

# UBS 2003: Environmental performance in figures



## Contents

Environmental Management System	2
Socially Responsible Investments	3
Environmental Risk Management	4
In-House Ecology	5

## Validation by SGS Société Générale de Surveillance SA

“We have verified the correctness of the statements in the 2003 Environmental Report of UBS AG and, where necessary, have requested that proof be presented. We hereby confirm that the report has been prepared with the necessary care, that its contents are correct with regard to environmental performance, that it describes the essential aspects of the environmental management system at UBS AG and that it reflects the actual practices and procedures at UBS AG.”

Elvira Bieri and Dr. Erhard Hug  
Zurich, March 2004

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Transparent reporting is the key to providing shareholders and other stakeholders with an accurate picture of our environmental initiatives. For this reason, UBS reports annually on its environmental performance. “UBS 2003: Environmental performance in figures” provides a detailed description of our environmental performance using Key Performance Indicators. These indicators allow year-on-year comparisons. They are based on the “EPI-Finance 2000” and “VfU Indicators 2003” standards, and are also adapted to reflect the relevant GRI (Global Reporting Initiative) indicators.

## Environmental Management System

Investing in know-how and relevant expertise is essential to improve environmental performance. It is training that enables us to achieve our environmental goals and the desired impact on value drivers in our various business areas.

Audits play an important role in the necessary controls and in defining new measures. The management indicators below provide an overview of UBS’s Environmental Management System at Group level.

### Management Indicators

For the year ended	31.12.03	31.12.02	31.12.01	% change from 31.12.02
<b>Headcount (full-time equivalents)</b>				
UBS <sup>1</sup>	65,929	69,061	69,985	(5)
In specialized environmental units <sup>2</sup>	16.4	17.5	16.7	(6)
<b>Environmental awareness raising</b>				
Employees trained	1,377	2,266	1,907	(39)
Training time (hours)	1,857	2,246	4,642	(17)
<b>Specialized environmental training</b>				
Employees trained	1,106	442	1,620	150
Training time (hours)	2,548	1,503	2,534	70
<b>External environmental audits<sup>3</sup></b>				
Employees audited	26	125	17	(79)
Auditing time (days)	3	17	1.5	(82)
<b>Internal environmental audits<sup>4</sup></b>				
Employees audited	171	150	129	14
Auditing time (days)	36.5	25	24	46

<sup>1</sup>All employment figures represent the state as of 31 December 2003. <sup>2</sup>2003: 13.1 UBS and 3.3 external employees. <sup>3</sup>Audits carried out by SGS Société Générale de Surveillance SA. Surveillance Audits took place in 2003 and 2001. The more comprehensive Re-Certification Audit was done in 2002. <sup>4</sup>Audits/reviews carried out by specialized environmental units. The implementation of Environmental Risk Policies is also audited by Group Internal Audit.

### Going global

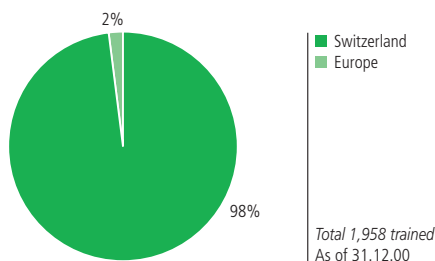
Environmental performance indicators not only allow for year-on-year comparisons of performance in selected areas – they also show how an environmental management system as a whole develops over time, how the quality of data evolves, and above all, to what extent and at what pace the system reaches the entire company.

Environmental management at UBS began

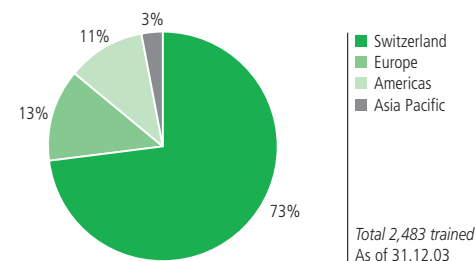
many years ago. Starting as a primarily Swiss-based effort, UBS’s Environmental Management System has gradually been extended over the years to include all Business Groups and regions worldwide. This trend towards the globalization of our environmental effort is highlighted in the increasing proportion of employees trained on environmental issues in regions outside Switzerland.

### Environmental Training

Employees Trained per Region, 2000



Employees Trained per Region, 2003



**UBS 2003:  
Environmental performance in figures**

**Socially Responsible Investments**

UBS's expertise in incorporating environmental and social aspects into its research and advisory activities is important for some investors. In addition to financial considerations, Socially

Responsible Investments (SRI) take into account environmental, social or ethical criteria, reflecting markets and investors' values and priorities.

