

# PRB Reporting and Self-Assessment policy

## Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

### Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

UBS Group is a leading and truly global wealth manager and the leading universal bank in Switzerland. It also provides diversified asset management solutions and focused investment banking capabilities. With the acquisition of the Credit Suisse Group, UBS manages 5.5 trillion dollars of invested assets as per second quarter 2023. UBS helps clients achieve their financial goals through personalized advice, solutions and products. Headquartered in Zurich, Switzerland, the firm is operating in more than 50 markets around the globe. Of the 115,000 employees about 32% are working in Switzerland, 24% in the Americas, 24% in Asia Pacific and 20% in the EMEA region.

For further details on our business model, see the Annual Report 2023 section "Our strategy, business model and environment".

On 12 June 2023, UBS Group AG acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. In December 2023, the Board of Directors of UBS Group AG approved the merger of UBS AG and Credit Suisse AG, and both entities entered into a definitive merger agreement.

In line with the acquisition of the Credit Suisse Group, a joint approach for the PRB impact assessments and reporting was chosen for 2023. Terms used in this report to differentiate between UBS and Credit Suisse legal entities pre- and post-acquisition are in line with the overview on "terms used in this report" in the UBS Group Sustainability Report 2023.

### UBS Group Annual Report 2023

– Our strategy, business model and environment (17-30)

### UBS Group Sustainability 2023

– Terms used in this report (7)

– Our business model (11-12)

– People and culture make the difference (45)

### Strategy alignment

#### Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

#### Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones:

In line with the FINMA circular 2016/1 disclosure (last amendment 6 May 2021), UBS needs to disclose climate related financial risks and how it manages climate financial risks annually as part of the financial reporting. We also disclose non-financial information required by the German law implementing EU directive 2014/95 (CSR-Richtlinie-Umsetzungsgesetz / CSR-RUG) (nichtfinanzieller Konzernbericht)

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones:

Approaches outlined in Human Rights Statement, Modern Slavery Act and Human Trafficking Statement, and Modern Slavery Act and Human Trafficking Statement, UBS Business Solutions AG, UK Branch; Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor

None of the above

We want to be the financial provider of choice for clients who wish to mobilize capital toward the achievement of the 17 United Nations Sustainable Development Goals (the SDGs) and the orderly transition to a low-carbon economy. We are supporting our clients in the transition to a low-carbon economy, leading by example in our own operations, and sharing our lessons learned along the way with the rest of the world. By 2050, our ambition is to achieve net-zero greenhouse gas (GHG) emissions across our scope 1 and 2, and specified scope 3 activities.

Helping our clients to navigate the orderly transition to a low-carbon economy and build climate-resilient business models is a key objective of our approach to climate, as is the mobilization of private and institutional capital toward this transition. Aligning our in-scope lending and investment portfolios to the objectives of the Paris Agreement is an important part of this approach and so are the products and services we offer.

Furthermore, through collaboration and engagement with industry, investees and our clients, we help clients access best practices, robust science-based approaches standardized methodologies and quality data that help them to better measure and mitigate climate risks and act on climate-related opportunities. Being a member of the Net Zero Banking Alliance (NZBA), we have set ourselves the ambition, to achieve net-zero greenhouse gas emissions across our scope 1 and 2, and specified scope 3 activities by 2050. Furthermore, we committed to underpin this ambition by developing emissions reduction targets for key sectors and defining the corresponding transition strategies required to enable achievement of these goals.

We want to contribute to positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services.

### UBS Group Sustainability Report 2023

– Banking on sustainability (8)

– Our business model (11-12)

– Sustainability drives our ambitions (13)

– Our sustainability and impact strategy (14)

– Our climate roadmap (23)

– Supporting our clients' low-carbon transition (27-37)

### UBS Group Annual Report 2023

– Our strategy (17-20)

## Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

At UBS Group, we take a broad approach to impact assessment. On an annual basis, the materiality assessment of sustainability and climate-driven risks is carried out in accordance with the ISO 14001 standard for environmental management systems. The management system covers the entire scope of UBS's products, services and in-house operations that may give rise to an environmental impact.

In 2023, we further advanced our materiality assessment methodology to integrate documented transmission channels that may drive new forms of sustainability and climate-driven financial and non-financial risks, leveraging internal and external expert guidance.

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

Approach to scope for the PRB-specific assessments

In line with the acquisition of the Credit Suisse Group, a joint approach for the PRB impact assessments was chosen for 2023. Due to the ongoing integration of Credit Suisse' business operations and resulting changes to the business areas in scope of the PRB assessment, no new comprehensive impact assessment of the joint business was conducted. Instead the latest assessments from both banks were leveraged with approaches as described below:

**"Pre-acquisition UBS"** (also referred to as UBS in the following section)

The impact analysis was conducted by UBS in 2021, based on FY 2020 data, using UNEP FI's Portfolio Impact Identification Tool V2. The approach to the categorization of UBS's exposure and proximity to impact of certain business activities was in line with the climate-related materiality assessment at the time of the analysis.

Therefore the scope was determined as follows:

- Lending and financing activities are considered high proximity to impact as there is a direct association between UBS's activity and specific client operations causing the potential negative impact on environment (incl. biodiversity), human rights, and climate. To determine in-scope activities for the PRB analysis, we considered volume (core business area, product/service), control (ability to influence), and data (where granularity is readily available) for Switzerland for
  - Corporate & Institutional Clients (CIC) corporate lending (excl. Lombard loans)
  - Self-owned real estate (i.e. mortgages)
  - And globally for Global Banking capital markets (ECM, DCM), Syndicated Lending, M&A
- Investment activities are a core business of UBS but have been excluded from this analysis in line with PRB focus and the scope of the UNEP FI tool.

**Credit Suisse Group** (also referred to as Credit Suisse in the following section)

The impact analysis was conducted by the Credit Suisse Group in 2022 using the UNEP FI Bank Portfolio Impact Analysis Tool V3, which covers Consumer, Business, Corporate and Investment Banking (IB), but excludes investment portfolios.

The data was matched to the business lines as defined by the UNEP FI Tool described above. For globally operating banks, the tool offers the functionality of a global assessment instead of a country-by-country analysis. Given Credit Suisse's operational footprint, the global assessment approach was chosen, complemented by a country-level assessment. In terms of loan exposure, respectively deal volume for in-scope IB capital market and advisory services.

Due to the relevance of Switzerland as home market the assessment on country level for the impact area identification was focused on Switzerland.

In line with the UNEP FI Tool methodology and PRB guidance, Credit Suisse's impact analysis was performed against the FY 2021 loan portfolio using the indicator "outstanding loans" and deal volume as per Dealogic for in-scope Investment Banking capital market and advisory services (i.e. Dealogic product types "Debt Capital Market", "Equity Capital Markets", "Syndicated Loans"). The UNEP FI guidance also defines Advisory Services like M&A transactions as in scope for the Investment Banking Impact Assessment. Since the Dealogic category "Mergers & Acquisitions" does not allow a clear mapping of deals to neither countries nor industries, the respective deal volume was not considered for the conducted assessment.

