

**Modern Slavery Act Statement 2019**  
**UBS UK Donor-Advised Foundation (UBS UK DAF)**

**1. Introduction**

UBS UK Donor Advised Foundation is a registered charity (1153551) with the Charity Commissioners of England and Wales and company limited by guarantee registered in England and Wales (08619664) incorporated on 22 July 2013. Governance is by a Board of Trustees and Memorandum and Articles incorporated 22 July 2013 as amended by special resolutions 2 September 2013.

The Guarantors of the Foundation are UBS AG London Branch (the "Member").

The principal funding source of the Foundation is the Member, which provides in kind support by way of office space, support staff, IT and telephony, marketing, operations, finance, and in-house legal support, and clients of UBS AG who can make donations.

The below statement pertains to the wider UBS footprint, of which the UBS UK Donor-Advised Foundation is a related party.

UBS wants to promote global economic development that is sustainable for the planet and humanity. We have embodied the overarching objective of the 17 Sustainable Development Goals (SDGs), which provide a roadmap to solve the common sustainability-related challenges of our society.

As the preeminent global wealth manager to high net worth and ultra high net worth clients, we aspire to take a leading role in shaping the future. Our firm is in a powerful position to contribute toward achieving the SDGs by integrating sustainability in our mainstream offerings, through new and innovative financial products with a positive effect on the environment and society, and by advising our clients on their philanthropic works. We contribute to the setting of standards and collaborate in and beyond our industry. We do so through the management of environmental and social risks, the management of our environmental footprint and our comprehensive sustainability disclosures.

UBS was among the first companies to pledge support to the UN Global Compact – the largest corporate sustainability initiative globally – and its principles on human rights, labour standards, the environment and anti-corruption. Indeed, UBS has stipulated that we will not knowingly provide financial or advisory services to corporate clients whose primary business activity or proposed transaction is associated with severe environmental damage, or involves the use of child labour or forced labour. The same standards apply when UBS purchases goods or services from suppliers.

Our commitment to these issues, through our business, client relations, supply chain management, and as an employer, is set out below.

**2. Overview of UBS's business**

UBS provides financial advice and solutions to institutional and corporate clients worldwide, as well as private clients in Switzerland. Headquartered in Zurich, Switzerland, UBS is present in all major financial centres worldwide. The operational structure of UBS is comprised of a Corporate Center and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. More information can be found in our [annual report](#).

### **3. The UBS workforce in 2018**

UBS reports in depth on its global workforce to enable a broad range of stakeholders to form a detailed picture of its philosophy and priorities as a high-quality employer and corporate citizen. Our reporting covers the key statistics relevant to full- and part-time employees at all career stages, as well as basic data about external staff who together rely on us to provide a safe, respectful, collaborative workplace.

As of 31 December 2018, we had 66,888 employees (full-time equivalents/FTEs), 5,635 FTEs more than in 2017. This included Swiss apprentices on three-year limited contracts who received equivalent benefits to permanent employees. An additional 2,519 FTEs were employed through third parties on short-term contracts to fill positions on an interim basis. We have office operations in 50 countries worldwide.

### **4. Our Business**

We have a number of important policies and tools relevant to the prevention of modern slavery and human trafficking.

#### **a. Code of Conduct and Ethics of UBS**

The [Code of Conduct and Ethics of UBS](#) (the "Code") defines the way UBS does business. The principles and standards set out in the Code apply to all aspects of our business and the way we engage with our stakeholders. The Code aims to support a culture where ethical and responsible behaviour is ingrained. It includes an ongoing commitment to look for better ways to do business which are environmentally sound and socially responsible, including monitoring, managing and reducing any negative impact we might have on the environment and on human rights.

We have long-standing procedures in every region to help us resolve employee grievances, and employees are strongly encouraged to speak with their line manager or HR about any concerns. Our global whistleblowing policy and procedures offer multiple channels (including a whistleblowing and sexual misconduct hotline) for staff to raise concerns, either openly or anonymously, about any suspected breaches of laws, regulations, rules or other legal requirements, sexual misconduct or harassment, or any infringement our Code, policies or professional standards.

#### **b. UBS in society constitutional document**

The scope, principles, responsibilities and structure of *UBS in society* are set out in more detail within our *UBS in society* constitutional document. It defines the

principles and responsibilities for promoting this commitment systematically across all relevant businesses, and for implementing the ethical standards defined in the Code of Conduct that govern UBS's interaction with society and the environment.

**c. Risk Management in UBS's Business**

Products, services and activities deemed to have significant environmental or social risk potential are subject to procedures and tools for the identification, assessment, and monitoring of such risks in client onboarding, transaction due diligence, supply chain management, operational activities and investment decisions.

