

Corporate responsibility

UBS is firmly committed to corporate responsibility and actively strives to understand, assess, weigh and address the concerns and expectations of the firm's stakeholders. This process supports UBS in its efforts to safeguard and advance the firm's reputation for responsible corporate conduct. In very direct ways, responsible corporate conduct helps create sustainable value for the company.



News

- **Zurich / Basel, November 18, 2009, 07:59 AM : UBS Promotes Social Entrepreneurship in Mexico**
- **Zurich / Basel, November 6, 2009, 10:00 AM : UBS named a top performer in CSR online strategy survey**
- **Zurich / Basel, September 3, 2009, 09:00 AM : UBS named index component for the Dow Jones Sustainability World Index**
- **More**

Short URL of this website: www.ubs.com/responsibility

Governance & strategy

As a leading global financial services firm, UBS is confronted with the concerns and expectations of a wide and diverse range of stakeholders.

Along with clients, investors and employees, for example, various government regulators and suppliers can also be said to have a stake in the company to varying degrees. In a broader sense, the communities in which UBS has a presence are stakeholders too.

UBS takes the term “corporate responsibility” to mean the process of understanding, assessing, weighing and addressing the concerns and expectations of these groups.

This process supports UBS in its efforts to safeguard and advance the firm’s reputation for responsible corporate conduct. In very direct ways, responsible corporate conduct helps create sustainable value for the company.

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Structure

Corporate responsibility governance process at UBS



Operational corporate responsibility at UBS



Chairman's statement

Current environment

Nothing focuses the mind more, it is sometimes argued, than a crisis. Since the second half of 2007, UBS has been faced with an exceptional crisis which has undoubtedly focused our minds. Most obviously, our attention has centred on understanding the reasons for the crisis and, most importantly, on developing answers and implementing solutions.



Kaspar Villiger, Chairman of UBS, Chair of the UBS Corporate Responsibility Committee

Consequently, our foremost responsibility is to restore UBS's credibility and health. We must return our firm to its path of solid growth and regain the fullest trust of our stakeholders. To achieve this we must ensure sustained share-price growth for our shareholders, continue to provide the best possible combination of advice, products and services for our clients, and maintain the motivation and commitment of our employees.

We are committed to doing everything we can, in the interests of shareholders, clients, employees and the communities in which we do business, to help UBS return to the successful path that we entered when it was created in 1998; a path laid down upon the solid foundations built since the 19th century by UBS's major predecessors

banks.

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UBS's continued commitment to corporate responsibility

For many years, our stakeholders have been taking a growing interest in UBS's wider societal commitments and activities. In 2000, we demonstrated our belief in the importance of key environmental and social issues by becoming one of the first subscribers to the UN Global Compact – an initiative that unites governments, business, labour organizations and civil society to foster global adherence to principles with regard to human rights, labour, environment and anti-corruption standards.

Currently, we are focused on restoring the overall stability and success of UBS. Progress in some areas pertaining to our societal commitments may therefore be slower than in past years. Our overall commitment to corporate responsibility, however, remains firm and we will continue to move forward on key activities.

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Corporate responsibility themes at UBS

We continue to pursue our dynamic management of environmental issues, including the implementation of our climate change strategy. In addition to working towards achieving our 40% CO2 emissions reductions goal by 2012, we have heightened our focus on the

client-related aspects of climate change.

It is important that, in uneasy times like the current, we sustain a strong pipeline of talent. We remain therefore strongly committed to investing in our people and we continue programs and processes across the firm in order to promote a diverse workforce. We continue to work at the implementation of important projects linked to our Statement on Human Rights, in particular pertaining to the issue of responsible supply chain management and to the development of sensitive industry guidelines. We remain firmly committed to our effective risk-based approach to anti-money laundering – a key responsibility for any global financial firm – and to promoting the development and implementation of anti-money laundering and anti-corruption standards for the financial industry as a whole.

Our continued dedication to key corporate responsibility activities demonstrates that we have not lost sight of areas of relevance beyond the fundamental financial sphere. Equally, we have not lost sight of the long-term, even while, at present, our main efforts are focused on the short-term, i.e. the resolution of the crisis and the restoration of solid foundations for a successful future.

