Sustainability and climate risk disclosures

Supplementary 2023 disclosures

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Terms used in this report, unless the context requires otherwise

"UBS," "UBS Group," "UBS Group AG consolidated," "Group," "the Group," "we," "us" and "our"	UBS Group AG and its consolidated subsidiaries[1]
"UBS AG" and "UBS AG consolidated"	UBS AG and its consolidated subsidiaries
"Credit Suisse AG" and "Credit Suisse AG consolidated"	Credit Suisse AG and its consolidated subsidiaries[2]
"Credit Suisse Group" and "Credit Suisse Group AG consolidated"	Pre-acquisition Credit Suisse Group
"Credit Suisse"	Credit Suisse AG and its consolidated subsidiaries, Credit Suisse Services AG and other small former Credit Suisse Group entities now directly held by UBS Group AG
"UBS Group AG" and "UBS Group AG standalone"	UBS Group AG on a standalone basis
"Credit Suisse Group AG" and "Credit Suisse Group AG standalone"	Credit Suisse Group AG on a standalone basis
"UBS AG standalone"	UBS AG on a standalone basis
"Credit Suisse AG standalone"	Credit Suisse AG on a standalone basis
"UBS Switzerland AG" and "UBS Switzerland AG standalone"	UBS Switzerland AG on a standalone basis
"UBS Europe SE consolidated"	UBS Europe SE and its consolidated subsidiaries
"UBS Americas Holding LLC" and "UBS Americas Holding LLC consolidated"	UBS Americas Holding LLC and its consolidated subsidiaries
"1m"	One million, i.e., 1,000,000
"1bn"	One billion, i.e., 1,000,000,000
"1trn"	One trillion, i.e., 1,000,000,000,000

1 Based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). 2 The financial information disclosed for Credit Suisse AG and its consolidated subsidiaries does not represent financial statements under the respective GAAP / IFRS Accounting Standards, but is an extract of financial information from UBS Group AG, including purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations.

In this report, unless the context requires otherwise, references to any gender shall apply to all genders.

Introduction

On the date of the publication of the UBS Group Annual Report 2023 (i.e., 28 March 2024), UBS was in the process of implementing a combined and aligned sustainability-and-climate-risk dataset across UBS Group and including Credit Suisse AG. For this reason, UBS announced that it would publish the UBS Group and Credit Suisse AG sustainability and climate risk metrics required pursuant to FINMA Circular 2016/1 "Disclosure – banks", Annex 5, as supplementary information in line with the publication timeline for the semi-annual Pillar 3 disclosures in the third quarter of 2024.

The following disclosure is fully aligned with "Sustainability and climate risk" in the "Risk management and control" section of the UBS Group Annual Report 2023, available under "Annual reporting" at *ubs.com/investors*, except that full UBS Group numbers are reflected and 2023 Credit Suisse AG numbers are separately disclosed.

Sustainability and climate risk

Managing sustainability and climate risk is a key component of the UBS Group's corporate responsibility. UBS defines sustainability and climate risk 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 risks may manifest as credit, market, liquidity, business and non-financial risks for UBS, resulting in potential adverse financial, liability and reputational impacts.

The Group-wide sustainability and climate risk management framework and related policy standards and guidelines underpin UBS's management practices and control principles, enabling the firm to identify and manage potential adverse impacts on the climate, the environment and human rights, as well as the associated risks affecting UBS and its clients while supporting the transition toward a net-zero future.

Over the last few months, UBS has continued its data integration effort to align the Credit Suisse AG dataset as per the requirements of the combined sustainability and climate-risk metric process. To arrive at the climate risk metrics for Credit Suisse AG and the UBS Group, we have used the same Group approach that had already been used for the UBS AG excluding Credit Suisse metrics.

This section presents the current inventory of quantitative sustainability and climate risk metrics, including exposure to carbon-related assets, climate-sensitive sectors and nature-related risks for the UBS Group and Credit Suisse AG. UBS's overall approach to managing a sustainability, climate and nature-related risk and policy framework was published in the UBS Group Annual Report 2023 and the UBS Group Sustainability Report 2023 and the related supplement thereto.

› **Refer to "Managing sustainability and climate risks" in the UBS Group Sustainability Report 2023, available under "Annual Reporting" at *ubs.com/investors,* for more information**

› **Refer to "Sustainability and climate risk policy framework" in the Supplement to the UBS Group Sustainability Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information**

Transition risk

Climate-driven transition risks arise from the efforts to mitigate the effects of climate change. They cover the financial impact on UBS clients or on UBS itself through the creditworthiness of our counterparties or the value of collateral we hold. The financial impacts from climate transition risk could materialize through three key risk factors:
– climate policies, affecting operating expenses (e.g., carbon taxes), analyzed both directly and indirectly;
– low-carbon technologies and their potential for disruption, affecting capital expenditure requirements and / or market share due to low-cost competition; and
– shifts in consumer or investor sentiment, affecting revenues (shifts in consumer demand) or market-perceived value.

The transition risk heatmap shows that, at the end of 2023, the exposure of the UBS Group to climate-sensitive sectors and related activities has increased, as expected, with the inclusion of Credit Suisse AG exposure. As of the end of 2023, the corporate lending portfolio of Credit Suisse AG was of similar size and composition compared with UBS AG.

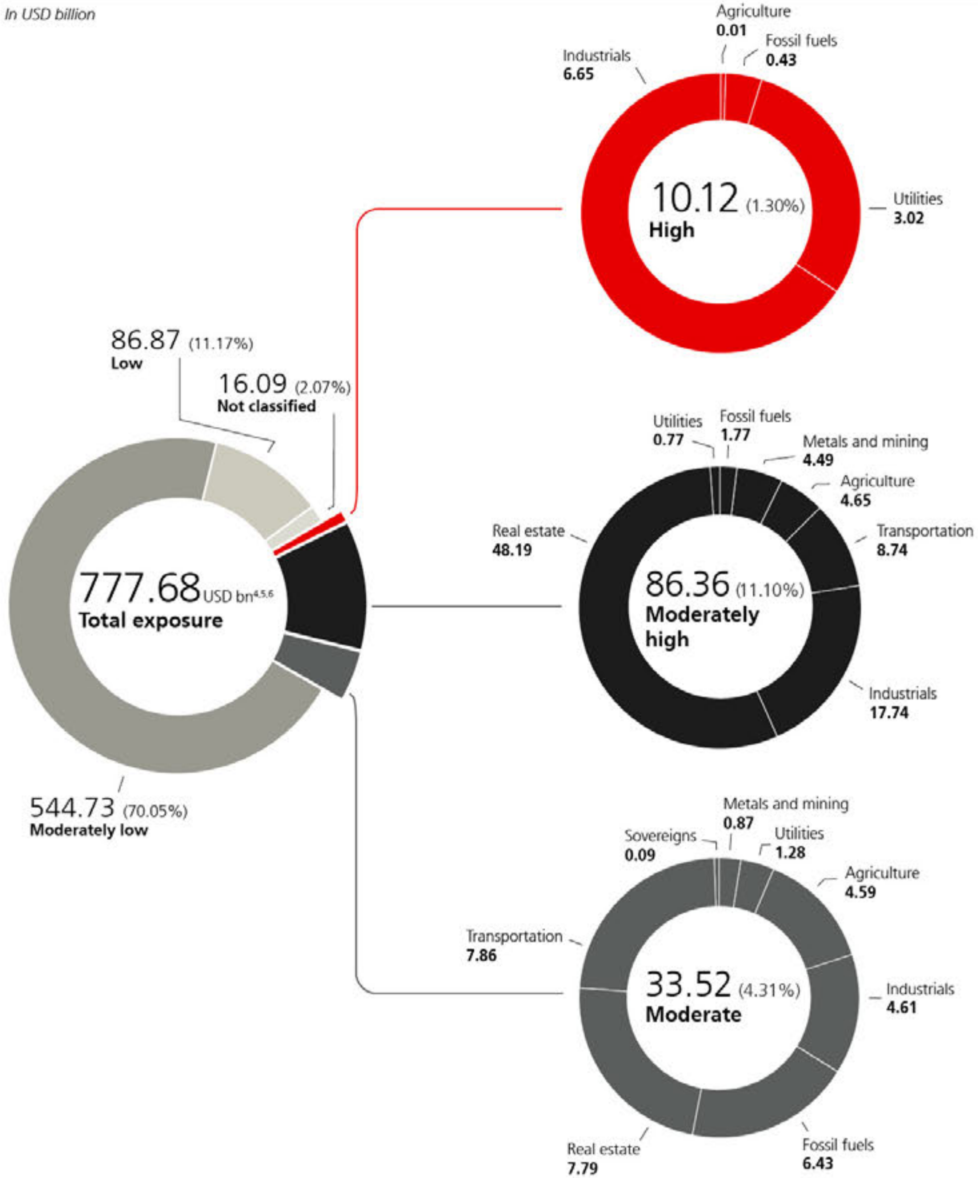
Climate-driven transition-risk-sensitive exposure accounted for 16.7% of the total customer lending exposure, mainly driven by exposure of Credit Suisse AG to the commercial real estate, industrials and transportation sectors. The increase in commercial real estate exposure is of similar size and profile to that of UBS AG, as both banks operated in the same local market prior to the acquisition. Comparatively, Credit Suisse AG had a higher share of exposure in the industrials and transportation sectors, including ship and aircraft financing contributing to transition-risk-sensitive exposure.

