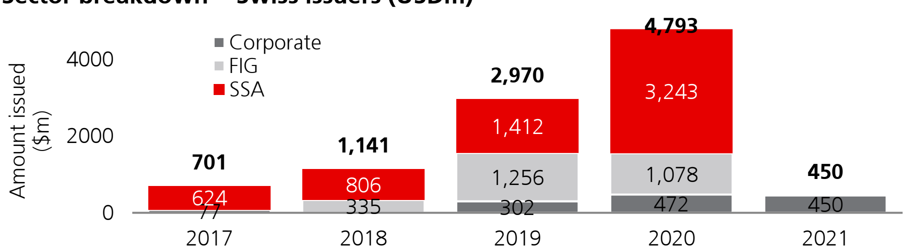
- In its draft of the partially revised Circular, 'Disclosure-Bank', FINMA has specified disclosure requirements for climate-related financial risks in an aim to increase transparency. The requirements which are based on TCFD recommendations which includes, and applies to systemically important banks and large insurance companies. The consultation ran until 19 January 2021.

Sustainable finance supply from Swiss issuers (USDm)



Currency breakdown - Swiss issuers (USDm)

Sector breakdown - Swiss issuers (USDm)



UBS

The Sustainable finance product palette

	1 Green bonds*	2 Social bonds*	3 Transition bonds	4 Sustainability-Linked bonds	5 Green loans	6 Sustainability-Linked loans
Principles (year introduced)	Green Bond Principles (2014)	Social Bond Principles (2017)	Launch expected H2 2020	Sustainability-Linked Bond Principles (2020)	Green Loan Principles (2018)	Sustainability-Linked Loan Principles (2019)
Governance	ICMA	ICMA	[ICMA]	ICMA	LMA / APLMA	LMA / APLMA
Characteristics	2050 Paris aligned activities	• Social activities for defined vulnerable target populations; o specific group; or o defined deprived locations • Inherently social activities	Transitional activities i.e. brown technologies to lesser brown technologies	• Forward-looking sustainability target setting on corporate level o aligned with 2050 Paris Accord o transitional • Variable coupon structure	2050 Paris aligned activities	• Forward-looking sustainability target setting on corporate level o aligned with 2050 Paris Accord o Transitional • Variable margin structure
Type	Use of proceeds	Use of proceeds	Use of proceeds + decarbonisation KPIs	General Corporate Purposes + decarbonisation KPIs	Use of proceeds	General Corporate Purposes + decarbonisation KPIs
Core components	• Use of proceeds • Project evaluation • Management of proceeds • Reporting • External review (recommended)	• Use of proceeds • Project evaluation • Management of proceeds • Reporting • External review (recommended)	• Use of proceeds • Project evaluation • Management of proceeds • Reporting • Selection of KPIs • Calibration of Sustainability Performance Targets • External review	• Selection of KPIs • Calibration of Sustainability Performance Targets • Bond characteristics • Reporting • Verification (mandatory post-issuance)	• Use of proceeds • Project evaluation • Management of proceeds • Reporting • External review (recommended)	• Relationship to borrower's overall CSR strategy • Target setting (measuring the sustainability of the borrower) • Reporting • External review (recommended but can be negotiated on a transaction-by-transaction basis)
Issuer eligibility	• Green equity story • Sufficient Green assets	• Institutions supporting social activities for vulnerable groups or general population • Sufficient Social assets	• Sufficient Green assets • Corporate commitment to measurable targets within a predefined time frame	• Corporate commitment to measurable targets within a predefined time frame	• Green equity story • Sufficient Green assets	• Corporate commitment to measurable targets within a predefined time frame

Note: 1. GBP (Green bonds) and SBP (Social bonds) issuance together forms Sustainability Bond Guidelines (SBG)

Implementation of Green bond processes

See below illustration of how the implementation of the green processes can be seamlessly integrated into existing workstreams, whilst also reaching the whole organisation encouraging engagement

1 Identification of Green loans and assets	2 Collation of Green loans and assets	3 Tracking of Green loans and assets
Lending departments	**Collation of Green loans**	**Tracking of Green portfolio**
Relevant loan originations teams can carry out initial screening and identify potential eligible loans for evaluation under the Green framework	*Relevant loan origination teams will provide supporting information / documentation for each nominated asset*	*Approved Green loans to be monitored and tracked*
Credit Process	**Centralised Green Committee**	**System solution**
Corporates can efficiently capture potential eligible activities by integrating such proposed loans into existing credit processes	*Committee set up to evaluate and select the proposed Green loans.* *Members to include green / sustainability competence as well as treasury, loan departments, other relevant functions*	*One way to track Green loans can be through tagging in the loan booking system(s)* *Another way can be to track Green loans via separate profit centres*

Green bond framework – checklist of key items

We highlight below some key items to be cognizant of through the process of setting up internal processes and the Green Bond Framework

Internal process

- **Create an internal working group with relevant stakeholders to develop the framework** ✓
- **Identify and decide on eligible green activities**
  What is potential volume of the portfolio? Financing vs. refinancing? ✓
- **Set up an internal tracking and evaluation system for the green assets and proceeds**
  Manual or System based? Governance for evaluation? Exclusions (if any) for unallocated proceeds? ✓
- **Identify impact indicators and methodologies for the reporting**
  What is the reporting format. data quality, frequency and publication platform? ✓

Green Bond Framework

- **Link Green Bond Framework to UN SDGs**
  What are the relevant UN SGDs for the eligible criteria? ✓
- **Future-proofing the eligible criteria**
  Include language to future-proof the framework? (e.g. addition of "certified or to be certified" under eligibility criteria) ✓
- **Setting up Governance structure for Project evaluation**
  Constituents of the Committee? Reporting Structure? Where does the decision making sit? ✓
- **Detailing tangible use of Green proceeds**
  Highlight project examples in line with investor preferences? ✓

Second Party Opinion

- **Determine the external reviewer**
  What are their expertise and approach? ✓

Mechanics of a KPI-Linked Loan (illustrative)

Interest margin adjustment matrix based on 2 KPIs

KPI lower target value \ KPI upper target value	0 KPI	1 KPI	2 KPIs
2 KPIs	**-[5]bps**		
1 KPI	**-[2.5]bps**	**+/-0bps**	
0 KPI	**+/-0bps**	**+[2.5]bps**	**+[5]bps**

Considerations for the selection of relevant KPIs

- Essential: Banks prefer targets that are directly related to the borrower's business activities
- Measurable: the target values must be able to be achieved in a step-by-step plan over the term of the loan and be easily traceable
- Ambitious: the target values must show a significant improvement on the current state

