Principal Adverse Sustainability Impacts Statement

UBS Europe SE (5299007QVIQ7IO64NX37) June 2026

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1. Summary

UBS Europe SE (LEI: 5299007QVIQ7IO64NX37) considers principal adverse impacts (PAI) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of UBS Europe SE and its subsidiaries, namely UBS La Maison de Gestion, covering the reference period from 1 January to 31 December 2025.

The EU Sustainable Finance Disclosure Regulations (SFDR) aims to provide more transparency on sustainability-related topics so that investors can make informed investment decisions. SFDR requires specific disclosures on how UBS Europe SE considers PAI, which are defined as the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters.

UBS acknowledges a need for transparency of PAI of investment decisions on sustainability factors, therefore has defined and follows internal procedures on the identification and prioritization of adverse impacts as part of its investment decision making process. UBS believes that material sustainability issues matter for financial performance, and we know that clients have an interest in many of these topics.

This statement covers PAI for all discretionary mandate accounts within UBS Europe SE. The scope of these accounts expanded due to merging of the former Credit Suisse (Italy) S.p.A into UBS Europe SE, effective 1 January 2025. As a result, UBS Europe SE's assets under management (AuM) have increased. This is considered material, as client positions serve as the basis for calculating PAI indicators. The resulting effects on PAI metrics are discussed in further detail in Section 2.

By aggregating the underlying instruments (e.g. equities, bonds, funds, hedge funds) of the mandates and calculating them by the use of pre-defined formulas, the following PAI have been published in this report:

- 9 mandatory climate and other environmental indicators,
- 5 mandatory social and governance indicators and,
- 2 voluntary PAI indicators (Investments in companies without carbon emission reduction initiatives & lack of anti-corruption and anti-bribery policies).
- 4 indicators are applicable to investments in real estate, sovereigns and supranational bonds.

UBS Global Wealth Management actively considers PAI on sustainability only in its SFDR Article 8 sustainable investing solutions: UBS Manage Sustainable Investing [SI], UBS Manage Advanced, Sustainable Investing [SI], UBS Manage Premium Sustainable Investing [SI], UBS Manage premium platinum Sustainable Investing [SI]. This is done by ensuring that funds selected for these portfolios, must meet SFDR Article 8 or 9 requirements, thereby demonstrating the Do No Significant Harm (DNSH) criteria (including PAI consideration) which form a mandatory element of the "sustainable investment" definition under SFDR Article 2(17). Similarly, PAI are also considered for direct investments in these portfolios as part of the DNSH test.

UBS acknowledges that the PAI framework and data are still evolving and that data availability for some of the indicators is still limited, however the following has been observed during the last four years:

Across the set of PAI indicators, results show a mixed development in 2025 compared to earlier periods. Absolute greenhouse gas emissions increased including Scope 1, Scope 2, Scope 3 and total GHG emissions. Other indicators that recorded slightly higher values include activities negatively affecting biodiversity-sensitive areas and hazardous waste and radioactive waste ratio. At the same time, several normalized and governance-related indicators improved or remained broadly stable, including carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, and exposure to controversial weapons, which remained unchanged.

Overall, a divergence between absolute and normalized indicators can be observed. While absolute environmental impacts increased, primarily due to the growth of the investment base, intensity-based metrics remained broadly stable or improved slightly.

This summary is available in several languages. If you would like to further discuss the disclosures or require translations into additional languages, please contact your client advisor.

2. Description of principal adverse impacts on sustainability factors

The below commentary in column "Actions taken, and actions planned and targets set for the next reference period" refers only to sustainable discretionary mandates based on Sustainable Investing Strategic Asset Allocation (SI SAA) SFDR Article 8 products, which at the time of writing represents the smaller part of the discretionary mandate book of UBS ESE and its subsidiaries, namely UBS La Maison de Gestion. In addition, we provide explanations for indicators where significant changes between the reporting years have occurred.

UBS approved a new Sustainable Investing Framework in 2025, which will be applied to all sustainable investment products and services in UBS Global Wealth Management as of July 2026. This affects the definitions and names of the sustainable investing approaches that UBS applies in its SFDR Article 8 sustainable investing solutions. We do not foresee any significant changes in the underlying holdings of these strategies as a result of this terminology change. For more information, refer to the UBS Group Sustainable Investing Policy, available at ubs.com/sustainability-reporting.

For more details on the methodology, please refer to section 3.2. Methodology to identify and assess PAI in the decision-making process.