Our key tool in this regard is our Environmental and Social Risk ("ESR") Policy Framework (the "ESR Policy Framework"). We apply the framework to identify and manage potential adverse impacts on the environment and to human rights, as well as the associated environmental and social risks to which our clients' and our own assets are exposed. UBS's comprehensive ESR standards are aligned with the principles expressed in the *UBS in society* constitutional document, govern client and supplier relationships, and are enforced firm-wide.

UBS's risk and compliance processes are designed to identify clients, transactions and suppliers which do not comply with UBS's ESR standards. ESR data categories integrated into our compliance tool include forced labour and child labour, along with other human rights abuses, and corporate complicity in human trafficking.

**d. Policies and Procedures to Combat Financial Crime**

We take a rigorous risk-based approach in our commitment to combating money laundering, corruption and terrorist financing and we have implemented policies, procedures and internal controls that are designed to comply with such laws and regulations. We have developed extensive policies intended to prevent, detect and report money laundering, corruption and terrorist financing. These policies seek to protect the firm and our reputation from those who may be intending to use UBS to legitimize illicit assets. As proceeds stemming from the offences in the Modern Slavery Act would be the proceeds of crime, instances of slavery or human trafficking would also come within the scope of UBS's money laundering reporting procedures.

**e. Application of International Environmental Management Standards**

UBS is globally certified according to ISO 14001, the international environmental management system standard. In accordance with this standard, UBS annually analyses its portfolio of products and services, own operations and supply chain to assess the significance of environmental and social risks.

**f. Transparency in Reporting**

UBS uses the Global Reporting Initiative ("GRI") as the basis for our sustainability reporting and applies a careful process weighing up the materiality and

relevance of the information reported and the expectations of all our stakeholders. UBS's reporting ("UBS GRI Document") is reviewed annually by Ernst & Young Ltd (EY) against the GRI Standards (limited assurance). The content of the UBS GRI Document 2018 has been prepared in accordance with the GRI Standards, Comprehensive option, as evidenced in the EY assurance report. The assurance audit covers topics such as labour practices, significant actual or potential human rights impacts in the supply chain, and procedures for assessing and screening environmental and social risks in business lines.

## **5. Our Clients**

### **a. Managing Environmental & Social Risks**

We have set ESR standards in product development, investments, financing and for supply chain management decisions. As part of our due diligence process we engage with clients and suppliers to better understand their processes and policies and to explore how any environmental and social risks may be mitigated. We avoid transactions, products, services, activities or suppliers if they are associated with material environmental and social risks that cannot be properly assessed or mitigated.

Our ESR standards include the description of controversial activities and other areas of concern we will not engage in, or we will only engage in under stringent criteria, as outlined below. In 2018, we updated our ESR policy and tightened our coal-fired power standard.

Our standard risk, compliance and operations processes involve procedures and tools for identifying, assessing, reporting and monitoring environmental and social risks. These include client onboarding, transaction due diligence, product development and investment decision processes, supply chain management and portfolio reviews.

These processes are geared toward identifying clients, transactions or suppliers potentially in breach of our standards, or otherwise subject to significant environmental and human rights controversies. We use advanced data analytics on companies associated with such risks, integrated into our web-based compliance tool, before we enter into a client or supplier relationship or transaction. This significantly enhances our ability to identify potential risks.

### **b. UBS Optimus Foundation**

The UBS Optimus Foundation ("Optimus") works with UBS and private philanthropists to support organizations working to disrupt child trafficking and slavery. It partners with organizations that have long term strategies aimed at reducing the prevalence of trafficking and building the evidence of what works. Optimus focuses on countries where there is a high trafficking burden, including USA, Nepal, Bangladesh and India, and supports philanthropists working to tackle the issue in their own communities. As of April 2019 it has 9 partners from the not-for-profit sector on the issue.

## **6. Our Supply Chain**

In 2018, UBS spent USD 11 billion on a broad range of products and services. A large proportion of this expenditure comprises real estate, outsourcing, IT as well as consultancy and legal fees. Our sourcing and procurement services are provided by an external company, Chain IQ, which applies UBS's responsible supply chain management (RSCM) framework and processes. The experienced procurement and sourcing specialists at Chain IQ perform supplier due diligence and establish remediation measures, supported by a centralized team of experts within UBS.

We aim to reduce negative environmental and social effects of the goods and services UBS purchases and we engage with suppliers to promote responsible practices. A firm-wide RSCM guideline has provided systematic assistance on identifying, assessing and monitoring supplier practices in the areas of human and labour rights, the environmental protection and corruption. A central component of this guideline is the UBS Responsible Supply Chain Standard to which our direct suppliers are bound by contract. The standard defines our expectations towards suppliers and their subcontractors regarding legal compliance, environmental protection, avoidance of child and forced labour, non-discrimination, remuneration, hours of work, freedom of association, humane treatment, health and safety and anti-corruption issues and a whistleblowing mechanism to support and protect employees.

