

Sustainable procurement guide for vendors



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Introduction

As a leading global financial services firm, UBS has an important role to play in influencing greater ethical considerations for the environment and society alike. That is why we partner with our clients and vendors to support the mobilization of capital towards a more sustainable world and equitable society.

Firm wide, and across our supply chain, our ambition is to achieve net-zero greenhouse gas emissions across our scope 1 and 2, and specified scope 3 activities by 2050, with intermediate milestones established to drive progress.

Our net-zero goal cannot be achieved without a close collaboration with our vendors. Additionally, we care about establishing relationships with businesses that are often under-represented in supplying the needs of major corporations – including but not limited to those certified as: women-owned, minority-owned, veteran-owned, person with disabilities - owned, LGBTQ+ owned, disadvantaged-owned and Small Business Enterprises.

To help us maximize positive impact, we adhere to rigorous environmental and social standards and expect our suppliers to do so as well.

Importance of supply chain sustainability

A significant part of our environmental and social impact originates from our supply chains, so it is crucial that we work closely with our vendors to minimize negative impact. Creating positive impact throughout supply chains is not a nice-to-have – it's an integral part of conducting business at UBS. Our suppliers are a pivotal part of our ecosystem to drive progress, further innovation and create better outcomes for today and future generations.

How to use this guide

This guide outlines what we expect from our vendors to enhance sustainability across our upstream value chain. Through utilizing this guide, our vendors can enhance their performance and align with our requirements. We are sharing how we work with our vendors on sustainability to foster open and transparent relationships and accelerate the transition to a low-carbon economy and socially responsible future.

Environment

Environmental management

This section provides a selection of impactful environmental sustainability topics emerging worldwide. As a supplier, your commitment to these principles not only enhances our partnership, but also contributes to a global movement for environmental protection.

Environmental certification

We encourage you to obtain recognized environmental certifications that demonstrate your dedication and compliance to effective environmental management. Certifications like ISO 14001, Energy Star, and the Forest Stewardship Council (FSC) are recognized as a commitment to sustainable operations.

Waste management and reduction

Reduce material wastage by adopting conscious waste management practices. Prioritize circularity, elimination of single-use plastic products and reduction of other single use products. For example, responsible choices in establishing reverse logistics initiatives for plastic materials can significantly decrease the ecological impact of your products and services via plastic recycling or the most appropriate method of waste management.

Reducing waste: different techniques

- **Lean processes:** Streamline your production processes to reduce waste generation.
- **Packaging innovation:** Opt for eco-friendly packaging solutions that minimize waste and promote recycling.
- **Reuse initiatives:** Implement reuse programs for materials and components, extending their lifecycle and reducing waste.

Hazardous substances

The appropriate handling of hazardous substances is paramount to human health and environmental sustainability. Compliance to health and safety relevant regulations, standards, and guidance such as the Control of Substances Hazardous to Health Regulations 2002 (COSHH), ILO Chemicals Convention, 1990 is of equal importance. A suitable risk assessment, control measures, data gathering, and trainings should be put in place to support safety to people and the environment.

Renewable energy adoption

Transition towards a cleaner energy future by sourcing renewable electricity whenever possible. Embrace solar, wind or hydro sources to power your own operations. The shift not only reduces carbon emissions, but also supports growth of sustainable energy solutions. As a vendor you should set goals to source 100 percent of renewable electricity by 2030. Action on this front has become easier in recent years – take some time to review your incumbent energy provider's options for clean and renewable green tariffs.

Climate declaration guideline for vendors

UBS is committed to achieving net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities, which include the emissions from our vendors and supply chain. It is a requisite that all our vendors align with this goal.

The first step in reducing emissions is to accurately measure them. We're engaging our vendors to disclose their climate information in the Carbon Disclosure Project (CDP) platform. This improves the quality of our carbon inventory, increases transparency and accountability, and supports us in identifying areas of focus / improvement. It also enables our vendors to gain and increase visibility on their climate impact, identify decarbonization opportunities and enhance their competitive advantage.

Read our [climate disclosure guideline for vendors](#) to align and understand the essential and recommended expectations along our net-zero journey.

Nature

The sustainable use and conservation of the world's natural resources, ranging from forests to water, is important to support global sustainability and human wellbeing. The responsible sourcing of high-risk commodities and services through upholding certified standards across your supply chain can aid the conservation agenda.