– *UNEP FI Portfolio Impact Analysis Tool for Banks*

– *User Guide UNEP FI Impact Analysis Tools*

#### **UBS Group Sustainability Report 2023**

– About this report (5)

– Sustainability and climate risk management framework (76-78))

#### **Supplement to the UBS Group Sustainability Report 2023**

– ISO 14001 and 50001 standard certificates (184-193)

– Sustainability and climate risk policy framework (39-42)

#### **UBS PRB Report 2022 (9)**

#### **Credit Suisse Sustainability Report 2022**

- PRB report (121)

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the *Interactive Guidance on impact analysis and target setting*.

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

**"Pre-acquisition UBS"** (also referred to as UBS in the following section)

Key sectors identified through the analysis conducted using the UNEP FI tool on in-scope lending/financing activities:

- For Corporate and Institutional Clients (CIC), we analysed pre-acquisition UBS' corporate client lending exposure as of March 30, 2020. By focusing on the top 15 sectors as a % of corporate lending exposure, we covered 85% of the portfolio. The largest three sectors by ISIC classification included: "Real estate activities", "Undifferentiated activities of private households", and "Financial services activities". "Real estate activities" was the largest sector, accounting for approximately 30% of corporate lending exposure over the previous three years.
- Self-owned real estate (i.e. mortgages), as a credit granting activity, was classified as Financial services activities. The majority of our mortgage clients are individuals based in Switzerland. As Switzerland is a relatively prosperous country, ranked 5th in the Legatum Prosperity Index 2021, we chose not to factor in customer types by income levels.
- For Global Banking, deal data from Dealogic was used for the full year 2020. As there may be multiple banks involved in a transaction, we calculated deal value per revenue share to approximate UBS's portion of potential impact. By focusing on the top 15 sectors by ISIC classification, we covered approximately 85% of UBS's deal value per revenue share. The largest three sectors by ISIC classification were: Financial services activities, Public administration and defence, and Activities auxiliary to financial service and insurance activities. "Financial services activities" was the largest sector, accounting for approximately 20% of deal value per revenue share in 2020.

Due to completion of the initial analysis in 2021, the decision was taken for the 2023 reporting, to monitor the impacts by comparing year over year changes to the top sectors instead of a reassessment based on the latest tool Version (V3). In addition, we broadened the scope to include UBS's full lending book (as of Dec 31, 2021). Real estate activities and financial services activities remained the largest sectors in 2021 for our corporate lending and Global Banking activities, respectively. Therefore, there were no significant changes otherwise warranting adjustment of the initial conclusions.

#### **Credit Suisse Group**

The FY 2021 loan portfolio was assessed for the 2022 impact analysis. As disclosed in the 2021 Credit Suisse Annual Report, total loans and irrevocable commitments were CHF 416 billion globally. In line with the UNEP FI definition, the split between Consumer Banking and Institutional Banking (incl. Business and Corporate Banking) was 34% vs. 66%. Based on the UNEP FI guidelines, out of the six divisions reported in the 2021 Annual Report (Swiss Universal Bank, International Wealth Management, Asia Pacific, Asset Management, Investment Bank, and Corporate Center), Asset Management and the Corporate Center were excluded from the assessment. Due to the nature of the Asset Management business, the allocated loan exposure is marginal and therefore not listed. The Corporate Center is out of scope as it is not related to business activities but to operational functions.

The splits per division were as follows:

- Swiss Universal Bank 47%
- International Wealth Management 15%
- Asia Pacific 9%
- Investment Bank 29%

For the analysis of Institutional Banking, as per UNEP FI guidelines split into a) Business & Corporate Banking and b) Investment Banking, a breakdown per country and sector was conducted, following the NAICS definition of industries, attributing the corresponding % of the portfolio for each of the major groups of industry according to the NAICS list level 1.

For the Consumer Banking scope, a breakdown per country and by products and services was conducted.

**UBS PRB Report 2022 (3-4)**

**Credit Suisse Annual Report 2021**

- Risk portfolio analysis section (166)

**Credit Suisse Sustainability Report 2022**

- PRB report (121)

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) **Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

As a global financial institution operating in more than 50 regions and locations but with a key focus on our home market Switzerland, we considered the following approach most appropriate: a global assessment, as approach defined by the UNEP FI Context module for banks with a global and diversified portfolio, complemented by an analysis of Switzerland as the key market.

We reviewed the main challenges and priorities related to sustainable development using the following tools and surveys in 2023 to define key impact areas for UBS Group globally, and for Switzerland:

### 1. The UNEP FI Context module (V3, 2023 update)

The tool allows assessment of the environmental, social, and economic context of the countries and locations in which the bank operates, including a global level assessment. The needs assessment is performed on the basis of official statistical data sets, research, and policies. The assessment was conducted for UBS Group in 2023, following the Credit Suisse Group acquisition.

On a global level, based on the tool tab "Global Assessment", we identified the following key areas in terms of needs and priorities based on a) highest need scores due to statistical data sets and b) high priority as per policy documents and identified deteriorating trends & scenarios:

- Climate stability
  - Availability, accessibility, affordability, quality of resources & services
- followed by
- Biodiversity & healthy ecosystems and
  - Circularity

Due to the broad scope of the global assessment, we checked the relevance of the global needs against prior portfolio assessments to identify the key impact areas based on our operations. Since the **global assessment** was only conducted by Credit Suisse Group in 2022, the following results are based on these results only:

#### **Business & Corporate Banking:**

- Climate stability was identified as a key negative impact area and
- Availability, accessibility, affordability, quality of resources & services as the key positive impact area

#### **Investment Banking**

The assessment provides the same results as for Business & Corporate Banking, even though with less significance

For **Switzerland**, based on the tool tab "Country Assessment", the identified key areas in terms of needs and priorities are, based on the same approach as explained above:

- Circularity
  - Availability, accessibility, affordability, quality of resources & services
- followed by
- Biodiversity & healthy ecosystems
  - Climate stability

For Switzerland, the assessment of the operations' impact is in line with the needs assessment, considering both Credit Suisse Group and UBS Group prior assessments before acquisition:

#### **Business & Corporate Banking**

- Circularity, Biodiversity & healthy ecosystems and Climate stability were identified as key negative impact areas and
- Availability, accessibility, affordability, quality of resources & services as the key positive impact area

#### **Investment Banking**

The assessment provides the same results as for Business & Corporate Banking, even though with less significance.

Since UBS used V2 of the UNEP FI tool, which shows different categories of impact areas, a mapping to the latest impact radar was conducted for the most relevant areas to ensure comparability of results.

## 2. UBS and Credit Suisse GRI-based materiality assessments

At UBS Group, we regularly undertake a materiality assessment to identify the most important economic, environmental, and social issues that may be relevant for our company on a global level.

To define key impact areas for the joint UBS and Credit Suisse business, we reviewed materiality assessments conducted in 2022 for both banks separately, pre-acquisition, as well as the 2023 joined results.

The 2022 UBS materiality assessment methodology was aligned to GRI Standards. The process consolidated both past material topics that remain relevant and newly identified topics. The assessment, started with a review of our organizational context (i.e., activities, business relationships, sustainability context, stakeholders), before completing the three main process steps: desk research, stakeholder consultation and final review.

