The Environment

We regard environmental management as an important characteristic of good business practice.

We report on our environmental performance annually as we believe that being transparent about our environmental initiatives is the best way to give our shareholders and other stakeholders a full and complete picture of our efforts in that area.

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Privacy Policy
Environmental Policy

We regard environmental management as an important characteristic of good business practice.

UBS's environmental policy, created in 1993, was last revised by the Group Executive Board in May 2004.

Download "UBS Environmental Policy"
Milestones in Environmental Management

Our commitment to the environment goes back to the 1970s.

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Milestones</th>
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<tbody>
<tr>
<td>1978</td>
<td>The first energy unit</td>
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<td>1989</td>
<td>The first formal energy guidelines</td>
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<tr>
<td>1991</td>
<td>Environmental strategy&lt;br&gt;First environmental performance evaluations of in-house operations in Zurich</td>
</tr>
<tr>
<td>1992</td>
<td>Signatory to the UNEP bank declaration&lt;br&gt;Signatory to the Charter for Sustainable Development of the International Chamber of Commerce ICC&lt;br&gt;First in-house ecology analyses</td>
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<tr>
<td>1993</td>
<td>First environmental policy</td>
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<tr>
<td>1994</td>
<td>Environmental credit assessment procedure for Swiss corporate clients&lt;br&gt;First environmental report</td>
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<tr>
<td>1995</td>
<td>Purchasing guidelines for office ecology&lt;br&gt;Environmental training functional unit</td>
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<tr>
<td>1996</td>
<td>Start of environmental equity analysis for investment advisory services&lt;br&gt;&quot;Environmental management for building construction projects&quot; brochure published</td>
</tr>
<tr>
<td>1997</td>
<td>Eco-Performance-Portfolio Funds&lt;br&gt;Co-operation on the &quot;Environmental Management in Financial Institutions&quot; guidelines, published by the Swiss Bankers Association (SBA)</td>
</tr>
<tr>
<td>1998</td>
<td>New organization and environmental policy at UBS</td>
</tr>
<tr>
<td>1999</td>
<td>The UBS Environmental Management System of is certified according to the international standard for environmental management systems, ISO 14001, covering banking activities worldwide and in-house operations in Switzerland&lt;br&gt;Integration of environmental criteria into UBS's risk and policy framework</td>
</tr>
<tr>
<td>2000</td>
<td>UBS becomes the leading bank and tops the financial sector as a whole for firms included in the Dow Jones Sustainability Group Indexes (DJSGI)</td>
</tr>
<tr>
<td>2001</td>
<td>UBS is included in the FTSE4Good Indexes and the Dow Jones STOXX Sustainability Indexes</td>
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<tr>
<td>2002</td>
<td>ISO 14001 re-certification covering banking activities and in-house operations world-wide</td>
</tr>
<tr>
<td>2003</td>
<td>ISO 14001 surveillance audit confirms successful integration of Wealth Management USA (formerly PaineWebber) into UBS's environmental management system</td>
</tr>
<tr>
<td>2004</td>
<td>UBS's environmental policy revised by the Group Executive Board</td>
</tr>
<tr>
<td>2005</td>
<td>UBS successfully passed the second ISO 14001 re-certification covering banking business and in-house operations worldwide</td>
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</table>
Environmental Management System

In accordance with UBS's environmental policy, our environmental management system ensures a process of continuous improvement as well as compliance with legal regulations and voluntary commitments.

**Impact on Value Drivers**

<table>
<thead>
<tr>
<th>The Environmental Factor</th>
<th>How UBS's commitment to the environment impacts its market value.</th>
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**Environmental Management Cycle**

In 1999, UBS was the first financial institution to obtain certification for its worldwide environmental management system. SGS Société Générale de Surveillance AG awarded the certification, and carries out annual surveillance audits as well as re-certification audits every three years.

**Environmental Organization**

A Group Environmental Representative is nominated by the Group Executive Board to oversee the implementation of the environmental policy in UBS businesses.

**The way forward**

Our priorities for 2005:

- further develop and implement environmental risk control processes for advisory and research
- further develop our Socially Responsible Investment (SRI) product offering
- develop group-wide in-house ecology objectives, with a focus on energy consumption/CO₂ footprint
- pass the 2005 ISO 14001 re-certification audit
- further promote environmental awareness worldwide
Impact on Value Drivers

How UBS's commitment to the environment impacts its market value.

**Competence and responsibility**

We believe that our degree of competence in environmental management as well as seriousness with which we take our responsibilities -- both to society and the environment -- enhances our reputation.

Our environmental reporting shows how UBS's environmental commitment in the individual business areas affects its market value and highlights in particular the effect of the "environmental factor" on different value drivers which play a key role in determining UBS's market value.

**Growth in revenues**

UBS's competence in the analysis of environmental and social factors may constitute an important element when competing for new mandates in the asset and wealth management businesses and is also a factor in retaining existing portfolios. This expertise is increasingly valued by institutional investors.

**Reduced provisioning requirements**

Paying constant attention to the environmental risks involved in lending and investment banking can help lower the need for subsequent provisions.

**Cost of capital**

UBS's environmental management processes reduce the potential for losses caused by environmental hazards, having a direct impact on the value of the firm.

**Operating margin**

Investments in in-house ecology increase eco-efficiency. As well as improving environmental performance by using fewer resources and lowering emissions, they can also reduce the company's costs. This boosts operating margins and may have a positive impact on stock market valuation.
In May 1999, UBS received certification according to the ISO 14001 environmental standard. This made UBS the first financial institution in the world to have its environmental management system in banking operations certified according to ISO 14001 on a worldwide basis. SGS Société Générale de Surveillance AG awarded the certification, and carries out annual surveillance audits as well as re-certification audits every three years.

### Environmental management system

<table>
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<th>Environmental policy</th>
<th>Annual objectives and environmental programs</th>
<th>Organization and implementation</th>
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<td>Controlling and audit</td>
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</table>

### Environmental policy

UBS's environmental policy was first approved in 1993, and last revised by the Group Executive Board in May 2004.