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Corporate responsibility governance

With regard to UBS's corporate responsibility efforts, this forward-looking perspective is sustained by our Corporate Responsibility Committee (CRC). As in previous years, the CRC continues to focus on reviewing and assessing how to meet the evolving corporate responsibility expectations of our stakeholders – and on providing its recommendations to the senior management of the firm.

The CRC also has specific monitoring and reviewing responsibilities and authorities for UBS corporate responsibility policies and regulations and for the implementation of the firm's corporate responsibilities activities and commitments.

Our active continuance of the operational and strategic components of corporate responsibility at UBS demonstrates both our acknowledgement of its importance to the firm and our commitment to making progress in the corporate responsibility activities that we are engaged in.

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Our stakeholders

UBS & its stakeholders

Guided by its 'Code of Business Conduct and Ethics' UBS fosters an open and honest dialogue with its stakeholders and strives to consider their expectations and concerns. Candid feedback and input is very valuable to UBS; the firm strives to address the expectations of its stakeholders appropriately (as enshrined in the Charter of the firm's Corporate Responsibility Committee), respond to their concerns and manage issues in an informed and effective manner.

Our stakeholders

- **Clients:** Clients are at the centre of UBS's activities. By living the values and ethical standards set by the 'Code of Business Conduct and Ethics', UBS strives to gain and maintain the trust of its clients. Regular contact with clients, client satisfaction surveys and the firm's [Quality Feedback management system](#) ensure that UBS understands their expectations. Collecting this feedback enables the firm to act and continuously improve products and client service standards in order to provide a superior Client Experience. In 2008, the firm maintained a highly active dialogue with clients to discuss their concerns.
- **Shareholders/Investors:** UBS's senior management and Investor Relations function regularly communicate with the investment community to ensure accurate and timely dissemination of UBS financial results and latest developments. In 2008, the financial crisis and its implications for UBS going forward constituted the principal topic of the communication.
- **Employees:** The skills and dedication of UBS's employees are fundamental to delivering superior solutions to the firm's clients. UBS encourages an active and open dialogue between its employees and senior management. Direct communication is regularly undertaken, and feedback and input sought, key examples being personal meetings, emails, employee surveys and the Quality Feedback system. In 2008, tens of thousands of employees world-wide attended town halls with senior management (or followed the proceedings on UBS TV) in order to be informed and discuss the course of the financial crisis and its impact on UBS.
- **Governments / Regulators:** Financial market efficiency is largely dependent on the regulatory and political environment. UBS actively participates in political discussions that allow the firm to share its expertise and adapt early to regulatory changes, including also on CR-related issues. In 2008, the fallout of financial market dislocation and subsequent adjustment measures constituted the principal topic of the intense dialogue between UBS senior management and UBS specialized functions and political decision-makers and regulatory authorities.
- **Communities:** UBS's performance strongly depends on its employees' skills and resources and the relationships the firm fosters with clients. It is, however, also important that the communities UBS does business in are both healthy and prospering. To contribute to the health of these communities, UBS engages with them in various ways, most notably via dedicated Community Affairs teams worldwide. These work closely with senior managers to build partnerships with organizations in the communities where UBS operates, focusing on education, regeneration and environmental projects.
- **Suppliers:** As a major procurer of materials and services, UBS maintains many relations with suppliers and vendors worldwide and strives to adhere to high ethical

standards whenever it interacts with these. In 2008, the firm introduced a Responsible Supply Chain Guideline; it provides guidance for appropriate supplier practices in the areas of human and labor rights, the environment and corruption and is the basis of a fair relationship and transparent arrangements with suppliers and external service providers.