You should seek to reduce potentially adverse impacts on nature by following the guidance below.

Forests and land use conversion

When sourcing commodities that are reliant upon forests, using goods that are certified with the appropriate labels can stop the bleed of deforestation. High-risk commodities, such as palm oil (one of the leading causes of deforestation, habitat, and species loss) can be certified through the Roundtable on Sustainable Palm Oil (RSPO), which requires producers to adhere with sustainable requirements. Other high-risk commodities include soy, pulp, rubber, leather, timber, coffee, cocoa, and beef; if apparent in your supply chain, should be considered from a responsible sourcing perspective.

Water usage and pollution

Sustainability in this area refers to water usage, water conservation and water pollution, sometimes referred to as gray water. These areas often intertwine depending on the industry, but overall, with less water usage comes less water pollution. Whilst difficult to mitigate, larger vendors with bigger water footprints should measure water usage or efficiency of utilization. This can provide visibility over which vendors year on year are using less water.

We are all reliant on water to some extent, but reducing water usage to absolute zero is not a feasible ask to most businesses, so mandating anti-pollution requirements throughout the supply chain can mitigate risk of damaging water quality. For example, forever chemicals or per- and polyfluoroalkyl (PFAS) are highly pollutive, but this can be mitigated through opting for product alternatives that specifically do not utilize PFAs.

Sustainable products

Product ecolabel certifications indicate that the product has met a certain number of social and/or environmental criteria. They aim to provide transparency and reliable information about a product's environmental and social impact. Here is the list of the ecolabels we consider: EU Ecolabel, Nordic Swan, Blue Angel, Forest Stewardship (FSC), PEFC, Rain Forest Alliance, Cradle-to-Cradle, OEKO-TEX, GOTS, Responsible Wool Standard, EU Energy Label Class C or above, Energy Start Certified, EPEAT Bronze or above, GRS (Global Recycled Standard), Composability Label by European Bioplastics, OK compos, and Fairtrade.

We invite you to pay close attention to these ecolabels and aggregate your product(s) to a suitable one. It is essential to choose those that align with your product's environmental attributes and resonate with your target markets. We encourage you to conduct life cycle assessment (LCA) on your products and share this information with UBS.

To begin this, conduct a life cycle assessment (LCA) that covers all stages from raw materials extraction to end-of-life disposal. Collect data on energy use, resource consumption, emissions, and waste generation at each stage. Utilize recognized LCA methodologies, such as ISO 14040 and ISO 14044, to improve credibility. Next, compile the collected data into a standardized format using relevant guidelines. These guidelines define the specific data requirements and calculation methodologies for your product category. Calculate environmental indicators, such as greenhouse gas emissions, water consumption, and energy consumption, based on the data gathered during the LCA.

Circularity

Single-use products are a direct contributor to loss of natural resources, pollution, and climate change; failing to consider a product's end of life leads to wastage in landfill or as physical pollution. This is preventable and goals should be established to support this. In a circular economy, products are designed for longevity. They are easy to repair and efficient to recycle, resulting in minimized waste and environmental impact: products, materials, and resources are in a continuous loop of use and regeneration.

Whilst it is not a finite list of solutions, circularity can be promoted through pursuing the following during the design phase of a product or packaging:

- **Reduce use of raw materials:** have at least 30% of each product made of recycled materials.

- **Refill-ability:** ensure containers are capable of reuse and provide an option for refilling without the need to buy the container more than once.
- **Recyclability:** ensure that products can be treated by the recycling process.
- **Biodegradable:** for items that are safe to be biodegraded, mimicking natural processes of decay whilst removing environmentally harmful chemicals and materials is essential.

A formal means of making circularity considerations visible to UBS is by developing and sharing Environmental Product Declarations (EPDs). These allow for a verifiable assessment of environmental impact throughout a product's lifecycle, considering issues such as raw materials and emissions.

Ethical supply chain management

Maintain a vigilant eye on your supply chain to ensure that your partners are aligned to your ethical standards. This can be achieved through mandating a set of requirements, or applying a code of conduct, for your vendors. This will help to prevent reputational risk, particularly if these standards are embedded at the contract level. Collaborating with suppliers that share the same values can mitigate the overall reputational risk of those business relationships. For example, mandating whistleblowing policies in a supplier code of conduct to support your supplier's employees in speaking up if ethical standards are breached.