Download “Environmental Policy”

### Structure and responsibilities

The primary responsibility for implementing the environmental policy lies in the Business Groups. The Group Executive Board is responsible for approving the environmental policy, for nominating a Group Environmental Representative and for approving the annual ISO 14001 environmental management review.

The Group Environmental Representative oversees the implementation of the environmental policy within the Business Groups, and is responsible for the further development of the environmental management system in accordance with ISO 14001.

The Business Group Environmental Representative is responsible for the implementation of the environmental policy within his or her Business Group, and develops, where appropriate, further environmental policies and processes that are tailored to the needs of the Business Group.

Environmental organization (see page 11)

### Annual objectives

The Business Group Environmental Representatives submit annual objectives to the appropriate Business Group committees and oversee their implementation. They ensure that appropriate resources are allocated within their Business Group to manage environmental issues arising in risk control, in product development and distribution, and in logistics and infrastructure.

The annual objective-setting process is based upon the analysis of the environmental impact of bank products (as applied to environmental, banking and reputation risks), the environmental performance evaluation of in-house operations (i.e. analysis of the most important energy and materials flows) and the monitoring of compliance with legal and other requirements.

Our priorities for 2005 (see page 4)
Training

To help raise awareness, we regularly provide our employees with information on our commitment to the environment via the intranet and by holding presentations.

Environmental training is key to achieving our environmental goals and having a positive impact on value drivers; it helps employees to focus on client needs, whilst taking environmental aspects into consideration.

Environmental Training (see page 8)

Controlling and audits

UBS has been tracking comprehensive quantitative indicators since 1999 to help measure, monitor and improve the performance of its environmental management. This type of environmental controlling of our activities 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.

The selection of environmental performance indicators (EPIs) is based on the "EPI-Finance 2000" and "VfU Indicators 2003" standards. These standards were developed jointly by several finance and insurance companies including UBS.

Download "Corporate Responsibility Section of UBS Handbook 2004/2005"

The extensive annual internal environmental audits relating to banking activities and in-house operations are of special significance. Their results provide an important basis for the evaluation of the environmental management system and planning for future programs.

In 2004, a total of 148 employees were audited.

Management review

The Business Group Environmental Representatives update their appropriate committees and the Group Environmental Representative via an annual Business Group management review. The Group Environmental Representative then updates the Group Executive Board via the annual ISO 14001 Management Review, informs on the degree of implementation of the environmental policy and on environmental audit results, and submits general environmental objectives. To keep the Group Executive Board up to date with developments in environmental performance throughout the year, environmental aspects are integrated in internal reporting processes.

Further information

The ISO 14001 standard (see page 9)
Compliance with environmental regulations (see page 10)
Environmental Training

Training employees is an integral component of the environmental management system at UBS. It is training that enables us to achieve our environmental goals and the desired impact on value drivers in our various business areas. Training helps employees to focus on client needs, whilst taking environmental aspects into consideration.

Targeted training

Environmental training at UBS does not aim to give all employees a general grounding in environmental concepts, but systematically selects specific target groups who have the most potential impact on our environmental performance.

These target groups may be specialists or employees who have a significant role to play in our corporate culture. The specialists include investment advisors, credit officers and operators of technical systems. We ensure that the environment influences our corporate culture by training new employees, junior staff and managers in ecological issues.

Each training unit is tailor-made and designed to be as realistic as possible, i.e. it focuses on the specific task facing the target group within the environmental management system. Wherever possible, these modules are not stand-alone solutions, but form part of our existing standard training, enabling us to incorporate environmental aspects in the relevant business processes.

Performance indicators are compiled regularly to show how well the agreed measures have been implemented and how many people from the relevant target groups have been trained.

Examples

In 2004, the in-house ecology unit outside of Switzerland conducted specialized training for 159 employees and key vendors that oversee and manage our facilities globally.

In Switzerland, as part of the welcome day for new employees, 606 employees were made aware of UBS’s environmental initiatives. These efficient awareness-raising campaigns take place in each major Swiss location, and are conducted through either classroom presentations or an exhibition stand.

In 2004, a total of 2,266 UBS employees were trained in environmental issues.
The ISO 14001 Standard

The ISO 14001 international standard specifies requirements for an environmental management system to enable an organization to develop and implement a policy and objectives which take into account legal requirements and information about significant environmental aspects. The basis of the approach is a management cycle consisting of planning, implementation, checking and management review.

The overall aim of ISO 14001 is to support environmental protection and prevention of pollution in balance with socio-economic needs.

The key elements of an ISO 14001 EMS are:

- **Environmental policy**
  the environmental policy and the requirements to pursue this policy via objectives, targets, and environmental programs

- **Planning**
  the analysis of the environmental aspects of the organization (including its processes, products and services as well as the goods and services used by the organization); the analysis of legal requirements

- **Implementation and operation**
  implementation and organization of processes to control and improve operational activities that are critical from an environmental perspective (including both products and services of an organization)

- **Checking and corrective action**
  checking and corrective action including the monitoring, measurement, and recording of the characteristics and activities that can have a significant impact on the environment

- **Management review**
  review of the EMS by the organization's top management to ensure its continuing suitability, adequacy and effectiveness

- **Continual improvement**
  the concept of continual improvement is a key component of the environmental management system; it completes the cyclical process of plan, implement, check, review and continually improve.

**Further information**

Compliance with Environmental Regulations (see page 10)
Compliance with Environmental Regulations

Demonstrating and upholding environmental legal regulations.

In three steps

With regard to compliance with all in-house legal environmental regulations, UBS has defined the following procedure in accordance with the ISO 14001 standard.

The first stage consists of compiling legal environmental regulations. This takes place in co-operation with internal and external legal experts employing standardized tools (systematic collection of national laws), subscription to digital compilations of environmental law, etc.

In the second stage, the relevant legal articles are classified according to topics and target groups and made available to the staff concerned in an appropriate form, preferably via the intranet, in order to ensure current relevance, speed and easy access. Our environmental units regularly monitor the latest environmental laws to check their relevance for UBS and to ensure their availability.

In the final stage, regular internal audits ensure that all environmental regulations are complied with. If, unexpectedly, deficiencies or irregularities occur, appropriate remedial action is taken.