Indicators applicable to investments in investee companies								
Adverse sustainability indicator		**Metric**	**Impact [year 2025]**	**Impact [year 2024]**	**Impact [year 2023]**	**Impact [year 2022]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS								
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	938,877 tCO2 Coverage: 96.6%	835,329 tCo2 Coverage: 95.9%	575,066 tCo2	624,648 tCo2	Main driver of the increase is the growth of AuM due to the inclusion of former Credit Suisse (Italy) S.p.A. into UBS Europe SE.	**Investment process** Our sustainability-focused discretionary investment solutions based on SI SAA target a broad range of environmental and social objectives. As such, not all instruments in these sustainability-focused discretionary investment solutions are optimized for the full range of PAI indicators. Assessment of greenhouse gas emissions can be part of the investment selection process where material but is not the sole objective. **Investment funds** The majority of our sustainability-focused discretionary investment solutions are implemented through fund solutions. These consider principal adverse impacts on sustainability factors via its investments in funds with a minimum proportion of sustainable investments. Investment managers must provide information related to whether the fund considers PAI on sustainability factors.
		Scope 2 GHG emissions	205,345 tCO2 Coverage: 96.6%	180,217 tCo2 Coverage: 95.9%	122,293 tCo2	129,163 tCo2		
		Scope 3 GHG emissions	7,971,345 tCo2 Coverage: 96.7%	6,941,125 tCo2 Coverage: 95.9%	4,121,347 tCo2	4,077,219 tCo2		
		Total GHG emissions	9,115,567 tCo2 Coverage: 96.5%	7,956,671 tCo2 Coverage: 95.9%	4,818,706 tCo2	4,831,053 tCo2		
	2. Carbon footprint	Carbon footprint	421.54 t/€M Coverage: 96.5%	425.24 t/€M Coverage: 95.8%	407.93 t/€M	291.70 t/€M	This value accounts for any changes in AuM and is in line with previous years.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	842.01 t/€M Coverage: 96.7%	849.12 t/€M Coverage: 96.1%	996.71 t/€M	884.44 t/€M		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8.69% Coverage: 97.2%	8.83% Coverage: 96.5%	9.14%	7.02%		
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources,	Consumption only: 58.54% Production only: 60.26%	60.62% Consumption only: 60.31%	63.24%	72.92%	Along with industry standards, overall figure is not shown anymore.	

		expressed as a percentage of total energy sources	Coverage: 96.0%	Production only: 59.46% Coverage: 92.0%				**Direct investments** Where direct investments are used in our sustainability-focused discretionary investment solutions based on SI, PAI indicators correspond to the environmental and social topics on which UBS focuses as part of the scoring and screening methodology, and thus they are used as a proxy for PAI. The Climate Change topic score considers indicators such as GHG emissions and renewable energy consumption. A company's eligibility for inclusion in the portfolio is driven by both its sustainability performance, and the materiality of the Climate Change topic to its industry. Furthermore, where relevant, the PAI may be used to determine exclusion on the basis of the Do No Significant Harm (DNSH) principle. Companies may be excluded based on their GHG intensity (indicator 3) or their exposure to the fossil fuel sector (indicator 4). Beyond negative selection, we apply various positive selection criteria depending on the investment strategy to assess how our investments promote environmental or social characteristics. Our ESG Leaders strategies select companies according to the top 20% of sustainability scores. Our ESG thematic strategies select companies based on in-house fundamental research for alignment with sustainability-aligned themes. Our Thematic Sustainable Fixed Income strategies are based on fundamental research and external verification of green, social, sustainable, and sustainability-linked bonds. Our Multilateral Development Bank bond strategies invest in bonds issued by a predefined group of development banks. We plan to continue to apply these PAI considerations where relevant.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector						
			Coverage:96.5%	Coverage:94.1%				
		Agriculture, Forestry and Fishing (A)	0.32 GWh/€M	0.01 GWh/€M	0.03 GWh/€M	0.04 GWh/€M	The significant increase should be interpreted with caution as sector intensity metrics can be highly sensitive to relatively small portfolio allocations, changes in issuer revenue data and shifts in sector composition.	
		Mining and Quarrying (B)	1.03 GWh/€M	0.54 GWh/€M	0.62 GWh/€M	0.96 GWh/€M		
		Manufacturing (C)	0.34 GWh/€M	0.38 GWh/€M	2.23 GWh/€M	0.60 GWh/€M		
		Electricity, Gas, Steam and Air Conditioning Supply (D)	3.25 GWh/€M	2.44 GWh/€M	8.02 GWh/€M	4.65 GWh/€M		
		Water Supply; Sewerage, Waste Management and Remediation Activities (E)	1.39 GWh/€M	1.20 GWh/€M	0.53 GWh/€M	0.66 GWh/€M		
		Construction (F)	0.13 GWh/€M	0.12 GWh/€M	0.20 GWh/€M	0.15 GWh/€M		
		Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (G)	0.16 GWh/€M	0.15 GWh/€M	0.54 GWh/€M	0.16 GWh/€M		
		Transportation and Storage (H)	1.22 GWh/€M	1.09 GWh/€M	1.17 GWh/€M	0.79 GWh/€M		
		Real Estate Activities (L)	0.40 GWh/€M	0.38 GWh/€M	0.62 GWh/€M	0.69 GWh/€M		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	11.26% Coverage:97.2%	10.13% Coverage:96.3%	8.20%	0.04%		**Investment process** Our sustainability-focused discretionary investment solutions based on SI SAA target a broad range of environmental and social objectives. As such, not all instruments in these sustainability-focused discretionary investment solutions are optimized for the full range of PAI indicators. Assessment of biodiversity can