Margin adjustments

- Based on the result of the KPIs compared to the lower and upper target value, the margin is adjusted by up to [5]bps.
- Examples:
  - 1 KPI above the upper target and 1 KPI unchanged: the interest margin increases by [2.5]bps
  - 2 KPIs below the lower target value: the interest margin is reduced by [5]bps
  - 1 KPI below the lower target and 1 KPI above the upper target value: the interest margin remains unchanged

Methodology (e.c. emission values)

- 2020e as a starting point to achieve the reduction of emission values by 2025
  - KPI 1: achieved [•] by 2025
  - KPI 2: achieved [•] by 2025
- An over- or under-fulfilment of the emission values is supplemented to define the upper and lower target values:
  - Lower target: The company can reduce its emissions by an additional 5-10% compared to a linear reduction expectation
  - Upper target value: Emissions are 5-10% above the linear reduction expectation

Section 3.3

White Label Funds

White Label Funds – Example of Swiss Fund

Tailermade White Label Fund according to preferences of Insurance Company

Balanced Sheet / Unit-Linked Assets

Tailermade White Labelling fund with Sponsor "Insurance company XYZ"

Insurance company

Management Agreement

Fund Management Company

Asset Management Agreement(s)	**Offering Agreement(s)***	**Sec. Lending Agreement**	**Custodian Agreement**	**Administration & TA Agreement**	**Mandate**
Insurance company, UBS Asset Management or third party(ies)	Sponsor or third party(ies)	Principal or Agents	Custodian	Fund Administor	Auditor

Swiss law and regulation
(CISA / CISO / CISO-FINMA / FINMA circulars / AMAS guidelines / AMAS Code of Conduct)

- Due diligence - Responsibility of the Fund Management Company (ManCo)
- Investment funds under Swiss Collective Investment Scheme Act
- Transparency due to fund prospectus and disclosure duties
- Flexibility with the choice of asset manager(s), distributor(s)* and custodian
- Contact to the Swiss financial authorities and maintenance of the contracts through the Fund ManCo

* Only for fund with public offering

White Label Funds

Main advantages for Swiss Insurance Companies

Governance

Transparency
Made-to-measure, regulated products with reports audited annually

Fund management function in accordance with CISA
- Risk Management
- Due diligence by asset managers
- Participation in class actions
- Investments (incl. derivatives) valued daily
- Uniform contractual arrangements for all asset managers
- Single method for calculating and billing fees

Investment guidelines
Daily review of the contractually agreed investment guidelines by the fund management company (both active and passive breaches) by means of the MIG21 tool

Exercise of voting rights
UBS can manage the exercise of voting rights attached to Swiss and foreign equities, either itself or by delegating it to the fund management company

Efficiency

Administration offloaded
Asset administration tasks offloaded onto the fund management company, which handles various services and reports

Reporting
Individual reports and factsheets tailored to your requirements

Accounting & auditing
NAV-based accounting makes securities accounts and auditing simpler. Only one securities number still has to be booked for each asset class

Effects of scale
Additional effects of scale at every level of asset management

Costs

Cost efficiency
By combining assets, additional effects of scale can be realized at all levels of asset management

Tax efficiency
No stamp duty on transactions and no VAT on such services as custodianship, asset management or fund management within the fund

Transparent costs
Monthly reports ensure transparent costs The fund accounts record all costs associated with the asset classes and report them regularly

Securities Lending
Securities lending with collateral as prescribed by CISA is built in (but optional)

White Label Fund with ESG Focus

Additional benefits by customized ESG Focus

Sponsor (Insurance Company)

- Mandates the ManCo and the custodian
- Defines the investment strategy / selects the asset manager
- Decides on new funds, changes of strategy and changes of fund prospectus
- Defines the fee and the distribution concept

Management Company

- Is formal owner of the fund assets
- Is responsible for the legal framework, governance and compliance of the fund
- Proxy Voting / class actions

Portfolio Manager (UBS AM/Sponsor/3rd Party)

- Manage assets according to insurance' preferences especially regarding ESG criteria
- Thanks to own structure possibility to adjust investment strategy and asset manager in case of changed preferences or focus topics.

Custodian

- Provides custody services as per the fund's local legal framework
- For Swiss funds: Custodian control (IFAC) controls the ManCo in accordance with CISA
- Processing subscription and redemptions

Tailormade and adaptable structure while insurance company is focusing on core competences

High operational and tax efficiency

Additional risk management layer through the fund management company

For balanced sheet money as well as unit-linked investments

Section 4

UBS as your Partner

Approaching Sustainability holistically

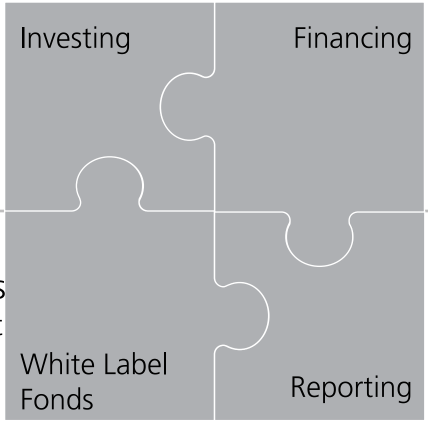
UBS Powerhouse: providing a comprehensive set of competences

UBS Asset Management

UBS Asset Management is a global large-scale and diversified asset manager offering a wide range of sustainable and impact investing strategies across asset classes

UBS Investment Bank

UBS Investment Bank provides services to institutional, corporate and wealth management clients, helping them raise capital, grow their businesses, invest for growth and manage risks.



UBS White Labelling Solutions

WLS is the UBS Asset Management competence center for White Labelling services

UBS Personal & Corporate Banking

As a leading Swiss personal and corporate bank, we provide comprehensive financial products and services to private, corporate and institutional clients.

Section 4.1

UBS Asset Management

UBS

Sustainable Investing (SI) at UBS Asset Management

UBS' center of excellence for sustainable investing

The Sustainable and Impact Investing team works closely with portfolio managers, research analysts and investment specialists across asset classes to systematically integrate ESG in our investment processes and develop sustainable and impact solutions for clients.

UBS Asset Management

Equities	Fixed Income	Systematic & Index Investments	Multi Asset Solutions	Alternatives

Sustainable and Impact Investing

Dedicated team of SI professionals

~USD 136 bn SI-focused, **>USD 453.9 bn** ESG Integrated assets under management[1]

+20 years of SI business history

Source: UBS Asset Management. For illustrative purposes only.

