

UBS in society

Constitutional Document

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Constitutional Document

1. Our Commitment

UBS is committed to creating long term positive impact for clients, employees, investors and society. We plan to continue to go beyond our duty to protect the environment, respect human rights, continually improve our systems to become more efficient and effective, and ensure responsible behavior in all aspects of our operations. We strive to maximize positive outcomes in a proactive, purposeful, and accountable manner. Our goal is to be the financial provider of choice for clients wishing to drive financial capital towards investments that support the achievement of the Sustainable Development Goals (SDGs) and the transition to a low carbon economy. Our cross divisional organization, UBS in society, focuses our firm on this direction.

UBS in society covers all the activities and capabilities related to sustainable investing, philanthropy, environmental and human rights policies governing client and supplier relationships, our environmental footprint, as well as, community investment. Our ambition is to be:

- A leader in sustainable investing for private clients
- A leader in sustainable investing for institutional clients
- A recognized innovator and thought leader in philanthropy
- An industry leader in key sustainability ratings

We intend to make sustainable performance the standard across our firm and part of every client conversation. This means that we will focus on the long term and work to provide appropriate returns to all of our stakeholders in a responsible manner. In addition, we are transparent about our targets and progress wherever possible to demonstrate our commitment.

2. Scope

This document defines the principles and responsibilities for promoting this commitment in how we do business, how we support clients, and how we support communities. Banking activities, in-house operations, supply chain management and our firm's community interaction are subject to and must be conducted in compliance with this commitment.

3. Principles

The following principles define how UBS in society promotes the implementation of its aspiration of being a leader in sustainability in the financial industry along three pillars; how we do business, how we support clients, and how we support communities.

3.1. How we do business

- We report openly and transparently about UBS in society, and seek to maintain open dialogue and active communications with our stakeholders
- We apply an environmental and social risk (ESR) framework to identify and manage potential adverse impacts to the environment and to human rights, as well as, the associated environmental and social risks our clients' and our own assets are exposed to. UBS's comprehensive ESR standards are aligned with UBS in society, govern client and supplier relationships, and are enforced firm-wide and applied to all activities
- We set quantitative targets to reduce group-wide greenhouse gas emissions and the environmental impact of our operations. Environmental programs include investments in sustainable real estate and efficient information technology, energy and water efficiency, paper and waste reduction and recycling, the use of environmentally friendly products (such as renewable energy or recycled paper), business travel and employee commuting. UBS aims to reduce negative environmental and social impacts of goods and services it purchases and engages with suppliers to promote responsible practices
- Awareness and expertise play an important role in implementing our goals. UBS promotes its employees' understanding of the goals and actions of UBS in society through a wide range of training and awareness raising activities and performance management

3.2. How we support clients

UBS aims to be a leader in sustainable investing for private clients and for institutional clients, as well as, a recognized innovator for driving global philanthropy. This means:

- We strive to systematically incorporate the economic impacts of environmental, social, and governance (ESG) issues into the research, advice, as well as, products and services we provide to clients
- We support corporate and institutional clients who want to generate positive environment and social impact using our corporate advisory expertise or by directing capital through our lending or investment capacity

- We assist private and institutional clients in their desire to invest in accordance with their own social and environmental objectives, in their invested funds, and will be pro-active in discussing these issues with them
- As a preferred partner for global philanthropists, we work towards achieving the United Nation's ambitious Sustainable Development Goals (SDGs). Our experts and in house foundation offer clients access to social and financial innovation, philanthropic advice, as well as, tailored program design, co-funding and co-development opportunities

3.3. How we support communities

At UBS, we recognize that our long-term success depends on the health and prosperity of the communities of which we are part. Our approach is to build sustainable and successful partnerships with non-profit organizations and social enterprises to ensure that our contributions have a lasting impact. Our Community Affairs programs seek to overcome disadvantage through long-term investment in education and entrepreneurship in the communities within which we operate. Through local execution and partnerships which operate under a global framework and with coordination across regions, we endeavor to deliver business and community impact by:

- Identifying innovative and high quality programs that are aligned to the business and providing them focused financial and human support to maximize impact, including through the use of skills based employee volunteering programs, and with client participation where appropriate
- Playing a role in the stewardship of a healthy social and financial future for our communities, working in partnership with clients, as well as, the public and philanthropic sectors

4. Responsibilities and Structure

The **Corporate Culture and Responsibility Committee (CCRC)**¹ supports the Board in its duties to safeguard and advance the Group's reputation for responsible and sustainable conduct. It monitors UBS in society's overall strategy and annual objectives, reviews that the UBS in society constitutional document is relevant and up to date, and oversees the program's annual management review.