							be part of the investment selection process where material but is not the sole objective. **Investment funds** The majority of our sustainability-focused discretionary investment solutions are implemented through fund solutions. These consider principal adverse impacts on sustainability factors via its investments in funds with a minimum proportion of sustainable investments. Investment managers must provide information related to whether the fund considers PAI on sustainability factors. **Direct investments** Where direct investments are used in our sustainability-focused discretionary investment solutions based on SI, PAI indicators correspond to the environmental and social topics on which UBS focuses as part of the scoring and screening methodology, and thus they are used as a proxy for PAI. The Pollution and Waste topic score considers indicators such as land use and biodiversity negative impact. A company's eligibility for inclusion in the portfolio is driven by both, its sustainability performance, and the materiality of the Pollution and Waste topic to its industry. Furthermore, where relevant, the PAI may be used to determine exclusion on the basis of the Do No Significant Harm (DNSH) principle. Companies may be excluded based on their activities negatively affecting biodiversity-sensitive areas (indicator 7). Beyond negative selection, we apply various positive selection criteria as described at the top of the table. We plan to continue to apply these PAI considerations where relevant.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested	0.05 t/€M Coverage: 11.0%	0.05 t/€M Coverage: 31.5%	0.07 t/€M	2.37 t/€M	**Investment process** Our sustainability-focused discretionary investment solutions based on SI SAA target a broad range of environmental and social objectives. As such, not all instruments in these sustainability-focused discretionary investment solutions are optimized for the full range of PAI indicators. Assessment of water can be part of the investment selection process where material but is not the sole objective.

Hazardous waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested	6.10 t/€M Coverage: 95.6%	5.61 t/€M Coverage: 97.6%	6.47 t/€M	4.85 t/€M	**Investment funds** The majority of our sustainability-focused discretionary investment solutions are implemented through fund solutions. These consider principal adverse impacts on sustainability factors via its investments in funds with a minimum proportion of sustainable investments. Investment managers must provide information related to whether the fund considers PAI on sustainability factors. **Direct investments** Where direct investments are used in our sustainability-focused discretionary investment solutions based on SI, PAI indicators correspond to the environmental and social topics on which UBS focuses as part of the scoring and screening methodology, and thus they are used as a proxy for PAI. The Water topic score considers indicators such as water consumption. A company's eligibility for inclusion in the portfolio is driven by both, its sustainability performance, and the materiality of the Water topic to its industry. Emissions to water (indicator 8) are not assessed directly due to data limitations; instead, they are considered indirectly via the MSCI ESG controversies methodology, which captures water-related controversies through the thematic indicator "Water stress". Beyond negative selection, we apply various positive selection criteria as described at the top of the table. We plan to continue to apply these PAI considerations where relevant. **Investment process** Our sustainability-focused discretionary investment solutions based on SI SAA target a broad range of environmental and social objectives. As such, not all instruments in these sustainability-focused discretionary investment solutions are optimized for the full range of PAI indicators. Assessment of waste can be part of the investment selection process where material but is not the sole objective. **Investment funds** The majority of our sustainability-focused discretionary investment solutions are implemented through fund solutions. These