The RSCM framework includes an impact assessment of newly sourced goods and services, which takes into account potential negative environmental and social impacts along the lifecycle of a product or a service, and all purchased goods and services are categorized accordingly.

We identify high-impact suppliers when establishing new contracts or renewals based on the suppliers' provision of goods and services that have either a substantial environmental and social impact or are sourced in markets with potentially high social risks. Such high-impact suppliers are requested to fulfil further requirements towards product and service provision and are assessed against the UBS Responsible Supply Chain Standard. If this assessment reveals any non-compliance with our standard, UBS defines and agrees, together with the supplier, on specific improvement measures, which we monitor. Lack of improvement may lead to the termination of the supplier relationship. We also regularly screen active suppliers as part of our environmental and social risk control processes.

Suppliers of potentially high-impact goods or services are requested to conduct a self-assessment on their responsible management practices and to provide corresponding evidence. Actual and potential negative impacts that are considered in the impact assessment of purchased goods and services include, among other areas, unfair employment practices, such as low wages, excessive overtime, absence of occupational health and safety measures; procurement and use of materials with a strongly negative environmental and / or social impact; and insufficient management of subcontractors regarding sustainability aspects.

In 2018, 224 suppliers were classified as suppliers that provide UBS with goods or services with potentially high impacts, both newly sourced as well as ongoing engagements, which are regularly re-assessed. 27% of these suppliers were considered as in need of improving their management practices. Specific

remediation actions were agreed with all of them and the implementation progress has been closely monitored. In 2018, no UBS supplier relationship was terminated as a result of RSCM assessments. This can partly be related to the fact that we assess the supplier's potential risks before entering into a contract with them.

## **7. UBS Employees**

UBS strives to be a responsible employer and to provide a respectful and supportive work environment for our employees. An overarching global employment policy sets the minimum hiring and employment standards for all UBS locations. It aims at providing fair, consistent and transparent treatment for our employees while taking into account local legal requirements, market best practice and shareholders' interests. Country-specific employee handbooks supplement the global policies, providing local information and clarification on the terms and conditions of employment and the applicable HR programs, policies and procedures.

As a responsible employer, we maintain an open dialogue with our formal employee representation groups, all of which are in Europe. The UBS Employee Forum for Europe represents 16 countries and considers pan-European issues that may affect our performance, operations or prospects. Local and regional work councils discuss topics such as business transfers, pensions, workplace conditions, health and safety, and redundancies. Collectively, these groups represent approximately 50% of our global workforce.

Throughout 2018, we continued training and raising the awareness of employees, including with respect to embracing our Code. All employees have to confirm annually that they have read UBS's key documents and policies, including the Code. We actively engage in internal and external education and awareness raising on corporate responsibility and sustainability topics and issues. Through induction, education and broader awareness-raising activities, we ensure that our employees understand their responsibilities in complying with our policies and the importance of our societal commitments.

## **8. Pertinent Societal Commitments**

We are convener of the Thun Group of Banks – an informal group of bank representatives that work together with the primary purpose of (i) furthering understanding of the UN Guiding Principles on Business and Human Rights (UNGPs) within the context of banking, and (ii) considering how they may be applied across the range of different banking activities. Since its first meeting in 2011, the Thun Group's focus has been on sharing expertise and experience to support the integration of the UNGPs into the policies and practices of banking institutions.

We are a founding member of the Wolfsberg Group, an association of global banks that aims to develop financial services industry standards for policies on preventing money laundering and terrorist financing, and on Know Your Client principles. The Wolfsberg Group brings together banks globally at its annual forum and regional reach-out meetings focused on anti-money laundering (AML) topics and works on guidance papers in key areas of AML. Together with the other members of the Wolfsberg Group we work closely with the Financial Action Task Force (FATF), an inter-governmental body that helps develop national and international policies on

preventing money laundering and terrorist financing through consultation with the private sector. UBS adopts the global FATF standards with respect to record keeping.

We are also a member of the European Bankers Alliance, an initiative dedicated to the fight against human trafficking. In April 2017 the Alliance launched a "toolkit" containing a set of red flag indicators for human trafficking including transactional, KYC, and behavioural indicators; a list of aggravating factors – industries or countries which pose additional levels of risk; a set of case studies – past cases of human trafficking identified and reported by member banks.

## 9. Further Information

For more information about our approach to corporate sustainability (including our approach to human rights) and for any questions pertaining to this Statement, contact [cr@ubs.com](mailto:cr@ubs.com).

Approved by UBS UK Donor-Advised Foundation (UBS UK DAF)



.....

**Richard Hardie**  
Trustee

**26 June 2019**