**Socially Responsible Investments:  
the three main approaches**

**Positive criteria:** applies to the active selection of companies, focusing on how a company's strategies, processes and products impact its financial success, the environment and society.

**Engagement:** investors enter into a dialogue with boards or management of companies with the aim of altering corporate behavior and policies in relation to environmental, social or ethical issues.

**Exclusion criteria:** companies or sectors are excluded based on environmental, social or ethical criteria, e.g. companies involved in weapons, tobacco, gambling, or with high negative environmental impacts.

For the year ended	31.12.03	31.12.02	31.12.01	% change from 31.12.02
<b>Headcount (full-time equivalents)</b>				
Global Asset Management and Wealth Management <sup>1</sup>	11,865	12,132	13,530	(2)
In specialized environmental units <sup>2</sup>	6	7	7	(14)
<b>Specialized environmental training</b>				
Employees trained	31	92	420	(66)
Training time (hours)	54	85	584	(36)
<b>Internal environmental audits<sup>3</sup></b>				
Employees audited	2	0	29	
Auditing time (days)	0.5	0	2.5	
<b>Invested assets (CHF billion)</b>				
UBS	2,209	2,037	2,448	8
Socially Responsible Investments				
Positive criteria	0.72	0.57	0.78	27
Engagement	49.60	38.40		29
Exclusion criteria	8.95	7.88		14
Total Socially Responsible Investments	59.27	46.85	0.78	27
Proportion of invested assets (%) <sup>4</sup>	2.68	2.30	0.03	
<b>Performance of UBS' SRI Funds (%)</b>				
Absolute performance Eco Perf. <sup>5</sup>	15.90	(34.96)	(19.50)	
Relative performance Eco Perf. vs. MSCI <sup>6</sup>	(3.74)	(1.96)	(4.10)	
Absolute performance Eco JPN <sup>7</sup>	19.11	(12.29)	(21.40)	
Relative performance Eco JPN vs. TOPIX <sup>6</sup>	(6.06)	0.09	(1.80)	

<sup>1</sup> All employment figures represent the state as of 31 December 2003. Wealth Management is a unit of Wealth Management & Business Banking. <sup>2</sup> 2003: 3.8 UBS and 2.2 external employees. <sup>3</sup> Audits carried out by specialized environmental units. <sup>4</sup> Socially Responsible Investments/invested assets UBS. <sup>5</sup> Eco Performance = UBS (Lux) Equity Fund – Eco Performance. <sup>6</sup> Relative performance versus relevant index. <sup>7</sup> Eco JPN = UBS (JPN) Equity Fund – Eco Japan.

UBS offers all three types of socially responsible investment products (see above). In continental Europe and Japan, UBS offers a number of funds applying positive criteria. The most important is the "UBS (Lux) Equity Fund – Eco Performance", which was launched in 1997. This fund invests worldwide in stocks of exemplary sector leaders and forward-looking small

and medium-sized companies with superior financial, environmental and social performance. In the UK, UBS utilizes a focused engagement approach to SRI, seeking to influence companies' policies and behavior rather than excluding them. Finally, in the USA, UBS offers mandates screened using exclusion criteria, as well as third-party SRI funds.

**UBS 2003:**  
**Environmental performance in figures**

**Environmental Risk Management**

For the year ended	Wealth Management & Business Banking		
	31.12.03	31.12.02	31.12.01
<b>Headcount (full-time equivalents)</b>			
Business Groups <sup>1</sup>	26,796	27,841	29,469
In specialized environmental units <sup>2</sup>	1.1	1.1	1.4
<b>Specialized environmental training</b>			
Employees trained	181	83	446
Training time (hours)	296	150	495
<b>Internal environmental audits<sup>3</sup></b>			
Employees audited	20	27	32
Auditing time (days)	6.5	6	8

<sup>1</sup>All employment figures represent the state as of 31 December 2003. Headcount for Corporate Center excludes Private Banks & GAM. <sup>2</sup>In 2003: 3.2 UBS and 1.1 external employees. <sup>3</sup>Audits/reviews carried out by specialized environmental units. The implementation of Environmental Risks Policies is also audited by Group Internal Audit.