							consider principal adverse impacts on sustainability factors via its investments in funds with a minimum proportion of sustainable investments. Investment managers must provide information related to whether the fund considers PAI on sustainability factors. **Direct investments** Where direct investments are used in our sustainability-focused discretionary investment solutions based on SI, PAI indicators correspond to the environmental and social topics on which UBS focuses as part of the scoring and screening methodology, and thus they are used as a proxy for PAI. The Pollution and Waste topic score considers indicators such as hazardous waste management and hazardous products. A company's eligibility for inclusion in the portfolio is driven by both, its sustainability performance, and the materiality of the Pollution and Waste topic to its industry. Hazardous waste and radioactive waste (indicator 9) are not assessed directly due to data limitations; instead, they are considered indirectly via the MSCI ESG controversies methodology, which captures related issues through the thematic indicator "Toxic Emissions & Waste". Beyond negative selection, we apply various positive selection criteria as described at the top of the table. We plan to continue to apply these PAI considerations where relevant.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.18% Coverage: 97.6%	0.23% Coverage: 96.6%	0.41%	0.82%	. **Investment funds** The majority of our sustainability-focused discretionary investment solutions are implemented through fund solutions. These consider principal adverse impacts on sustainability factors via its investments in funds with a minimum proportion of sustainable investments. Investment managers must provide information related to whether the fund considers PAI on sustainability factors, including contraventions of the "UN Global Compact" principles. Fund managers must provide information related to whether the fund considers contraventions of UN Global Compact
	11. Lack of processes and compliance mechanisms to monitor compliance with	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling	1.05% Coverage: 97.6%	0.87% Coverage: 96.5%	12.27%	32.92%	

UN Global Compact principles and OECD Guidelines for Multinational Enterprises	mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.99 Coverage: 90.5%	13.31 Coverage: 75.8%	12.19	14.25
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	37.77% Coverage: 93.4%	37.32% Coverage: 92.6%	36.29%	35.26%
14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.02% Coverage: 97.6%	0.02% Coverage: 96.6%	0.02%	0.03%

principles. Additionally, managers must share information related to controversial business activities which may lead to exclusions of companies whose business activities fall for example into the categories like weapons, tobacco, gambling, and adult entertainment.

Direct investments

For direct investments exposures in our sustainability-focused discretionary investment solutions based on SI, we exclude investments in controversial business activities (e.g. controversial weapons), as well as investments in companies with high severity environmental, social, or governance-related incidents that may negatively impact stakeholders, the environment, or the company's operations. Examples of such incidents could include bribery or damage to the environment when the company is directly responsible for such misconduct. We address violations of UN Global Compact principles through a number of underlying indicators related to the individual principles on human and labor rights, and the environment, rather than a single pass/fail indicator.

Furthermore, where relevant, the PAI may be used to determine exclusion on the basis of the Do No Significant Harm (DNSH) principle. Companies may be excluded based on their violations of UN Global Compact principles (indicator 10), board gender diversity (indicator 13) or exposure to controversial weapons (indicator 14).

Beyond negative selection, we apply various positive selection criteria as described at the top of the table. We plan to continue to apply these PAI considerations where relevant.

Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG Intensity	GHG intensity of investee countries	273.07 t/€M Coverage: 95.4%	334.87 t/€M Coverage: 97.8%	407.18 t/€M	397.43 t/€M
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	9 8.03% Coverage: 95.4%	8 7.13% Coverage: 97.8%	8 7.13%	1 2.76%

Investment funds

The majority of our sustainability-focused discretionary investment solutions are implemented through fund solutions. These consider principal adverse impacts on sustainability factors via its investments in funds with a minimum proportion of sustainable investments. Investment managers must provide information related to whether the fund considers PAI on sustainability factors.

Direct investments

Sovereign and supranational bonds are traditionally not accessed via direct investments in our sustainability-focused discretionary investment solutions based on SI.

Indicators applicable to investments in real estate assets							
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.00% Coverage: 100%	0.00% Coverage: 100%	0.00%	0.00%	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	79.00% Coverage: 100%	60.26% Coverage: 100%	60.26%	0.01%	*Main driver of the increase is a material change by a single asset.*

Investment funds

The majority of our sustainability-focused discretionary investment solutions are implemented through fund solutions. UBS Manage Sustainable Investing [SI] considers principal adverse impacts on sustainability factors via its investments in funds with a minimum proportion of sustainable investments. Investment managers must provide information related to whether the fund considers PAI on sustainability factors.

Direct investments

Real estate investments are traditionally not accessed via direct investments in UBS Manage Sustainable Investing [SI].

Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability impact		Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	38.17% Coverage. 94.9%

Adverse sustainability impact		Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention	0.69% Coverage: 97.3%

3. Description of policies to identify and prioritize principal adverse impacts on sustainability factors

UBS acknowledges a need for transparency of principal adverse impacts of investment decisions on sustainability factors and has therefore defined and follows internal procedures on identification and prioritization of adverse impacts as part of its investment decision making process.