Also of relevance, apart from environmental laws, are sector agreements or voluntary commitments towards authorities. These are taken into account where appropriate and are dealt with in the same way as environmental legislation.
Environmental Organization

A Group Environmental Representative nominated by the Group Executive Board oversees the implementation of the environmental policy within the Business Groups and is responsible for the further development of the environmental management system in accordance with ISO 14001. He or she updates the Group Executive Board via the annual ISO 14001 management review and is supported by a Group Environmental Policy unit, ensuring a coherent and consistent approach to environmental management across UBS.

Investment Bank

Risk management: the Environmental Competence Center provides support to the business and control functions when requested, promotes awareness and devises environmental education programs.

Market opportunities: a team of sell-side analysts in the Investment Bank’s equity research department monitors ratings provided by outside agencies on environmental, corporate governance and other SRI factors. The team produces original research on areas of increasing or diminishing risk and organizes collaborative research by analysts on the companies and industries they cover around emerging SRI themes and also works to quantifying their effects on share prices.

In-house ecology: the Global Ecology unit establishes and maintains the environmental management system in terms of in-house ecology at major locations outside Switzerland, across all Business Groups.

Wealth Management USA

Risk management and market opportunities: the Risk Control unit independently monitors, assesses and supervises the businesses in implementing the environmental policy.

In-house ecology: the unit within the Investment Bank is in charge of in-house ecology for locations outside Switzerland.
**Global Asset Management**

Market opportunities: the Socially Responsible Investments unit conducts environmental and social research for UBS socially responsible investment (SRI) products and is also responsible for the UBS Responsibility Funds.

**UBS Responsibility Funds**

In-house ecology: the unit within Wealth Management & Business Banking is in charge of in-house ecology for all locations in Switzerland, while the unit within the Investment Bank is responsible for locations outside Switzerland.

**Wealth Management & Business Banking**

Risk management: the Environmental Risk Competence Center (Ecofact AG) supports the credit business of Wealth Management & Business Banking in maintaining the environmental management system for risk-related issues. It provides support in developing risk assessment procedures and training employees, and carries out in-depth assessments of transactions involving significant environmental risks.

Market Opportunities: the Products & Services Business Area takes the lead on initiatives to explore and exploit environmental market opportunities. Its current focus lies on an extended offering of socially responsible investment products to clients in booking center Switzerland.

In-house ecology: the Environmental Management unit is in charge of in-house ecology in Switzerland across all Business Groups (energy, purchasing, waste and recycling, water, hazardous materials and transport). The Global Ecology unit within the Investment Bank is responsible for in-house ecology in locations outside Switzerland.

**Corporate Center / IT Infrastructure**

In-house ecology: a program manager has been assigned to coordinate the environmental management system in ITI, the newly formed IT infrastructure unit in Corporate Center that is responsible for all of UBS's businesses IT infrastructure worldwide.
Market Opportunities

Our environmentally and socially sensitive customer base demands that asset management decisions take into account environmental and social aspects as well as economic ones.

Environmental Factors
Learn more about environmental issues and the implementation of processes in asset and wealth management. You can also read about the benefits to the environment and to UBS's market value.

Socially Responsible Investments
Learn more about the socially responsible investment products UBS offers to both private and institutional investors.

Case Studies
Case studies show our environmental policy in action in daily business.
- UBS launches new SRI fund (page 16)
- SRI Equity Research: why try to quantify the unquantifiable? (page 17)
- Engaging in SRI (page 18)
- Third-party SRI offering in the US (page 19)

The way forward
We want to further develop our Socially Responsible Investment (SRI) product offering to our environmentally and socially sensitive clients.
There are a number of factors involved in acquiring new client assets, including the financial performance of products, the level of service offered and the company's reputation. The firm's expertise in incorporating environmental and social aspects into its company research, and the offering of a variety of socially responsible investment (SRI) products, can be important factors when seeking to attract new investors.

In addition to financial considerations, SRI takes into account environmental, social and ethical criteria, reflecting markets and investors' own values and priorities. There are three main approaches:

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

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

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

UBS offers all three types of socially responsible investment products.
Socially Responsible Investments

UBS offers several Socially Responsible Investment (SRI) products and services to both private and institutional investors.

In continental Europe and Japan, UBS offers a number of funds applying positive criteria. The investment strategy for core products focuses on a combination of exemplary sector leaders and forward-looking small and medium-sized companies (innovators) with superior financial, environmental and social performance.

**UBS Responsibility Funds**

In the UK, Global Asset Management's approach is one of focused engagement, seeking to influence companies' policies and behavior rather than excluding them. "Corporate Governance and Socially Responsible Investment Policies" were adopted in response to the UK Pension Fund Act, thereby including SRI criteria in its corporate governance activities.

The Investment Bank provides sell-side research produced by the SRI Equity Research team. It also issued an open-end index certificate which tracks the FTSE 4Good Europe 50 Index as well as share baskets in new energy technology and water:

- FTSE 4Good open-end certificate
- Fuel Cell Baskets 3
- Water Certificate

Our wealth management businesses around the world also offer SRI products from third-party providers.
Pursuant to our Environmental Policy, we seek to take advantage of the financial market for environmentally products and services. UBS started offering Socially Responsible Investments (SRI) in 1997, and we are continuously seeking to adapt our product offering to satisfy market demand.

In July 2005, Global Asset Management launched a new SRI fund, the UBS (Lux) Responsibility Fund - European Equity, and brought all SRI products under a unique fund umbrella called UBS Responsibility Funds.

The new fund was launched in response to the results of two market surveys:

In the first, a representative sample of private investors were interviewed. The results confirmed findings made in previous surveys, showing that while many investors express an awareness (35%) and an interest (25%) in SRI, few have actually taken the active step of buying these products. In the second, 70 institutional investors from various European countries as well as from the USA and Australia were surveyed. The responses showed that the market for SRI in this client segment is expected to grow moderately, and that 40% of the investors planned to increase their SRI investments in the next three years.