Adequate assessment of the risk involved in an investment banking or lending transaction is crucial to our success. Alongside other financial considerations, material environmental aspects can be important when assessing the overall risk of a proposed transaction. For UBS, a failure to identify, manage or control these envi-

ronmental risks can manifest itself across a wide variety of risks inherent to our business activities, such as credit or liability risks. This means that expertise, in the form of environmental units within the Business Groups, is available to support business and control functions.

**Business Banking Switzerland – Domestic Lending**

For the year ended	31.12.03	31.12.02	31.12.01
<b>Credit check (CHF billion)</b>			
Loans Business Banking Switzerland	139	137	146
Loans with potential environmental relevance to private and corporate clients <sup>1</sup>	136	134	143
Environment-relevant loans with preliminary environmental assessment (%)	100	100	100
Number of loans with detailed environmental assessment <sup>2</sup>	45	43	50

<sup>1</sup>Total loans of Business Banking Switzerland without loans to other banks. <sup>2</sup>Loans which were subject to in-depth analysis by the specialized environmental unit.

The collection of data on environmental risk management is at different stages of development within the different Business Groups, this being largely dependent on how long and how intensively environmental issues have been integrated into daily routines. Thus, the collection of data on envi-

ronmental assessments within UBS Business Banking is well advanced: 100% of the environmentally-relevant loans within UBS Business Banking (credit business in Switzerland) were screened for environmental risks, and 45 clients went through a detailed environmental assessment in 2003.



Investment Bank			Wealth Management USA			Corporate Center			UBS		
31.12.03	31.12.02	31.12.01	31.12.03	31.12.02	31.12.01	31.12.03	31.12.02	31.12.01	31.12.03	31.12.02	31.12.01
15,500 1	15,964 1.5	15,562 1.5	18,016 0.2	19,563	20,413	1,206 2	1,185 1	1,132 1	65,929 4.3	69,061 3.6	69,985 3.9
138 198	29 15	428 295	6 6			68 95	6 50	19 212	393 595	118 215	893 1,001
5 1	0 0	0 0	6 1						31 8.5	27 6	32 8

## In-House Ecology

UBS impacts on the environment primarily through its energy consumption, business travel, the operation of its heating and cooling systems, paper consumption, and waste disposal. Addressing these areas can boost operating margins as well as improve environmental performance.

UBS's Environmental Management System has been gradually extended over the years to include all Business Groups and regions. It now reaches all major locations worldwide, covering 82% of all employees.

For the year ended	31.12.03	31.12.02	31.12.01	% change from 31.12.02
<b>Headcount (full-time equivalents)</b>				
UBS <sup>1</sup>	65,929	69,061	69,985	(5)
In specialized environmental units <sup>2</sup>	6.1	6.9	5.8	(12)
<b>Specialized environmental training</b>				
Employees trained	682	232	307	194
Training time (hours)	1,899	1,203	950	58
<b>Internal environmental audits<sup>3</sup></b>				
Employees audited	138	123	68	12
Auditing time (days)	27.5	19	13.5	45
Environmental audits (sites audited) <sup>4</sup>	49	48	30	2

<sup>1</sup> All employment figures represent the state as of 31 December 2003. <sup>2</sup> 2003: UBS employees. <sup>3</sup> Audits carried out by specialized environmental units. <sup>4</sup> All figures are based on the level of knowledge as of the end of March 2004.

**UBS 2003:  
Environmental performance in figures**

**In-House Ecology (continued)**

**UBS's environmental and CO<sub>2</sub> footprints in 2003**  
UBS analyzes annually its environmental and CO<sub>2</sub> footprints. The results show that the major