3.1 Policies governing the annual PAI reporting requirement under SFDR

For the purpose of regulatory reporting on Principal Adverse Impacts on sustainability factors, UBS has decided to build an inhouse capability to produce an annual report in line with SFDR requirements.

The description of procedures governing identification and prioritization of PAI, including methodologies to select additional indicators, and explanations of any associated margin of error and details of data sources used is provided in a dedicated internal policy approved on 30 June 2023 and most recently updated on 30 June 2026.

The policy is subject to annual review to capture all future regulatory developments that might affect the established PAI framework.

3.1.1. Key responsibilities

The construction of the annual PAI report relies on a number of key processes. Some of these are supported by automation for the purpose of data sourcing and calculation, while others require manual intervention from individuals to ensure the report itself is constructed and published annually.

The following are the key components of the annual PAI process, including their respective allocation within UBS:

Component	Description
Market data sourcing	UBS sources PAI related market data from vendors into our internal state-of-the-art Cloud-based ESG data platform, providing a data service which is managed by our Data Operations team.
Position data sourcing	UBS sources position data relevant for each quarter end from all relevant booking centers and subsidiaries of our UBS Europe SE entity in order to calculate the four quarter end results as required by the reporting regime.
Calculations	UBS has built an internal capability to calculate PAI data which provides a consistent, repeatable methodology for calculation of our quarterly results. Annual results are created by averaging the four quarterly calculations. The methodology of the calculations is managed by our internal ESG specialists, within the UBS Chief Sustainability Office.
Report construction	Construction of the report narrative and commentary is a joint effort between representatives within UBS Europe SE and Global Wealth Management Chief Investment Office (who manages the discretionary investment solutions for GWM clients).

3.1.2. Methodology to select additional indicators as set out in Table 2 and 3 of Annex I SFDR RTS

The following additional indicators were selected for the 2025 reference period:

Climate and other environment-related indicator:

- PAI indicator 2.4 Investments in companies without carbon emission reduction initiatives.

Social and employee matters, respect for human rights, anti-corruption and anti-bribery matters indicator:

- PAI Indicator 3.15 Lack of anti-corruption and anti-bribery policies.

UBS assessed the selection of these two indicators carefully based their superior data coverage over other indicators which leads to more meaningful results.

UBS may reassess the selection of the additional indicators on an annual basis depending on the changing business strategy over time.

3.1.3. Methodology to identify and assess PAI in the entity-level reporting

Calculation of Metrics

PAI calculations for the purpose of UBS Europe SE consolidated PAI report dated 30 June 2026 are based on the latest available information on the principal adverse impacts dated 7 April 2026.

Compared to the previous years, Asset under Management (AuM) have increased significantly, primarily due to merging of former Credit Suisse (Italy) S.p.A. into UBS Europe SE, effective 1 January 2026.
This change in AuM had material impacts on the overall PAI indicators, thereby limiting the comparability of the current figures with those from prior periods.

The following instruments do not directly contribute to the PAI as they are not linked to investments in underlying companies, supranationals, sovereigns and real estate. Cash, FX, commodities, interest rate and all derivative instruments based on cash, FX, commodities and interest rate (e.g. structured products on commodities, FX Futures, FX Options, interest rate swaps, commodity funds, precious metal funds). All other products are considered in scope for PAI reporting.

The calculations relevant for the annual report are based on holdings collected for the last business day at the end of each quarter in all discretionary and fund management accounts.

PAI calculations include all active client positions at the end of each quarter. Where a trade is executed but not settled by the end of the quarter then these positions that we intend to sell remain included while those that we intend to purchase are included in the next quarter's calculations.

Treatment of short positions and derivatives

The PAI contributions of derivatives are not included in the entity level PAI calculation results due to data availability challenges. They are, however, included in our definition of "current value of all investments" in the denominator of our calculations. Where possible, we have followed the regulatory recommendation and incorporated short positions within PAI calculations by applying a "net long" approach at an ISIN level. That is the PAI of long and short positions have been netted within the same portfolio at an ISIN level, but without dropping below zero. Negative net positions were reported on an ISIN level are treated as "0" and consequently disregarded from PAI calculations.

Probability of occurrence and severity of PAI

At this stage, UBS ESE does not take into account the probability of occurrence and the severity of principal adverse impacts as part of the existing internal methodology.

3.1.4. Margin of error in the annual PAI reporting

Under the principle of all reasonable means, we have an obligation to do our best to capture as much data as possible in order to fulfill the obligation of calculating the PAI metrics and constructing the PAI report.