1 Assets under management as at 30 September 2021, including non-fee bearing assets.

Current offering of sustainable and impact strategies I/III

Strategies with Sustainability-Focus and Impact as primary SI-approach (note: all other active strategies are ESG-integrated)

Current passive offering

		Existing strategies	**(Standard) Exclusions**	**SI Assessment**	**Stewardship** (voting and/or engagement)	**Sustainability focus**	**Impact (thematic) focus**
Equities	Indexing Equity / Quant	Switzerland Quantitative Sustainable	✓	✓	✓[2]	✓	
		Sustainable Equity Indexed	✓	(✓)[4]	✓[2]	✓	
		Global Climate Aware	✓	✓	✓	✓	
		Europe Climate Aware	✓	✓	✓	✓	
Fixed Income	Indexing Fixed Income	Global Climate Aware Corporate Bonds	✓	✓	✓[3]	✓	
		Global Government Climate Aware Bonds	✓	(✓)[4]		✓	
		Sustainable Development Bank Bonds	✓	(✓)[4]		✓	
		Bonds CHF Ausland ESG	✓	(✓)[4]		✓	
		Bonds CHF Inland ESG	✓	(✓)[4]		✓	
MA	Multi-Asset	Vitainvest Passive Sustainable	(✓)[1]	✓	✓[2]	✓	

Source: UBS Asset Management, September 2021
1 - limited scope (very severe controversies, controversial weapons)
2 - voting only (no active engagement)
3 - engagement only (no active voting)
4 - based on methodology of external ESG data / index provider

Primary SI-approach

Current offering of sustainable and impact strategies II/III

Strategies with Sustainability-Focus and Impact as primary SI-approach (note: all other active strategies are ESG-integrated)

Current active offering

		Existing strategies	(Standard) Exclusions	SI Assessment	Stewardship (voting and/or engagement)	Sustainability focus	Impact (thematic) focus
Equities	Active Equity	Global Sustainable Equity	✓	✓	✓	✓	
		Global ex-US Sustainable Equity	✓	✓	✓	✓	
		US Sustainable Equity	✓	✓	✓	✓	
		Switzerland Sustainable Equity	✓	✓	✓	✓	
		European Opportunity Sustainable	✓	✓	✓	✓	
		Emerging Markets Sustainable Leaders	✓	✓	✓	✓	
		US Equity Large Cap Growth Sustainable	✓	✓	✓	✓	
		Active Climate Aware Equity	✓	✓	✓	✓	
		Global Equity Long Term Themes	✓	✓	✓	✓	
		Global Engage for Impact Equity	✓	✓	✓		✓
Fixed Income	Active Fixed Income	USD Corporates Active Climate Aware (USD)	✓	✓	✓[2]	✓	
		EUR Corporates Active Climate Aware (EUR)	✓	✓	✓[2]	✓	
		Short Duration High Yield Sustainable	✓	✓	✓[2]	✓	
		Bonds CHF Sustainable	✓	✓	✓[2]	✓	
		US Corporate Bond Sustainable (USD)	✓	✓	✓[2]	✓	
		EUR Corporates Sustainable (EUR)	✓	✓	✓[2]	✓	
		Sustainable Money Market (USD & EUR)	✓	✓	✓[2]	✓	
MA[1]	Multi-Asset	Vitainvest Swiss & World Sustainable	✓	✓	✓	✓	

Current offering in Alternatives

Alts	Real Estate	Sustainable Real Estate strategies	✓	✓	✓	✓	
	Infrastructure	Global Responsible Infrastructure Fund	✓	✓	✓	✓	
	Hedge Fund	O'Connor Environmental Focus (Equity long-short)	✓	✓	✓		

Source: UBS Asset Management, September 2021
1 - MA stands for Multi-Asset
2 - engagement only (no active voting)

Primary SI-approach

Current offering of sustainable and impact strategies III/III

Strategies with Sustainability-Focus and Impact as primary SI-approach (note: all other active strategies are ESG-integrated)

Current ETF offering		Existing strategies	(Standard) Exclusions	SI Assessment	Stewardship (voting and/or engagement)	Sustainabiliy focus	Impact (thematic) focus
Equities	Equity	MSCI Socially Responsible	(✓)[1]	(✓)[3]	✓[2]	✓	
		S&P Dividend Aristocrats ESG	✓	(✓)[3]	✓[2]	✓	
		MSCI ACWI ESG Universal Low Carbon Select	✓	(✓)[3]	✓[2]	✓	
		S&P 500 ESG	✓	(✓)[3]	✓[2]	✓	
		EURO STOXX 50 ESG	✓	(✓)[3]	✓[2]	✓	
		SPI® ESG	✓	(✓)[3]	✓[2]	✓	
		MSCI China ESG Universal	(✓)[1]	(✓)[3]	✓[2]	✓	
		S&P 500 ESG ELITE	✓	(✓)[3]	✓[2]	✓	
		MSCI Climate Paris Aligned	(✓)[1]	(✓)[3]	✓[2]		✓
		Equities Switzerland ESG	✓	(✓)[3]	✓[2]	✓	
		Climate Aware Global Developed Equity CTB	(✓)[1]	(✓)[3]	✓[2]		✓
		Global Gender Equality	✓	(✓)[3]	✓[2]	✓	
Fixed Income	Fixed Income	Bloomberg MSCI Liquid Corporates Sustainable	✓	(✓)[3]		✓	
		JPM USD EM IG ESG Diversified Bonds	✓	(✓)[3]		✓	
		J.P. Morgan Government ESG Liquid Bond	✓	(✓)[3]		✓	
		Sustainable Development Bank Bonds	✓	(✓)[3]		✓	
		SBI® Foreign AAA-BBB 1-5 ESG	✓	(✓)[3]		✓	
		SBI® Foreign AAA-BBB 5-10 ESG	✓	(✓)[3]		✓	
		SBI® ESG AAA-BBB	✓	(✓)[3]		✓	
		SBI® ESG Corporate	✓	(✓)[3]		✓	

Source: UBS Asset Management, September 2021
1 - limited scope (very severe controversies, controversial weapons)
2 - voting only (no active engagement)
3 - engagement only (no active voting)
4 - based on methodology of external ESG data / index provider

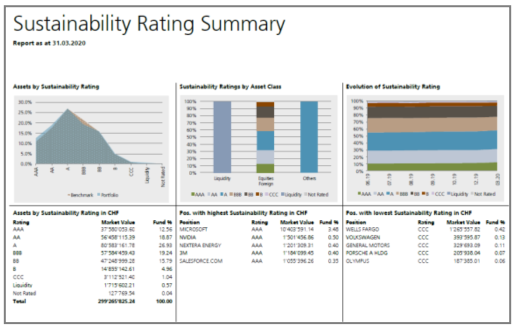
Primary SI-approach

Sustainability Analytics in UBS AM mandates and portfolios

What gets measured gets done

- Regulatory bodies and stakeholders ask for the sustainability profile of investments
- Investors need to understand reputational risks associated with their investments, e.g. business activities external parties consider controversial