The degree of materiality per topic was qualitatively assessed through conversations with and questionnaires completed by internal subject matter experts. Their input considered the scale of impact to the economy, the environment or society as well as the likelihood and irremediability.

#### **UBS Supplementary Information 2022**

- GRI-based materiality assessment (9–14)

#### **Supplement to the UBS Group Sustainability Report 2023**

- GRI-based materiality assessment (8-12)

#### **Credit Suisse Sustainability Report 2022**

- Materiality Assessment (10–11)
- Disclosure Frameworks chapter, GRI standards (138)

– *The Environment Switzerland Report (10, 13, 14)*

– *2030 Sustainable Development Strategy*

– *SRG Wahlbarometer*

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

As top impact concerns (sustainability-focused) the following were identified:

- Climate and nature
- Social impact and human rights

Top impacts to pursue are

- Sustainable finance
- Climate and nature
- Social impact and human rights

In 2023, UBS Group refreshed the assessment, starting with a review of our organizational context, before completing the three main process steps: desk research, integration of the Credit Suisse materiality assessment 2022, stakeholder consultation and final review.

Credit Suisse material topics were integrated into the 2023 GRI-based materiality assessment by comparing the two material topics list from 2022 to identify possible gaps and differences. Both banks had identified the same topics as material. For the Credit Suisse approach, see description below.

The material topics from the 2022 UBS assessment were validated and confirmed for the combined Credit Suisse and UBS business for 2023.

In 2022, the process for Credit Suisse Group was based on industry-relevant sources, such as international standards, policy trends, and other developments, followed by a survey among selected internal experts and external stakeholders to prioritize issues based on perceived associated potential and/or actual impacts. External stakeholders considered for the assessment included investors and analysts, policymakers, non-governmental organizations (NGOs), and sustainability experts.

As per the assessment, the six most material topics identified in line with the GRI Universal Standards, include the following that are sustainability-focused:

- Climate change and net zero
- Sustainable products and services
- Biodiversity and natural capital

### 3. Assessment of Switzerland-specific publications revealing country-specific priority topics

To best capture the country-specific priority topics for the UBS home market Switzerland, we reviewed the most recent sustainability-related publications in 2023.

#### Federal Council publications

The Environment Switzerland report is published every four years by the Federal Council in fulfilment of its statutory mandate to provide information under the Environmental Protection Act (Art. 10f). It presents an overview of the current state and trends of the environment in Switzerland and of Switzerland's environmental impact. It assesses the measures taken by the federal government to improve the quality of the environment and identifies areas in which further action is required.

The main challenges identified in the 2022 report are:

- Climate change
- Loss of biodiversity
- Large amounts of waste and the failure to close material cycles (circularity)

Furthermore, in its 2030 Sustainable Development Strategy (2030 SDS), the Federal Council outlines the priorities it intends to set to implement the 2030 Agenda. The 2030 SDS focuses on those topic areas where there is particular need for action and for the coordination of policy areas at federal level. It lays down the three areas of "sustainable consumption and sustainable production", "climate, energy and biodiversity", and "equal opportunities and social cohesion" as priorities for Switzerland's implementation of the 2030 Agenda.

#### SRG SSR Wahlbarometer

The study assesses the main concerns of the Swiss population and gauges voters' views on current political and economic issues. It was conducted in March 2023 via a representative online assessment.

The survey found that Environmental protection/climate change was the greatest cause of concern for the Swiss electorate while the topic Nature/Conservation ranks on top 9.

All tools and surveys explained above to identify needs and priorities, considering both the global and the Swiss perspective, are considered for defining the key impact areas for the merged UBS and Credit Suisse operations following the acquisition as announced in March 2023.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.

In line with the outlined assessment conducted (see 2.1c) based on UBS Group and Credit Suisse Group pre-acquisition impact assessments and the renewed needs assessment in 2023 the second key impact area changed compared to UBS' previous reporting. The following two key (negative) impact areas have been prioritized to pursue for our target setting strategy:

- Climate stability
- Biodiversity & healthy ecosystems
- (in line with the PRB Nature Target Setting Guidelines, published in November 2023, we will apply the term Biodiversity / Nature for this report for those parts that do not refer to past assessments)

UBS Group had previously identified SDG 5: Gender Equality and SDG 10: Reduced Inequalities as priority areas for further analysis.

Please note that the analysis is based on the scope of the UNEP FI Institutional Banking Module. The Consumer Banking Module was not considered for the identification of key impact areas. The tool asks for detailed data on thematic loans (e.g. healthcare loans or education-related loans) as well as loans to specific

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

target groups (e.g. rural population, senior population) that was not tracked by Credit Suisse Group. The granularity of available data was therefore not sufficient for the UNEP FI to produce meaningful results.

The version V2 of the tool, used by Pre-acquisition UBS, did not provide the functionality for a dedicated assessment of Consumer Banking. UBS' assessment focus was on Corporate and Institutional Clients and Investment Banking which is in line with the Credit Suisse Group approach.

**d) For these (min. two prioritized impact areas): Performance measurement.** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*

#### Impact area Climate stability:

Following the acquisition of the Credit Suisse Group, we have conducted an extensive review of the decarbonization targets to reflect the activities of the combined organization and evolving standards and methodologies. Based on this review, we have undertaken revisions to the decarbonization targets and also explicitly described in-scope activities where we have detailed plans, supported by short- and medium-term targets.

UBS Group, pre-acquisition, (as published in the UBS Group Sustainability Report 2023) set targets to reduce its financed emissions for the residential and commercial real estate, fossil fuels, power generation and cement sectors, while Credit Suisse Group also previously (as published in the Credit Suisse Group Sustainability Report 2022) set targets for the oil, gas and coal, power generation, commercial real estate iron and steel, aluminum and automotive sectors. For the shipping sector, Credit Suisse Group disclosed the portfolio climate alignment to the Poseidon Principles decarbonization index.

During 2023, following the acquisition of the Credit Suisse Group, we refined the UBS Group lending sector decarbonization targets based on the integration of the Credit Suisse Group portfolios and in alignment with our net-zero ambition. Overall, both banks, followed a similar approach to set their decarbonization targets, but based on a different sector scope and with some methodological differences. We compared and reviewed priority sectors and methodologies to select the most relevant sector scope and design choices to establish decarbonization targets for the combined organization.

UBS's approach to target setting is built on the guidance from global standards and initiatives such as the NZBA, the Partnership for Carbon Accounting Financials (PCAF), the Paris Agreement Capital Transition Assessment (PACTA) and the Science-Based Targets Initiative (the SBTi).

We considered materiality of sectors in terms of financial exposure and the availability of data and applicable methodologies in order to estimate baselines and develop pathways toward net zero. We performed additional analysis to establish transparency around the contribution of each sector in our portfolio to the total.

Decarbonization targets have been established for Swiss real estate mortgages (commercial and residential real estate) and for financing of in-scope activities in the fossil fuels (oil, gas and coal), power generation, iron and steel and cement sectors.

For our in-scope shipping portfolio, we continue to disclose the portfolio's climate alignment to the Poseidon Principles decarbonization index.