In parallel to this launch, UBS is conducting an internal awareness campaign to increase the visibility of UBS's SRI fund offering with Wealth Management client advisors.
Responding to steady demand from clients for SRI advice, the Investment Bank created in 2004 an SRI team within Equity Research. Among others, these sell-side analysts research areas of increasing or diminishing risk, working on quantifying the effects of social and environmental issues on companies’ share prices.

In Equity Research, identifying the material SRI issues presents challenges. We think three things help determine which environmental and social issues are critical: what society sees as important; the nature of the competitive pressures facing firms in an industry; and how costs and benefits are (or will be) distributed between stakeholders.

The SRI Equity Research team views potential corporate social liabilities (unrecognized social and environmental costs) as just another claim on the business, alongside debt, equity and pension provisions. This makes it clear that social and environmental costs can compete with shareholders’ equity, so they are value drivers.

This approach can be used in the context of the utility and cement industries to indicate that investment by firms in CO₂ emission reduction can also reduce costs, and risk, thereby enhancing profit in the medium term. This suggests that investment, by firms, in the reduction of social and environmental costs can enhance shareholder value.
Case Studies
Engaging in SRI

In the UK, Global Asset Management considers some key SRI (socially responsible investment) criteria when choosing investments for its clients. These criteria include the corporate environmental policy, management and reporting of the companies in which it might invest.

This approach to SRI is one of “focused engagement”: companies are not screened on SRI grounds alone, rather Global Asset Management UK takes the opportunity as an investor to influence companies’ policies and behavior.

Global Asset Management has had several successes with individual companies but perhaps its largest engagement activity to date has been its involvement in the Carbon Disclosure Project. Through this, it collaborates with other institutional investors to write to the 500 largest quoted companies in the world asking for information concerning their greenhouse gas emissions.

The project asks companies to identify the business implications of their exposure to climate-related risks and explain what they are doing to address these risks. In 2004, 45% of the 500 companies believed climate change represents a risk or an opportunity, with 65% of companies in high-impact sectors now measuring and reporting emissions.
Case Studies
Third-party SRI offering in the US

Wealth Management USA offers a wide selection of non-proprietary SRI funds to our private clients in the US. During 2004, as many as 59 third-party SRI mutual funds were offered. Since December 2003, assets invested in these mutual funds experienced an increase of 65% to total CHF 217 million at the close of 2004. The reason for this favorable development is a combination of increased client demand and market appreciation.
Risk Management

Being able to accurately assess risks – including environmental risks – is crucial to UBS’s success.

Environmental Factors

Learn more about the nature of environmental risk in banking, and about UBS’s overall approach to environmental risk management.

Environmental Policies and Processes

Learn more about environmental risk management policies and processes in the various Business Groups:

- Investment Bank (page 22)
- Wealth Management USA (page 23)
- Wealth Management & Business Banking (page 24)

Case Studies

Case studies show our environmental policy in action in daily business.

- Wealth Management & Business Banking (page 25)
- Investment Bank (page 26)

The way forward

Our group-wide priority for risk management in 2005 is to further develop and implement environmental risk control processes for advisory and research. In addition, the Business Groups will also focus on the following issues:

The Investment Bank intends to complete its environmental risk training program in the Americas and Europe in 2005 and then roll out a similar program to the Asia Pacific region.

Within Wealth Management & Business Banking, the focus in 2005 will be on further developing risk control procedures specifically tailored at transactions with complex counterparties in Business Banking, such as structured finance, commodity trade finance, real estate finance, and export finance.

Wealth Management USA will continue to implement the environmental risk management program, focusing in 2005 on the expansion of due diligence procedures to include an evaluation of environmental risk.
Adequate assessment of the risk involved in an investment banking or lending transaction is crucial to our success. Environmental aspects can be important when assessing the overall risk of a financial transaction. Pursuant to our Environmental Policy, we therefore duly consider environmental risks in our risk management processes, especially in lending, investment banking, advisory and research.

Environmental aspects may influence a client's earnings, assets or reputation. A corporate client polluting air or water might be fined and his production sites may require unexpected investments. Owners of real estate may find the worth of their assets reduced by exposure to natural hazards or contamination. Corporate clients may also incur liability or reputation risks if they are involved in illegal or controversial activities.

For UBS, a failure to identify, manage or control these environmental risks can manifest itself across a wide variety of risks inherent to our business activities, such as credit risks or liability risks. It is therefore UBS's policy to assess the environmental risks of all relevant transactions.

The firm can take several courses of action if a transaction carries environmental risks. It can refuse the transaction if the risks involved cannot be calculated or estimated, if they are too substantial or if merely reviewing these risks would entail an excessive amount of work. In case of a loan, it can demand a higher risk premium or additional collateral, and it can reduce the term of the loan or repayment period. Alternatively, it can offer advisory services or act as agent.
The Investment Bank Global Environmental Risk Policy is based on UBS AG’s Environmental Policy and was approved in 1999. The purpose of the policy is to ensure that appropriate consideration is given to environmental risk. It applies globally to all transactions, services and activities performed by the Investment Bank and involving environmental risks.

Although the Investment Bank’s policy is the foundation for risk identification, it is its due diligence process that promotes identification at an early stage. The Investment Bank performs due diligence on all counterparties prior to engaging in a business relationship. The depth of an environmental analysis is based in part on its risk classification, on UBS’s familiarity with the counterparty, and on comfort with the contents of the prospectus provided by the client. In the initial due diligence phase, environmental factors are screened by Investment Banking staff. If there are indications of significant environmental risk, external environmental specialists may be hired to provide a detailed environmental assessment. External international standards such as the World Bank guidelines may assist in such environmental assessments.

An important due diligence tool that facilitates the bank’s ability to identify, analyze and manage environmental and social risks is an online research portal and advisory license with Innovest Strategic Value Advisors. Innovest is an institutional investment research firm that uses a rating scale similar to Moody’s and S&P but with a focus on non-traditional drivers of investment risk and returns (a companies’ environmental, social, and governance performance). Via this portal employees globally are able to access over 2,000 company and 60 sector reports.
Environmental Policies & Processes
Wealth Management & Business Banking

In the Wealth Management & Business Banking Business Group, policies and processes adapted to client segments, transaction size and risk exposure control environmental risks in credit transactions. As a principle, these procedures are designed as integral parts of credit and rating procedures.