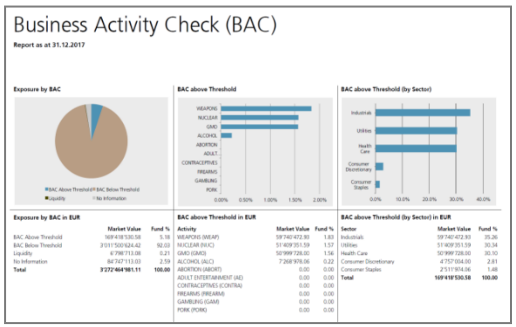
Sustainability Rating Summary



Provided metrics:

- Assets by ESG rating
- Allocation by ESG rating
- Evolution of ESG rating over time
- 10 most relevant positions with the highest / lowest ESG rating
- Default data provider: MSCI ESG Research

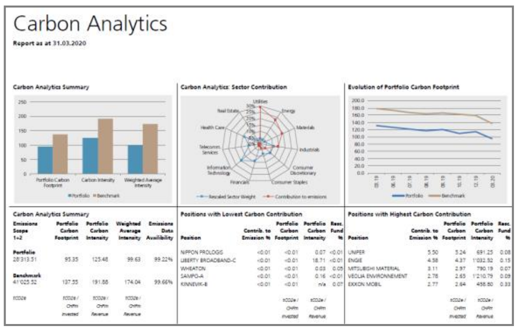
Controversial Business Activities



Provided metrics:

- Portfolio exposure with to up to 10 selected CBA (with defined thresholds)
- CBA exposure by selected business activity
- CBA exposure by sector
- 10 most relevant positions with CBA
- Default data provider: MSCI ESG Research

Carbon Analytics



Provided metrics:

- Absolute carbon emissions (in tCO2 emitted)
- Carbon footprint (tCO2 emitted / invested NAV)
- Carbon intensity (tCO2 emitted / company sales)
- Weighted average carbon intensity
- Carbon emission contribution by sector
- Evolution of carbon footprint over time
- 10 most relevant positions with the highest / lowest carbon contribution
- Default data provider: MSCI ESG Research

Source: UBS Asset Management, for illustrative purposes only.

Section 4.2

UBS White Labelling Solutions

UBS White Labelling Solutions – Expertise

Our clients trust us for over 20 years

Facts

357bn

CHF Assets under Administration in White Labelling products[1*]

77

Number of White Labelling clients[1]

532

Number of White Labelling products[1*]

>150

Number of contractually bounded asset managers[1]

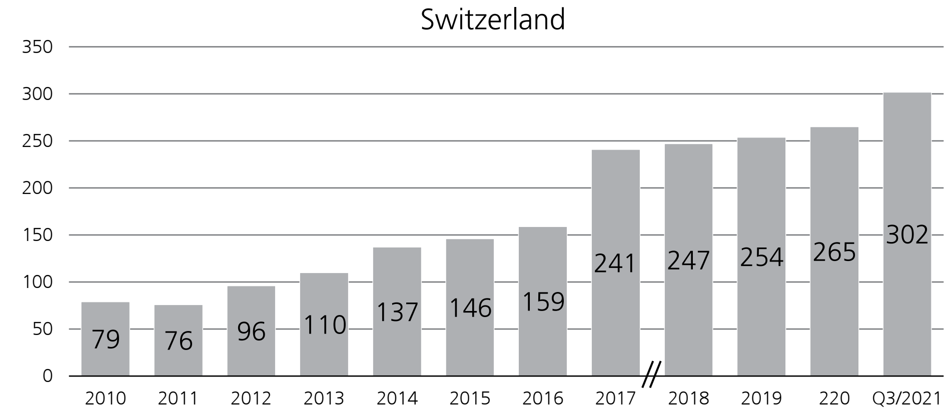
100%

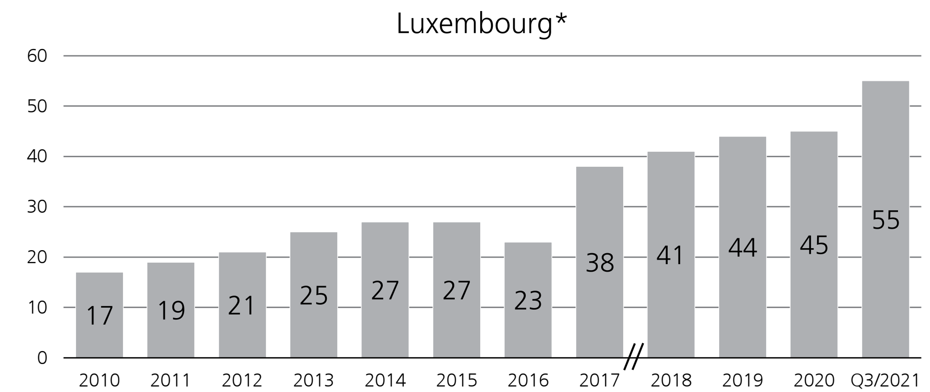
Product type coverage in Switzerland and Luxembourg[1]

> 70

Number of contractually bounded distributors[1]

White Labelling Assets under Administration (CHF bn)[1]





1 Source: UBS ManCos Analytics & Reporting / Figures as of 30 September 2021
2 Source: ManCo Oversight & Risk Management CH & LUX consolidated / Figures as of 30. Juni 2021
* Numbers include assets in funds set up from UBS IB and UBS WM for discretionary & third-party clients
// Outsourcing of the administration to Northern Trust. Only Legal Fronting Clients are now taking into account in the Management Company AuA

UBS

UBS White Labelling Solutions – Involved Parties (CH)

Which business areas & responsibilities are covered?

Sponsor

- Mandates the ManCo and the custodian
- Defines the investment strategy
- Recommends the asset manager(s)
- Decides on new funds, changes of strategy and changes of fund prospectus
- Defines the fee and the distribution concept
- If applicable, provides the voting instructions

Management Company

- Is owner of the fund assets
- Is responsible for the legal framework, governance and compliance of the fund
- Ensures the legal and technical implementation and the ongoing activities of the fund
- Ensures the constant adjustment of the legal framework

Portfolio Manager

- The asset manager mandate will be signed by the ManCo
- Is responsible to comply with the framework of the asset management agreement
- All asset management activities remain the same

Custodian

- Provides custody services as per the fund's local legal framework
- For Swiss funds: Custodian control (IFAC) controls the ManCo in accordance with CISA
- Processing subscription and redemptions
- All other Custodian activities remain the same

