

Human Rights

UBS Asset Management's Human Rights Expectations

Human Rights are the basic rights and freedoms inherent to all human beings in order to live their lives freely, equally and in dignity. These are underpinned in the Universal Declaration of Human Rights (UDHR) that serves as the basis for international human rights law, including guidance on their application by business as established by the United Nations Guiding Principles on Business and Human Rights (UNGP).

We recognize that respecting human rights is essential to achieve sustainable development globally¹. It creates a level playing field for fairness, equality and respect with regards to how we deal with each other in society, thereby reducing systemic risks. Moreover, it creates opportunities to increase global prosperity, especially by helping to build sustained and widespread economic growth with less volatility.

We thus believe that every business should embed the respect for human rights in its activities and towards all of its stakeholders. This can be done by identifying and assessing areas of salient human rights risks as shaped by their business model, products/service, operations, geographical location and workforce composition.

Organizations play critical roles as: an employer, provider of infrastructure, supplier of products and services, a place to develop skills and network with peers and as a hub for innovation and thought leadership. Through each of these roles, human beings are involved directly or indirectly.

It is therefore fundamental that companies respect human rights in every part of their value chain, including: their own operations, operations of their subsidiaries, upstream and downstream suppliers, vendors and contractors, customers, as well as in the communities affected by each specific business area.

The steps for effective human rights due diligence are specified in the globally accepted UNGP and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The OECD Due Diligence Guidance covers environmental and human rights due diligence, and together with sector-specific guidance, also addresses emerging areas of responsible conduct (e.g. science and technology). The human rights regulatory landscape is changing rapidly, with momentum towards mandatory due diligence. The EU's Corporate Sustainability Due Diligence Directive (CSDDD) was adopted in 2024 and requires Member States to introduce rules requiring certain EU and non-EU companies to conduct environmental and human rights due diligence on their global operations and value chain. The application will start gradually as of mid-2027 and we expect our investee companies to be making adequate and timely preparations to comply with this Directive.

Taking a "risk-based approach" allows companies to manage their responsibilities more effectively since human rights issues are specific to an organization depending on their business model and locations. An organization with a heavy dependence on raw material suppliers, for example, may have more human rights issues in its supply chain. Therefore, an organization involved in large scale infrastructure or mineral extraction may be more exposed to issues concerning local communities. Due diligence is also key where business relationships could be involved in high-risk areas including in conflict regions and occupied territories.

Human rights topics evolve over time. For instance, current emerging issues now relate to: indigenous communities in the context of mining for energy transition minerals, States' human rights-related obligations with respect to climate change such as in a 'just transition', human rights issues arising from the intensification of digitalization and social media use, and equity in relation to biodiversity loss such as in 'just nature transition'.

To effectively manage human rights issues, organizations need to recognize how climate, nature and human systems are linked, and conduct dynamic materiality assessments to identify key areas that require attention and resources to effectively address the potential and/or actual risks.

Our expectations

Governance

We expect:

- **The Board of Directors and senior management to have clear oversight** of human rights issues and commitments to communicate effectively with relevant stakeholders including investors, employees, suppliers, vendors, contractors, customers and community;
- **Board level processes** in place to address how human rights issues are included in the oversight of an organization's purpose and strategy;
- **The Board to be informed in a regular and timely manner** of any significant human rights issues and key measures. This requires an appropriate escalation process;
- **The Board to periodically assess** the salient human rights issues in its business processes and whether they are being managed effectively;
- **Organizations to provide periodic trainings** to its employees so that human rights issues are respected in every part of businesses and by every individual;
- **Organizations to be able to demonstrate how they have embedded the UNGPs** in their internal policies and process, with a clear and accessible disclosure on the governance of human rights in their organization, including their processes to provide remedy and redress.

Policy & Strategy

We expect:

- **Human rights policies** that are relevant to the business model, sector, geography and operations of the company. They should incorporate its entire value chains including employees, suppliers, vendors, contractors, customers, and community. Where specific laws and regulations are applicable, such as Modern Slavery Acts, demonstrate compliance through detailed disclosure and reporting;
- **Appropriate grievance mechanisms** in place for all stakeholders, with a periodic review of its effectiveness, in terms of remediation, independent and objective oversight, and no retaliation, as well as communication to relevant stakeholders on steps taken to provide redress. The organization should be able to provide evidence and working examples to demonstrate effectiveness of the mechanisms;
- **Human rights due diligence** across the organization's own operations, operations of their subsidiaries and value chain where relevant and integration of findings into its strategy and practice. This includes, but is not limited to, UN Development Program Human Rights Due Diligence, FPIC (Free, Prior and Informed Consent), and International Finance Corporation's ESRA (Environmental and Social Risk Assessment);

- **Enhanced due diligence processes** where organizations have business relationships in high-risk areas, such as conflict regions, to identify risks and take actions to prevent, mitigate and cease human rights risks, and communicate publicly on how these salient risks have been addressed;
- **Incorporation of own human rights expectations** into external business relationships with suppliers, vendors, and contractors;
- **Use of appropriate processes when engaging with stakeholders** that are designed based on trust, are fit for purpose, rights-based and informed by a mindset that is characterized by co-ownership and sensitive to context. This includes having engagements in a form and language appropriate to stakeholders to ensure effective engagement;
- **Identifying of gaps in the management of human rights** and anticipated steps to mitigate such issues, where relevant. This should include, but should not be limited to, the conduct and outcomes of legal proceedings.

Disclosure

We expect:

- **Publicly available disclosure of human rights strategy and policies** that reference relevant international standards, such as the UNGP and/or OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;
- **Publicly available disclosure on the governance structure and approach** on human rights and overarching policies and processes, including grievance mechanisms and outcomes;
- **Identification, monitoring, and disclosure** of salient human rights issues, and, where appropriate, metrics and targets that provide relevant stakeholders with information to learn about the organization's plans for advancing its efforts, processes and improvements;
- **Clear articulation of any gaps identified** in human rights and steps to mitigate issues. This should not be limited to legal proceedings only, as many human rights issues are not recognized in statutes, nor is a fair trial guaranteed in many regions of the world.

For more information on our active ownership activities, including the implementation of these expectations, please visit our [Sustainable Investing webpage](#).

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Americas

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