Social

UBS recognizes the impact our business can have on society through our direct/indirect actions, as well as the impact throughout our value chain based on our sourcing decisions and transition to net-zero.

Human rights

At the core of our approach to social equity is the belief in fair employment practices where employees are not only given opportunities but are also treated with dignity and respect. Having policies that explicitly state and commit your organization to the protection of people within your operations and supply chain is a must. For example, following the standard of the [UBS Modern Slavery and Human Trafficking statement](#) is a suitable option.

Net-zero transition

The transition to net-zero will have multiple impacts on society and people. It's important to consider the impact on your workforce and supply chain of moving towards a low-carbon future. On a practical level, this means engaging in constructive dialogue with any affected stakeholders, enshrining human rights in your activities, and identifying any potential or actual risks within your business and supply chain.

Conflict minerals

We require that all minerals and metals used in our products including tin, tungsten, tantalum, and gold, a group of materials often referred to as 3TG, exclusively originate from responsible and conflict-free sources. We recognize the social and environmental implication of minerals sourcing, particularly in regions plagued by conflict and human right abuses. Guidelines from the Responsible Business Alliance whereby risk mapping and mitigation tools are recommended can help increase transparency on this topic. Reporting on this risk approach is highly recommended, so that we have a public and transparent record of your approach.

Due diligence on suppliers

It's paramount that our suppliers maintain stringent due diligence on their suppliers to prevent human rights violations. You should undertake thorough audits and assess your supplier's policies and practices to maintain alignment with universally recognized human rights standards, such as the United Nations Guiding Principles (UNGPs) or the Organization for Economic Co-operation and Development OECD Guidance. By conducting rigorous evaluations, you demonstrate your dedication to fostering a responsible supply chain that respects human dignity.

Whistleblowing mechanism

Implementing a robust whistleblowing mechanism is crucial to fostering an environment of transparency and accountability. Provide accessible channels for employees and supply chain partners to report any concerns regarding human rights violations or ethical misconduct. Examples include anonymous reporting platforms, confidential hotlines, and dedicated email addresses. Empower those within your sphere of influence to speak up without fear of retaliation.

Health and safety

Comprehensive health and safety policies, procedures and practices that promote the physical, mental and well-being of workers in the workplace are the cornerstone of human rights protection. Develop and communicate clear guidelines that prioritize the wellbeing of your employees and those within your supply chain. Regularly track and assess workers incidents, striving to continually improve your safety measures and minimize accidents. Transparency in incident reporting demonstrates your dedication to preserving human rights at every level of your operations.

By embracing these practices, you not only contribute to a more just and equitable society, but also solidify your role as a responsible and ethical business.

Diversity, equity and inclusion (DE&I)

At UBS we celebrate diversity, equity and inclusion and believe it's essential to foster a harmonious and innovative work environment. Our vendors are expected to follow the same principles and we firmly stand against any kind of discrimination.

DE&I policy

We strongly encourage all vendors to establish a comprehensive DE&I policy that outlines your commitment to fostering a diverse, equitable and inclusive workplace. The policy should encompass:

- A commitment statement that articulates your dedication to DE&I.
- Clear definitions of diversity, equity and inclusion as they pertain to your organization.
- Provisions outlining non-discrimination and anti-harassment measures, underscoring your commitment to supporting an environment free from bias.
- Strategies for promoting diversity and equitable opportunities, encompassing recruitment, promotion, and professional development.

Hiring and retaining diverse talent

Strive to hire and retain diverse talent that encompasses individuals of varying backgrounds, gender, gender identity, sexual orientation, culture, ethnic diversity, cultural background, disability, parenting, elder care, veteran status or life stage. Emphasize that discrimination or bias based on age, color, (dis)ability, ethnicity, race, gender, gender identity, gender expression, marital status, pregnancy/maternity, national origin, sexual orientation or religion has no place in your workplace. Foster a culture that values and celebrates differences, creating an environment where every individual feels respected and valued.

Workforce composition transparency

We encourage vendors to periodically publish workforce composition statistics. Sharing data on the demographic makeup of your workforce demonstrates your commitment to transparency and progress in promoting diversity, equity and inclusion.