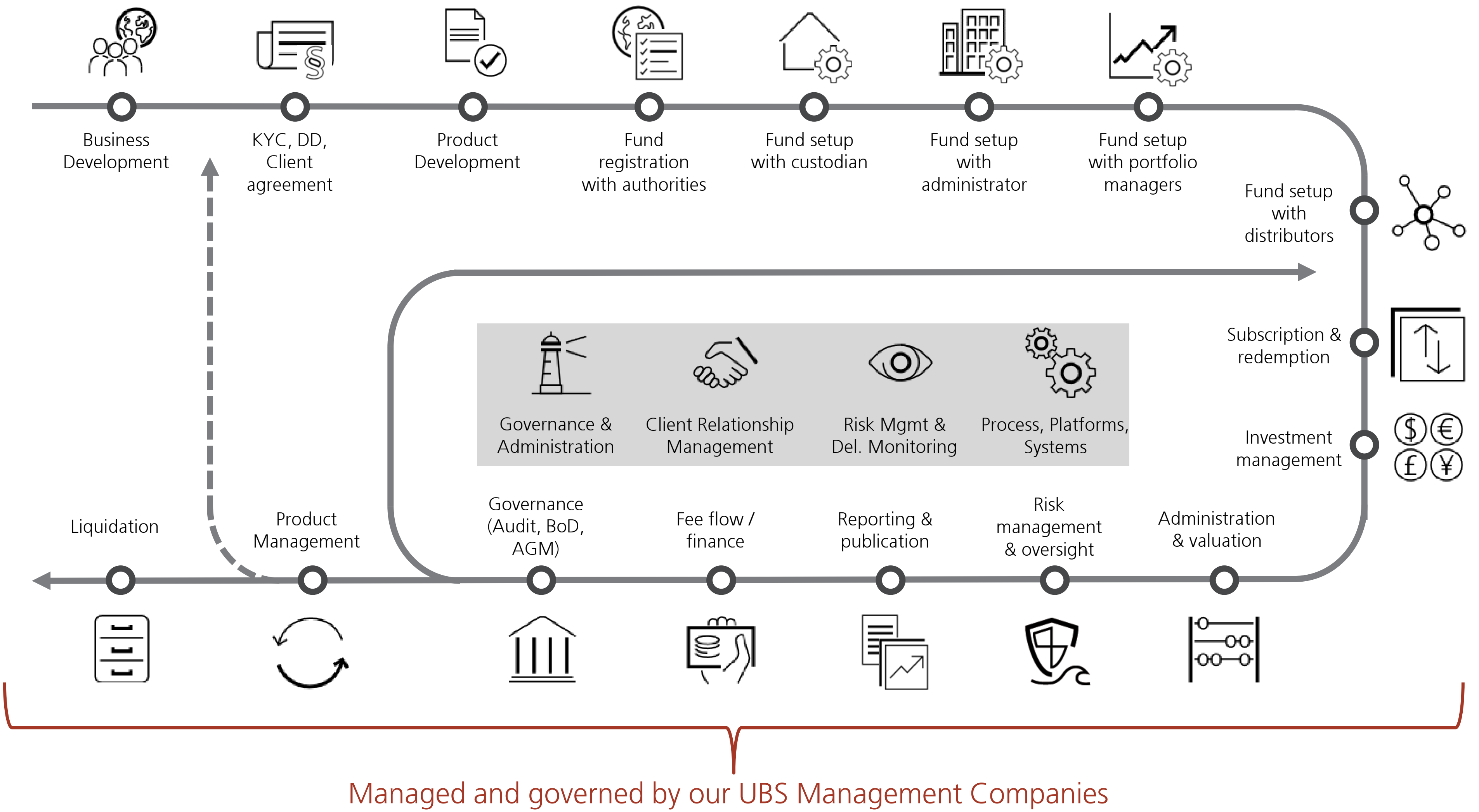
As sponsor you decide which elements of the value chain you want to delegate

Achieved advantages thanks to Due Diligence of portfolio manager and supervision of the investment guidelines

Efficient governance thanks to Collective Investments Act (CISA) – Management Company is commited to protect the interest of the investors

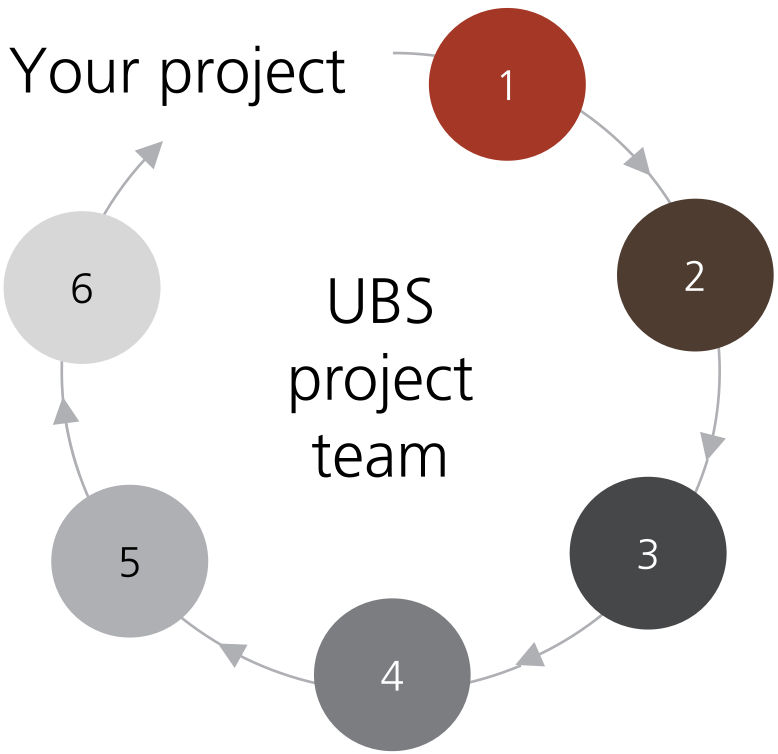
UBS White Labelling Solutions – Value Chain

How we understand our business – the responsibility of our UBS Management Companies



Our UBS White Labelling Solutions – Value Proposition

Your access to the UBS Management Companies core competences combined with one-stop-shop approach



One-stop-shop
Additional, combinable UBS and third party services: Asset management, distribution platform, custody, execution, securities lending, investment reporting

1 Main Contractor

Preparation, planning and support for the design and structuring of your investment solution done by professional business developers and Client Relationship Managers. The Management Company mandates all delegates like the administrator, custodian, transfer agent, asset managers and, if needed, distributors

3 Corporate Governance

Best-in-Class regarding corporate governance, proxy-voting and participation to class actions

5 Administration

Funds administration, transfer agent, registrar & domiciliation, funds documents and prospectus, marketing reporting & ManCo Online Tool

2 Project Management

Relief thanks to qualified project manager for the on-boarding and life cyle management of your individual solution

4 Risk Management

Portfolio risk monitoring (market, liquidity, credit, etc.), monitoring of the delegates – administrator, custodian, asset manager(s), distributor(s) – regarding compliancy with quality, investment guidelines and legal requirements