› **Refer to "Managing sustainability and climate risks" in the UBS Group Sustainability Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information**

› **Refer to "Basis of reporting" in the appendix to these disclosures for details about metrics and methodologies**

Climate risk heatmap (transition risk) for UBS Group[1,2,3]

In USD billion



High

Industrials **6.65**
- **5.58** Chemicals
- **1.07** Cement or concrete manufacture

Utilities **3.02**
- **3.02** Power production: regulated and high-carbon fuels

Fossil fuels **0.43**
- **0.34** Refining and marketing
- **0.05** Shale gas
- **0.04** Coal

Agriculture **0.01**
- **0.01** Livestock – beef extensive grazing

Moderately high

Real Estate **48.19**
- **42.76** Commercial real estate
- **5.43** Development and management of real estate

Industrials **17.74**
- **8.84** Machinery and related parts manufacturing
- **4.21** Pharmaceuticals
- **2.39** Consumer durables manufacturing
- **2.12** Plastics and petrochemicals manufacture
- **0.18** Chemicals

Transportation **8.74**
- **2.16** Airlines – commercial
- **1.75** Transportation parts and equipment supply
- **1.66** Airlines – cargo
- **1.64** Sea-based shipping (high-carbon fuels)
- **0.88** Land-based shipping high-carbon (trucks)
- **0.64** Automobile manufacture (high-carbon fuels)

Agriculture **4.65**
- **4.65** Food and beverage production

Metals and Mining **4.49**
- **3.17** Mining conglomerates (including trading)
- **0.77** Production of other mined metals and raw materials
- **0.55** Production of steel and iron

Fossil Fuels **1.77**
- **1.04** Wholesale and trading: crude oil and natural gas
- **0.32** Integrated oil and gas
- **0.24** Conventional oil (on-/offshore)
- **0.17** Gas processing (including LNG)

Utilities **0.77**
- **0.53** Power production: regulated and high-carbon fuels
- **0.24** Wastewater treatment

Moderate

Transportation **7.86**
- **5.76** Sea-based shipping (high-carbon fuels)
- **1.35** Passenger ships
- **0.34** Land-based shipping high-carbon (trucks)
- **0.17** Automobile manufacture (high-carbon fuels)
- **0.16** Airlines – commercial
- **0.09** Transportation parts and equipment supply

Real Estate **7.79**
- **4.37** Construction – non-infrastructure
- **2.88** Commercial real estate
- **0.51** Development and management of real estate
- **0.03** Construction of buildings and related activities

Fossil Fuels **6.43**
- **5.91** Wholesale and trading: refined petroleum products
- **0.28** Downstream oil and gas distribution
- **0.24** Transportation and storage (gas)

Industrials **4.61**
- **2.68** Other consumer goods manufacturing
- **1.57** Clothing manufacture
- **0.28** Plastics and petrochemicals manufacture
- **0.04** Consumer durables manufacturing
- **0.03** Machinery and related parts manufacturing

Agriculture **4.59**
- **3.98** Food and beverage wholesale/retail
- **0.45** Crops – high emissions intensity
- **0.08** Other agricultural services
- **0.05** Food and beverage production
- **0.03** Livestock - other
- **0.01** Aquaculture

Utilities **1.28**
- **0.61** Waste disposal and recycling
- **0.45** Grid operation and transmission
- **0.23** Wholesale and trading: electricity and power

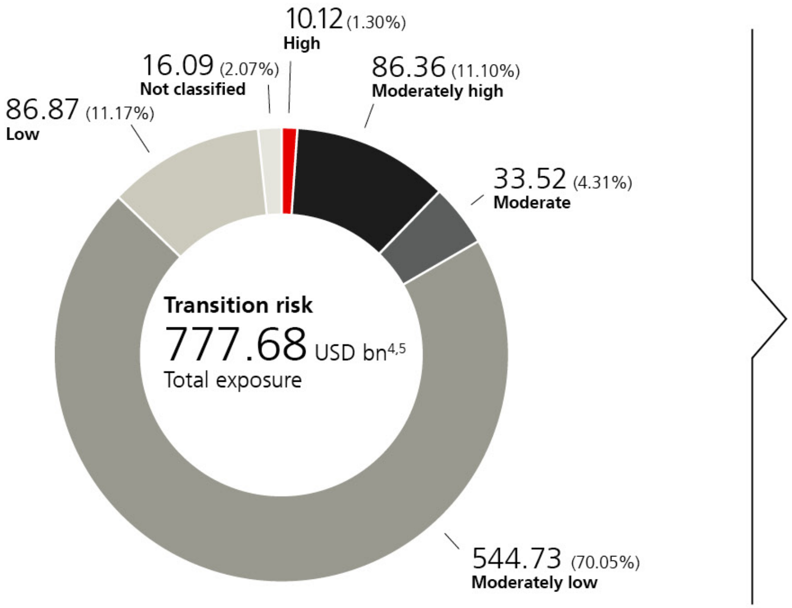
Metals and Mining **0.87**
- **0.53** Metal ore mining not elsewhere classified
- **0.22** Metal iron ores
- **0.07** Production of steel and iron
- **0.03** Production of other mined metals and raw materials
- **0.01** Mining conglomerates (incl. trading)

Sovereigns **0.09**
- **0.09** Sovereigns

1 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). Total and subtotal exposure calculation is subject to rounding to two decimal places hence potential deviation from actual. 2 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 3 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the fi ve rated categories: moderate to high. 4 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 5 The credit exposure includes portfolio adjustment bookings, which are either directly impacting the metrics, and have been reflected in the heatmaps, or are impact assessed and immaterial to the metrics representation. 6 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. for private Individuals, or due to ongoing Credit Suisse data integration work.

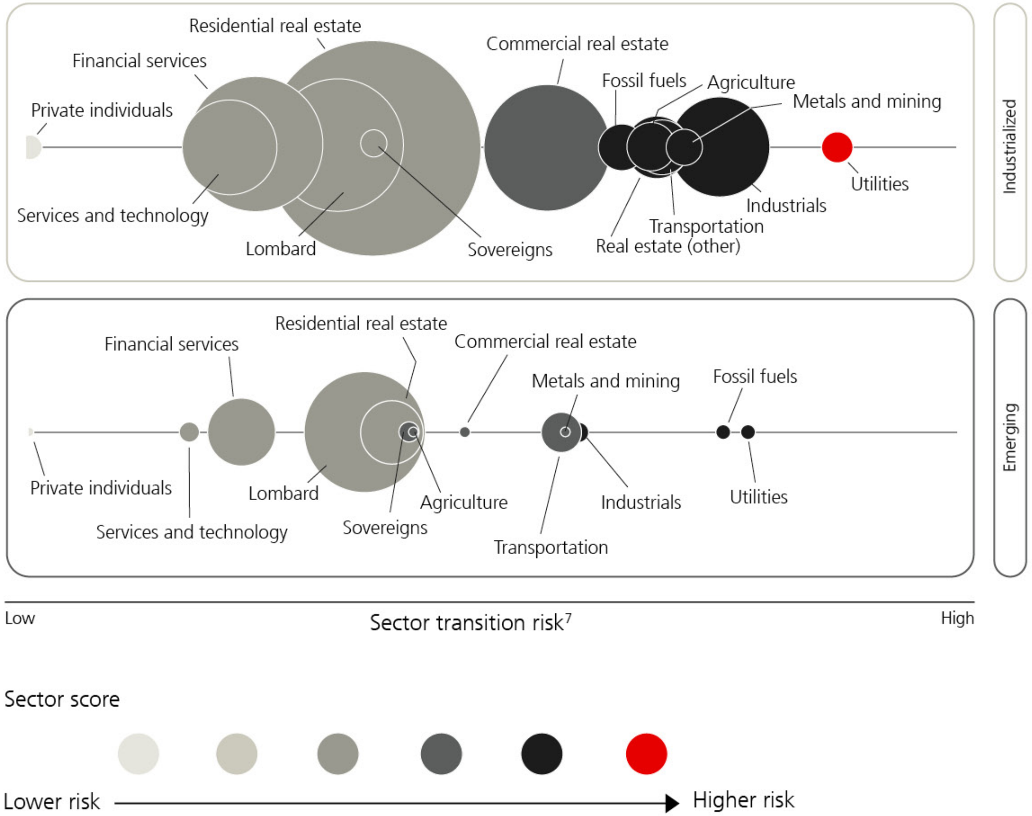
Climate risk heatmap (transition risk) for UBS Group[1,2,3]

In USD billion



Transition risk, by sector and geographic classifier of market maturity[6]

Marker size indicates relative exposure magnitude
Colour indicates transition risk level



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Physical risk

Climate-driven physical risks arise from acute hazards, which are increasing in severity and frequency, and chronic climate risks arise from an incrementally changing climate. These effects may include increased temperature and sea-level rise, and the gradual changes may affect productivity and property values and increase the severity and frequency of acute hazards.