The **Group CEO** proposes the UBS in society strategy and annual objectives to the CCRC, supervises their execution, and informs the Group Executive Board (GEB) and Corporate Culture and Responsibility Committee (CCRC) as appropriate.

The **Head UBS in society** is UBS's senior level representative for environmental and sustainability issues. He or she is nominated by the Group CEO, chairs UBS in society Operating Committee, is a member of the Global Environmental Social Risk Committee, and is a permanent guest to the CCRC. He or she develops the UBS in

¹ Details of the responsibilities and authorities of the CCRC are set out in Annex C of the Organization Regulations of UBS Group AG

society strategy, leads in its execution, and submits annual objectives to the CEO, as well as, a management review to the CCRC. He or she is supported by the UBS in society Executive Committee (EC) in this effort.

The **UBS in society Operating Committee (OC)** ensures execution of UBS in society strategy across divisions and regions. The Committee is chaired by the Head UBS in society and is composed of divisional, APAC, and Group COO EC members, as well as, UBS in society EC members. OC members are nominated by their respective GEB members and/or the Head of UBS in society, and ensure plan and objective sign off by them.

The **Global Environmental & Social Risk Committee** defines an ESR framework and independent controls that align UBS's environmental and social risk appetite with that of UBS in society. It is chaired by the Group Chief Risk Officer, who is responsible for the development and implementation of principles and appropriate independent control frameworks for environmental and social risks within UBS.

The **Business Divisions** are responsible for developing, providing resources to, and executing the UBS in society annual objectives in their division as they relate to client relationships, product development, investment management, distribution and risk management.

The **Regions** are responsible for developing, providing resources to, and executing objectives in their region relating to Community Affairs, within the global framework of UBS in society.

The **Corporate Center** is responsible for developing, providing resources to, and executing UBS in society annual objectives as they relate to risk control, in-house environmental and supply chain management, and communications.

5. Reporting and Controls

Our commitment is implemented through a firm-wide management system steered by defined measurable objectives. Their achievement is reviewed on a semi-annual basis by the Head of UBS in society, and on an annual basis by the Corporate Culture and Responsibility Committee.

Progress made in implementing UBS in society is reported as part of UBS's annual reporting. This reporting is reviewed and assured externally according to the requirements of the Global Reporting Initiative's (GRI) sustainability reporting guideline.

UBS is certified according to ISO 14001, the international environmental management standard. This certificate attests that UBS's management system is an appropriate tool for evaluating compliance with the relevant environmental regulations, achieving self-defined environmental objectives, and maintaining continual improvement of environmental performance.

The implementation of our commitment and principles, as laid out in this document, are a process of continual improvement.

Standard Information

The Sustainable Development Goals (SDGs)

In September 2015, with the support of 193 nations, the United Nations launched the 2030 Agenda for Sustainable Development to end poverty, combat climate change, and fight injustice. Seventeen Sustainable Development Goals (SDGs) went into effect in January 2016 to address global socio economic imbalances threatening the lives of people living in developing economies and the future of generations to come.

Environmental and social risk (ESR)

Environmental and social risks are broadly defined as the possibility that UBS supports clients, or sources from suppliers, who cause or contribute to severe environmental damage or human rights infringements. Environmental and social risks can also arise if UBS's operational activities and its employees (or contractors working on behalf of UBS) fail to operate within relevant environmental and human rights regulations. Environmental and social risks may result in adverse financial and reputation impacts for UBS.

Sustainable Investments

Sustainable investing is an approach that seeks to incorporate environmental, social and governance (ESG) considerations into investment decisions. Sustainable investing strategies seek to achieve one or several of the following goals: achieve a positive environmental or social impact, align investments with an investor's personal values, and/or improve portfolio risk and return characteristics.