6 Distribution Support

Global registration of your products and support regarding distribution topics

UBS Management Companies – Capability-Matrix

Available fund domiciles, legal regimes & structures

Switzerland

Legal regimes	Legal structures
Qualified Investor Fund	SICAV, FCP
Securities Fund	SICAV, FCP
Single Investor Fund	FCP
Other Fund for Alternative Investment	SICAV, FCP
Other Fund for Traditional Investment	SICAV, FCP
Investment Foundation	AST
Limited Partnership	KmGK

Luxembourg

Legal regimes	Legal structures
UCITS	SICAV, SICAF, FCP
Part II UCIs	SICAV, SICAF, SCA, SCSp, SCS, FCP
SIF	SICAV, SICAF, SCA, SCSp, SCS, FCP
SICAR	SICAV, SICAF, SCA, SCSp, SCS
RAIF	SICAV, SICAF, SCA, SCSp, SCS, FCP
SOPARFI	SÀRL, SA, SAS, SCA
ELTIF	SICAV, SICAF, SCA, SCSp, SCS, FCP
Securisation Vehicles	SICAF, SCA, SCSp, SCS, FCP

Ireland

Legal regimes	Legal structures
UCITS	ICAV, PLC, ILP, CCFs
Professional Investor Funds	ICAV, PLC
Unit Trust	n/a

As of July 2021
Source: UBS Products Operating Office

UBS

Innovative new fund solution (expected from 2023 on)

Limited Qualified Investor Fund (L-QIF): A flexible solution for Swiss qualified investors

Profile

Name	Limited Qualified Investor Fund (L-QIF)
Investor	Qualified Investors only (QI)
Scheme	Collective investment scheme as per the Federal Act on Collective Investment Schemes (CISA)
Product authorisation	No product authorisation required
Protection for investors	Indirect supersivion of respobsible fund management company by FINMA
Audit	Fund specific audits also for L-QIF

Benefits

- Greater degree of flexibility concerning investment strategy
- Improved time to market (initial launch an adaptations)
- Same tax treatment as all other Swiss collective investments schemes

26 June 2019
Opening of consultation process Adjustment CISA

17 October 2019
Ending of consultation process Adjustment CISA (law)

19.8.2020
Enactment of the message by the Federal council

SS 2021
Adoption of the First Council

Q4 2021
Adoption of the Second Council

Q1 2022
Opening of consultation process Adjustment KKV (directive)

Q2 / Q3 2022
Ending of consultation process Adjustment KKV (directive)

Q1 2023
Expected first launch

Section 4.3

UBS Investment Bank

Not to be distributed to US persons (as defined in Regulation S)

Bâloise Holding AG CHF 200 million 0.125% 8.75y Green senior bond

Baloise Group

07 September 2021
CHF 200m green senior bond offering

UBS
Joint bookrunner

Transaction overview

Issuer:	Bâloise Holding AG
Status:	Green senior unsecured debt
Exp. Inst. Rating:	Not rated
Issuer Rating	S&P: A- stab.
Pricing Date:	07 September 2021
Settlement Date:	27 September 2021
Tenor:	Long 8-year (27 June 2030)
Volume:	CHF 200 million
Coupon:	0.125% (p.a.)
Re-Offer Spread:	SARON MS+31bps *(LIBOR MS+24.1bps)*
Re-Offer Yield:	0.091%
Re-Offer Price:	100.299%
ISIN:	CH1130818839
Denomination:	CHF 5'000
Listing:	SIX Swiss Exchange
Bookrunners:	UBS, ZKB
Co-manager:	Deutsche Bank

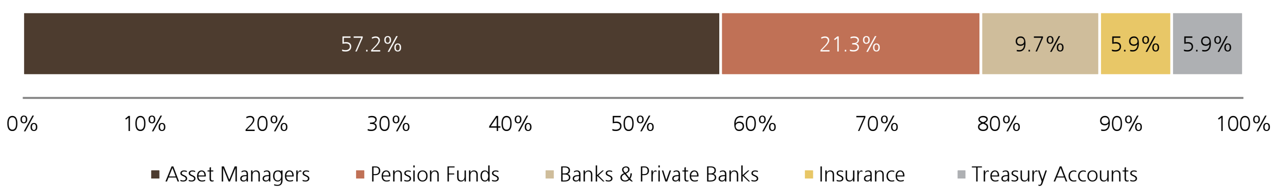
Transaction overview

- On 07 September 2021, UBS acted as Joint Lead Manager on the successful inaugural CHF green senior bond offering for Bâloise Holding AG.
- Based in Basel, Switzerland, the Baloise Group is a provider of prevention, pension, assistance and insurance solutions. with a leading market position in their four core markets: Switzerland, Germany, Belgium and Luxembourg. Baloise employs almost 7'700 employees (2020).

Transaction highlights

- This issue represents Baloise's inaugural CHF green bond. The offering has been announced on Friday, 03 September, and has been pre-marketed on Monday, 06 September, via a group investor call to update the market on the credit and the rationale of the newly published Green Bond Framework, which has obtained a SPO from Sustainalytics.
- IPTs at SARON MS+32-35bps (LIBOR MS+25.1-28.1bps) have been announced for the 8.75-year offering on Tuesday morning, implying an initial NIP flat to FV to slightly positive.
- The transaction went into bookbuilding only one hour after the announcement at a revised spread range of SARON MS+31-33bps for a minimum CHF 150m size. Thanks to the strong momentum and the sustained investor interest, the transaction was upsized to the final size of CHF 200m and landed at the tight end of guidance to finally price at SARON MS+31bps (yield 0.091%, coupon 0.125%).
- The new issue was very well received by the investor base, as demand for offerings with an ESG-angle remains sustained in the CHF market. The green label allowed the issue to benefit of a 4bps greenium (FV of a new traditional senior bond issue at ~MS+35bps), while the transaction represented ~2bps NIP over very tight secondaries.
- Baloise will allocate an amount equal to the net proceeds of any Green Bond issuance to finance and /or refinance, in whole or in part, investments in Eligible Green Assets. More specifically, it will consider investments in i) construction or acquisitions of buildings certified as outlined in the GBF and ii) redevelopments, reconstruction, renovations, refurbishments of existing buildings.
- The transaction saw strong demand from a wide range of Swiss investors. Total final books were slightly oversubscribed, with a total of 20 investors in the UBS orderbook. Asset Managers accounted for 57% of the demand, followed by Pension Funds (21%) and Banks & PBs (10%). The transaction was also supported by Treasury Accounts (6%) and Insurance (6%).