Our physical risk heatmap methodology groups together corporate counterparties based on exposure to key physical risk factors (risk segmentation), by rating sectoral, sub-sectoral and geographical vulnerabilities to climate-driven acute physical risks. These vulnerabilities were identified using a proprietary in-house UBS model. The Group model, developed in 2023, is applied to Credit Suisse AG exposures. In its current state, the model takes a conservative approach in its key assumptions, reflecting limited incorporation of geographical and sectoral sources of physical risk.

The physical risk heatmap below shows that, at the end of 2023, the exposure of the UBS Group to climate-sensitive sectors was 12.0%. Like climate-driven transition risk, the climate-driven physical risk of the UBS Group has increased in absolute terms with the integration of Credit Suisse AG. When compared with the climate-sensitive physical risk exposure of UBS AG, Credit Suisse AG's climate-sensitive exposure includes a lower contribution from financial services and intermediary activities but higher contributions from the industrials and transportation sectors. At Group level, most of the climate-sensitive physical risk exposure is located within countries that have a relatively high adaptive capacity to manage physical risk hazards, which is an important aspect to consider when interpreting the 12.0% exposure to physical risk.

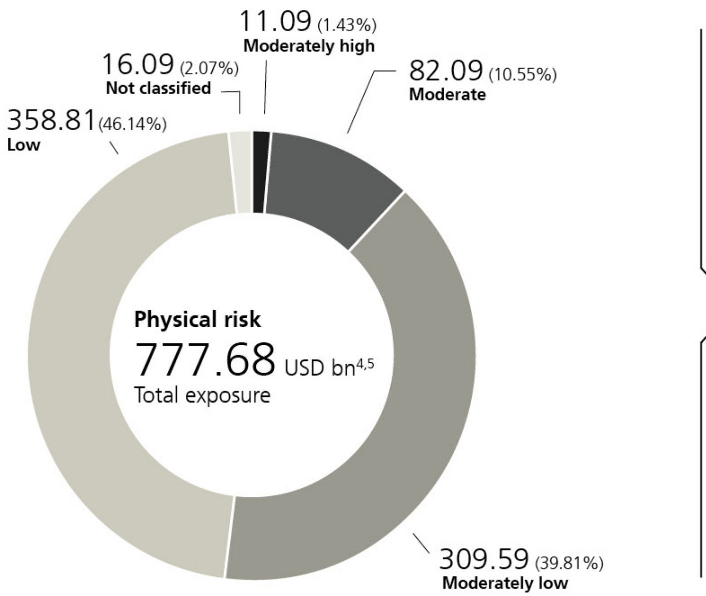
Until the end of 2023, prior to the methodology alignment, Credit Suisse AG continued to use a flooding risk metric that measured its Switzerland- and UK-based real estate financing exposure subject to a high-to-medium level of fluvial flood risk. For 2023, in Switzerland, 10.7% of real estate exposure, the same as for 2022, falls within the high-to-medium category. In the UK, all properties continue to be categorized as very low, the same as for 2022. In 2024, we have aligned the methodologies and started using our physical risk heatmap model for all of the Group's exposure, retiring the use of the flooding risk metric.

› **Refer to "Managing sustainability and climate risks" in the UBS Group Sustainability Report 2023, available under "Annual reporting" at *ubs.com/investors*, for more information**

› **Refer to "Basis of reporting" in the appendix to these disclosures for details about metrics and methodologies**

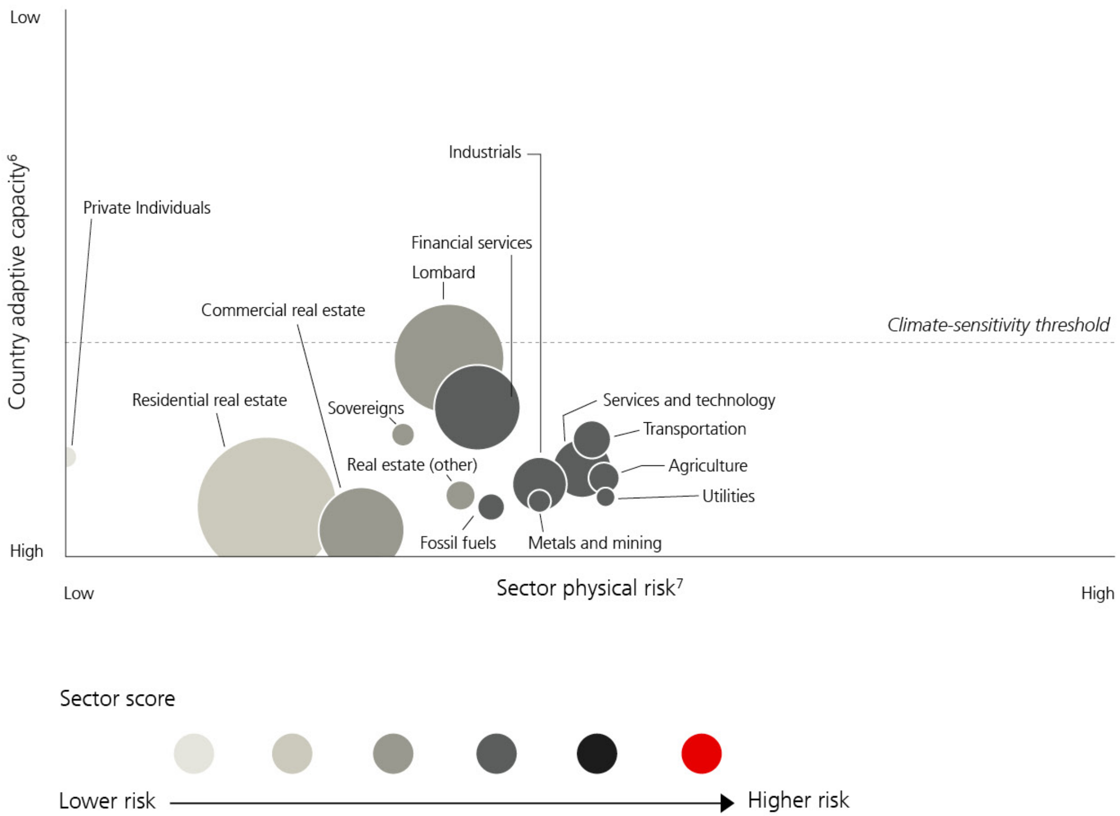
Climate risk heatmap (physical risk) for UBS Group[1,2,3]

In USD billion



Physical risk, by sector and country adaptive capacity

Marker size indicates relative exposure magnitude
Colour indicates physical risk level



1 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). Total and subtotal exposure calculation is subject to rounding to two decimal places hence potential deviation from actual. 2 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 3 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 4 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 5 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. for private Individuals, or due to ongoing Credit Suisse data integration work. 6 Country adaptive capacity is represented by a sector exposure weighted-average based on the sovereign's segment score for the country of risk. 7 Displayed ratings represent exposure-weighted averages for a given sector scope.

Nature-related risks

Nature-related risks refer to how humans and organizations depend on and impact the natural environment. Natural resources are referred to as natural capital that, in combination, provides the ecosystem services that benefit people and the planet. Below is a description of UBS's understanding of how its business model may depend on or impact those services, resulting in financial and non-financial risk for UBS.

In 2022, we initially piloted a quantification approach for nature-related risks solely based on dependency of our clients on the natural environment, using the ENCORE methodology. This approach enabled us to assess vulnerability to nature-sensitive economic activities by our clients, which may drive financial risks for UBS, such as reduced creditworthiness of our clients or the value of companies' debt or of equity posted as collateral for lending activities.

In 2023, we expanded the definition of our "nature-sensitive metric" to now include both dependencies and impacts on nature, its assets, and the ecosystem services nature provides to sustain human activities. Our methodology assigns ratings on the same scale and granularity as our climate-driven sector-level heatmaps. As in the case of the climate-driven heatmap assumptions, UBS takes a conservative approach in assigning the overall nature-sensitive risk rating to each of the UBS industry codes. The key assumption here is driven by taking the higher of the two values between the ENCORE-defined impact and the dependency ratings.

The nature-related risk heatmap below shows that at the end of 2023, the exposure of the UBS Group to nature-sensitive sectors was 20.3% of its total customer lending exposure. Sensitive sectors that either have a high impact or a high dependency on the natural environment are common to both UBS AG and Credit Suisse, with both having a similar nature-sensitive exposure, except for the industrials and transportation sectors, where Credit Suisse's exposure is relatively higher. The approach chosen leads to reporting of higher nature-related risk exposure, in the short term. We continue to focus on further developing the nature-related risk methodology to align with emerging regulations in Switzerland and the EU, while maintaining the conservatism we have already built in our methodology.