Skills development and training

We encourage you to prioritize training initiatives that equip your workforce with the knowledge and skills needed to embrace sustainable practices. By integrating sustainability education into your organization, you empower your team to be an active agent of positive change. You should prioritize:

1. **Tailored curriculum:** Develop training programs that are tailored to your industry and specific sustainability goals. Address areas such as environmental conservation, responsible sourcing, ethical practices, DE&I and waste reduction.
2. **Practical application:** Ensure the training includes real-work scenarios and practical examples relevant to your operation. This helps employees to understand how to apply sustainable principles in their day-to-day tasks.
3. **Continuous learning:** Implement ongoing training to keep your workforce informed about the latest sustainability trends, regulations, and best practices. Sustainability is a dynamic field, and continuous learning supports your team to stay up to date.

Supplier diversity

Our definition of diverse suppliers includes women-owned, minority-owned, veteran-owned, persons with disabilities-owned, LGBTQ+ owned, disadvantaged-owned, historically underutilized businesses and small business enterprises. This also includes – but is not limited to – Micro, Small, and Medium-sized Enterprises. We believe that by supporting diverse suppliers, we can foster innovation, promote economic growth, and drive positive social impact. UBS actively promotes the engagement of diverse suppliers.

We ask our vendors to follow and embrace supplier diversity within their own value chains. This can be embraced by building supplier diversity into the sourcing lifecycle through, for example, mandating that at least one diverse

vendor be included in all tenders across the supply chain. Taking account of your spend year-on-year with diverse vendors will show how much your supply chain has diversified since adopting a supplier diversity-based initiative.

Employee empowerment initiative

We support the freedom of association and the right to collective bargaining, empowering our employees to actively participate in shaping their work lives. To extend this commitment, we expect the same dedication to those social norms from our vendors. To showcase your commitment to employee association participation, consider the following steps:

1. Encourage and create an environment where employees feel supported to join associations related to their fields of interest. Clearly communicate your stance on association participation, its benefits for personal growth and industry advancement, and support the freedom of association as an indispensable right.
2. Establish flexible policies that allow employees the time and resources to engage in association activities. Provide the necessary flexibility for them to attend meetings, conferences or events without undue hindrance.
3. Encourage employees to network within associations to broaden their horizons, exchange knowledge and gain insights from peers.

Governance

We expect all our vendors to maintain and promote the highest standards in business ethics and have strong corporate governance. Below we outline key ethics standards and provide guidance on how to improve compliance with your business.

Anti-corruption and anti-bribery

Our strong stance against corruption and commitment to integrity further reinforce our governance standards. We expect our vendors to share the same values, adhering to anti-corruption policies and embodying integrity in all business dealings. Commit to a zero-tolerance approach towards corruption and bribery. Refrain from engaging in, supporting, or tolerating any form of bribery, kickbacks, or unethical financial incentives. Develop clear policies that align with international anti-corruption standards and educate your organization on the consequences of non-compliance.

Diversity at all levels

To support a well-rounded approach to governance, vendors should prioritize the composition of their board and corporate leadership. UBS actively encourages vendors to improve diversity at board level. Diversity at the board level brings a wide range of perspectives, experiences, and insights, leading to better decision-making, innovation and understanding of diverse markets and stakeholders.

Sustainability reporting

Sustainability reports enable companies to demonstrate their commitment to environmental and social responsibility, offering internal and external stakeholders a clear view of the company's efforts to minimize negative impact. As one of these stakeholders, we strongly encourage our vendors to develop such a report. A sustainability report will drive transparency, therefore fostering trust and accountability between UBS and our vendors. Vendors should also take into consideration having a person accountable for sustainability-related topics at the board or executive level.

Conclusion

Sustainable practices and sustainable procurement are not trends, they are ways of doing business that can drive positive change and foster a more environmentally, socially, and economically responsible world. By adopting sustainable practices, businesses can take a significant step towards reducing their environmental footprint, promoting ethical practices in their supply chain, and contributing to the well-being of ecosystems. In future, sustainable procurement will play a pivotal role in shaping a world where business success goes together with environmental and social progress. Together, we are on a journey towards a sustainable future.

Resources

[Read more about sustainability at UBS](#)

[UBS Sustainability Report 2023](#)

[Our Responsible Supply Chain standards](#)

[Our climate disclosure guideline for vendors](#)