

Corporate Responsibility

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For us, responsible behavior is integral to everything we do, meaning that we want to create sustainable value for our shareholders, clients and employees, and at the same time, preserve our environment and contribute to the development of the communities we do business in.

UBS makes responsible behavior an important part of its culture, identity and business practices. As a leading global financial services firm, we want to provide our clients with value-added products and services, promote a corporate culture that adheres to the highest ethical standards, and generate superior but sustainable returns for our shareholders. For UBS, responsible corporate conduct means sometimes moving beyond purely profit oriented or legal and regulatory considerations when doing business.

We are committed to being an equal opportunity employer, adhering to high social standards, protecting the environment and contributing to the communities which we are a part of. We give all our stakeholders every opportunity to monitor our behavior by adhering to best-in-class transparency standards.

We aim to provide a first-class working environment that is based on the values of diversity and meritocracy. Along with business-related targets, we link the performance measurement and assessment of our employees closely to our values.

UBS has endorsed and signed several international charters. In 1992, we were one of the first signatories to the United Nations Environment Program's Bank Declaration. Since its introduction, the declaration has exerted a considerable influence on the setting of environmental guidelines and practices for financial institutions. In 1999, we signed the Global Compact, a UN-sponsored platform for encouraging and promoting good corporate practice in the areas of human rights, labor and the environment.

Our corporate responsibility processes

Corporate responsibility is not simply another "issue" that needs to be managed. We believe it is an underlying principle of doing business.

In 2001, we created a Corporate Responsibility Committee. It discusses and judges how to meet the evolving expectations of our stakeholders related to responsible corporate conduct. If it comes to the conclusion that there is gap between what stakeholders expect and our practice, the committee suggests appropriate measures to management, which is then responsible for finding solutions.

The committee is chaired by Marcel Ospel and includes one other member of the Board of Directors, and seven senior UBS executives representing our businesses, as well as a number of corporate functions, including legal, communication and risk management.

The committee's work is supported by a Corporate Responsibility Working Group that comprises representatives from all our Business Groups, as well as functional experts from the Corporate Center. It is alert to any new issues or expectations potentially related to responsible corporate conduct, and ensures that all are brought to the attention of the Corporate Responsibility Committee. Involving all parts of UBS early helps ensure the broad acceptance of the committee's suggestions, facilitating the implementation of necessary measures.

Neither the Corporate Responsibility Committee nor the Corporate Responsibility Working Group runs ongoing operational processes. They ensure UBS aligns business practices with changing societal expectations.

Investing in our communities

The "raison d'être" behind our well established program of community investment is the recognition that our success does not only depend on the skill and resources of our people and the relationships we foster with clients, but also on the health and prosperity of the communities of

which we are a part. Dedicated teams worldwide work closely with senior managers to build partnerships with organizations in the communities where we operate, focusing on education, regeneration and environmental projects.

UBS supports communities in various ways. We make direct cash donations to organizations, and match donations from our employees to selected charity funds. Our employees, through their volunteer efforts, make significant contributions to the communities they are a part of.

Besides the engagement of the bank and its employees, we also give our clients the opportunity of engaging in charitable causes. The UBS Optimus Foundation invests donations from our clients into a number of programs and organizations that focus particularly on children. The projects involve close collaboration with respected partner organizations and are selected by a team of specialists of the Foundation, which also

closely monitors their implementation. The costs of managing and administering the UBS Optimus Foundation are borne in full by UBS, so that the full contribution from our clients reaches the projects.

Promoting environmental awareness

Our commitment to the environment is underpinned with a professional environmental management system certified under the ISO 14001 standard. We remain committed to integrating environmental considerations into all our business activities. To this end, our environmental policy focuses on taking advantage of the market for environmentally friendly products and services, and taking environmental risks into account in our risk management processes, especially in lending and investment banking. In our inhouse operations, we actively look for ways to reduce

A glimpse of what we do

The community investment programs we support are regionally focused and respond to a variety of needs in the communities we do business in around the world. A few examples of our activities last year:

In the US, the Power Lunch mentoring program pairs professionals with elementary school children to practice reading one lunchtime a week. After six years of participation in New York and New Jersey, UBS sponsored the launch of Power Lunch in a Chicago public school in conjunction with WITS, an award-winning, public-private partnership that serves as a national model of corporate volunteerism. Over 250 UBS employees in New York City, Newark, Chicago, Los Angeles and Stamford have participated in the last two years.