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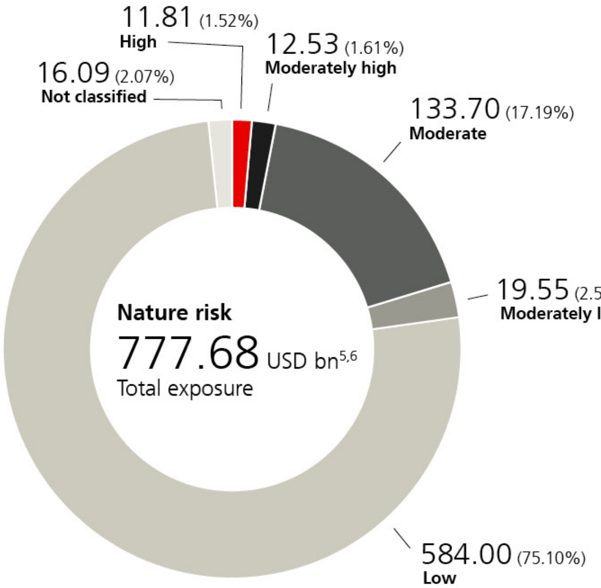
› **Refer to "Basis of reporting" in the appendix to these disclosures for details about metrics and methodologies**

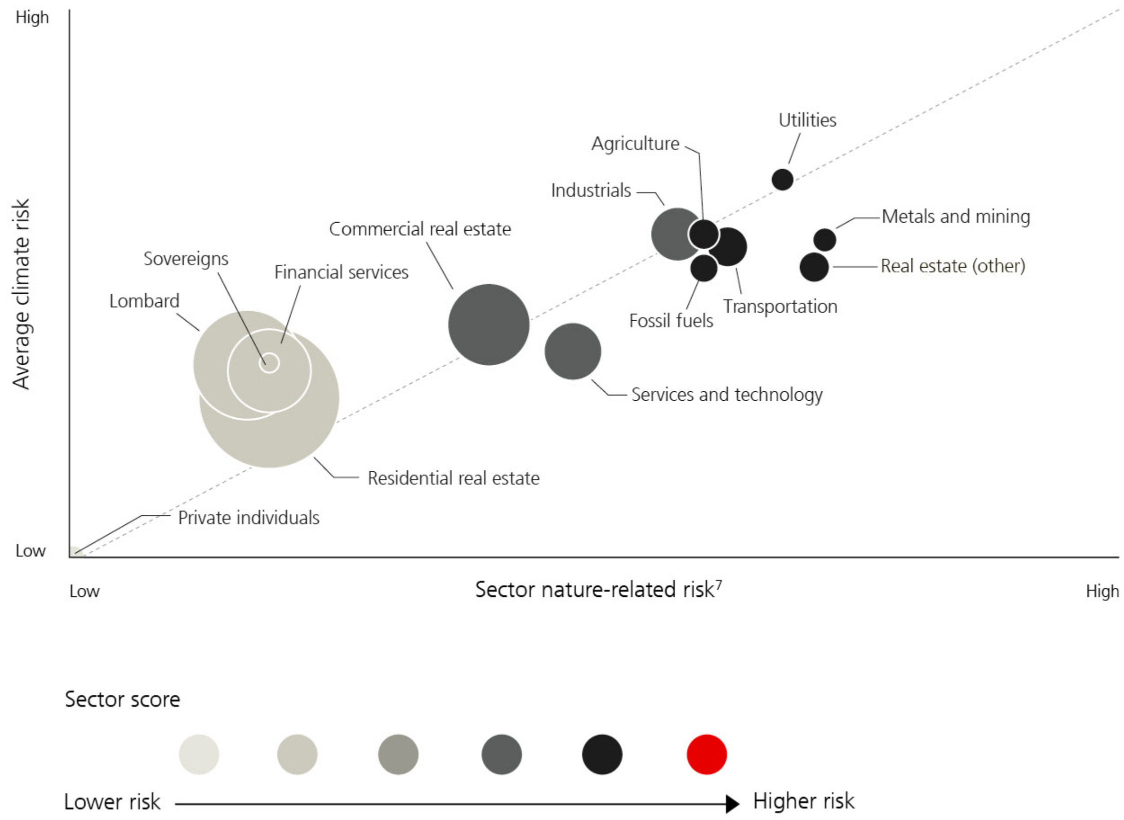
Climate risk heatmap (nature risk) for UBS Group[1,2,3,4]

In USD billion



Nature-related risk, by sector and alignment to average of transition and physical risk

Marker size indicates relative exposure magnitude
Color indicates Nature-related risk level



1 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). Total and subtotal exposure calculation is subject to rounding to two decimal places hence potential deviation from actual. 2 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 3 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 4 Nature-related risk metric methodology has been further strategically enhanced, as part of an ongoing collaboration between UBS and UNEP-FI. 5 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 6 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. for private Individuals, or due to ongoing Credit Suisse data integration work. 7 Displayed ratings represent exposure-weighted averages for a given sector scope.

Climate and nature-related risk metrics

In developing our metrics, we consider the inputs and guidance provided by standard-setting organizations, as well as new or enhanced regulatory requirements for climate disclosures.

The table below includes climate and nature-related risk metrics for the UBS Group, Credit Suisse AG consolidated and Credit Suisse (Schweiz) AG. Due to Credit Suisse's exposure integration and its methodology alignment to the Group, the trend analysis of the exposure of the UBS Group is not included.

The proportion of the UBS Group's total customer lending exposure accounted for by carbon-related assets increased to 10.2% in 2023. In 2023, the share of climate-sensitive exposure for the UBS Group was 16.7% for transition risk, 12.0% for physical risk and 20.3% for nature-related risk, of the Group's total customer lending.

Risk management – climate- and nature-related metrics

	For the year ended
	31.12.23
Climate- and nature-related risk metrics (USD bn, except where indicated)[1]	
Carbon-related assets: UBS Group[1, 2, 3, 4]	79.1
Carbon-related assets, proportion of total customer lending exposure, UBS Group gross (%)[1, 2, 3, 4]	*10.2*
Carbon-related assets: Credit Suisse AG consolidated[1, 2, 3, 4, 5]	*45.0*
Carbon-related assets: Credit Suisse (Schweiz) AG[1, 2, 3, 4, 5]	*26.4*
Exposure to climate-sensitive sectors, transition risk: UBS Group[1, 3, 4, 6]	130.0
Climate-sensitive sectors, transition risk, proportion of total customer lending exposure: UBS Group gross (%)[1, 3, 4, 6]	*16.7*
Total exposure to climate-sensitive sectors, transition risk: Credit Suisse AG consolidated[1, 3, 4, 5, 6]	*71.9*
Total exposure to climate-sensitive sectors, transition risk: Credit Suisse (Schweiz) AG[1, 3, 4, 5, 6]	*46.7*
Exposure to climate-sensitive sectors, physical risk: UBS Group[1, 3, 4, 6]	93.2
Climate-sensitive sectors, physical risk, proportion of total customer lending exposure: UBS Group gross (%)[1, 3, 4, 6]	*12.0*
Total exposure to climate-sensitive sectors, physical risk: Credit Suisse AG consolidated[1, 3, 4, 5, 6]	*47.0*
Total exposure to climate-sensitive sectors, physical risk: Credit Suisse (Schweiz) AG[1, 3, 4, 5, 6]	*12.8*
Exposure to nature-related risks: UBS Group[1, 3, 4, 6, 7]	158.0
Climate-sensitive sectors, nature-related risks, proportion of total customer lending exposure: UBS Group gross (%)[1, 3, 4, 6, 7]	*20.3*
Total exposure to nature-related risks: Credit Suisse AG consolidated[1, 3, 4, 5, 6, 7]	*86.1*
Total exposure to nature-related risks: Credit Suisse (Schweiz) AG[1, 3, 4, 5, 6, 7]	*56.5*
Flooding risk exposure, real estate financing (Switzerland and UK): Credit Suisse AG consolidated[8]	16.4
Flooding risk exposure, proportion of total real estate financing: Credit Suisse AG consolidated (%)[8, 9]	*10.7*
Flooding risk exposure, Switzerland: Credit Suisse AG consolidated[8]	*16.4*
Flooding risk exposure, UK: Credit Suisse AG consolidated[8]	*0.0*
Flooding risk exposure, real estate financing (Switzerland and UK): Credit Suisse (Schweiz) AG[8]	16.2
Flooding risk exposure, proportion of total real estate financing: Credit Suisse (Schweiz) AG (%)[8, 9]	*10.9*
Flooding risk exposure, Switzerland: Credit Suisse (Schweiz) AG[8]	*16.2*
Flooding risk exposure, UK: Credit Suisse (Schweiz) AG[8]	*0.0*

1 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 2 Task Force on Climate-related Financial Disclosures (the TCFD), in its expanded definition published in 2021, encourages banks to use a consistent definition to support comparability. UBS defines carbon-related assets through industry-identifying attributes of the firm's banking book. UBS further includes the four non-financial sectors addressed by the TCFD, including, but not limited to, fossil fuel extraction, carbon-based power generation, transportation (air, sea, rail, and auto manufacture), metals production and mining, manufacturing industries, real estate development, chemicals, petrochemicals, and pharmaceuticals, building and construction materials and activities, forestry, agriculture, fishing, food and beverage production, as well as including trading companies that may trade any of the above (e.g., oil trading or agricultural commodity trading companies). This metric is agnostic of risk rating, and therefore may include exposures of companies that may be already transitioning or adapting their business models to climate risks, unlike UBS climate-sensitive sectors methodology, which takes a risk-based approach to defining material exposure to climate impacts. 3 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). 4 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 5 The financial information disclosed does not represent financial statements under the respective GAAP / IFRS Accounting Standards, but is an extract of financial information from UBS Group AG, including purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations 6 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 7 Nature-related risk metric is calculated based on 2023 methodology, which is the result of ongoing collaboration between UBS and UNEP-FI. 8 The metric measures Credit Suisse's exposure to river and sea flood risk and ignores pluvial flooding, which relates to ground water and flash floods. The metric measured the flooding risk exposure in high to medium category i.e., a chance of flooding at least once in 100 years. 9 In the TCFD metrics section of the Credit Suisse Sustainability Report 2022, Switzerland flooding risk exposure infographics shows zero exposure in high category due to incorrect mapping. The issue is remediated and the split of flooding risk exposure is restated to high (2%) and medium (9%) category. Similar to that of 2022, 2023 analysis shows flooding risk exposure across high (2%) and medium (8.7%) category for Credit Suisse AG. For Credit Suisse (Schweiz) AG, 2023 analysis shows the flooding risk exposure is split across high (2%) and medium (8.9%) category.