- **International Organizations and initiatives:** UBS is a member or participant in several organizations and initiatives that promote the advancement of corporate responsibility, including the United Nations Global Compact, the Global Reporting Initiative, the United Nations Environment Program Finance Initiative and the Carbon Disclosure Project. UBS representatives participate in meetings, events and conferences and use these platforms to exchange ideas, promote joint actions and gain valuable input for the development of our CR approach and strategy. In 2008, UBS has, for instance, again been an active participant in the UN Global Compact Swiss network.
- **Non-governmental organizations (NGOs):** UBS communicates with NGOs and appreciates their input and insights as it helps the firm to consider its approach to and understanding of environmental and social issues and concerns. In 2008, UBS participated in a number of meetings with NGO representatives though the overall level of direct dialogue activities was lower than in previous years.
- **Peers:** UBS actively engages in regular discussions on corporate responsibility and related issues with specialists in peer banks (and more widely via trade bodies and associations such as the Swiss Banking Association). Their experiences and assessments of CR-issues help UBS to compare and improve its own strategy, approaches and tools.
- **Media:** UBS conducts an active and consistent dialogue with media in all its major locations worldwide. The firm's media teams provide timely information on a wide range of global, regional and local topics of relevance to UBS. Senior management also regularly gives account to journalists, predominantly via interviews (around 250 globally in 2008).
- **Rating agencies:** UBS actively engages in a dialogue with analysts in rating agencies. With regard to the firm's sustainability performance, the evaluation of specialized agencies helps UBS to evaluate its current strategy and activities and provides a useful means for benchmarking.

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Quality feedback system

In Wealth Management and Swiss Bank, the quality feedback system provides a comprehensive platform to attract suggestions for improvement from clients and employees alike.

Quality feedback from clients (for example, complaints and suggestions) serves a vital function. It enables new products and services to be introduced in a client-oriented manner, strengthens client relationships, restores client satisfaction, and makes a tangible improvement to client service and banking services. Having a wide variety of quality feedback from our clients enables us to systematically evaluate and review our actions. By sharing their views, clients make targeted quality improvement of products, processes and services possible.

Quality feedback from employees – quality tips and ideas or proposals from employees – helps to foster the potential for creativity and innovation arising from the knowledge and experience of UBS employees and use it to improve and update products, processes and services.

External commitments

UBS has endorsed and signed several international charters.

UN Global Compact



In 2000, UBS became one of the first companies to sign the United Nations (UN) Global Compact. This global corporate responsibility initiative unites governments, business, labor organizations and civil society, fostering adherence to 10 principles covering the areas of human rights, labor standards, the environment and anti-corruption.

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UNEP Finance Initiative



In 1992, we were one of the first signatories to the United Nations Environment Program's Bank Declaration.

[More](#)

Wolfsberg Group - preventing money laundering



We remain strongly committed to promoting stringent anti-money laundering standards for the financial industry as a whole. As a prime example of this, UBS was one of the driving forces behind the launch of the Wolfsberg Group and its issuance of global anti-money laundering principles in 2000.

[More](#)

UN Principles for Responsible Investment (UNPRI)



UBS Global Asset Management is an Investment Manager signatory to the UN Principles for Responsible Investment (UNPRI). This global investor initiative, in partnership with the UNEP Finance Initiative and the UN Global Compact, is designed to provide a framework for better integration of ESG issues into mainstream investment practice.

[More](#)

Further memberships

UBS is a member of further organizations that promote corporate responsibility and is actively engaged in their activities.

[More](#)

UN Global Compact

UBS supports the Global Compact. We believe that by adopting its principles we do not only contribute to the stated objectives, but also create value for our shareholders.

In 2000, UBS became one of the first companies to sign the United Nations (UN) Global Compact. This global corporate responsibility initiative unites governments, business, labor organizations and civil society, fostering adherence to 10 principles covering the areas of human rights, labor standards, the environment and anti-corruption. UBS considers the initiative, which had over 5,200 corporate participants at the end of 2008, to be an important yardstick providing guidance for its key corporate responsibility initiatives and activities. In addition, by participating in the Swiss UN Global Compact network, UBS contributes actively to important corporate responsibility discussions across industrial sectors among Swiss-based companies.

- **The UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption**
- **Global Compact website**



- Labor standards and human rights
- Environment
- Fighting corruption

Labor standards and human rights

UBS has well established human resources policies and practices that address issues such as employment, diversity, equal opportunity and discrimination. Such policies also tackle human rights issues, as do policies relating to health and safety practices. UBS's human resources policies and practices are regularly reviewed to ensure that labor standards are respected.