The standard environmental risk assessment follows a three-step approach: the responsible client advisor carries out a first screening. This step covers financial risks linked to environmental aspects such as compliance with environmental legislation, polluted or contaminated sites and natural hazards. If the risks cannot be fully ruled out during the first screening, a credit officer initiates a second screening and decides whether the risks identified are transparent enough for the credit decision to be taken. Transactions entailing significant environmental risk undergo a third step, a detailed environmental assessment – a service provided by the Business Group’s environmental risk unit.

One of the factors considered in the rating of corporate clients is the client’s awareness of environmental risk.

If a transaction poses substantial environmental risks, the bank can take several courses of action. It can adapt the terms of the loan contract, it may advise the client on how to mitigate environmental risks, or it may decline the transaction altogether.
A risk assessment was completed to evaluate the level of environmental risk inherent to each of the products and services offered by Wealth Management USA. Based on the risk assessment, loans and municipal securities were selected for the development of additional environmental risk evaluation procedures. The procedures require examination of environmental risks and analysis, to better evaluate the environmental risk associated with transactions within the product line and where necessary escalate for further review.
Environmental risks rarely block the granting of a loan as solutions can often be found that minimize risks for both the firm and clients as the case study below illustrates.

One of our clients was planning to convert an old watch factory into residential lofts and applied for a loan to do so.

While reviewing the file, the client's advisor at UBS became worried that the soil and the building itself might be contaminated as it had been a heavily used industrial site for decades. To make sure, UBS's environmental risk unit commissioned an expert to analyze whether the site was polluted or not. Soil samples were taken, drainage was inspected and interviews held with the watch factory's former employees.

The results showed that the site was not contaminated, making the risk -- both to the bank and client -- more transparent. The results will also aid the client in negotiating sales with future buyers of the lofts.

In short, the example above shows how environmental risk assessment not only contributes to sound management decisions in the context of any investment project but also substantially reduces risks for both UBS and its clients.
Case Studies
Investment Bank

UBS was approached to issue a senior credit facility and act as co-manager for a high-yield bond offering for a chemical company.

Environmental risks in the chemical sector are potentially significant and may include soil and water contamination, use of raw materials, legal liabilities and general public opposition.

As part of its due diligence, UBS performed a Phase I and II evaluation of the counterparty. Phase I due diligence focused on identifying and characterizing significant potential environmental, health and safety liabilities associated with past and current practices at the facility or with off-site sources. Phase II environmental site assessments characterized the nature and extent of potential contamination and produced estimates of the costs of remediation. UBS made sure that reserves, including cash reserves, were established for remediation and potential liabilities.

Based upon the internal and external assessments, UBS concluded that it was comfortable engaging in a business relationship with the counterparty because it had provided the following warranties:

- the counterparty was complying with the requirements of the regulatory authorities;
- the counterparty created a reserve for historical environmental cleanup issues;
- the counterparty recognized future capital costs and budgeted for new wastewater technologies.
In-House Operations

Energy management and in-house ecology enhance operating margins. The more efficiently and sparingly the Bank uses its resources and hence reduces emission levels, the lower its costs will be.

Environmental Factors
Learn more about environmental issues and the implementation of processes in in-house operations. You can also read about the benefits to the environment and to UBS's market value.

Case Studies
The following case studies illustrate our environmental policy in action:

- Energy efficiency (page 29)
- Purchasing from renewable energy sources (page 30)
- Building ecology (page 31)
- Waste reduction and recycling (page 32)
- Better information means better safety (page 33)
- Using the right paper in the right place (page 34)
- Greener supply chains (page 35)
- Promoting awareness (page 36)

The way forward
Our priority for 2005 is to develop group-wide in-house ecology objectives, with a focus on energy consumption/ CO₂ footprint.

Measuring results
Pursuant to our environmental policy, we constantly seek ways to improve our environmental performance. In 2004, CO₂ emissions directly and indirectly released by UBS declined by more than 17% from a year earlier, a result of the cleaner energy mix purchased in London. 26% of the energy we consumed came from renewable energy sources and district heating, a significant improvement from a year earlier. Moreover, the percentage of waste we recycle is now 70%, up from 32% in 2001.

Environmental Performance Indicators (page 37)
The Environmental Factor In-House

We impact the environment in a number of ways. Our business consume electricity, employees travel for business purposes, they use paper and generate waste in the course of their work, and offices require heating and cooling systems.

Improving our use of these resources can boost operating margins and enhance environmental performance.

Professional know-how and an efficient environmental management system allow UBS to use resources better and bring down costs:

The level of environmental performance necessary to comply with regulatory requirements can be achieved as effectively and cost-efficiently as possible.
Costs can be lowered simply by improving internal processes or implementing technical measures, such as adjusting the heating or air conditioning of a building.
Reducing the Bank's impact on the environment can be achieved using intelligent engineering at no additional cost, for example in building services.
Energy represents an important environmental impact area for UBS and is a major contributor to our overall greenhouse gas emissions. Our improvement targets therefore include investments in energy-efficient technology. Energy reduction is mainly achieved by investing in energy efficient plant equipment and encouraging good housekeeping measures, such as requiring that inactive PCs and office equipment be turned off.

A good example of our investment in energy efficient technology is the recently installed On Floor Control System that was deployed to monitor and control lighting and heating/cooling systems in London buildings. The objective of this system is to provide building managers with a flexible solution that will improve and enhance maintenance, monitoring and energy management.
Although UBS aims to minimize energy use through investment in energy-efficient buildings and technology, there is still an increasing demand for energy owing to business expansion and volume growth. To help to minimize the effect of this growth in terms of emissions, we are also looking at ways of buying cleaner energy wherever practical.