Due to the reliance on ESG data vendors, the level of error in the calculations can be impacted. The two primary issues are coverage, where companies have not reported their PAI data and methodology as figures from vendors or manufacturers may vary between providers due to differing internal methodologies. Thus, UBS has put several measures in place to ensure we are confident in our calculation results.

1. UBS has reviewed the methodologies used by our vendors. This ensures that aggregated data sourced from vendors is reliable and meets our expectations in terms of how it is calculated and its level of accuracy.

2. UBS calculates coverage internally per metric. This allows us to understand the level of accuracy of the metric produced, based on how much data was available for the underlying investments. This also allows us to isolate key metrics where the vendor data is insufficient which, in turn, prompts further investigation into alternative vendors where required.

3. UBS has made an internal decision to treat instruments where it is unclear if they are in scope of PAI reporting or not, as in scope until proven otherwise. The result of this is that our coverage figures drop where we have "unclassified" instruments. This ensures that we do not understate our metrics or overstate our coverage.

3.1.5 Data Sources

- UBS regards the availability of good data, analytics and technology capabilities as essential enablers for achieving a more sustainable future. UBS carefully selects ESG data vendors to support the PAI calculations based on: data quality, update frequency (to ensure we are always utilizing the latest available data) and coverage. UBS applies controls to ensure the highest possible data quality is maintained, both third-party and internal, and regularly reassesses vendors to monitor their performance against market from a coverage and quality perspective.

- The calculation of PAI metrics requires the combination of internal position weightings with one or more external PAI indicator values for relevant instruments, for 2025 primarily sourced from MSCI, https://www.msci.com/notice-and-disclaimer-for-reporting-licenses. As UBS invests in both funds and direct investments within discretionary mandates, we source data at both levels for reporting purposes as follows:

    1) Issuer level data is sourced through vendors, based on corporate disclosures of the underlying companies, combined with vendor research. Throughout the year, we have maintained oversight as to the coverage of issuer level data relating to our discretionary mandate positions and are confident that the coverage on an issuer level is remarkably high. We do however see coverage per indicator fluctuate and, in particular for Water Emissions, the disclosure by corporates remains exceptionally low leading to significant data gaps.

    2) Fund level data is sourced through a combination of vendor solutions, fund manufacturer disclosures and, since 2025, enhanced through fund look-through ("fund unbundling") capabilities.

- UBS discretionary mandates invest in both UBS Asset Management funds and third-party funds. As a distributor, UBS Global Wealth Management does not generally have direct access to the full underlying holdings of externally managed funds. However, aggregated PAI data relevant to these investments is made available through vendor solutions.

- Since 2025, UBS has introduced fund unbundling capabilities via an external provider. This allows for an enhanced look-through into underlying fund positions where data availability permits, improving the granularity and accuracy of PAI calculations.

- Where funds are manufactured by a UBS Management Company, holdings data is sourced directly from the Management Company. This allows for a comprehensive look-through into the underlying holdings, and the resulting PAI values are directly incorporated into the UBS Europe SE legal entity reporting framework.

- Where funds are manufactured by third-party management companies, UBS primarily relies on vendor-provided holdings data. In addition, this fund unbundling then enables look-through into the underlying holdings, for which the PAI values are then incorporated into the UBS Europe SE legal entity reporting framework. Coverage continues to expand as data availability from providers increases, thereby enhancing overall transparency and data coverage.

3.2 Methodology to identify and assess PAI in the decision-making process

Among the services UBS Europe SE and its subsidiaries, namely UBS La Maison de Gestion offer to its Wealth Management clients, there is also a range of sustainable investing products. These products give clients the ability to invest in instruments and strategies with an explicit focus on sustainable investing.

For clients being subject to European regulations, we consider Principal Adverse Impacts as an integral part of the definition of what constitutes a sustainable investing instrument. In accordance with client preferences, for those clients who actively seek to pursue sustainable investments, UBS Wealth Management has introduced frameworks and processes to control their sustainable investing exposure and to help mitigate potential for significant harm caused by this exposure via PAI. As part of the discretionary offering, which is the focus for this statement, such sustainability preferences are only taken into account for the sustainability-focused discretionary investment solutions (Article 8 products, see below).

3.2.1 UBS Manage Sustainable Investing [SI]:

- **Funds**: At present, UBS Manage SI considers principal adverse impacts on sustainability factors via its investment in funds with sustainable investments. Investment managers must provide information related to whether the fund considers principal adverse impacts on sustainability factors, including contraventions of UN Global Compact principles. Additionally, managers must share information related to if controversial business activities which may lead to exclusions of companies whose business activities fall for example into the categories like weapons, tobacco, gambling and adult entertainment. As the transparency on the PAI grows across the industry, also thanks to the growing maturity and adoption of the EET reporting, UBS will continue to monitor the availability of data and continue to strengthen our screening criteria in the context of funds selection.