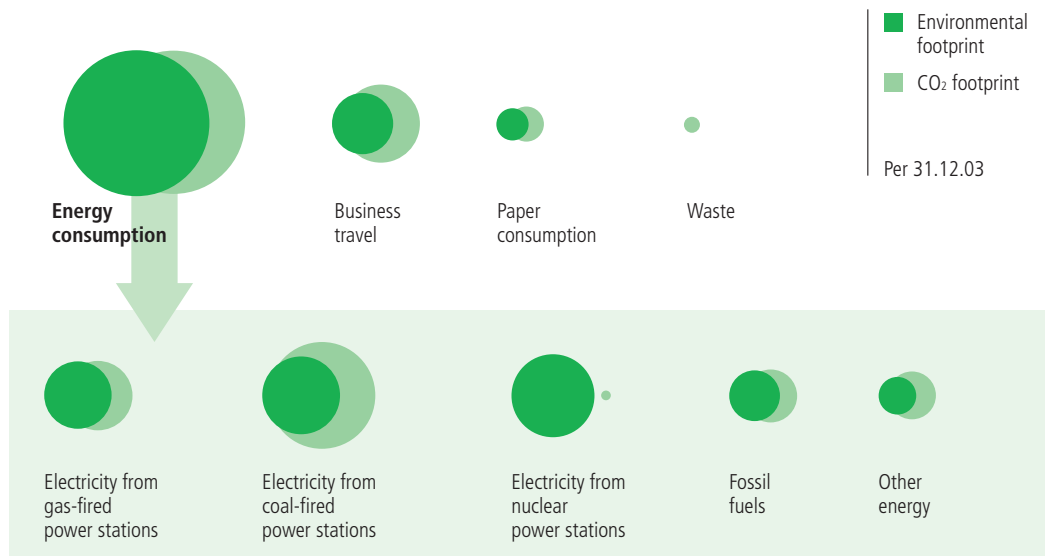
areas where UBS has a direct impact are, in order of importance, energy consumption, business travel, paper consumption, and waste.

**Definitions**

The size of the circles represents the scale of the environmental impact for each factor – the larger the circle area, the greater the environmental significance of the process.

**Environmental footprint:** shows the environmental impact (i.e. through emissions, use of resources, waste) of each corresponding process. This includes all relevant upstream and downstream processes, such as acquisition of raw materials, manufacturing, transport and disposal. The environmental footprint is approximated based on the amount of nonrenewable energy consumed.

**CO<sub>2</sub> footprint:** shows the global warming potential of a process, including all relevant upstream and downstream processes. The CO<sub>2</sub> footprint equals the quantity of CO<sub>2</sub> and other greenhouse gases that emerge through the corresponding energy consumption process.



**Relative indicators per employee**

Relative indicators per employee provide benchmarking opportunities within the financial services industry. Nevertheless, it should be noted

that corporate structure and technology employed by a company might restrict comparisons.

Relative Indicators per FTE <sup>1</sup>	Unit	2003		Trend <sup>3</sup>	2002	2001	% change from 2002
		Data quality <sup>2</sup>					
Total direct energy	GJ/FTE	52.4	**	↗	47.5	46.8	10
Total indirect energy	GJ/FTE	105.6	**	↗	95.8	90.5	10
Total business travel	Pkm/FTE	7,830	**	→	8,040	8,257	(3)
Total paper consumption	kg/FTE	219	**	→	213	309	3
Total water consumption	m <sup>3</sup> /FTE	27.1	*	→	25.0	24.2	9
Total waste	kg/FTE	413	*	→	435	427	(5)
Total environmental footprint	GJ/FTE	152		→	141	141	7
Total CO <sub>2</sub> (GHG scope 1 and 2) <sup>4</sup>	t/FTE	5.0		↗	4.3	4.6	19
CO <sub>2</sub> footprint (GHG scope 1, 2 and 3) <sup>5</sup>	t/FTE	8.2		→	7.3	7.9	13

**Legend:** GJ = giga joules; FTE = full-time equivalents; Pkm = person kilometers; kg = kilograms; m<sup>3</sup> = cubic meters; t = tons.

<sup>1</sup> All figures are based on the level of knowledge as of the end of March 2004. <sup>2</sup> Specifies the estimated reliability of the aggregated data and corresponds approximately to the following uncertainty: up to 5% – \*\*\*, up to 15% – \*\*, up to 30% – \*. Uncertainty is the likely difference between a reported value and a real value. <sup>3</sup> Trend: at a \*\*\*/\*\*/\* data quality, the respective trend is stable (→) if the variance equals 5/10/15%, low decreasing/increasing (↘/↗) if it equals 10/20/30% and decreasing/increasing if the variance is bigger than 15/30/50% (↓/↑). <sup>4</sup> Refers to the "GHG (greenhouse gas) protocol initiative" (www.ghgprotocol.org), an international standard for CO<sub>2</sub> reporting. Scope 1 accounts for direct greenhouse gas emissions by UBS. Scope 2 accounts for indirect greenhouse gas emissions associated with the generation of imported/purchased electricity, heat or steam. <sup>5</sup> Represents the total global warming potential from all linked relevant upstream and downstream processes. It equals total CO<sub>2</sub> emissions according to the GHG standard (scope 1, 2 and 3).