In London, we recently renewed our electricity tariff so that our electricity is 100% exempt from the Climate Change Levy (CCL), guaranteeing that our energy is generated by either renewable or high quality combined heat and power sources. The process for renewing the energy tariff agreement consisted of obtaining competitive bids from a number of suppliers based on alternative energy mix scenarios (i.e. ranging from traditional brown energy to 100% CCL-exempt). The result was that the green energy bid worked out as being the most cost effective owing to the effect of the UK climate change levy exemption – so the best solution for the environment also meant the best solution for the bottom line. The precise mix of renewable and combined heat and power energy is dependent upon the supply market and is reported on by the supplier on an annual basis. As a minimum, this is expected to result in a 25% decrease of the greenhouse gas emissions and environmental footprint caused by our electricity consumption in the UK.
Case Studies

Building Ecology

UBS aims to take environmental concerns into account in its construction projects in order to improve the sustainability of its buildings. To this end, UBS has produced a range of guidance and training documents. In Switzerland, it has collaborated with the Swiss Federal Office for Construction and Logistics and an external consulting firm to produce a brochure entitled "Environmental management of construction projects". These documents are intended as a guide for project teams on incorporating sustainability into construction projects. It allows the people who use and run buildings to reduce environmental impact and thus the cost of building management, as well as to create a better working environment.

Around 300 UBS project managers and engineering specialists have been trained worldwide in the environmental management of construction projects over the past few years. Our environmental management system requires project managers to report on the measures taken to achieve increased sustainability in construction projects.

In addition, UBS also seeks to realize opportunities for environmental improvements in and around existing premises. Two recent examples illustrate this endeavor:

In 2004, UBS in Geneva made the roof of one of its larger buildings available for installing over 1200 solar panels. Together, they produce around 150'000 kWh per year and represent one of the largest solar installations in Geneva. The solar panels are owned and operated by a solar utility company, with the electricity produced fed back into the city's grid.

The grounds around a major UBS building in Zurich were awarded in 2004 a "nature park" label by the Swiss foundation "Natur & Wirtschaft". The goal of the foundation is to encourage firms to contribute to conservation and biodiversity on land surrounding their buildings, in particular in urban and industrialized areas. Criteria required to be awarded the label include the planting of indigenous species, no herbicides, pesticides or fungicides, and that the grassland may not be cut more than twice a year.

Download "Environmental management in construction ecology" (in German only) 📝
Waste reduction and recycling has been one of the major focus areas since the environmental management system was extended to offices outside Switzerland in 2002.

As recycling is one of the most visible environmental impacts of in-house operations, initiatives in this area help to encourage staff engagement in the ISO 14001 program. New or enhanced office recycling programs have been introduced in all major office locations internationally (New York, Stamford, New Jersey, Chicago, London, Singapore, Hong Kong, Sydney, Tokyo and Melbourne).

**Recycling stationery**

London and New York employees are encouraged to use recycled stationery and return excess items for reuse. With nearly 3500 items reissued in 2004 the initiative has been very successful and obviously has a positive environmental impact through the reduction of waste and the consumption of natural resources. Moreover, with the value of re-issued items currently running at about 5% of the annual stationery bill, this also represents genuine savings.

**Office recycling program**

Following the introduction of the environmental management system in 2002, global targets were adopted to minimize waste and maximize opportunities for recycling. Since then, the office-recycling program in London has expanded to cover more than a dozen recycling categories - all buildings now have separate bins for cans, plastic bottles, cups, newspapers and mixed paper either within the office or in common staff areas. In addition to office wastes, electronic equipment, fluorescent tubes, batteries and certain hazardous substances are also recycled. This means that, overall, more than 50% of the waste generated in our London offices are now being diverted away from landfill or incineration.

**Used toner recycling program**

Used printer, fax machine, and copy machine cartridges comprise a significant portion of office waste in London. The plastic used in each toner cartridge contains approximately two deciliters of oil. Because of that, UBS has implemented a program to recycle toner cartridges and we now only purchase re-manufactured cartridges.
Even a service provider like UBS has environmental risks to contend with in-house – for example, from the storage of chemical materials or when operating heating or IT systems. It is therefore essential that we take due care in dealing with these risk factors to ensure the safety of our employees and to protect the environment.

Compliance with legal requirements is a matter of course for UBS and regularly forms part of our internal and external checks, not least because it is one of the main prerequisites for retaining our ISO 14001 certification. Brochures are an important means of informing employees about how to handle risks correctly, as they contain specific instructions on what to do.

With these print media in the areas of environmental protection, environmental law and safety at work, UBS is striving for more than just compliance with legal requirements. Tips and standards help to reduce risks further and save costs.

Environmental law in in-house operations

To comply with current Swiss environmental requirements, UBS has issued guidelines on environmental law in in-house operations. These apply to all UBS locations throughout Switzerland and contain concrete information that is structured according to area of activity. The guidelines include information on carrying out tank checks, storing products which may be hazardous to water and how to use fire extinguishers correctly. These instructions are of a binding nature and form part of the regular internal and external environmental audits.

Download “Environmental legal compliance in in-house operations” (in German only)

Implementing safety standards

The legal provisions governing safety at work require companies to identify situations which could pose a threat to the health and safety of their employees.

UBS has drawn up guidelines on implementing safety standards when handling office materials and equipment at work. This document defines measures for preventing accidents in connection with office materials and equipment at work and explains what to do in the event of such an accident.

The guidelines contain, among other things, activity-specific documentation and product sheets, information on protective equipment and notes on key first-aid procedures.

Guidelines:

Download "Film units and print units" (in German only)
Download “TGM / IGM incl. painters and carpenters” (in German only)
Case Studies
Using the Right Paper in the Right Place

Purchasing environmentally friendly paper

In 2004 in Switzerland, UBS purchased 5202 tons of paper, representing an important part of the environmental impact of UBS's in-house operations. The quantity and type of paper used is therefore an objective within UBS's environmental management program.

Information folder for materials officers

Materials officers in Switzerland receive a comprehensive information folder on the purchase and use of paper. The folder contains notes on the advantages of using recycled paper within the company in terms of costs and environmental impact. It also offers tips and measures to reduce paper consumption. Stickers for correctly identifying paper trays resulted in a significant increase in the percentage of recycled paper used in offices.

Download: Information folder (in German only)  📬
Case Studies
Greener Supply Chains

UBS favors suppliers which can demonstrate good environmental and social performance.