- **Single Securities**: (if applicable):
  At present, the consideration of principal adverse impact is based on UBS GWM sustainability scores methodology for issuers, where sustainability data from the best-in-class data providers is sourced and systematically processed to calculate a score for six sustainability topics: (i) Climate Change, (ii) Water, (iii)

Pollution and Waste, (iv) People, (v) Governance and (vi) Products and Services . The score of a topic, ranges from zero to ten, (zero demonstrating weak performance and ten demonstrating a strong performance in a given topic). The selection of PAI indicators corresponds to the environmental and social topics on which UBS focuses as part of the scoring methodology and screening process. Further details on UBS single securities methodology on consideration of PAI can be found on UBS website: ubs.com/dnsh

In addition to the scoring methodology, the following PAI indicators are considered in the screening of companies for controversial business activities or/and sustainability-related incidents. Investments which would be subject to such controversial business activities or/and sustainability-related incidents are not eligible for modules constructed with a sustainable investing focus:

- Violations of UN Global Compact principles through a number of underlying indicators related to the individual principles on human and labor rights, and the environment, rather than a single pass/fail indicator.
- Land use and biodiversity negative impact.
- Exposure to controversial weapons.

Where relevant, the PAI indicators may be used to determine exclusion on the basis of the Do No Significant Harm (DNSH) principle. Companies may be excluded based on their performance on various PAI indicators, with pre-defined rules and thresholds determining violation of the DNSH principle. For each PAI indicator selected, a test is defined at issuer level resulting in "Pass", "Fail" or "No data available". The DNSH test is calculated at issuer level for all issuers having at least one valid underlying PAI indicator. If 1 of the tests results in "Fail" then the issuer is considered to "Fail" the overall DNSH test. If all the tests where data is available result in "Pass" then the issuer is considered to "Pass" the overall DNSH test

UBS is continuously reviewing the sustainability data landscape and is assessing the possibility to onboard further indicators.

3.2.2 Traditional UBS discretionary mandate solutions without sustainable investing objectives:

Traditional UBS discretionary mandate solutions do not explicitly consider sustainability-related factors. In this sense, principle adverse impacts on sustainability factors are not actively considered in the investment process.

4. Engagement policies

4.1 Corporate engagement

UBS Global Wealth Management (UBS GWM) regards stewardship as an important part of fiduciary duty, as well as an important tool within sustainable investment strategies. Most of our discretionary portfolios comprise investment funds from third-party fund managers, including our Asset Management business division, which runs independent processes. Generally, UBS GWM acts as an asset allocator and manager of these portfolios but it does not control portfolio construction and management within the underlying fund investment solutions. Therefore, in addition to developing a climate risk assessment management framework for portfolios based on underlying investment holdings, we aim to understand the climate risk management practices established by the managers of the underlying funds.

To that end, UBS GWM regularly asks its investment fund partners of approved investment funds for information about their approach to climate risk issues. This includes the extent to which climate risk management processes have been developed and implemented within their businesses, aligned to frameworks such as the TCFD, where and as required by the relevant regulators. We are committed to maintaining regular communications with our fund partners on the development of climate risk management processes related to their strategies.

In the general case of individual wealth management, UBS merely receives authorization for the client custody account, i.e. UBS acts as a representative that submits declarations of intent on behalf of the client. However, the client remains the owner of the equities and thus the shareholder. UBS does not directly engage with investee companies in clients' portfolios and does not influence their activities or risks.

UBS does not exercise any of the rights to vote derived from its holdings of equities in a discretionary portfolio. If UBS acquires fund units, the asset management company of the fund is normally authorized to exercise the rights to vote associated with the fund assets from the holdings of equities.

4.2 Public policy engagement

Financial market stability and the transition toward a more sustainable world are largely dependent on the overall economic, regulatory, and political environment, and the conduct of firms within the sector. UBS actively participates in political and regulatory discussions to share our expertise on proposed regulatory and supervisory changes. UBS also actively engages in discussions relating to corporate responsibility and sustainability. Sustainability and sustainable finance continue to remain key focus topics in our interactions with our financial regulators and supervisors. These are subject to ongoing oversight and control by the second and third lines of defense.