As the automotive and aluminum sectors previously reported by the Credit Suisse Group did not meet the exposure or emissions materiality thresholds as calculated based on estimated 2023 exposure for the combined portfolios, they have been deprioritized for target setting at this time.

We will continue to assess materiality of sectors annually and aim to develop additional goals for the remaining material key sectors in line with our commitment to the NZBA.

For details on methodologies and processes used to calculate the climate-related lending metrics and the approach taken to define the UBS Group lending sector decarbonization targets, please see the Supplement to the UBS Group Sustainability Report 2023 section "Climate-related methodologies – decarbonization approach for our financing activities".

#### Impact area Biodiversity/Nature

In 2022, pre-acquisition UBS piloted a new quantification approach for nature-related risk based on nature-related dependency data via the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool developed by the Natural Capital Finance Alliance (the NCF) and the World Conservation Monitoring Centre (the UNEP-WCMC).

This approach allowed pre-acquisition UBS 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 enhanced our methodology to also assess our exposure to sectors that may have an adverse impact on the natural environment because of their resource or emission-intensive business practices.

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.

We also conducted a heatmap assessment, mapping ENCORE data to our listed equity and fixed income corporate investments to understand exposure to biodiversity risks at the industry level.

This process has led us to identify three specific areas that form the basis of our engagement program on natural capital risks and opportunities: forests, water, and the climate-diversity nexus.

#### UBS Group Sustainability Report 2023

- Contributing to a low-carbon economy (21-26)
- Supporting our clients' low-carbon transition (27-31)
- Nature-related risk (86)
- How we approach natural capital risks in our investments (113-114)

#### Supplement to the UBS Group Sustainability Report 2023

- Climate-related methodologies – decarbonization approach for our financing activities (71-91)
- Nature-related risk methodology (131-134)

Despite the ENCORE-based assessment and its potential applicability for target setting, our approach for defining the basis for Nature target setting is driven by two considerations.

- Nature being one of the more nascent impact areas, approaches to support the understanding of a bank’s exposure to nature-related impacts, dependencies, risks and opportunities as well as analytical methods, data, and tools are still emerging and to date limited in their scope.
- The ongoing integration of Credit Suisse operations, causes major changes of the lending portfolio with reliable data being expected only in the course of 2024.

Therefore, a portfolio analysis for nature-related impacts and dependencies, risks and opportunities in identified priority sectors is planned in line with upcoming regulatory requirements such as the CSRD.

**Self-assessment summary:**

**Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>**

- |                          |   |   |                             |
|--------------------------|---|---|-----------------------------|
| Scope:                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Portfolio composition:   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Context:                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

Climate Stability and Biodiversity/Nature

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

<sup>6</sup> You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.



## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) **Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Our commitment is to be the financial provider of choice for clients who wish to mobilize capital toward the achievement of the 17 Sustainable Development Goals and the orderly transition to a low-carbon economy.

By 2050, our ambition is to achieve net-zero greenhouse gas emissions across our scope 1 and 2, and specified scope 3 activities.

Therefore, addressing SDG 13 Climate Action, we have set ambitions to achieve net-zero greenhouse gas (GHG) emissions from our own business in line with the objectives of the Paris Agreement. We developed our ambitions using the latest available guidance from the Partnership for Carbon Accounting Financials (PCAF) the Net-Zero Banking Alliance (NZBA) and the Paris Agreement Capital Transition Assessment (PACTA). Core metrics can be found under reference, 'UBS Sustainability objectives and achievements 2023 and objectives 2024'.

In addition to these commitments, our UBS AG Asset Management became a founding member of the Net Zero Asset Managers (the NZAM) initiative in 2020. In 2023, we continued implementation of UBS AG Asset Management's target to align 20% of its total assets under management (AuM) with net zero. This Pre-acquisition UBS aspiration will be reassessed in 2024.

Our approach to understanding impacts and dependencies related to natural capital and biodiversity, and managing the resulting risks and opportunities across our activities, is in line with our commitment to mobilize capital toward the achievement of the SDGs like the Nature-related SDGs 14 and 15 (Life below Water and Life on Land) Recently, governments also adopted a milestone set of policy goals in the Kunming-Montreal Global Biodiversity Framework. This is a key enabler for setting critical direction for economy wide transitions aimed at safeguarding global biodiversity.

Natural capital is inherently challenging to define in financial terms due to a lack of easily available data and standardized methodologies. Therefore, we strive to play an active role in creating new global standards that can help clients, companies and the financial sector manage nature-related risks and develop opportunities, while also addressing potential adverse impacts and generating positive impacts.

We participated in the Taskforce on Nature-related Financial Disclosures (the TNFD) efforts, including leading its financial sector working group, and contributing to the development of its recommendations released in September 2023.

Building on the first UBS Climate and Nature Report in 2022, we developed our activities and disclosures for 2023 by leveraging the recommendations set by TNFD. We will continue to develop our disclosures on nature dependencies, impacts, risks and opportunities over the next few years, aligned with the TNFD recommendations and regulatory requirements.

### UBS Group Sustainability Report 2023

- Banking on sustainability (8)
- Our sustainability and impact strategy (14)
- Our aspirations and progress (15-16)
- Contributing to a low-carbon economy (21-23)
- Supporting our investing clients' low-carbon transition (27)
- Our approach to nature (26, 111-115)

### Supplement to the UBS Group Sustainability Report 2023

- UBS Sustainability objectives and achievements 2023 and objectives 2024 (148-157)

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

### Climate stability

Based on the guidelines by the World Resources Institute (the WRI) and the World Business Council for Sustainable Development (the WBC SD) for reporting in the event of a material acquisition, the emissions metrics shown for 31 December 2021 and 31 December 2022 are calculated on the basis of the joint loan books of UBS and Credit Suisse on those dates, on a pro forma basis. As in previous Sustainability Reports, climate-related lending metrics are not shown for the current reporting year, due to the inherent time-lag in the availability of emissions data.

Based on an assessment of qualitative and quantitative criteria such as alignment with industry guidance, availability and quality of data and consistency across sectors in previously disclosed targets, 2021 has been adopted as the baseline year for all sectors.

UBS's approach to target setting, including definition of baselines is built on the guidance from global standards and initiatives such as the NZBA, the Partnership for Carbon Accounting Financials (PCAF), the Paris Agreement Capital Transition Assessment (PACTA) and the Science-Based Targets Initiative (the SBTi).

For details see explanations in the Supplement to the UBS Group Sustainability Report 2023, section "Establish baselines and relevant emissions metrics to sectors".

### Biodiversity/Nature:

As detailed in the PRB Nature Target Setting guidance, banks may take a progressive approach to set targets for nature, beginning with practice targets as nature is one of the more nascent impact areas with regards to data availability and assessment tools.

The objective of practice targets is to integrate Nature within bank practices and should cover the bank's policies on nature and help shift the total sum in the portfolio away from harmful towards neutral or positive activity.

In line with the defined approach for practice targets, a rather qualitative assessment of existing policies and processes for both banks, was conducted to identify the need for enhancement. Such enhancements could range from risk management activities that may include setting restrictions or exclusions for certain sectors or activities, to an entity or transactional level.