In line with the firm's endorsement of the UN Global Compact and its underlying principles, UBS adopted a statement supporting basic human rights in 2006. The "UBS Statement on Human Rights" outlines important human rights issues and sets out the firm's position on the topic. In 2008, UBS reaffirmed its commitment to human rights by supporting the UN Global Compact's Chief Executive Officer statement, which marked the 60th anniversary of the UN's Universal Declaration of Human Rights. In 2008, UBS continued with the implementation of its human rights statement with the introduction of a responsible supply chain guide line. It also continued the development of industry sector guidelines to support the consistent identification and assessment of environmental and social risks in the firm's banking activities.

- **UBS statement on human rights**
- **Our employees**
- **Diversity**

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Environment

In 1992, UBS was one of the first signatories of the UN Environment Program's Bank Declaration (UNEP). This act committed the firm to integrating appropriate environmental measures within its activities. It has resulted in a well developed global environmental management system, certified to the ISO 14001 standard, which covers both banking activities and in-house operations.

UBS acknowledges that climate change represents one of the most significant environmental challenges of current times. By offering relevant products and services across businesses, UBS seeks to help clients address risks and take advantage of opportunities presented by climate change and the expected transition to a lower carbon economy. With this in mind, UBS continued in 2008 to expand its offering of climate change-related products and services and to publish dedicated research reports. In addition, UBS seeks to lead by example by acting to reduce its own environmental impact. To this end, in 2006 the Group Executive Board (GEB) set a target to reduce the firm's carbon emissions through 2012 by 40% from 2004 levels. UBS continued in 2008 to make good progress towards achieving this target.

→ Environmental management

→ UNEP

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Fighting corruption

UBS has long been committed to assisting the fight against money laundering, corruption and terrorist financing. The firm employs a vigorous risk-based approach to its internal anti-money laundering (AML) process. (A "riskbased approach" means that the processes are continually tested to prove their effectiveness against the risks they are intended to address.) In early 2008 it also issued a revised Group Policy Against Corruption, setting out its zero-tolerance stance towards corruption and strictly prohibiting all forms of bribery by UBS and its employees, including so called facilitation payments. At the same time, it issued more detailed guidance papers to address the following topics: guidance for employees who have connections to public officials; the hiring of political advisers; guidance on engaging intermediaries; and anti-corruption guidance in connection with corrupt activity by clients. Implementation of the policy against corruption by the business divisions is well under way, and training materials developed by the Group Money Laundering Prevention Unit (GMLPU) have formed the basis for business division training modules that raise awareness of new and revised topics. In some instances web-based training programs have also been developed.

Although internal policies are an important support for UBS's high ethical standards, in practice the major risk for the firm in relation to bribery is not so much employee behaviour as the potential misuse of UBS systems by clients to perpetrate bribery. Many firms, including UBS, continue to face the legal, regulatory and reputational risk of being used to collect, store or transfer corrupt funds. UBS's efforts to reduce the risk of misuse of its systems to perpetrate bribery will continue in 2009 and beyond.

→ Preventing money laundering, corruption and terrorist financing

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UNEP Finance Initiative

In 1992, UBS was one of the first signatories of the UNEP bank declaration. With this we committed ourselves, wherever appropriate, to integrating environmentally sound practices into all our activities. Our environmental policy has put all the practices prescribed by UNEP into operation in the areas of banking, in-house operations and environmental management.

In 1992 the UNEP (United Nations Environment Programme) bank declaration (Statement by Financial Institutions on the Environment and Sustainable Development) was drawn up within the framework of this initiative. This statement has been endorsed by 170 financial institutions.



UNEP seeks to promote the integration of environmental aspects into the financial sector by means of its Finance Initiative.

→ [Content of UNEP bank declaration](#)

UNEP Bank Declaration

UNEP Statement by Financial Institutions on the Environment and Sustainable Development (Revised version, May 1997)

1. Commitment to sustainable development

1.1 We regard sustainable development as a fundamental aspect of sound business management.

1.2 We believe that sustainable development can best be achieved by allowing markets to work within an appropriate framework of cost-efficient regulations and economic instruments. Governments in all countries have a leadership role in establishing and enforcing long-term common environmental priorities and values.