## Absolute indicators

### Interpretation

**Energy:** Although UBS aims to minimize energy use through investment in energy-efficient buildings and technology, there remains an increasing demand for energy owing to business expansion and volume growth. As an example, electricity and district heating increased by 8% from 2'556TJ in 2002 to 2'756TJ in 2003.

To help minimize the impact of this growth in terms of emissions, we also look at ways of buying cleaner energy wherever practical. As an example, electricity purchased in 2003 from other renewable resources increased from 1.4% to 5.6%. This increase is due to a new electricity mix in London, which is made up exclusively of renewables and combined power.

**Travel:** The number of journeys by air was reduced by 6% from 284,053 in 2002 to 267,530 in 2003.

**Paper:** The environmental impact resulting from paper consumption was considerably reduced in 2003 by phasing out chlorine-bleached paper.

**Waste:** The recycling ratio increased from 47% to 57%. This success can be attributed to both improved waste separation and a reduction in purchases of non-recyclable materials.

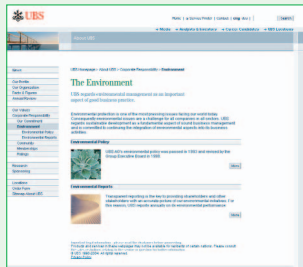
**CO<sub>2</sub> footprint:** The increase in CO<sub>2</sub> emissions mainly results from the additional electricity consumption related to our business expansion in the USA and Europe.

Environmental Performance indicators <sup>1</sup>	GRI <sup>2</sup>	2003		2002		2001	
		Absolute Normalized <sup>3</sup>	Data quality <sup>4</sup>	Absolute Normalized	Data quality	Absolute Normalized	Data quality
<b>Total direct energy<sup>5</sup></b>	<b>EN3</b>	<b>3,453 TJ</b>	<b>**</b>	3,279 TJ	**	3,275 TJ	**
<b>Direct intermediate energy purchased<sup>6</sup></b>	EN3	<b>2,756 TJ</b>	<b>**</b>	2,556 TJ	**	2,515 TJ	**
Electricity from hydroelectric power stations		<b>16%</b>	<b>**</b>	18%	**	18%	**
Electricity from gas-fired power stations		<b>20%</b>	<b>**</b>	19%	**	20%	*
Electricity from oil-fired power stations		<b>5.2%</b>	<b>**</b>	5%	**	13.8%	*
Electricity from coal-fired power stations		<b>22%</b>	<b>**</b>	20%	**	16%	*
Electricity from nuclear power stations		<b>26%</b>	<b>**</b>	31%	**	22%	**
Electricity from wind power stations		<b>1.7%</b>	<b>**</b>	2.3%	**	4.4%	*
Electricity from other renewable resources		<b>5.6%</b>	<b>**</b>	1.4%	**	1.2%	**
District heating		<b>3.2%</b>	<b>**</b>	3.8%	**	3.3%	*
<b>Direct primary energy consumption<sup>7</sup></b>		<b>697 TJ</b>	<b>*</b>	722 TJ	**	760 TJ	*
Natural gas	EN3	<b>81%</b>	<b>**</b>	80%	**	80%	*
Heating oil	EN3	<b>16%</b>	<b>*</b>	18%	**	18%	**
Fuels (petrol, diesel, gas)	EN3	<b>3.2%</b>	<b>**</b>	2.6%	**	1.8%	**
Renewable energy (solar power, bioorganic, etc.)		<b>0.1%</b>	<b>***</b>	0.1%	***	0.1%	***
<b>Total indirect energy<sup>8</sup></b>	<b>EN4</b>	<b>6,963 TJ</b>		6,615 TJ		6,333 TJ	
<b>Total business travel</b>	<b>EN34</b>	<b>516 Mio Pkm</b>	<b>**</b>	555 Mio Pkm	**	578 Mio Pkm	**
Rail travel		<b>5.0%</b>	<b>*</b>	6.3%	*	5.2%	*
Road travel		<b>1.5%</b>	<b>*</b>	1.5%	*	1.5%	*
Air travel		<b>94%</b>	<b>***</b>	92%	***	93%	**
<b>Number of flights (segments)</b>		<b>267,530</b>	<b>***</b>	284,053	***	287,910	**
<b>Total paper consumption</b>	<b>EN1</b>	<b>14,431 t</b>	<b>**</b>	14,682 t	**	21,607 t	**
Post-consumer recycled	(EN2) <sup>9</sup>	<b>7.4%</b>	<b>***</b>	7.4%	**	4.0%	**
New fibers ECF + TCF <sup>10</sup>		<b>92%</b>	<b>**</b>	62%	**	46%	**
New fibers chlorine bleached		<b>0%</b>	<b>**</b>	31%	**	50%	*
<b>Total water consumption</b>	<b>EN5</b>	<b>1.79 Mio m<sup>3</sup></b>	<b>*</b>	1.72 Mio m <sup>3</sup>	*	1.69 Mio m <sup>3</sup>	*
Drinking water		<b>100%</b>		100%		100%	
<b>Total waste</b>	<b>EN11</b>	<b>27,237 t</b>	<b>*</b>	30,010 t	**	29,874 t	*
Valuable materials separated and recycled		<b>57%</b>	<b>**</b>	47%	**	32%	*
Incinerated		<b>7.4%</b>	<b>*</b>	7.6%	**	10.6%	*
Landfilled		<b>36%</b>	<b>*</b>	46%	*	57%	*
<b>Total environmental footprint<sup>11</sup></b>		<b>10,023 TJ</b>		9,771 TJ		9,857 TJ	
<b>Total CO<sub>2</sub> (GHG scope 1 and 2)<sup>12</sup></b>	<b>EN8</b>	<b>332,267 t</b>		293,621 t		323,063 t	
Direct CO <sub>2</sub> footprint (GHG scope 1)	EN8	<b>12%</b>		15%		14%	
Indirect CO <sub>2</sub> footprint (GHG scope 2)	EN8	<b>88%</b>		85%		86%	
<b>CO<sub>2</sub> footprint (GHG scope 1,2 and 3)<sup>13</sup></b>		<b>541,062 t</b>		503,178 t		554,465 t	