UBS distribution statistics by investor type



UBS

Swiss Life AG EUR 600 million 0.500% 10y Green senior bond

SwissLife

08 September 2021
EUR 600m green senior bond offering

UBS
Joint bookrunner

Transaction overview

Issuer:	Swiss Life Finance I AG
Guarantor:	Swiss Life Holding AG
Status:	Green senior unsecured debt
Exp. Inst. Rating:	S&P: A-
Issuer Rating	S&P: A- stable
Pricing Date:	08 September 2021
Settlement Date:	15 September 2021
Tenor:	10-year (15 September 2031)
Volume:	EUR 600 million
Coupon:	0.500% (p.a.)
Re-Offer Spread:	MS+52bps
Re-Offer Yield:	0.553%
Re-Offer Price:	99.486%
ISIN:	CH1130818847
Denomination:	EUR 100k x EUR 1k
Listing:	SIX Swiss Exchange
Bookrunners:	BofA, Citi, DB, JPM, UBS

UBS

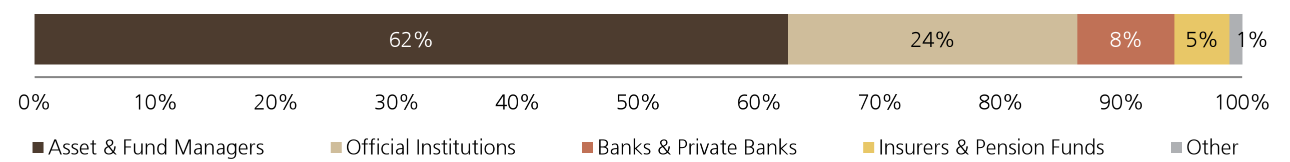
Transaction overview

- On 08 September 2021, UBS acted as Joint Lead Manager on the successful inaugural EUR green senior bond offering for Swiss Life Finance I AG, guaranteed by Swiss Life Holding AG (rated A- by S&P).
- The Swiss Life Group is a leading provider of life and pensions and financial solutions operating in Switzerland, Germany and France, and with competency centres in Luxembourg, Liechtenstein and Singapore. The Group employs a workforce of around 10 000 and has at its disposal a distribution network of some 16 900 advisors.

Transaction highlights

- This issue marks Swiss Life's first appearance in the EUR market since 2016 (hybrid format), and its first ever EUR senior. In addition to scarcity value, the transaction was further supported by the limited supply in the insurance senior space - the transaction was the first 10y senior in the FIG / Ins space for some time in the EUR market.
- The offering has been announced on Monday, 06 September, and has been pre-marketed on Tuesday, 07 September, via a well attended virtual roadshow (ca 25 investor calls) including a NRS. Given the inaugural character of the transaction, a disperse level of investor price expectations was received during the marketing period.
- IPTs for the 10y senior transaction were released on Wednesday morning at MS+70-75bps for a new benchmark size offering. Theoretical FV of the transaction was derived in the MS+54bps context, implying a c. 15-20bps NIP to start with.
- In a crowded morning in the EUR market, and slightly weaker equities markets, a first message of books being above EUR 750m was released to the market at 11.40CET. Strong created momentum helped to release guidance about 30mins later for a size set of EUR 600m at a revised spread level of MS+55 area (+/- 3bps) WPIR.
- Final spread was set at the tight end of the range guidance at MS+52bps, with books in excess of EUR 1.2bn (2x oversubscribed) good at guidance. Pricing tightened 18-23bps from IPTs, which is above the average of recently launched senior bond transaction.
- With an estimated greenium of 3bps, final pricing was set 2bps inside theoretical FV.
- Swiss Life will allocate an amount equal to the net proceeds of any Green Bond issuance as outlined in the Updated Green Framework in line with the four Green Bond Principles as published by ICMA in June 2021, notably with a focus on green real estate assets.
- The book was well diversified across jurisdictions as well as investor types and contained several high-quality names. Books peaked at c. 2x oversubscribed with 84 individual accounts and the largest allocated order with EUR 90m, showing very healthy dynamics.

Joint distribution statistics by investor type



Section 4.4

UBS Personal & Corporate Banking

UBS

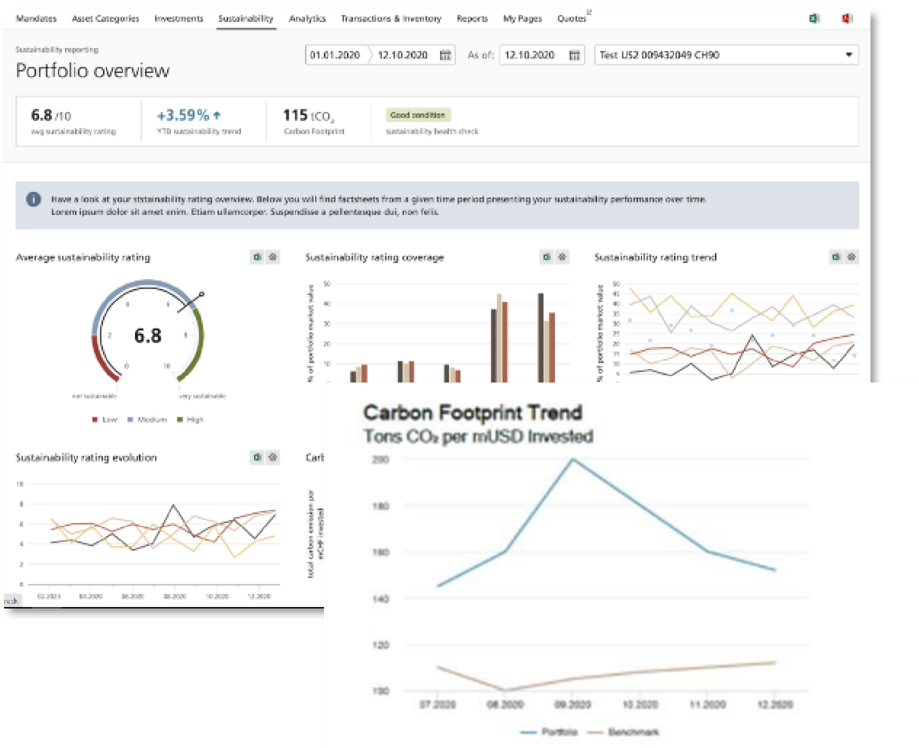
Insight and control – UBS Sustainability Analysis

Think sustainably, act responsibly

UBS Sustainability Analysis helps you to assess the environmental, social and governance aspects of your investment portfolio. Check whether your investment objectives are in line with your corporate philosophy and values.