1.3 We regard the financial services sector as an important contributor towards sustainable development, in association with other economic sectors.

1.4 We recognize that sustainable development is a corporate commitment and an integral part of our pursuit of good corporate citizenship.

2. Environmental management and financial institutions

2.1 We support the precautionary approach to environmental management, which strives to anticipate and prevent potential environmental degradation.

2.2 We are committed to complying with local, national, and international environmental regulations applicable to our operations and business services. We will work towards integrating environmental considerations into our operations, asset management, and other business decisions, in all markets.

2.3 We recognize that identifying and quantifying environmental risks should be part of the normal process of risk assessment and management, both in domestic and international operations. With regard to our customers, we regard compliance with applicable environmental regulations and the use of sound environmental practices as important factors in demonstrating effective corporate management.

2.4 We will endeavor to pursue the best practice in environmental management, including energy efficiency, recycling and waste reduction. We will seek to form business relations with partners, suppliers, and subcontractors who follow similarly high environmental standards.

2.5 We intend to update our practices periodically to incorporate relevant developments in environmental management. We encourage the industry to undertake research in these and related areas.

2.6 We recognize the need to conduct internal environmental reviews on a periodic basis, and to measure our activities against our environmental goals.

2.7 We encourage the financial services sector to develop products and services which will promote environmental protection.

3. Public awareness and communication

3.1 We recommend that financial institutions develop and publish a statement of their environmental policy and periodically report on the steps they have taken to promote integration of environmental considerations into their operations.

3.2 We will share information with customers, as appropriate, so that they may strengthen their own capacity to reduce environmental risk and promote sustainable development.

3.3 We will foster openness and dialogue relating to environmental matters with relevant audiences, including shareholders, employees,

customers, governments, and the public.

3.4 We ask the United Nations Environment Programme (UNEP) to assist the industry to further the principles and goals of this Statement by providing, within its capacity, relevant information relating to sustainable development.

3.5 We will encourage other financial institutions to support this Statement. We are committed to share with them our experiences and knowledge in order to extend best practices.

3.6 We will work with UNEP periodically to review the success in implementing this Statement and will revise it as appropriate.

We, the undersigned, endorse the principles set forth in the above statement and will endeavor to ensure that our policies and business actions promote the consideration of the environment and the sustainable development.

Wolfsberg Group

UBS remains strongly committed to promoting the development and implementation of AML standards for the financial industry as a whole, thereby contributing to wider efforts against money laundering. As an example of this, UBS was one of the driving forces behind the launch of the Wolfsberg Group, which issued its first global AML principles in 2000.



In subsequent years, UBS has contributed substantially to other guidance papers, including on corruption; correspondent banking; mutual funds and investment and commercial banking. During 2007, UBS played an active role in the work undertaken by the Wolfsberg Group and the Clearing House Association to develop and issue a statement

endorsing measures to enhance the transparency of international wire transfers to promote the effectiveness of global AML and anti-terrorist financing programs. In 2008, a notable achievement was made by the Wolfsberg Group, where UBS actively contributed to the FATF's development of its Guidance Paper on Weapons of Mass Destruction Proliferation Finance, as well as completing and in January 2009 publishing its own trade finance principles paper.

Wolfsberg Group's work is ongoing in the area of credit cards and stored value cards, the implementation of a new SWIFT message format to protect against the abuse of cover payments and a review of the Group's 2003 paper on monitoring, screening and searching.



- The Wolfsberg Group
- Swiss Bankers Association
- Swiss Financial Market Supervisory Authority FINMA
- Financial Action Task Force
- Swiss anti-money laundering legislation

Further memberships & commitments

UBS is not only a member of all the organizations listed below, but is also actively engaged in their activities. This ensures that our corporate responsibility expertise is always up-to-date.

The Conference Board

The Conference Board creates and disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. UBS participates in a number of Councils that are relevant for our Corporate Responsibility strategy, such as The Council of Diversity Executives.

→ www.tcb.org

Business in the Community

UBS is a founding member of Business in the Community, a unique movement of companies across the UK committed to continually improving their positive impact on society.