In order to increase the use of environmentally friendly office supplies, a number of environmentally friendly products were added to the overall office supplies product range. Employees responsible for procurement are provided with a description of these products, along with their ecological labels. For example, environmental factors were integrated into a recent tender for office print devices and played a major part in the selection process. Specific factors included; integrated paper saving features, use of re-manufactured components, low use of toner and energy saving measures.

UBS engages with selected suppliers in order to improve social and environmental conditions in the countries in which its corporate gifts are produced. In 2002, for example, the ten most important suppliers of corporate gifts were invited by Wealth Management & Business Banking to a one-day workshop, where they were briefed on our social and ecological purchasing criteria. Furthermore, 14 audits and re-audits were conducted in 2003 and 2004 in Portugal and in China by the Société Générale de Surveillance AG to check compliance with ecological and social standards.
Case Studies
Promoting Awareness

Raising awareness among staff and contractors as well as to external parties is a key part of UBS's environmental management system.

As part of UBS's commitment to environmental management, a UBS environment day event was held at our London conference center in November 2004. The day consisted of several speakers and case studies of existing environmental initiatives. The day not only provided an opportunity to raise awareness among employees of the firm's environmental program but also to create links with business "peers" to encourage involvement in environmental activities. The day was very successful and the format will be replicated in other locations in the future.
Every year, we analyze our environmental and CO$_2$ footprints. The results from the graph and tables below show that the major areas where UBS has a direct impact are, in order of importance, energy consumption, business travel, paper consumption, and waste.

**Environmental and CO$_2$ Footprints**

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 non-renewable energy consumed.

CO$_2$ footprint: shows the global warming potential of a process, including all relevant upstream and downstream processes. The CO$_2$ footprint equals the quantity of CO$_2$ and other greenhouse gases that emerge through the corresponding energy consumption process.

From the graph above, results in 2004 show that the type of energy mix we purchase has a strong influence on our overall environmental and CO$_2$ footprint. In 2004, 26% of the energy we consumed came from renewable energy sources and district heating, a significant improvement from a year earlier.
Overall, our energy consumption in 2004 declined slightly from a year earlier. The reasons for the overall drop were energy efficiency gains in some of our larger offices around the world and the closure of a building in London last year. In the medium-term, increased data warehousing demands and our business growth might trigger a rise in energy consumption. Buoyant financial markets, particularly in the first half of the year, led to a sharp increase in air travel for business reasons following two years of steady decline.

Our consumption of waste, water and paper remained relatively flat year-on-year. The waste recycling ratio increased to 70% from 59% due to an increased focus on recycling programs in all areas as well as heightened staff awareness. CO₂ emissions directly and indirectly released by UBS (see GRI EN8 line in table) declined by more than 17% from a year earlier, a result of the cleaner energy mix purchased in London.

<table>
<thead>
<tr>
<th>Ratio indicators per FTE</th>
<th>2004</th>
<th>Trend</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct energy</td>
<td>kWh/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13,855</td>
<td>→</td>
<td>14,659</td>
<td>13,394</td>
</tr>
<tr>
<td>Total indirect energy</td>
<td>kWh/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>26,195</td>
<td>↓</td>
<td>29,986</td>
<td>26,962</td>
</tr>
<tr>
<td>Total business travel</td>
<td>Pkm/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,694</td>
<td>↑</td>
<td>7,831</td>
<td>8,040</td>
</tr>
<tr>
<td>Total paper consumption</td>
<td>kg/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>198</td>
<td>→</td>
<td>218</td>
<td>213</td>
</tr>
<tr>
<td>Total water consumption</td>
<td>m³/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28.0</td>
<td>→</td>
<td>27.8</td>
<td>25.8</td>
</tr>
<tr>
<td>Total waste</td>
<td>kg/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>362</td>
<td>→</td>
<td>395</td>
<td>418</td>
</tr>
<tr>
<td>Total environmental footprint</td>
<td>kWh/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>40,562</td>
<td>→</td>
<td>43,581</td>
<td>40,370</td>
</tr>
<tr>
<td>Total CO₂</td>
<td>t/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.87</td>
<td>↓</td>
<td>4.80</td>
<td>4.07</td>
</tr>
<tr>
<td>CO₂ footprint</td>
<td>t/FTE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.38</td>
<td>→</td>
<td>7.91</td>
<td>7.06</td>
</tr>
</tbody>
</table>