### UBS Group Sustainability Report 2023

- Climate-related lending metrics 2023 (24-25)
- Managing sustainability and climate risks (75)

### Supplement to the UBS Group Sustainability Report 2023

- Establish baselines and relevant emissions metrics to sectors (72-74)
- Sustainability and climate risk policy framework, Our standards (40)

c) **SMART targets** (incl. key performance indicators (KPIs)<sup>9</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

### Climate stability

Combining our portfolio baseline and the selected reduction scenario, we developed 2030 decarbonization targets for each sector.

For the fossil fuels sector (oil, gas and coal), we have defined absolute emissions reduction targets and applied the Absolute Contraction Approach, which means that we are using contraction of absolute emissions to get to net zero.

For all other sectors in scope, we have defined physical emissions intensity targets, applying the Sector Decarbonization Approach (the SDA). The SDA assumes global convergence of key sector's emissions intensities by 2050 and we set our 2030 decarbonization targets to be in line with this assumption. The graphs included in the sector approach section of the Supplement to the UBS Group Sustainability Report 2023 include the 2050 convergence points used to define the 2030 targets.

We have opted for physical emissions intensity-based trajectories for sectors that have a clear primary metric that can be taken as reference (e.g., amount of CO<sub>2</sub>e emitted per kWh in the case of power generation) to provide a fair representation of progress made, which is not biased by the amount of lending business that UBS undertakes in different years. On the other hand, setting an absolute target for a sector such as power generation may have led to constraints in lending, even to low-carbon clients, in addition to the existing book, thus acting as an obstacle in the provision of affordable and low-carbon energy. However, for transparency, we also disclose the total value of absolute emissions for the sectors covered by the trajectories. Although we do not set an explicit target for absolute emissions, we expect these figures to also trend down in line with intensity-based targets in the medium- to longterm, in the absence of large shifts in lending volumes.

For shipping, we continue to disclose in-scope ship finance portfolios according to Poseidon Principles trajectory.

In the Supplement to the UBS Group Sustainability Report 2023, section "Climate-related methodologies – decarbonization approach for our financing activities" detailed explanation can be found as well as an overview of the 2030 lending sector decarbonization targets as well as details of the applied approach per sector.

### Biodiversity/Nature:

In line with the PRB Nature target setting guidance and respecting the ongoing integration of the Credit Suisse Group, practice targets were defined with focus on implementing the fundamentals to integrate nature within the organisation via policies, processes, capacity building, culture and governance.

Our practice targets encompass three areas:

1. Ensure nature is covered adequately in our risk appetite standards by end of 2023 and assess further enhancement needs on an ongoing basis in line with policy developments and changes to the UBS business model.

Expand the coverage of nature-related sustainability and climate risk standards, including Credit Suisse exposures, i.e.:

- Expand coverage from specific sectors to all sectors in line with UBS policy.
- Adjust standards to a common level, which addresses negative impact on nature across a range of risk areas, including Palm oil, Soy, Forestry, Fish and seafood, UNESCO World Heritage Sites, Ramsar Wetlands, Endangered Species, High Conservation Value forests, Illegal fire, and Illegal logging.
- Include nature related risks in our ongoing emerging issue monitoring process, through which any insufficiently mitigated risk is reported to the Group Executive Board to enable risk appetite setting.

2. Build capacity on Biodiversity/Nature for key staff by end of 2023 and continually assess needs and define measures to build awareness and capabilities of personnel, fostering the development of a "nature-positive" culture.

- Ran a series of Nature Academy workshops focusing on evolving science and context, frameworks and regulations, risk and opportunities to over 100 key management, experts and project managers across the group that will be responsible for catalysing action on nature.
- Provide an awareness and capability building update to Board CCRC focusing on evolving science and context, frameworks and regulations, risk and opportunities impacting UBS.

3. Policy engagement

In addition to our work to support TNFD and the Swiss national consultation group hosted by Swiss Sustainable Finance and Global Company Network Switzerland we have started first efforts to engage with the Swiss government on the development of nature finance in Switzerland. We will continue this engagement over the coming years and seek to support the Swiss government in its efforts to align with the Global Biodiversity Framework and develop Switzerland as a home for nature finance.

### Supplement to the UBS Group Sustainability Report 2023

– Climate-related methodologies – decarbonization approach for our financing activities (71-91)

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

**Climate stability**

To underpin our targets and guide our transition strategies and actions, we followed a two-step process:

- assessing the overall emissions associated with UBS’s in-scope lending portfolio, including Swiss real estate mortgages and estimated emissions reductions by 2030 (by business division and sector), considering client’s historical emissions trends as well as public decarbonization commitments; and
- considering anticipated changes in the size and composition of our in-scope lending portfolios arising from lending structures and business strategy.

Alongside these estimated emissions reductions, we defined three key transition strategy levers:

**A. Engage:** engaging with our clients

Building on the review of our clients’ public decarbonization commitments, we further assess where they currently stand on their journey toward a low-carbon and climate-resilient business model and aim to work alongside them to support their transition efforts.

**B. Grow:** offering sustainable finance solutions

We complement our engagement efforts with sustainable and sustainability-linked financial advice and solutions (advisory, lending, basic banking and transition financing solutions) to help our clients transition to a more sustainable future. These solutions can be on-balance sheet (e.g., green or sustainable loans and mortgages) or offbalance sheet (such as access to debt and equity capital markets).

**C. Prioritize:** providing capital for lower-carbon-intensity activities

Our aim is to direct capital toward lower-carbon activities, or to clients with credible net zero targets and plans to transition to low-carbon and climate-resilient business models.

For details per sector, see the Supplement to the UBS Group Sustainability Report 2023, section “Approach for our lending sectors with decarbonization targets”.

Managing and monitoring our financing activities remains an ongoing focus. We continue to build on and refine our transition strategy and further tailor it to our business divisions. Our aim is to make our approach to climate “business as usual” and to orient our new and existing business efforts toward net zero by 2050.

We strive to routinely consider the climate impact resulting from our financing activities, take an active approach to growing our low-carbon business and address our financed emissions by engaging with clients and supporting their transition. We strive to further strengthen our operating model and increase our efforts in the fields of transition and green finance.

As we work toward our targets and further develop our transition strategies, we aim to consider a just transition to a low-carbon economy, one that is as fair and inclusive as possible.

We aim to avoid and mitigate adverse impacts, which may result through our banking activities, and thus have a stringent Sustainability and Climate Risk Policy Framework. Further details are provided in our UBS Group Sustainability Report 2023, see references provided.

**Biodiversity/Nature:**

Our sustainability and climate risk policy defines the qualitative risk appetite for climate and sustainability risk and is subject to periodic updates and enhancements. Following the acquisition of the Credit Suisse Group, the sustainability and climate risk appetites of both banks were revised to define combined standards for the new combined organization, aimed at supporting mitigation and de-risking of the joint risk profile. In 2023 we continued working on methodologies covering climate-driven transition and physical and nature-related risks across the Group.

Over the course of 2023, we further embedded nature risks into our credit risk management frameworks. By collaborating across business divisions and between both the first and second lines of defense, we developed innovative solutions tailored to the risk profiles and material drivers of risk within our businesses.