→ www.bitc.org.uk

Eurosif

UBS is founding member of the European Sustainable and Responsible Investment Forum (Eurosif). Eurosif was created in 2001 to serve as an umbrella association to cover socially responsible investment issues at the European level. Eurosif members are made up of the national Social Investment Forums (SIFs) and include SIFs from Belgium, France, Germany, Italy, the Netherlands and the UK.

→ www.eurosif.org

VfU

The Association for Environmental Management in Banks, Savings Banks and Insurance Companies (VfU), founded in 1994, supports the development and application of sector specific strategies and instruments in environmental management.

UBS was active in the formulation and subsequent reviews of the 1996 VfU environmental reporting guidelines for financial service providers. UBS's set of indicators for in-house ecology is based on the latest version of the VfU Indicators Protocol.

→ www.vfu.de

oikos

UBS is a donor of oikos foundation, a part of the international oikos student organisation for sustainable economics and management and a leading reference point for the

promotion of sustainability change agents. Originally founded in St. Gall, Switzerland, in 1987, oikos has grown to more than 25 local chapters in 15 countries worldwide. oikos strengthens action competence for sustainable development among tomorrow's decision makers by increasing awareness for sustainability opportunities and challenges focusing on students of management and economics; foster their ability not only to analyse long-term economic, environmental and social trends, but also implement sustainability driven innovation; and to create institutional support for these learning processes through the integration of sustainability issues in research and teaching at the world's faculties for management and economics.

→ www.oikosinternational.org

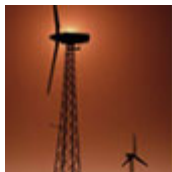
ÖBU

The Swiss Association for Environmentally Conscious Management (öbu) and its 330 member firms aim to promote ecological awareness and action in corporate management.

Öbu's work focuses around environmental management, ecobalancing, environmental marketing, environmental legal compliance, eco-efficient investments, and energy/carbon dioxide taxes.

→ www.oebu.ch

Zurich Energy Model



The Zurich Energy Model is a capacity building project established in 1987 by twelve major energy consumers - among them UBS - in the city of Zurich. The objective of the firms involved in the Zurich Energy Model is a joint increase in energy efficiency, to optimize investments and corporate costs, and to communicate innovative solutions to the general public. In 2005, the group agreed with canton Zurich to set a target of increasing energy efficiency by 16.5% until 2012. In 2007,

UBS was awarded the Zurich Energy Model trophy for its achievements and successes in the field of energy efficiency and energy management.

→ www.energiemodell-zuerich.ch

ASrIA

UBS is a member of ASrIA (Association for Sustainable & Responsible Investment in Asia), a not for profit, membership association dedicated to promoting corporate responsibility and sustainable investment practice in the Asia Pacific region. ASrIA's goal is to build market capacity for SRI providing insightful, up to date and accessible information on the development of SRI in Asia and globally. It is also a platform for different sectors within the community to exchange information and perspectives on SRI, and to take practice forward.

→ www.asria.org

CSR Asia

UBS is a Strategic Partner of CSR Asia, the leading provider of information, training, research and consultancy services on sustainable business practices in Asia.

→ www.csr-asia.com

Corporate responsibility committee

The corporate responsibility committee supports the BoD in fulfilling its duty to safeguard and advance the Group's reputation for responsible corporate conduct and to assess developments in stakeholder expectations and their possible consequences for UBS.

The committee is advised and supported by a number of senior business representatives.

Members



Kaspar Villiger (Chair)

Kaspar Villiger was elected to the Board of Directors (BoD) at the annual general meeting (AGM) held in 2009 and thereafter appointed Chairman of the BoD. He chairs the governance and nominating committee and the corporate responsibility committee.

→ [CV](#)



Sally Bott

Sally Bott was elected to the BoD at the extraordinary general meeting (EGM) in October 2008. She chairs the human resources and compensation committee and is a member of the corporate responsibility committee.

→ [CV](#)



Ann F. Godbehere

Ann F. Godbehere was elected to the BoD at the AGM 2009. She is a member of the audit committee and of the corporate responsibility committee.