- Meaningful CO_2 emission figures
- ESG ratings derived from several specialized ESG data providers selected based on their area of expertise
- Online dashboards visualize your ESG data at a glance
- Benchmark and peer group comparison functionalities
- Easy-to-use drill-down capabilities for detailed analysis

digital, everywhere and up-to-date



Full transparency along the investment process by linking your financial goals with your ESG investment strategy, fully digital, anywhere and anytime

Measure the climate impact of your investment portfolios with our carbon footprint figures

Compare carbon and ESG data, return and risk, and benchmarks across all your asset managers, asset classes or investment strategies

Access your most up-to-date sustainability data from a single platform, with ESG ratings (0-10) applied daily

UBS Atrium / key4 brings borrowers and investors together

Borrower

- ✓ Use for free
- ✓ Personal data will be kept strictly confidential
- ✓ Comparable offers
- ✓ Free choice of investors
- ✓ Professional UBS financing advice
- ✓ UBS remains the point of contact for all questions

Platform

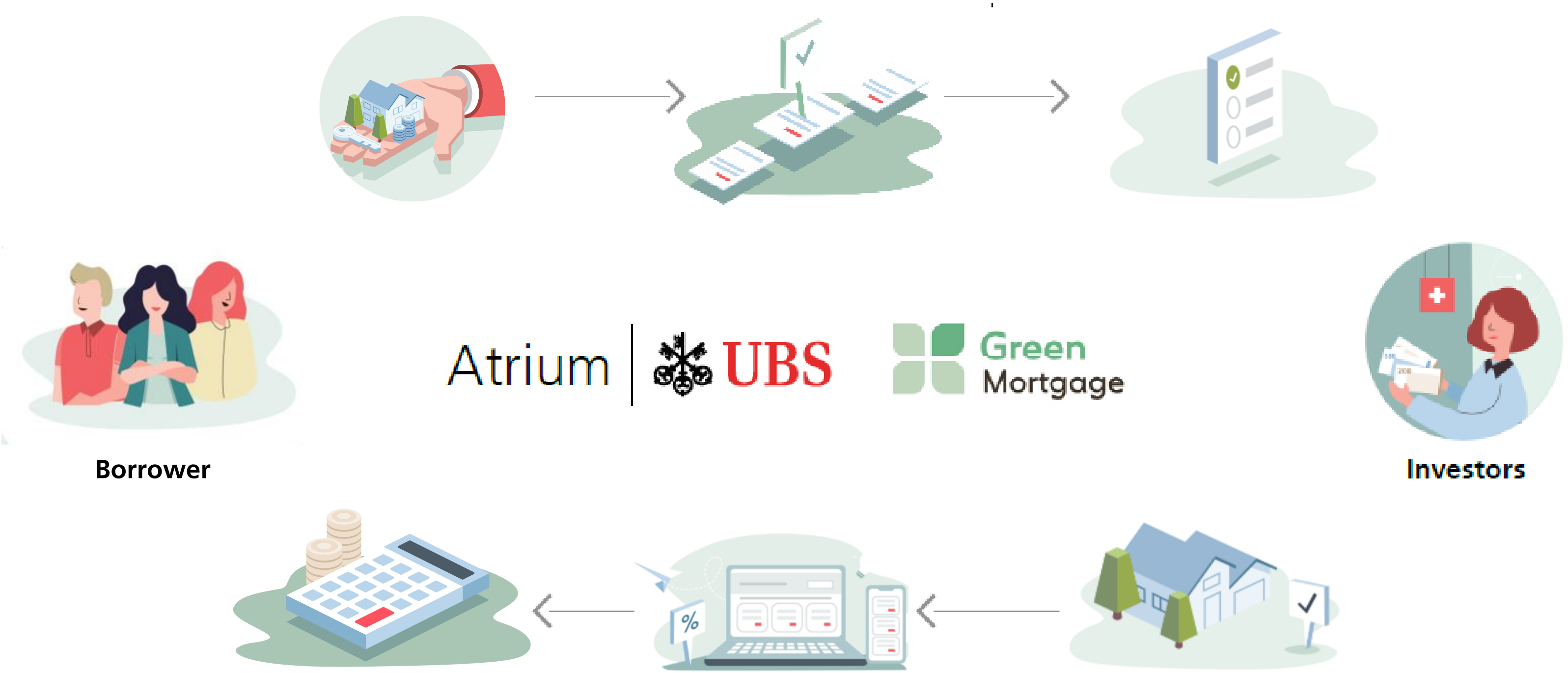
- UBS Atrium / key4 by UBS is an intermediary and service platform for mortgages on investment and self-occupied real estate properties
- The platform connects borrowers and lenders based on customer needs and investor preferences
- UBS acts as a platform operator, servicer and investor

Investor

- ✓ Access to mortgages throughout Switzerland
- ✓ Transparent, sustainable pricing valid for all investors
- ✓ Only requests that comply with UBS risk and credit guidelines
- ✓ The mortgage will be managed by UBS
- ✓ UBS remains the point of contact for all questions

Atrium Green Mortgages

1. Borrower submits the certificate to UBS Atrium with the property documents.
2. UBS Atrium checks whether the certificate meets current criteria.
3. If it does, UBS Atrium marks the property as a Green Mortgage during the bidding process.



6. When the mortgage is taken out, UBS waives the mortgage deal fee for the borrower.
5. The investor makes an offer via UBS Atrium.
4. Interested investors can choose to invest in Green Mortgages.

Accepted certificates

- MINERGIE
- GEAK
- SNBS HOCHBAU
- 2000 Watt Areal
- LEED
- BREEAM delivered by bre
- DGNB

Contact information

Personal & Corporate Banking
Corporate & Institutional Clients

Hannes Weibel
Head Insurance Companies

+41-44-239 53 94
hannes.weibel@ubs.com

Personal & Corporate Banking
Corporate & Institutional Clients

Brigitte Succetti
Relationship Manager Insurance Companies

+41-44-239 53 91
brigitte.succetti@ubs.com

Personal & Corporate Banking
Corporate & Institutional Clients

Manuel Rudolf
Relationship Manager Insurance Companies

+41-44-239 51 84
manuel.rudolf@ubs.com

UBS Asset Management
Institutional Client Coverage Switzerland

Nino Colesanto
Head Insurance Coverage

+41-44-235 43 03
nino.colesanto@ubs.com

UBS Asset Management
Institutional Client Coverage Switzerland

Gianluca Stuker
Insurance Coverage

+41-44-236 95 84
gianluca.stuker@ubs.com

UBS Asset Management
Institutional Client Coverage Switzerland

Aljoscha Weber
Insurance Coverage

+41-44-236 37 65
aljoscha.weber@ubs.com

+41-44-234 11 11
www.ubs.com

Disclaimer

For marketing and information purposes by UBS.

For qualified investors only.

Before investing in a product please read the latest prospectus carefully and thoroughly. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. UBS AG and / or other members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS AG. Source for all data and charts (if not indicated otherwise): UBS Asset Management

This document contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

More explanations of financial terms can be found at ubs.com/glossary