For the first time in 2023, UBS Group without Credit Suisse was able to review nature risk sensitivities, following the introduction of a nature risk heatmap. UBS will begin planning an expansion of 2023 efforts, with the goal of rolling out the approaches to other regions and portfolios, in line with the multi-year SCR initiative.

This expansion includes solutions like integrating nature-related risk ratings as inputs into the credit decision-making process, defining quantitative risk appetites at various levels, and training business representatives on climate and nature-related financial risk analysis.

To contribute to the debate and improvement of knowledge and innovation on Biodiversity/Nature, we ran a Nature Academy in 2023 to train key staff about nature-related issues, frameworks, standards, risks and opportunities. We will continuously assess needs and define measures to further build awareness and capabilities of personnel, fostering the development of a “nature-positive” culture.

For details on our policy engagement and related action plans regarding Nature, see UBS Group Sustainability Report 2023 section “Our engagement and outlook”.

**UBS Group Sustainability Report 2023**

- Supporting our clients’ low-carbon transition (27-33)
- Monitoring and risk appetite setting (90)
- Risk management and control (94-95)
- Sustainability and climate risk policy framework (76-85)
- Overview of climate-related targets and actions (109-110)
- Our engagement and outlook (115)

**Supplement to the UBS Group Sustainability Report 2023**

- Approach for our lending sectors with decarbonization targets (78-91)

### Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it) Climate Stability	... second area of most significant impact: ... (please name it) Biodiversity/Nature	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

### 2.3 Target implementation and monitoring (Key Step 2)

#### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

We strive to measure and monitor progress toward our targets and their alignment with our climate commitments and emerging standards. It is important to note that progress towards our targets may not be linear, and year-on-year volatility is expected due to changes in the portfolios' composition over time. We plan to disclose our progress publicly on an annual basis. In line with NZBA guidelines for climate target-setting, we intend, as a minimum, to review our targets every five years to ensure consistency with the most recent climate science and best practices.

As mentioned previously under 2.1 and 2.2, the acquisition of the Credit Suisse Group required a review and adjustment of both, the definition of impact areas and target setting.

Before the acquisition, both banks had defined targets for Climate stability which were adjusted based on the joint operations of UBS and Credit Suisse. In the Supplement to the UBS Group Sustainability Report section, "Approach for our lending sectors with decarbonization targets", the progress against targets is reported for all sectors identified to be in scope due to highest carbon impact.

Our approach to nature will further evolve as our understanding of the risks and opportunities connected to nature-related impacts and dependencies deepens. As data and methodologies continue to improve, this will support the further analysis of impacts and dependencies and the resulting risks and opportunities. We believe the release of the TNFD recommendations and the European Sustainability Reporting Standards on nature will encourage further developments in data and methodologies. We continue to engage with providers of nature-related data and methodologies that may support our own work.

#### UBS Group Sustainability Report 2023

– Supporting our financing clients' low-carbon transition (28)

– Our approach to nature (111-115)

#### Supplement to the UBS Group Sustainability Report 2023

– Approach for our lending sectors with decarbonization targets (78-91)

### Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

#### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?

Yes  In progress  No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes  In progress  No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

Helping our clients to navigate the orderly transition to a low-carbon economy and build climate-resilient business models is a key objective of our approach to climate, as is the mobilization of private and institutional capital toward this transition. Aligning our in-scope lending and investment portfolios to the objectives of the Paris Agreement is an important part of this approach and so are the products and services we offer.

By offering innovative sustainable financing, investment and capital markets solutions, we strive to provide clients with the choices they need to meet their specific sustainability objectives while supporting their transition to a low carbon economy. We are developing innovative advisory, lending, basic banking and transition financing solutions, as well as offering our clients access to various sustainable investment solutions. By combining targeted advice with our research, thematic insights, and data and analytics services, we aim to help clients better understand and mitigate risks and identify new opportunities.

Through our ESG Advisory Group, we are also providing the necessary lens to help our clients assess ESG topics throughout the corporate lifecycle and critically analyze a corporation's ESG profile from a business and investor perspective.

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

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

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

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

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

Alongside engagement, proxy voting is also considered integral to the investment process and our overall stewardship approach. We regard it as an important element of our fiduciary duty and have been voting on a discretionary basis on our clients' behalf since 1995, both across active and passive strategies.

#### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Through collaboration with industry, investees and our clients, we help clients access best practice, robust science-based approaches, standardized methodologies and quality data which allow them to better measure and mitigate climate risks and act on climate-related opportunities. We aim to better understand where we should focus our engagement efforts to best support our investees and clients.

To address the needs of our clients, manage risks and contribute to positive impact, we have set standards for financing, investments, and supply chain management decisions, including explicit aspects related to nature.

We already support our clients in identifying climate-related opportunities and look to provide similar support in relation to nature, albeit that work is at an early stage.

We are aware that natural capital is inherently more challenging to define in financial terms due to a lack of easily available data and standardized methodologies. Therefore, we strive to play an active

#### UBS Group Sustainability Report 2023

- Supporting our clients' low-carbon transition (27-35)
- Managing sustainability and climate risks (75)

#### Supplement to the UBS Group Sustainability Report 2023

- Our sustainability and climate risk policy framework (39-47)
- UBS Asset Management Stewardship Report 2023

#### UBS Group Sustainability Report 2023

- Our approach to nature (26,111-115)
- Supporting our clients' low-carbon transition (27)
- Supporting our investing clients' low-carbon transition (34-37)
- Supporting opportunities (61-73)

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role in creating new global standards that enable and support clients, companies and the financial sector to manage nature-related risks and develop opportunities, as well as address potential adverse impacts and generate positive impacts.

During 2023, UBS AG Global Wealth Management continued to expand its sustainable investing solutions offering across major asset classes, including impact private markets solutions, a low-carbon transition equity strategy and a sustainable fund of hedge funds strategy. Dedicated CIO sustainability-focused thought leadership, research and frameworks are central to our approach, providing clients with actionable investment insights and aligned solutions to incorporate sustainability across portfolios.

Furthermore, in 2023, Asset Management expanded its offering of SI strategies across asset classes and themes and partnered with clients to reflect their sustainability preferences in portfolios.

Our climate-related client offering was enhanced, providing investors with several new solutions that contribute to a lower-carbon economy while satisfying various risk and return objectives.

Throughout 2023 in the Investment Bank, we continued to integrate sustainability-related content into our product and services offering, across our Global Markets, Banking and Research efforts. We made good progress during the year, from innovative approaches to help clients better access carbon emissions solutions to the further integration of ESG aspects into our relevant advisory and research materials.

In UBS Personal & Corporate Banking, the offering was enhanced for all client segments in 2023. We provided our corporate clients with sustainability advice and offered new financing solutions such as sustainability-linked loans for multi-national corporations. We improved our UBS key4 mobile banking app for private clients by enabling easy access to relevant sustainable investment offerings and integrated a carbon tracker to provide sustainability insights. Furthermore, we supported private and investment clients who are retrofitting real estate by launching further advisory tools and online journeys.

For further details on business opportunities, see UBS Group Sustainability Report 2023 section "Supporting opportunities" and the respective chapters per business division.