→ [CV](#)

Advisory Panel

- Oswald J. Grübel
- Markus Diethelm
- John Fraser
- Steve Hottiger
- Philip Lofts
- Francesco Morra
- Michael Willi
- Alexander Wilmot-Sitwell
- Chi-Won Yoon

The Corporate Responsibility Committee met twice in 2008. The meetings were attended by, on average, 63% of its members.

Download

→ **Organization regulations of UBS AG** 

Environmental and human rights governance

The Group Executive Board is responsible for UBS's environmental policy and nominates a Group Environmental Representative, who is UBS's senior level representative for environmental issues. This function is currently held by Philip Lofts, the firm's Chief Risk Officer. The business divisions also nominate Divisional Environmental Representatives, who are responsible for the implementation of the policy within their business division.

These Group and Divisional Environmental Representatives, as well as other senior executives, form an Environmental & Human Rights Committee that is tasked with overseeing the adoption of UBS's environmental policy and providing guidance to the different business divisions in their adoption of the UBS Statement on Human Rights. The Committee guides UBS's strategy in those areas, defines Group priorities and objectives to be submitted to the Group Executive Board for approval, and oversees their execution in the business divisions.

The Environmental & Human Rights Committee is supported by the Group Environmental Risk & Policy unit, which acts as Secretary to the Committee. The Divisional Environmental Representatives are supported by Program Managers who oversee day-to-day execution and performance.



* Delegated to oversee operational implementation and performance across all areas of the division

** Delegated to oversee global in-house ecology model (across divisions and regions)

Regarding day-to-day execution, each Business Division has allocated appropriate resources – in stand-alone units or embedded in other functions – to address environmental issues arising in risk management and market opportunities. In-house ecology and supply chain issues are overseen across Business Divisions by a Global Ecology Unit.

- **Environmental policies and guidelines**
- **Statement on Human Rights**
- **Environmental risk management**
- **Socially responsible investments**

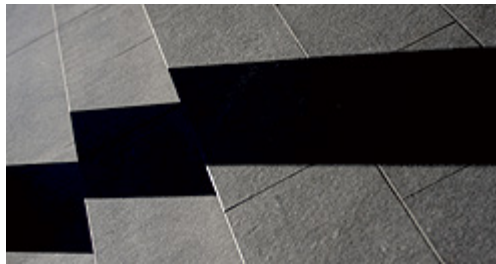
- **Clean tech finance and advisory**
- **Carbon trading**
- **In-house ecology**
- **Responsible supply chain management**

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Money laundering prevention

The Group Money Laundering Prevention Unit (GMLPU) leads UBS Group's overall efforts in all aspects of money laundering prevention (including Terrorism Finance, Sanctions and Anti-Bribery).

GMLPU supports the Group General Counsel and the Head of Group Compliance in their functional responsibilities by, in conjunction with the compliance functions in the Business Divisions, providing reasonable assurance that UBS meets relevant regulatory and professional standards in the conduct of business and defining (where considered appropriate) uniformly applicable minimum standards for AML as a whole.



GMLPU has a general obligation to monitor key AML risks and oversees and coordinates the Group's management and control of AML risks so as to ensure efficiency and consistency throughout the Group and protect the Group's reputation. Business Divisions, exercising common sense, are expected promptly to inform GMLPU of all material AML issues that may affect UBS. The GMLPU coordinates its work via various committees and specialist networks, the core one being the Global AML Committee.

Anti-corruption policies and procedures are in place in all Business Divisions which aim to prevent bribery occurring in UBS's own operations. These policies are derived from the standards that are set out in the Group Policy Against Corruption which was revised and re-issued in 2008 together with the Group Policy on Gifts and Business Entertainment. All Business Divisions reviewed their respective policies and procedures to ensure compliance with the Group standards. This resulted in various actions which are now substantially completed, progress continues to be monitored by the cross Business Division Anti-Corruption Network (ACN). The ACN is also mandated to address specific areas that may need more detailed standards and for these to be implemented across the bank where practicable.

→ **More**

Diversity

The governance of Diversity at UBS is defined by the Diversity Forum, which is chaired by the Group Head of Diversity and includes regional diversity coordinators and business division diversity function heads. Group Diversity is responsible for group-wide strategy, senior management oversight, branding and annual Diversity reporting to the Group CEO and the Corporate Responsibility Committee.