Globally, our firm is a member of several associations where the aforementioned topics are addressed and further considered, including for European entities. At the specific level of UBS Europe SE this includes: the Association of German Banks (Bundesverband deutscher Banken e.V.); the sustainable finance industry working groups of the European Bank Federation (EBF); of the Association for Financial Markets in Europe (AFME); and the International Sustainability Standards Board (ISSB).

4.3 Adaption of the policies

UBS GWM does not maintain a direct engagement policy in relation to investee companies within discretionary portfolios, as portfolio management and shareholder engagement are typically delegated to third parties fund-

managers. Accordingly, our stewardship approach focuses on assessing and monitoring the engagement practices of these underlying managers.

As part of our internal oversight, UBS GWM conduct regular reviews of how fund partners integrate environmental, social and governance (ESG) considerations into their stewardship frameworks. Where insufficient progress is observed, we may initiate further dialogue with the manager to encourage greater alignment with regulatory expectations and industry best practices.

5. Reference to international standards

UBS Europe SE has not made individual commitments to international sustainability standards. However, as part of UBS Group AG (UBS), it applies and adheres to the international principles, standards and commitments adopted at Group level through established policies, frameworks and governance structures.

Over the years UBS has committed to various business conduct codes, international standards for due diligence and reporting initiatives in order to meet the expectations of our stakeholders. Partnerships within the financial services sector, as well as with standard-setters, regulators and clients, are a critical part of our sustainability strategy and approach to climate, underpinning our efforts to progress toward our stated ambitions.

At the end of 2025, UBS was engaged in a variety of sustainability- and impact-related memberships and commitments, either at Group level or at the level of the business divisions, Group Functions or the Group Entities. UBS has thorough processes in place for renewing existing memberships and for vetting new ones.

UBS is committed to respecting and promoting human rights, as set out in the United Nations Guiding Principles on Business and Human Rights. When assessing its potential human rights impacts, UBS focuses on three key stakeholder groups (employees, clients and vendors), as well as society at large. The commitment to this important area is long-standing. In 2000, UBS was among the first companies that pledged to adhere to the UN Global Compact Principles, including human rights. The principles of the Global Compact, today the largest corporate responsibility initiative globally, stem from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption.

The PAI indicators 1.10, 1.11, and 1.16 are particularly relevant to this debate. UBS takes factors stemming from these industry initiatives into account when investing directly into stocks and bonds in sustainable portfolios.

Please refer to section 3 Description of policies to identify and prioritise principal adverse impacts on sustainability factors, which explains the methodology for measuring the adherence to international standards.

UBS did not incorporate forward-looking climate scenarios into its sustainable portfolio construction in 2025. We did, however, focus on understanding possible approaches to integrating climate considerations into capital markets' assumptions for various asset classes, and the respective implications for strategic asset allocations. In addition, we continued to explore climate-related datasets and how they might inform these assumptions. Finally, we continued to conduct investment research on climate and inform our clients about climate-related risks and opportunities.

6. Historical comparison

This section provides a comparative overview of the PAI indicators up to the 2025 reporting period. A comparison with the 2022 reporting period is less meaningful because of continuous methodology improvements over the years.

Across the set of PAI indicators, results show a mixed development in 2025 compared to earlier periods. While a number of indicators improved or remained broadly stable, others recorded higher values. Overall, a divergence between absolute and normalized indicators can be observed. While absolute environmental impacts increased, primarily due to the growth of the investment base, intensity-based metrics remained broadly stable or improved slightly.

Absolute greenhouse gas (GHG) emissions increased across all scopes. In contrast, normalized climate indicators remained broadly stable or slightly improved. This pattern indicates that the increase in absolute emissions is primarily driven by the expansion of the investment base, including integration effects.

Similarly, several normalized and governance-related indicators show more stable or improving trends over time. For example, GHG intensity of investee companies declined moderately over the period, and GHG intensity of sovereign exposures showed a sustained decrease.

Exposure-based indicators show moderate improvements. Fossil fuel exposure and the share of non-renewable energy declined slightly. At the same time, energy consumption intensity across high-impact climate sectors shows heterogeneous and, in some cases, significant movements. For example, substantial increases are observed in certain sectors such as Agriculture, Forestry and Fishing and Mining and Quarrying, while other sectors show declining intensity levels. These developments reflect the inherent sensitivity of sector intensity metrics, which can be materially influenced by relatively small portfolio allocations, changes in issuer revenue data, or shifts in sector composition.

Over the longer term, the observed trends suggest that scale effects continue to be the dominant driver of absolute indicators, whereas normalized and governance-related metrics provide a more stable representation of underlying portfolio characteristics.