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<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

## Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

It is important for us to engage in discussions with various stakeholders such as clients, employees, investors, policymakers, legislators and regulators as well as representatives of the business community, society and non-governmental organizations (NGOs) on a regular basis and on a wide range of topics.

Through this engagement we gain critical insight into their goals, expectations and concerns. This insight, in turn, contributes greatly to our understanding and management of issues which may have a potential impact (positive or negative) on our firm and our stakeholders. More detailed information on how we engage with our stakeholders is laid out in the Supplement to the UBS Group Sustainability Report 2023 section "Supporting our strategy through stakeholder engagement".

Every year, we conduct a materiality assessment following the Global Reporting Initiative (GRI) Standards which helps us to adequately consider our stakeholders' views on key topics pertaining to our firm's economic, social, and environmental performance and impacts. The approach is further detailed in the Supplementary Information under "GRI-based materiality assessment".

Furthermore, we actively participate in political discussions to share our expertise on proposed regulatory and supervisory changes and engage in discussions relating to sustainability and climate (e.g., via the International Institute of Finance (IIF), the Association for Financial Markets in Europe (AFME) and the Swiss Bankers Association (SBA)). In addition, our participation in sustainability- and climate-focused organizations and associations helps us to deliver on our commitments whilst promoting the transition to a low-carbon economy.

We will continue to adjust our approach in line with external developments and evolving best practices for the financial sector and climate science. This may also lead us to revisit previously agreed voluntary commitments.

### UBS Group Sustainability Report 2023

– Contributing to a low-carbon economy (21)

### Supplement to the UBS Group Sustainability Report 2023

– Supporting our strategy through stakeholder engagement (23-26)

– GRI-based materiality assessment (8-12)

– Supporting our strategic goals – our engagement in Partnerships (27-32)

– Assessing the progress of our strategy – our ratings and recognition (31-32)

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



## Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Our firm's sustainability and corporate culture activities are grounded in our Principles and Behaviors and overseen at the highest level of the organization. These principles are laid down in our Code of Conduct and Ethics.

The Board of Directors of UBS Group AG (the BoD) has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value within a framework of prudent and effective controls. It decides on the Group's strategy and the necessary financial and human resources, on the recommendation of the Group Chief Executive Officer (the Group CEO). The BoD also sets the Group's values and standards to ensure its obligations to shareholders and other stakeholders are met. It also supervises compliance with applicable laws, rules and regulations.

Five committees support the Board of Directors of UBS Group AG (the BoD) in fulfilling its duty through the respective responsibilities and authority given to them. All BoD committees have specific responsibilities pertaining to environmental, social and governance (ESG) matters: the Compensation Committee is responsible for ESG-related compensation topics, the Risk Committee supervises the integration of ESG in risk management and the Audit Committee has oversight of the control framework underpinning ESG metrics.

Our BoD's Corporate Culture and Responsibility Committee (the CCRC) is the body primarily responsible for corporate culture, responsibility and sustainability. The CCRC oversees our Groupwide sustainability and impact strategy (including PRB implementation) and key activities across environmental and social topics, including climate, nature and human rights. Annually, it considers and approves our firm's sustainability and impact objectives, meeting 6 times within the year. As part of this process, it also considers the impact and financial materiality of climate-related risks and opportunities on UBS's business and strategy.

The Group Executive Board (the GEB) develops the strategy for the Group. It is responsible for managing our assets and liabilities in line with the Group's strategy, regulatory commitments and the interests of our stakeholders. As determined by the BoD's Risk Committee, the GEB manages the risk profile of the Group as a whole. It has overall responsibility for establishing and implementing risk management and control. The Group CEO has delegated responsibility for setting the sustainability and impact strategy and developing Group-wide sustainability and impact objectives, in agreement with fellow GEB members, to the GEB Lead for Sustainability and Impact. Progress against the strategy and associated targets are reviewed at least once a year by the GEB and the CCRC.

The GEB Lead for Sustainability and Impact also manages the Group Sustainability and Impact (GSI) organization and, together with the Chief Sustainability Officer (the CSO), co-chairs the Sustainability and Climate Task Force (the SCTF). Both the GEB Lead for Sustainability and Impact and the CSO attend the CCRC meetings.

Furthermore, our compensation determination process considers environmental, social and governance (ESG) objectives in objective setting, performance award pool funding, performance evaluation and individual compensation decisions. ESG-related objectives have been embedded in our Pillars and Principles since they were established in 2011. In 2021, we introduced explicit sustainability objectives in the non-financial goal category of the Group CEO and GEB performance scorecards. In 2023, we further enhanced the GEB performance scorecard framework by establishing separate Environmental & Sustainability and People & Governance categories.

Further information is detailed in the 2023 Sustainability Report as well as the Compensation Report.

### 5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

The Code of Conduct and Ethics of UBS (the Code) sets out the principles and commitments that define our ethical standards and the way we do business. By adhering to it, we foster a culture where responsible behavior is ingrained in a way that protects our people, our reputation and our ability to create lasting value for our shareholders, clients and societies. We also ensure our practices are aligned with our purpose. It covers our dealings with clients, counterparties, shareholders, regulators, business partners and colleagues, and it is the basis for our policies, guidelines and procedures.

We actively engage in education and awareness raising for employees, staff, clients and our local communities on corporate responsibility and sustainability topics and issues. Through employee onboarding, 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. Better understanding of our firm's sustainability goals and actions is promoted

#### UBS Group Sustainability Report 2023

– Our sustainability governance (17-20)

#### Supplement to the UBS Group Sustainability Report 2023

– Governance (33-37)

– Group Sustainability and Impact management indicators (63)

#### UBS Group Annual Report 2023

– Corporate governance and compensation (234-238)

#### Supplement to the UBS Group Sustainability Report 2023

– Key policies and principles (52-53)

through a wide range of training and awareness-raising activities as well as in our performance management process.

For example, in 2023, specialist training on sustainability topics (including environmental topics, human rights and sustainable finance) was provided to more than 54,000 employees in front-office and support functions, which deal directly with related aspects in everyday business processes. In addition, employee volunteering activities across all regions helped to raise awareness of Group Sustainability and Impact's varied initiatives along with the firm's sustainability ambitions.

General information for our employees is published on the firm's intranet and, for all stakeholders, on our Group Sustainability and Impact internet site.

Furthermore, our compensation determination process considers environmental, social and governance (ESG) objectives in objective setting, performance award pool funding, performance evaluation and individual compensation decisions.

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

We have policies and procedures in place that address sustainability (including environmental and social) and climate risks within our portfolio. These are covered in large part through our sustainability and climate risk policy framework, which:

- applies firm-wide to relevant activities, including client and supplier relationships;
- applies to all business divisions and legal entities;
- is integrated in management practices and control principles and overseen by senior management; and
- supports transition toward a net-zero future.

Our approach to how we look after human rights (including risk aspects) is also further outlined in both our Human Rights Statement and the Modern Slavery and Human Trafficking documents.

Additionally, for our vendor relationships we have Responsible Supply Chain Standards which incorporates standards on human rights, labor rights, socially responsible practices, environmental, and anti-corruption principles as set out in the UN Global Compact.