The table below presents a view of UBS's risk profile within sectors and across climate- and nature-related risks. It shows the total exposure of the UBS Group in each sector, followed by an exposure-weighted risk rating and climate-sensitive exposure. This is presented for all three risk types. Exposures may appear under one or more of the risk types and, therefore, cannot be added together; this is because the methodologies are distinct in their approach and application.

Although sensitive exposure has increased both in absolute and relative terms, overall, the UBS Group continues to have an average rating of moderate for transition risk and moderately low for physical and nature-related risk.

Risk exposures by sector for UBS Group[1,2,3,4]

Sector / Subsector	2023 (USD bn)	Transition risk: Weighted average transition risk rating 2023[6]	Transition risk: 2023 transition risk climate sensitive exposure (USD bn)[4]	Physical risk: Weighted average physical risk rating 2023[6]	Physical risk: 2023 physical risk climate sensitive exposure (USD bn)[4]	Nature-related risk[5]: Weighted average nature-related risk rating 2023[6]	Nature-related risk[5]: 2023 nature-related risk climate sensitive exposure (USD bn)[4]
Agriculture							
Agriculture, fishing and forestry	1.27	Moderately Low	0.58	Moderate	0.81	Moderately High	1.11
Food and beverage	8.68	Moderately High	8.68	Moderate	5.70	Moderate	8.41
Financial services							
Financial services	93.26	Moderately Low	0.00	Moderate	23.85	Low	0.47
Fossil fuels							
Downstream refining, distribution	0.80	High	0.80	Moderate	0.32	Moderate	0.46
Integrated oil and gas	0.32	Moderately High	0.32	Moderately Low	0.00	High	0.32
Midstream transport, storage	0.24	Moderate	0.24	Moderate	0.22	Moderately Low	0.00
Trading fossil fuels	6.95	Moderately High	6.95	Moderate	0.87	Moderate	6.63
Upstream extraction	0.33	High	0.33	Moderate	0.21	High	0.33
Industrials							
Cement or concrete manufacture	1.07	High	1.07	Moderate	0.13	High	1.07
Chemicals manufacture	5.76	High	5.76	Moderate	2.82	Moderately High	5.76
Electronics manufacture	6.27	Moderately Low	0.00	Moderate	2.41	Moderate	1.99
Goods and apparel manufacture	6.68	Moderately High	6.68	Moderate	3.92	Moderate	5.89
Machinery manufacturing	10.42	Moderately High	8.87	Moderate	1.48	Moderately High	10.34
Pharmaceuticals manufacture	4.21	Moderately High	4.21	Moderate	2.01	Moderate	2.65
Plastics and petrochemicals manufacture	2.41	Moderately High	2.41	Moderate	1.09	Moderate	1.43
Metals and mining							
Mining conglomerates (incl. trading)	3.18	Moderately High	3.18	Moderate	0.13	Moderate	3.18
Mining and quarrying	1.79	Moderate	0.75	Moderate	1.03	High	1.57
Production of metals	1.43	Moderately High	1.43	Moderate	0.83	Moderately High	0.85
Services and technology							
Services and Technology	40.57	Moderately Low	0.00	Moderate	23.41	Moderate	23.17
Sovereigns							
Sovereigns	4.60	Moderately Low	0.09	Moderately Low	0.05	Low	0.00
Transportation							
Air transport	3.98	Moderately High	3.98	Moderate	3.71	Moderately High	3.98
Automotive	1.88	Moderate	0.81	Moderate	1.64	Moderate	1.88
Rail freight	0.85	Low	0.00	Moderate	0.74	Moderate	0.61
Road freight	1.22	Moderately High	1.22	Moderate	0.69	Moderately High	1.22
Transit	1.00	Moderately Low	0.00	Moderate	0.84	Moderate	0.42
Transportation parts and equipment supply	1.83	Moderately High	1.83	Moderate	1.00	Moderate	1.83
Water transport	8.75	Moderately High	8.75	Moderate	5.34	Moderate	8.75
Utilities							
Power generation	4.28	High	4.22	Moderate	3.16	Moderately High	4.28
Waste treatment	0.85	Moderately High	0.84	Moderate	0.20	Moderately Low	0.03
Real estate							
Development and management	10.79	Moderately High	10.34	Moderately Low	1.52	Moderately High	10.79
Commercial real estate	98.01	Moderate	45.65	Moderately Low	3.05	Moderate	48.62
Residential real estate	267.18	Moderately Low	0.00	Low	0.00	Low	0.00
Private lending							
Lombard	160.74	Moderately Low	0.00	Moderately Low	0.00	Low	0.00
Private lending, credit cards, other[7]	7.18	Not classified	0.00	Not classified	0.00	Not classified	0.00
Not classified[7]	**8.91**	**Not classified**	**0.00**	**Not classified**	**0.00**	**Not classified**	**0.00**
Total	**777.68**	**Moderate**	**129.99**	**Moderately Low**	**93.19**	**Moderately Low**	**158.04**

1 Methodologies for assessing climate- and nature-related risks are emerging and may change over time. As the methodologies, tools, and data availability improve, we will further develop our risk identification and measurement approaches. Lombard lending rating is assigned based on the average riskiness of loans. 2 Total customer lending exposure consists of total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated IFRS Accounting Standards numbers (inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations). 3 UBS continues to collaborate to resolve methodological and data challenges, and seeks to integrate both impacts to and dependency on a changing natural and climatic environment, in how it evaluates risks and opportunities. 4 Climate- and nature-related risks are scored between 0 and 1, based on sustainability and climate risk transmission channels, as outlined in the Supplement to the UBS Group Sustainability Report 2023. Risk ratings represent a range of scores across five-rating categories: low, moderately low, moderate, moderately high, and high. The climate- or nature-sensitive exposure metrics are determined based upon the top three of the five rated categories: moderate to high. 5 Nature-related risk metric is calculated based on 2023 methodology , which is the result of ongoing collaboration between UBS and UNEP-FI. 6 Displayed ratings represent exposure-weighted averages for a given sector scope. 7 Not classified represents the portion of UBS's business activities where methodologies and data are not yet able to provide a rating, e.g. private individuals, due to pending CS data integration work.

Appendix

Basis of reporting

Carbon-related assets

Theme	Sustainability and climate risk
Metric(s)	Carbon-related assets Proportion of total customer lending exposure, gross (expressed as percentage)
Definition (and Method)	Carbon-related assets are defined as concentrations of credit exposure to assets tied to the four non-financial groups as defined by the Task Force on Climate-related Financial Disclosures (TCFD) (using Global Industry Classification Standard, GICS). These four groups are (i) energy; (ii) transportation; (iii) materials and buildings; and (iv) agriculture, food and forest products. Recognizing that the term carbon-related assets is currently not well defined, the TCFD encourages banks to use a consistent definition to support comparability. The metric is calculated for UBS Group[1], UBS AG (standalone), UBS Switzerland AG (standalone), UBS Europe SE (standalone), Credit Suisse AG consolidated[2], and Credit Suisse (Schweiz) AG[2] on the total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on standalone and consolidated IFRS numbers. Credit exposures are drawn from the UBS Group Chief Financial Officer (and related reporting systems). The carbon-related assets metric is the total exposure of assets in the four non-financial groups as defined by the TCFD in its expanded definition published in 2021, UBS defines carbon-related assets through industry-identifying attributes of the firm's banking book. UBS further includes the four non-financial sectors addressed by the TCFD, including but not limited to, fossil fuel extraction, carbon-based power generation, transportation (air, sea, rail, and auto manufacture), metals production and mining, manufacturing industries, real estate development, chemicals, petrochemicals, and pharmaceuticals, building and construction materials and activities, forestry, agriculture, fishing, food and beverage production, as well as including trading companies who may trade any of the above (e.g. oil trading or agricultural commodity trading companies). This metric is agnostic of risk rating, and therefore may include exposures of companies who may be already transitioning or adapting their business models to climate risks, unlike UBS climate-sensitive sectors methodology, which takes a risk-based approach to defining material exposure to climate impacts. Economic sectors are classified according to the Group Industry Code 2.0 (GIC 2) which comprises a hierarchical structure, and further dissected using the heatmap segmentation. Internal UBS GIC2 sectors / subsectors are utilized. For Credit Suisse portfolio, NAIC or NOGA code assigned by credit risk against each counterparty is mapped to UBS GIC2 sectors/subsectors. The proportion of total customer lending exposure, gross (%), is calculated by including those exposures in the denominator. Carbon-related assets metric is calculated using the total customer lending exposure, gross (%) dataset. Carbon-related assets are defined as the significant concentration of credit exposure to assets tied to the four non-financial groups as defined by the TCFD (using GIC2 UBS classification). TCFD recognized that the term "carbon-related assets" is not well defined and therefore the TCFD encourages banks to use a consistent definition to support comparability. 1 Based on consolidated IFRS numbers inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations. 2 The financial information disclosed does not represent financial statements under the respective GAAP / IFRS Accounting Standards, but is an extract of financial information from UBS Group AG, including purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations

Total exposure to climate-sensitive sectors – transition risk

Theme	Sustainability and climate risk
Metric(s)	Total exposure to climate-sensitive sectors, transition risk Proportion of total customer lending exposure, gross (expressed as percentage), transition climate risk
Definition (and Method)	Sustainability and climate risks may manifest as credit, market, liquidity and/or non-financial risks for UBS, resulting in potential adverse financial, liability and/or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g., real estate). Climate risks can arise from efforts to mitigate climate change (transition risks). Transition risks from efforts to address a changing climate may contribute to a structural change across economies and consequently can affect banks and the stability of the broader financial sector through financial and non-financial impacts. The metric is calculated for UBS Group[1], UBS AG (standalone), UBS Switzerland AG (standalone), UBS Europe SE (standalone), Credit Suisse AG consolidated[2], and Credit Suisse (Schweiz) AG[2] for banking products. Credit exposures are drawn from the UBS Group Chief Financial Officer (and related reporting systems). For banking products, the metric is calculated upon total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss), and is based on consolidated and standalone IFRS numbers. The transition risk heatmap methodology is based upon a risk segmentation process, first dividing financing types and then rating economic sectors and sub-industry segments that share similar climate risk vulnerability characteristics. Climate transition risk scores and rating are assigned to sectors and segments according to their vulnerability to (i) climate policy, (ii) low-carbon technology risks, and (iii) revenue or demand shifts under an immediate, ambitious and disorderly approach to meeting the well-below-2°C Paris goal. The risk ratings can be used to support identification of potential climate-sensitive concentrations and further analysis. The ratings in the heatmap reflect the levels of risk that would likely occur under an ambitious transition (in the short term, 0-3yrs) and disorderly with respect to diversification of policy stringency across developing and industrialized countries. UBS derived the methodological approach for the transition risk assessment from an active collaboration with the UNEP FI and Oliver Wyman. Assessments are derived as part of the 2018–2022 Collaboration with the UNEP-FI based on IAMC scenario information as well as academic research supporting risk rating analysis. The collaboration included development of the initial transition risk heatmap methodology. Since the original version, UBS has further in-housed the ratings and risk segmentation process, reflecting changes of risk profile on the ground, evolving in-house views on climate risk materiality, and UBS own business footprint. The transition risk heatmap methodology is a top-down methodology based on a sector-classification approach (assuming exposures are proxy-rated through the average subindustry risk rating to which it is mapped), considering counterparty- and asset-specific information in materially relevant cases. Geographic information of assets/ counterparties is captured by distinguishing between emerging and industrialized countries. UBS exposure is then mapped to these sector/country-based risk ratings using the counterparty's country of risk domicile and sectoral classification. Economic sectors are classified according to the Group Industry Code 2.0 (GIC2) which is constituted by a hierarchical structure. Sensitive sectors and subsectors are defined as those business activities that are rated as having high, moderately high, or moderate vulnerability (according to the methodology as described in the methodology annex of the Sustainability Report) to climate transition risks. Furthermore, internal UBS GIC2 sectors / subsectors are utilized. For Credit Suisse portfolio, NAIC or NOGA code assigned by credit risk against each counterparty is mapped to UBS GIC2 sectors/subsectors. In the current stage of the methodology, a look-through analysis for lombard lending, real estate financing, and private clients with mortgages is not yet fully carried out. For this reason, lombard lending rating is assigned a rating based on the average riskiness across the collateral which is posted backing the loans (yielding overall a moderately low-risk rating). Real estate ratings are assigned based on benchmark analyses of UBS real estate portfolios in Switzerland, the United Kingdom, and the United States. For both residential and commercial real estate a default risk rating of moderately low risk is assigned, and in the case of commercial real estate, the rating is also based on the riskiness of the counterparty. The proportion of total customer lending exposure, gross (%), transition risk, is then ultimately calculated by summing all transition climate risk-sensitive exposures and dividing that by all total customer lending exposures (regardless of risk rating and across all financing types). This denominator includes exposures that cannot be classified into any risk rating due to lack of information. 1 Based on consolidated IFRS numbers inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations. 2 The financial information disclosed does not represent financial statements under the respective GAAP / IFRS Accounting Standards, but is an extract of financial information from UBS Group AG, including purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations

Total exposure to climate-sensitive sectors – physical risk

Theme	Sustainability and climate risk
Metric(s)	Total exposure to climate-sensitive sectors, physical risk Proportion of total customer lending exposure, gross (expressed as a percentage), physical climate risk
Definition (and Method)	Sustainability and climate risks may manifest as credit, market, liquidity and/or non-financial risks for UBS, resulting in potential adverse financial, liability and/or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g., real estate). Climate risks can arise from changing climate conditions (physical risks). Physical risks from a changing climate may contribute to a structural change across economies and consequently can affect banks and the stability of the broader financial sector through financial and non-financial impacts. The metric is calculated for UBS Group[1], UBS AG (standalone), UBS Switzerland AG (standalone), UBS Europe SE (standalone), Credit Suisse AG consolidated[2], and Credit Suisse (Schweiz) AG[2] for banking products. Credit exposures are drawn from the UBS Group Chief Financial Officer (and related reporting systems). For banking products, the metric is calculated upon total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated and standalone IFRS numbers. This is the first year that UBS publishes its newly developed physical risk heatmap methodology, developed during 2023. The physical risk heatmap methodology groups corporate counterparties based on how four acute physical risk hazards (wildfires, heatwave, floods and tropical cyclones) may drive UBS exposure to financial impacts (transmission channels) in the short-term (0-3 years), by rating sectorial and geographical vulnerabilities of corporate counterparties to these hazards. The assumptive scenario leveraged is one that assumes a short-term "worst-case" – to avoid understating the risk exposure of UBS. This scenario is therefore one in which no additional climate mitigating policies are actioned by nation-states. The physical risk heatmap methodology is a top-down methodology based on a sector and country-classification approach (assuming exposures are proxy-rated through the average subindustry risk rating to which it is mapped), considering counterparty or asset-specific information in design. In particular, the geographic location and associated physical risk of sufficiently representative asset datasets (constrained by data limitations: data collection by ESG data vendors tends to concentrate on industrialized countries and on particularly vulnerable sectors) are then aggregated across assets, transmission channels (including value chains), and hazards to provide a sector/country-based output. UBS exposure is then mapped to these sector/country-based risk ratings using the counterparty's country of risk domicile and sectoral classification. Economic sectors are classified according to the Group Industry Code 2.0 (GIC2) which consists of a hierarchical structure. To drive the tops-down classification of risk, internal UBS GIC2 classification codes are used. Sensitive sectors are defined as those business activities that are rated as having high, moderately high or moderate vulnerability to physical risk. The metric sums normalized scores for sector and location (country of risk domicile). Ratings from low to high are based on the aggregation of hazard-specific scores, each of which is determined by combining an exposure metric calculated from asset-level data with sector-specific adjustments to account for further transmission channels. More concretely, a population of representative assets sharing the same sector and country as those to be rated is isolated. Due to data limitations from our vendor feed, for some sector-country combinations such representative population is not large enough to infer reliable metrics. In those cases, increasingly wider geographies are considered until reliability is minimally ensured. Scores are given by the following inputs: – an aggregated metric capturing the Physical Risk exposure to a given hazard (short-term, no additional action scenario) of an asset population sharing the sectoral activity and the geographical location of the counterparty; – conservative hazard- and sector-specific adjustments to the exposure metric which capture the effects of other transmission channels of Physical Risk, including value-chain effects. In the current stage of the methodology, a look-through analysis for lombard lending, real estate financing, and private clients with mortgages is not yet fully carried out. For this reason, lombard lending rating is assigned a rating based on the average riskiness across the collateral which is posted backing the loans (yielding overall a moderately low-risk rating). Real estate ratings are assigned based on benchmark analyses of UBS real estate portfolios in Switzerland, the United Kingdom, and the United States. For both residential and commercial real estate a default risk rating of low risk is assigned, and in the case of commercial real estate, the rating is also based on the riskiness of the counterparty. The proportion of total customer lending exposure, gross (%), physical risk, is then ultimately calculated by summing all physical climate risk-sensitive exposures, and dividing that by all total customer lending exposures (regardless of risk rating and across all financing types). This denominator includes exposures that cannot be classified into any risk rating due to lack of information. 1 Based on consolidated IFRS numbers inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations. 2 The financial information disclosed does not represent financial statements under the respective GAAP / IFRS Accounting Standards, but is an extract of financial information from UBS Group AG, including purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations

Total exposure to nature-related risks

Theme	Sustainability and climate risk
Metric(s)	Total exposure to nature-related risks (USD billion) Proportion of total customer lending exposure, gross (expressed as a percentage), nature-related risks (two-way risks: dependency on and impact on)
Definition (and Method)	Sustainability and climate risks may manifest as credit, market, liquidity and/or non-financial risks for UBS, resulting in potential adverse financial, liability and/or reputational impacts. These risks extend to the value of investments and may also affect the value of collateral (e.g., real estate). Nature-related risks can arise from economic and human dependency upon an ever-changing environmental condition (physical risks) and/or how human activities (and economies) may adversely impact those very conditions, which we rely upon (transition risks). A degrading environment, and its ecosystem services (like biodiversity, clean air, fresh water, and more) may contribute to a structural change across economies and consequently can affect banks and the stability of the broader financial sector through financial and non-financial impacts. The metric measures the amount of exposure UBS has, to both high-level drivers of nature-related risks: the dependency of our clients on the environment and the potential for clients in specific sectors to adversely impact the environment. The metric is calculated for UBS Group[1], UBS AG (standalone), UBS Switzerland AG (standalone), UBS Europe SE (standalone), Credit Suisse AG consolidated[2], and Credit Suisse (Schweiz) AG[2] for banking products. Credit exposures are drawn from the UBS Group Chief Financial Officer (and related reporting systems). For banking products, the metric is calculated upon total loans and advances to customers and guarantees, as well as irrevocable loan commitments (within the scope of expected credit loss) and is based on consolidated and standalone IFRS numbers. This year's nature-related risk metric provides a snapshot of UBS's exposure to economic sectors rated as nature sensitive. This metric is defined as the maximum (worst-case) rating of either that sector's dependency on the environment (physical risks) or impacts to the environment (transition risks). As with climate-related risks, sensitivity is defined as the top three ratings on a five-rating scale (high, moderately high, or moderately rated). The driving methodology is still derived from the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) methodology. ENCORE was developed by the Natural Capital Finance Alliance in partnership with the UNEP World Conservation Monitoring Centre. UBS collaborated with other banks and UNEP-FI to help develop this methodology, over the past five years. ENCORE is based on a four-tier system: – Natural capital assets: defined as the most basic unit of the environment (e.g. geology, soil, air, water). – Ecosystem services: assets combine to form services (i.e. air and trees combine to purify carbon dioxide and provide oxygen) – Economic production processes – The scientifically informed ratings given by ENCORE on how production processes may impact and/or depend on ecosystem services Production processes are further grouped into more classical economic sub-sectors. UBS primary industry codes (GIC 2.0) were mapped to the ENCORE database through the link to ENCORE sub-industries, manually and through several rounds of independent review and challenge amongst environmental scientists and training finance professionals in the Sustainability and Climate Risk unit of UBS, with further independent review and challenge with UBS's Chief Sustainability Office. The ratings for nature-related risk dependencies of a sector consider the potential (i) loss of functionality of a production process and (ii) financial loss, if for example the ecosystem service is disrupted. The ratings for nature-related impact consider how severe, quick and frequent a production process can disrupt ecosystem services or deplete natural capital stocks. Ratings (ranging from low to high) are based on integral scores (ranging from 0 to 5 for dependencies, 0 to 4 for impacts), which are summed at the production process level and standardized based on a normalized sum approach. This approach, for dependency and impact ratings respectively, divides the sum of all drivers for each production process by the maximum. Where there is more than one production process for a respective ENCORE sub-industry, the highest associated score is assigned. For each UBS GIC2 code, an overall nature-related risk rating is determined by taking the maximum score across dependency and impact. The summary metric, as defined here, may be considered a suitable proxy for the potential for UBS to have financial impacts from nature-related transmission channels of financial risk. The metric of nature-related risk / total lending exposure (as a percentage) is calculated, in line with the climate sensitive metrics. In the current stage of the methodology, a look-through analysis for lombard lending, real estate financing and private clients with mortgages is not yet fully carried out. For this reason, lombard lending rating is assigned a rating based on the average riskiness across the collateral which is posted backing the loans (yielding overall a low-risk rating). Real estate ratings (both residential and commercial real estate) are assigned based on benchmark analyses of UBS real estate portfolios in Switzerland, the United Kingdom, and the United States. For both residential and commercial real estate a default risk rating of low risk is assigned, and in the case of commercial real estate, the rating is also based on the riskiness of the counterparty. Geographic location of assets/counterparties is not currently integrated in the methodology due to data and systems limitations. The proportion of total customer lending exposure, gross (%), nature-related risk, is then ultimately calculated by summing all nature risk-sensitive exposures and dividing that by all total customer lending exposures (regardless of risk rating and across all financing types). This denominator includes exposures that cannot be classified into any risk rating due to lack of information. 1 Based on consolidated IFRS numbers inclusive of purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations. 2 The financial information disclosed does not represent financial statements under the respective GAAP / IFRS Accounting Standards, but is an extract of financial information from UBS Group AG, including purchase price allocation adjustments recorded in UBS Group AG as a result of the acquisition of Credit Suisse Group AG in compliance with IFRS 3, Business Combinations

Flooding risk exposure: real estate financing (Switzerland and UK)

<table>
<tr><td>Theme</td><td>Sustainability and Climate Risk</td></tr>
<tr><td>Metric(s)</td><td>Flooding risk exposure: real estate financing (Switzerland and UK)
Flooding risk exposure: proportion of total real estate financing</td></tr>
<tr><td>Definition (and Method)</td><td>
The scope for Switzerland and UK flooding risk metrics for real estate financing covers loans for residential and commercial real estate as well as a very small percentage of land. It is created by calculating the value (total gross exposure) of mortgage loans within each category of flooding risk. Grouping of properties by flooding risk category is performed by sourcing from credit risk systems as input: the Mortgage Exposure, Property Value, Address (incl. post code) and mapping it with government agency information about the flood risk, based on property postcode/address for all properties in scope. The mapping process for Switzerland uses internally developed fallback approach for small portion of properties when exact match is not found due to data quality issue.
The metric measures Credit Suisse exposure to river and sea flood risk and excludes pluvial flooding i.e., ground water and flash floods. The risk is assessed based on the location and does not take individual property threshold heights into account; the building characteristics that could potentially mitigate flood risk are not considered. Risk scoring is based on the return period of the flooding event (chance of flooding at least once) and as described below; it is location based due to data availability and different methodology used by Switzerland federal office for the environment and UK Environmental agency.
<table>
<tr><th>Category</th><th>UK</th><th>Switzerland</th></tr>
<tr><td>High</td><td>1-30 years</td><td>1-50 years</td></tr>
<tr><td>Medium</td><td>31-100 years</td><td>51-100 years</td></tr>
<tr><td>Low</td><td>100-1000 years</td><td>101-500 years</td></tr>
<tr><td>Very Low</td><td>>1000 years</td><td>>500 years</td></tr>
<tr><td>No Data</td><td>No data available</td><td>No data available</td></tr>
</table>
The metric is calculated for Credit Suisse AG consolidated, Credit Suisse (Schweiz) AG for banking products by measuring the exposure in high and medium risk category i.e. probability of flooding event at least once in 100 years. The metric also calculates the size of the flooding risk exposure as a proportion of total real estate financing. The total real estate financing (the denominator) includes exposures that cannot be classified into any risk rating due to lack of information.
The process for consolidating and mapping to flood risk types and categories varies between Switzerland and UK. In Switzerland, detailed flood risk zones (polygon data) are available to download from Federal Office for the Environment (FOEN) and maps from Bundesamt für Statistik (BFS), including buildings, street names, and canton mapping. In contrast, UK relies on data obtained from the UK Environmental Agency website using post codes rather specific addresses.
</td></tr>
</table>

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To the Management of

UBS Group AG, Zurich

Basel, 22 August 2024

Independent Assurance Report on UBS Supplemental sustainability and climate risk metrics for the year ended 31 December 2023

We have been engaged to perform a limited assurance engagement (the Engagement) on certain sustainability metrics disclosed in the "Sustainability and climate risk disclosures. Supplementary 2023 disclosures" for the year ended 31 December 2023 (the Report). Specifically, we were engaged to provide:

- Limited assurance on metrics identified in Appendix A.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Applicable criteria
The Group defined as applicable criteria (applicable criteria):

- the Group's definitions and methods as defined in the "Basis of Reporting" document (within the "Sustainability and climate risk disclosures, Supplementary 2023 disclosures"). The "Basis of Reporting" has been used as the applicable criteria for metrics identified in Appendix A.

We believe that these criteria are a suitable basis for our limited assurance engagement.

Responsibility of the Management
Management is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed metrics in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the metrics that are free from material misstatement, whether due to fraud or error.

Independence and quality control
We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility
Our responsibility is to express a conclusion on the metrics in scope of limited assurance based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the *International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the metrics in the Report are free from material misstatement, whether due to fraud or error.