¹ GHG scope 1 and 2. ² GHG scope 1, 2 and 3.
### Absolute indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total direct energy</strong></td>
<td><strong>EN3</strong></td>
<td>934 GWh</td>
<td>**</td>
<td>➔</td>
<td>966 GWh</td>
</tr>
<tr>
<td>Direct intermediate energy purchased</td>
<td><strong>EN3</strong></td>
<td>753 GWh</td>
<td>**</td>
<td>➔</td>
<td>771 GWh</td>
</tr>
<tr>
<td>electricity from hydroelectric power stations</td>
<td></td>
<td>15%</td>
<td>**</td>
<td>➔</td>
<td>17%</td>
</tr>
<tr>
<td>electricity from biomass and waste power stations</td>
<td></td>
<td>6%</td>
<td>**</td>
<td>➔</td>
<td>0%</td>
</tr>
<tr>
<td>electricity from wind power stations</td>
<td></td>
<td>1.5%</td>
<td>**</td>
<td>➔</td>
<td>1.3%</td>
</tr>
<tr>
<td>electricity from other renewable resources</td>
<td></td>
<td>5.7%</td>
<td>**</td>
<td>➔</td>
<td>4%</td>
</tr>
<tr>
<td>district heating</td>
<td></td>
<td>3.1%</td>
<td>**</td>
<td>➔</td>
<td>3.1%</td>
</tr>
<tr>
<td>electricity from nuclear power stations</td>
<td></td>
<td>30%</td>
<td>**</td>
<td>➔</td>
<td>31%</td>
</tr>
<tr>
<td>electricity from gas-fired power stations</td>
<td></td>
<td>16%</td>
<td>**</td>
<td>➔</td>
<td>19%</td>
</tr>
<tr>
<td>electricity from oil-fired power stations</td>
<td></td>
<td>5.5%</td>
<td>**</td>
<td>➔</td>
<td>5.5%</td>
</tr>
<tr>
<td>electricity from coal-fired power stations</td>
<td></td>
<td>16%</td>
<td>**</td>
<td>➔</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Direct primary energy consumption</strong></td>
<td></td>
<td>182 GWh</td>
<td>**</td>
<td>➔</td>
<td>196 GWh</td>
</tr>
<tr>
<td>natural gas</td>
<td><strong>EN3</strong></td>
<td>84%</td>
<td>**</td>
<td>➔</td>
<td>81%</td>
</tr>
<tr>
<td>heating oil</td>
<td><strong>EN3</strong></td>
<td>13%</td>
<td>*</td>
<td>➔</td>
<td>16%</td>
</tr>
<tr>
<td>fuels (petrol, diesel, gas)</td>
<td><strong>EN3</strong></td>
<td>2.7%</td>
<td>**</td>
<td>➔</td>
<td>3.2%</td>
</tr>
<tr>
<td>renewable energy (solar power, biogas, etc.)</td>
<td></td>
<td>0.04%</td>
<td>***</td>
<td>➔</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total indirect energy</strong></td>
<td><strong>EN4</strong></td>
<td>1,766 GWh</td>
<td>**</td>
<td>➔</td>
<td>1,977 GWh</td>
</tr>
<tr>
<td>Total business travel</td>
<td><strong>EN34</strong></td>
<td>721 Mio. Pkm</td>
<td>**</td>
<td>➔</td>
<td>516 Mio. Pkm</td>
</tr>
<tr>
<td>rail travel</td>
<td></td>
<td>5.3%</td>
<td>*</td>
<td>➔</td>
<td>5%</td>
</tr>
<tr>
<td>road travel</td>
<td></td>
<td>1%</td>
<td>*</td>
<td>➔</td>
<td>1.5%</td>
</tr>
<tr>
<td>air travel</td>
<td></td>
<td>94%</td>
<td>*</td>
<td>➔</td>
<td>94%</td>
</tr>
<tr>
<td><strong>Number of flights (segments)</strong></td>
<td></td>
<td>344,454</td>
<td>**</td>
<td>➔</td>
<td>267,530</td>
</tr>
<tr>
<td>Total paper consumption</td>
<td><strong>EN1</strong></td>
<td>13,378 t</td>
<td>**</td>
<td>➔</td>
<td>14,393 t</td>
</tr>
<tr>
<td>post-consumer recycled</td>
<td><strong>EN2</strong></td>
<td>8.3%</td>
<td>**</td>
<td>➔</td>
<td>8.4%</td>
</tr>
<tr>
<td>new fibres ECF = TCF</td>
<td></td>
<td>92%</td>
<td>**</td>
<td>➔</td>
<td>91%</td>
</tr>
<tr>
<td>new fibres chlorine bleached</td>
<td></td>
<td>0%</td>
<td>**</td>
<td>➔</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total water consumption</strong></td>
<td><strong>EN5</strong></td>
<td>1.89 Mio. m³</td>
<td>*</td>
<td>➔</td>
<td>1.83 Mio. m³</td>
</tr>
<tr>
<td>drinking water</td>
<td></td>
<td>100%</td>
<td>*</td>
<td>➔</td>
<td>100%</td>
</tr>
<tr>
<td>total waste</td>
<td><strong>EN11</strong></td>
<td>24,421</td>
<td>*</td>
<td>➔</td>
<td>26,034 t</td>
</tr>
<tr>
<td>valuable materials separated and recycled</td>
<td></td>
<td>70%</td>
<td>*</td>
<td>➔</td>
<td>59%</td>
</tr>
<tr>
<td>incinerated</td>
<td></td>
<td>9.9%</td>
<td>*</td>
<td>➔</td>
<td>7.7%</td>
</tr>
<tr>
<td>landfilled</td>
<td></td>
<td>20%</td>
<td>*</td>
<td>➔</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Total environmental footprint</strong></td>
<td></td>
<td>2,735 GWh</td>
<td>**</td>
<td>➔</td>
<td>2,873 GWh</td>
</tr>
<tr>
<td>Total CO₂ (GHG scope 1 and 2)</td>
<td><strong>EN8</strong></td>
<td>261,049 t</td>
<td>*</td>
<td>➔</td>
<td>316,241 t</td>
</tr>
<tr>
<td>Direct CO₂ (GHG scope 1)</td>
<td><strong>EN8</strong></td>
<td>15%</td>
<td>*</td>
<td>➔</td>
<td>13%</td>
</tr>
<tr>
<td>Indirect CO₂ (GHG scope 2)</td>
<td><strong>EN8</strong></td>
<td>85%</td>
<td>*</td>
<td>➔</td>
<td>87%</td>
</tr>
<tr>
<td>CO₂ footprint (GHG scope 1, 2 and 3)</td>
<td></td>
<td>497,371 t</td>
<td>*</td>
<td>➔</td>
<td>521,480 t</td>
</tr>
</tbody>
</table>

**Legend:** GWh = giga watt hour; Pkm = person kilometers; t = tons; m³ = cubic meters.

1 All figures are based on the level of knowledge as of the end of February 2005.
2 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.
3 Non-significant discrepancies from 100% are possible due to rounding errors.
4 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.
5 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% (↓).
6 Refers to energy consumed within the operational boundaries of UBS (electricity and district heating).
7 Refers to primary energy purchased which is consumed within the operational boundaries of UBS (oil, gas, fuel).
8 Refers to primary energy, which is consumed to produce the electricity and district heating consumed by UBS.
9 Differing from the GRI Guidelines, pre-consumer recycled paper is counted as paper coming from new fiber as a worst case approach.
10 Paper produced from new fiber, which is ECF (Elementary Chlorine Free) or TCF (Totally Chlorine Free) bleached.
11 Represents the total global warming potential from all linked relevant upstream and downstream processes. It equals total CO₂ emissions according to the GHG standard (scope 1, 2 and 3).

### Validation by SGS Société Générale de Surveillance SA

“We have verified the correctness of the statements in the 2004 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 2005