Legend: TJ = tera joules; Pkm = person kilometers; t = tons; m<sup>3</sup> = cubic meters.

<sup>1</sup> All figures are based on the level of knowledge as of the end of March 2004. <sup>2</sup> Global Reporting Initiative (see also www.globalreporting.org). EN stands for the Environmental Performance Indicators defined in the GRI. EN in brackets indicates a minor deviation from GRI that is commented. <sup>3</sup> Non-significant discrepancies from 100% are possible due to rounding errors. <sup>4</sup> Specifies the estimated reliability of the aggregated data and corresponds approximately to the following uncertainty: up to 5% – \*\*\*, up to 15% – \*\*, up to 30% – \*. Uncertainty is the likely difference between a reported value and a real value. <sup>5</sup> Refers to energy consumed within the operational boundaries of UBS. <sup>6</sup> Refers to energy purchased that is produced by converting primary energy and consumed within the operational boundaries of UBS (electricity and district heating). <sup>7</sup> Refers to primary energy purchased which is consumed within the operational boundaries of UBS (oil, gas, fuels). <sup>8</sup> Refers to primary energy, which is consumed to produce the electricity and district heating consumed by UBS. <sup>9</sup> Differing from the GRI Guidelines, pre-consumer recycled paper is counted as paper coming from new fibers as a worst case approach. <sup>10</sup> Paper produced from new fiber, which is ECF (Elementary Chlorine Free) or TCF (Totally Chlorine Free) bleached. <sup>11</sup> Shows the environmental impact (through emissions, use of resources, waste) by a process including all relevant upstream and downstream processes. The environmental footprint is approximated using the equivalent of nonrenewable energy consumed. <sup>12</sup> Refers to the "GHG (greenhouse gas) protocol initiative" (www.ghgprotocol.org), an international standard for CO<sub>2</sub> reporting. Scope 1 accounts for direct greenhouse gas emissions by UBS. Scope 2 accounts for indirect greenhouse gas emissions associated with the generation of imported/purchased electricity, heat or steam. <sup>13</sup> Represents the total global warming potential from all linked relevant upstream and downstream processes. It equals total CO<sub>2</sub> emissions according to the GHG standard (scope 1, 2 and 3).

Read more about UBS's environmental program in these publications



**Internet environmental report:  
[www.ubs.com/environment](http://www.ubs.com/environment)**

The internet environmental report describes our Environmental Management System in a comprehensive and qualitative way.



**Handbook 2003 / 2004**

A condensed environmental report is included in the Corporate Responsibility section of the Handbook 2003/2004, which is part of UBS's annual report. (Order number: 80532E-0401)



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