#### Supplement to the Group Sustainability Report 2023

- Sustainability and climate risk policy framework (39-47)
- Human Rights Statement
- Modern Slavery Act and Human Trafficking Statement

#### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

## Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes  Partially  No

If applicable, please include the link or description of the assurance statement.

Please refer to the Assurance Statement for further information

[Assurance Statement](#)

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI  
 SASB  
 CDP  
 IFRS Sustainability Disclosure Standards  
 TCFD  
 Other: n/a

We strive to report openly and transparently about our firm's sustainability strategy and activities, consistently applying our firm's information policy and disclosure principles. The core medium for our sustainability disclosure is our UBS Group Sustainability Report, complemented (as referenced in the GRI Content Index) by other relevant information, which can be found in the UBS Annual Report 2023 and at [ubs.com/gri](https://ubs.com/gri).

Our Sustainability Report contains six core sections: Strategy; Governance; Environment, Social, Supporting opportunities and Managing sustainability and Climate risks– with additional information provided in the Supplement, which follows the same structure as the core report. We have included references to pertinent content of the UBS Group Annual Report 2023, where necessary. Except where clearly identified, all of UBS's sustainability information included in said report is presented for UBS Group and all its subsidiaries.

Information about our consolidated subsidiaries can be found in "Note 28 Interests in subsidiaries and other entities" in the UBS Group Annual Report 2023. UBS AG consolidated information does not differ in any material respect from UBS Group's consolidated information. We use the Global Reporting Initiative (the GRI) as the basis for the report and apply a careful process weighing up the materiality and relevance of the information reported and the expectations of all our stakeholders. The report also includes our Group's disclosures of non-financial information required by the German law implementing EU directive 2014/95 (CSR-Richtlinie-Umsetzungsgesetz / CSR-RUG) (nichtfinanzieller Konzernbericht).

Furthermore, we disclose data on climate-related financial risks, pertaining to Swiss Financial Market Supervisory Authority's (FINMA) disclosure requirements as set out in Appendix 5 of FINMA Circular 2016/1 "Disclosure - banks".

The Sustainability Report is reviewed by Ernst & Young Ltd (EY) against the GRI Standards (limited assurance) and evidenced in the EY assurance report.

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

We strive to measure and monitor progress toward our targets and their alignment against our climate commitments and emerging standards. We have deployed and will continue to improve relevant systems and metrics to enable a consistent measurement approach, allowing us to adjust our strategy if needed and steer our activities to ensure ongoing progress.

We plan to disclose our progress publicly on an annual basis.

Whilst we continue to take steps to align our business activities to our net zero ambition, it is important to note that progress towards our targets may not be linear, and year-on-year volatility is expected due to changes in the portfolios' composition over time.

However, it is crucial to highlight that the decarbonization of the global economy, emissions reductions by clients, and the realization of our own targets and ambitions are dependent on various factors which are outside of our direct influence.

We will continue to adjust our approach in line with external developments, as well as evolving best practices for the financial sector and climate science. In line with NZBA guidelines for climate target setting, we intend to review our targets at a minimum every five years, and, if necessary, recalculate and revalidate our targets to reflect significant changes that would compromise the relevance and consistency of the existing targets.

Furthermore, we believe our work on nature is just beginning and will rapidly develop in line with market needs, regulations, data methodology developments and voluntary commitments.

As data and methodologies continue to improve, this will support the further analysis of impacts and dependencies and the resulting risks and opportunities. We believe the release of the TNFD recommendations and the European Sustainability Reporting Standards on nature will encourage further developments in data and methodologies.

### UBS Sustainability-related reporting ([ubs.com/gri](https://ubs.com/gri))

#### – UBS Group Sustainability Report 2023

- Submission to CDP climate change questionnaire
- GRI Content Index
- SASB Index
- Climate and Nature Report 2023 (TCFD-aligned)

#### UBS Group Sustainability Report 2023

- Our approach to nature (111-115)

#### Supplement to the UBS Group Sustainability Report 2023

- Embed targets into business processes and client offering (75)

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

We are exploring the application of emerging analytical approaches, such as biodiversity footprints and nature value-at-risk methodologies. We will continue to engage with regulators, industry peers, collaborative platforms and individual service providers, and vendors to understand and support emerging practices and offerings in the market.

In addition, aligned with regulatory requirements, specifically the CSRD, and the TNFD guidelines published in 2023, we will further enhance our materiality assessment approach.

#### 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement             |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability    |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality         |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting                       |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

To the Management of  
UBS Group AG, Zurich

Basel, 11 April 2024

## **Independent Assurance Report on certain sustainability disclosures for the year ended 31 December 2023**

### **Scope**

We have been engaged to perform a limited assurance engagement (the engagement) on the disclosures made in the UBS Group and its consolidated subsidiaries (the Group or UBS) PRB Reporting and Self-Assessment 2023 Report of the United Nations Environment Programme Finance Initiative ('UNEP FI') Principles for Responsible Banking ('PRB') for the year ended 31 December 2023 (the Report). Specifically, we were engaged to provide limited assurance on sustainability disclosures related to the following reporting requirements:

- ▶ Impact Analysis (Reporting requirement 2.1)
- ▶ Target Setting (Reporting requirement 2.2)
- ▶ Target Implementation and Monitoring (Reporting requirement 2.3)
- ▶ Governance Structure for Implementation of the Principles (Reporting requirement 5.1)

We have been engaged to evaluate if UBS' description of processes, activities and their outcomes sufficiently reflects actions taken by the bank, rather than evaluating the applied approach itself. This individual assessment of whether UBS is aligned with the requirements of the Principles for Responsible Banking and is meeting its commitments is out of scope of this engagement and will be undertaken by a sustainability expert within the UNEP FI Secretariat (the Review Expert).

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

### **Applicable criteria**

The Group defined as applicable criteria (applicable criteria):

- ▶ UNEP FI Principles for Responsible Banking: Guidance for banks (Version 2)

A summary of the Principles and the Guidance is presented on the UNEP FI homepage. 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 preparation and presentation, in all material respects, of the disclosures in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the disclosures that it is 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 disclosures in scope based on the evidence we have obtained. We conducted our assurance engagements 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 these engagements to obtain limited or reasonable assurance as stated above about whether the disclosures 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 disclosures in scope. 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:

- ▶ Evaluation of the suitability of the criteria used, their consistent application and related disclosures
- ▶ Interviews with relevant personnel to understand the process for collecting, collating, and reporting the information underlying the disclosures during the reporting period, including obtaining an understanding of internal control relevant to the engagement, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- ▶ Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating the information relevant for the disclosures and, where applicable, testing such documentation on a sample basis
- ▶ Analytical review procedures to support the appropriateness of the data and to identify areas of the disclosures with a higher risk of misleading or unbalanced information or material misstatements
- ▶ Analytical review procedures of UBS's disclosures regarding plausibility and consistency with the references made to UBS Group AG's Annual Report 2023 and Sustainability Report 2023, including the Supplement Report 2023.

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

### **Conclusion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the disclosures have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd



Maurice McCormick  
Partner



Mark Veser  
Executive in charge