In Asia Pacific, the UBS SARS Research Foundation was set up in cooperation with the Faculty of Medicine at the University of Hong Kong. It is part of a wider effort across Asia to learn about the disease and prevent similar outbreaks in the future. We

were determined to respond to the SARS crisis in a way that not only allowed us and our employees to contribute in a sustainable way, but would also serve as a vehicle for clients to support efforts to fight the disease. Within six weeks of its launch, donations from corporate and individual donors exceeded USD 330,000 while donations from UBS employees in Hong Kong and elsewhere stood at more than USD 117,000. In addition to the USD 128,000 of seed capital provided by UBS, donations by employees qualify for our match-giving program. Furthermore, the Hong Kong government matches our donations.

In the UK, we support The Brokerage, a small, proactive charity working with the City of London and other employers to promote local recruitment. It was established to widen access to quality, sustainable job opportunities in the City, breaking down perceived barriers between companies such as UBS and people living in the inner London areas, such as Hackney and Tower Hamlets, which rate high on

the poverty index. By offering a range of services to unemployed people who are interested in working for a City firm, The Brokerage has helped more than 1,000 individuals find employment. To complement our financial contributions, our volunteers have hosted three-month internships for The Brokerage candidates and also run workshops for them in our London offices.

In Switzerland, our employees, past and present, have built up “A helping hand from UBS employees”, which disburses employees’ donations to enable disadvantaged people to lead active and independent lives. We encourage employee involvement by matching some of the funds raised and through an employee membership scheme. Many of our staff volunteer to support fundraising campaigns throughout the year. For example, the program has funded the training of guide dogs for Le Copain, a Swiss association. These dogs, each of which is trained to carry out more than 50 tasks, help wheelchair users lead a more autonomous life.

the direct environmental impact of our business activities.

Our Global Asset Management Business Group offers a wide range of socially responsible investment (SRI) products to both private and institutional investors. In Switzerland and Japan, we use an approach which actively selects the best performers in each industry on social criteria and manages a total of CHF 706 million in assets. Our largest SRI fund, the UBS (Lux) Equity Fund – Eco Performance, invests globally in more than 100 equities with superior sustainability performance, while the latest SRI fund launched in the Japanese market, the UBS Global Equity 40 SRI+ Mother Fund, invests in approximately 40 stocks, mainly blue chip companies. In the US, Global Asset Management manages various institutional accounts that exclude certain companies or sectors using “negative” screening criteria. Finally, in the UK, the Global Asset Management business actively seeks to influence corporate responsibility and corporate governance performance of the companies it is invested in.

Rigorous assessment of the risks involved in an investment banking or lending transaction is crucial to our success. Although financial considerations lead the assessment of the overall risk of any proposed transaction, environmental aspects can also be meaningful and our Investment Bank has established processes to allow early identification of environmental risks in transactions. In 2003, an institutional investment research firm was hired to design and deliver a training program for senior managers and executives on the key environmental risks arising from business activities. In our Wealth Management & Business Banking business, a careful review of financially relevant environmental factors is an important part of the credit risk process. The environmental risk assessment procedures within this Business Group have improved significantly over the last few years. For example, environmental criteria are now fully built into the IT-based standard credit process. The Wealth Management USA business was also integrated into our program in 2003.

Our electricity consumption, our heating, our paper consumption and business travel are the major factors that have a direct impact on the environment. Following the successful extension in 2002 of our ISO 14001 certification of inhouse operations, we implemented a number of environmental improvement initiatives. One example is the comprehensive recycling program now established in all major buildings globally. In 2003, the top 20 largest offices outside Switzerland recycled an estimated 6,100 tons of waste, 43% more than in 2002. The proportion of recycled waste in these offices increased from 39% in 2002 to 50% in 2003. Annually, this equates to a saving of approximately 80,000 trees and 25,000 cubic meters of landfill.

In 2003, Société Générale de Surveillance (SGS), the testing, verification and certification company, confirmed that our environmental management system complied with the ISO 14001 standard both in our banking business and our worldwide inhouse operations. More detailed information on UBS's environmental management system is available on the internet. See <http://www.ubs.com/environment>

Third-party ratings

A number of different independent rating agencies that assess corporate responsibility programs across the world have rated us among the leaders in the field.

Since 1999, the Dow Jones Sustainability Group Indexes (DJSI) have tracked the social, environmental and financial performance of companies in the Dow Jones Global Index. UBS has been part of the DJSI since the inception of the index. It is also a benchmark in the banking sector of the Dow Jones STOXX Sustainability indices, which track the performance of the top 20% of companies in the Dow Jones STOXX 600 Index.

Furthermore, UBS is included in the FTSE4Good Index, which measures the performance of global companies in the areas of environmental sustainability, stakeholder relations and support for human rights.