Summary of work performed
Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the metrics in scope of limited assurance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Our limited assurance procedures included, amongst others, the following work:
- Assessing the suitability of the underlying criteria and their consistent application.
- Conducting interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management.
- Conducting interviews with the Group's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the metrics.
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria.
- Undertaking analytical review procedures to support the reasonableness of the data and to identify areas of the metrics and information with a higher risk of misleading or unbalanced information or material misstatements and obtaining an understanding of any explanations provided for significant variances.
- Testing, on a sample basis, underlying source information to check the accuracy of the data.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Due to a lack of standardization regarding the measurement of the metrics, different, but acceptable approaches are emerging in the market which can affect comparability between entities and over time. In addition, there is a lack of high-quality data in certain areas which can further impact how the metric is measured. Significant assumptions and limitation are laid out in more detail in the 'Basis of Reporting' document.

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Conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the metrics in scope of limited assurance for the year ended 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Restricted use
This report is intended solely for the information and use of UBS to inform Management about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned.

Ernst & Young Ltd

Maurice McCormick	Eveline Hunziker
Partner	Executive in charge

Appendix A

Metric	Reporting Boundary
Carbon-related assets: UBS Group	UBS Group
Carbon-related assets, proportion of total customer lending exposure, UBS Group gross (%)	UBS Group
Carbon-related assets: Credit Suisse AG consolidated	Credit Suisse AG
Carbon-related assets: Credit Suisse (Schweiz) AG	Credit Suisse (Schweiz) AG
Exposure to climate-sensitive sectors, transition risk: UBS Group	UBS Group
Climate-sensitive sectors, transition risk, proportion of total customer lending exposure, UBS Group gross (%)	UBS Group
Total exposure to climate-sensitive sectors, transition risk: Credit Suisse AG consolidated	Credit Suisse AG
Total exposure to climate-sensitive sectors, transition risk: Credit Suisse (Schweiz) AG	Credit Suisse (Schweiz) AG
Exposure to climate-sensitive sectors, physical risk: UBS Group	UBS Group
Climate-sensitive sectors, physical risk, proportion of total customer lending exposure, UBS Group gross (%)	UBS Group
Total exposure to climate-sensitive sectors, physical risk: Credit Suisse AG consolidated	Credit Suisse AG
Total exposure to climate-sensitive sectors, physical risk: Credit Suisse (Schweiz) AG	Credit Suisse (Schweiz) AG
Exposure to nature-related risks: UBS Group	UBS Group
Climate-sensitive sectors, nature-related risk, proportion of total customer lending exposure, UBS Group gross (%)	UBS Group
Total exposure to nature-related risks: Credit Suisse AG consolidated	Credit Suisse AG
Total exposure to nature-related risks: Credit Suisse (Schweiz) AG	Credit Suisse (Schweiz) AG
Flooding risk exposure: real estate financing (Switzerland and UK), Credit Suisse AG consolidated	Credit Suisse AG
Flooding risk exposure: proportion of total real estate financing, Credit Suisse AG consolidated	Credit Suisse AG
Flooding risk exposure: Switzerland, Credit Suisse AG consolidated	Credit Suisse AG
Flooding risk exposure: UK, Credit Suisse AG consolidated	Credit Suisse AG
Flooding risk exposure: real estate financing (Switzerland and UK), Credit Suisse (Schweiz) AG	Credit Suisse (Schweiz) AG
Flooding risk exposure: proportion of total real estate financing, Credit Suisse (Schweiz) AG (%)	Credit Suisse (Schweiz) AG
Flooding risk exposure: Switzerland, Credit Suisse (Schweiz) AG	Credit Suisse (Schweiz) AG
Flooding risk exposure: UK, Credit Suisse (Schweiz) AG	Credit Suisse (Schweiz) AG

Cautionary statement regarding forward-looking statements | This report contains statements that constitute "forward-looking statements," including but not limited to management's outlook for UBS's financial performance, statements relating to the anticipated effect of transactions and strategic initiatives on UBS's business and future development and goals or intentions to achieve climate, sustainability and other social objectives. While these forward-looking statements represent UBS's judgments, expectations and objectives concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS's expectations. In particular, terrorist activity and conflicts in the Middle East, as well as the continuing Russia–Ukraine war, may have significant impacts on global markets, exacerbate global inflationary pressures, and slow global growth. In addition, the ongoing conflicts may continue to cause significant population displacement, and lead to shortages of vital commodities, including energy shortages and food insecurity outside the areas immediately involved in armed conflict. Governmental responses to the armed conflicts, including, with respect to the Russia–Ukraine war, coordinated successive sets of sanctions on Russia and Belarus, and Russian and Belarusian entities and nationals, and the uncertainty as to whether the ongoing conflicts will widen and intensify, may continue to have significant adverse effects on the market and macroeconomic conditions, including in ways that cannot be anticipated. UBS's acquisition of the Credit Suisse Group has materially changed its outlook and strategic direction and introduced new operational challenges. The integration of the Credit Suisse entities into the UBS structure is expected to take between three and five years and presents significant risks, including the risks that UBS Group AG may be unable to achieve the cost reductions and other benefits contemplated by the transaction. This creates significantly greater uncertainty about forward-looking statements. Other factors that may affect UBS's performance and ability to achieve its plans, outlook and other objectives also include, but are not limited to: (i) the degree to which UBS is successful in the execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA) and leverage ratio denominator (LRD), liquidity coverage ratio and other financial resources, including changes in RWA assets and liabilities arising from higher market volatility and the size of the combined Group; (ii) the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions, including as a result of the acquisition of the Credit Suisse Group; (iii) increased inflation and interest rate volatility in major markets; (iv) developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, currency exchange rates, deterioration or slow recovery in residential and commercial real estate markets, the effects of economic conditions, including elevated inflationary pressures, market developments, increasing geopolitical tensions, and changes to national trade policies on the financial position or creditworthiness of UBS's clients and counterparties, as well as on client sentiment and levels of activity; (v) changes in the availability of capital and funding, including any adverse changes in UBS's credit spreads and credit ratings of UBS, Credit Suisse, sovereign issuers, structured credit products or credit-related exposures, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC), in particular in light of the acquisition of the Credit Suisse Group; (vi) changes in central bank policies or the implementation of financial legislation and regulation in Switzerland, the US, the UK, the EU and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, net stable funding ratio, liquidity and funding requirements, heightened operational resilience requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS's business activities; (vii) UBS's ability to successfully implement resolvability and related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS in response to legal and regulatory requirements and any additional requirements due to its acquisition of the Credit Suisse Group, or other developments; (viii) UBS's ability to maintain and improve its systems and controls for complying with sanctions in a timely manner and for the detection and prevention of money laundering to meet evolving regulatory requirements and expectations, in particular in current geopolitical turmoil; (ix) the uncertainty arising from domestic stresses in certain major economies; (x) changes in UBS's competitive position, including whether differences in regulatory capital and other requirements among the major financial centers adversely affect UBS's ability to compete in certain lines of business; (xi) changes in the standards of conduct applicable to its businesses that may result from new regulations or new enforcement of existing standards, including measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (xii) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses, potentially large fines or monetary penalties, or the loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of its RWA, including as a result of its acquisition of the Credit Suisse Group, as well as the amount of capital available for return to shareholders; (xiii) the effects on UBS's business, in particular cross-border banking, of sanctions, tax or regulatory developments and of possible changes in UBS's policies and practices; (xiv) UBS's ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors; (xv) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters; (xvi) UBS's ability to implement new technologies and business methods, including digital services and technologies, and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xvii) limitations on the effectiveness of UBS's internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xviii) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, data leakage and systems failures, the risk of which is increased with cyberattack threats from both nation states and non-nation-state actors targeting financial institutions; (xix) restrictions on the ability of UBS Group AG and UBS AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS's operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xx) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS's ability to maintain its stated capital return objective; (xxi) uncertainty over the scope of actions that may be required by UBS, governments and others for UBS to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and the possibility of conflict between different governmental standards and regulatory regimes; (xxii) the ability of UBS to access capital markets; (xxiii) the ability of UBS to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, conflict (e.g., the Russia–Ukraine war), pandemic, security breach, cyberattack, power loss, telecommunications failure or other natural or man-made event, including the ability to function remotely during long-term disruptions such as the COVID-19 (coronavirus) pandemic; (xxiv) the level of success in the absorption of Credit Suisse, in the integration of the two groups and their businesses, and in the execution of the planned strategy regarding cost reduction and divestment of any non-core assets, the existing assets and liabilities of Credit Suisse, the level of resulting impairments and write-downs, the effect of the consummation of the integration on the operational results, share price and credit rating of UBS – delays, difficulties, or failure in closing the transaction may cause market disruption and challenges for UBS to maintain business, contractual and operational relationships; and (xxv) the effect that these or other factors or unanticipated events, including media reports and speculations, may have on its reputation and the additional consequences that this may have on its business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. UBS's business and financial performance could be affected by other factors identified in its past and future filings and reports, including those filed with the US Securities and Exchange Commission (the SEC). More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including the UBS Group AG and UBS AG Annual Reports on Form 20- F for the year ended 31 December 2023. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

Rounding | Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Percentages and percent changes disclosed in text and tables are calculated on the basis of unrounded figures. Absolute changes between reporting periods disclosed in the text, which can be derived from numbers presented in related tables, are calculated on a rounded basis.

Tables | Within tables, blank fields generally indicate non-applicability or that presentation of any content would not be meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Values that are zero on a rounded basis can be either negative or positive on an actual basis.

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