Regional coordinators ensure cross-business coordination to align with local labor markets and legislation and support the Regional Diversity Boards. The latter consider and decide on key regional issues, such as the regional diversity strategy and diversity goals and measures. The boards are chaired by senior managers and are also

responsible for assessing the progress made on relevant issues.

The business division diversity functions focus on developing programs and processes to support business strategy and integrate diversity into divisional talent management and educational processes.

→ **More**

Community affairs



UBS's global community affairs activities are governed in a decentralized fashion. Every region has a dedicated community affairs function that coordinates charitable commitments by UBS, its senior management and employees within their region.

UBS community affairs activities (financial and in-kind donations, employee matched-giving and volunteering) deliver on the firm's commitment to corporate responsibility with the specific objective of supporting the communities where UBS has a presence. UBS sponsorship activities are primarily focused on the firm's business and brand requirements.

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Policies and guidelines

The importance UBS attaches to responsible corporate behavior is reflected in the various documents and policies defining the rules and principles the firm applies to the behavior of its employees. These guidelines define the way UBS does business and the firm regularly monitors compliance.

Code of business conduct and ethics

The firm has a code of business conduct and ethics, which sets forth the policies and practices UBS expects all its employees to follow. The code outlines the required standards of fairness, honesty and integrity in a general manner. It is the basis for all UBS policies.

→ **Code of business conduct and ethics** 

Employment of staff

UBS provides equal employment and advancement opportunities for all individuals regardless of race/ethnicity, gender, national origin, age, disability, sexual orientation, or religion. This non-discrimination policy applies to the entire employment process, including recruiting, hiring, placement, promotion, transfers, compensation, training, and termination. In addition, UBS complies with and supports all national and local laws pertaining to non-discrimination and advancement opportunity. Due to privacy and other reasons preventing or limiting disclosure, UBS does not publish data on any discrimination incidents that may have been reported as having occurred within the firm.

→ **www.ubs.com/employees**

Environmental policies and guidelines

UBS's commitment to the environment aims to create long-term value for the firm and its clients and the communities they live in. UBS's environmental policy, established in 1993, was last revised by the Group Executive Board in September 2005. It is further supplemented by groupwide guidelines and standards that address specific environmental issues across the firm.

[More](#)

Human rights statement

In line with the firm's endorsement of the UN Global Compact and its underlying principles, UBS adopted a statement supporting basic human rights in 2006.

[More](#)

Money laundering prevention

UBS employs a vigorous risk-based approach to its internal anti-money laundering process. In early 2008 it also issued a revised Group Policy Against Corruption, setting

out its zero-tolerance stance towards corruption and strictly prohibiting all forms of bribery by UBS and its employees, including so called facilitation payments. It also issued more detailed guidance papers to address the following topics: guidance for employees who have connections to public officials; the hiring of political advisers; guidance on engaging intermediaries; and anti-corruption guidance in connection with corrupt activity by clients.

[More](#)

Conflicts of interest

UBS is committed to ensuring fair treatment of all its stakeholders, while recognizing that conflicts of interest cannot always be avoided. The firm has therefore established guiding principles outlining its approach to properly identifying and managing conflicts of interest. In addition, various other policies address situations in which a conflict of interest might potentially arise, such as personal account dealing, or the providing and receiving of gifts. UBS's Investment Bank also has specific conflict of interest policies for its research activities.

Whistleblowing protection

A whistleblowing policy allows employees to report any breach of law, regulations or codes of ethics to a senior manager without fear of retaliation.

→ [Whistleblowing protection](#) 

Community affairs

A guideline is in place which sets out UBS's community affairs activities and intends to ensure a unified approach to community affairs globally. It outlines responsibilities, focus areas, the scope of the programs as well as minimal criteria applicable to all community affairs activities and any financial contributions to charities and non-profit organisations made by UBS.

[More](#)

Information security

UBS adheres to the highest standards of information security. It meets legal and regulatory requirements related to information security, satisfying the obligations it has to clients, employees and shareholders.

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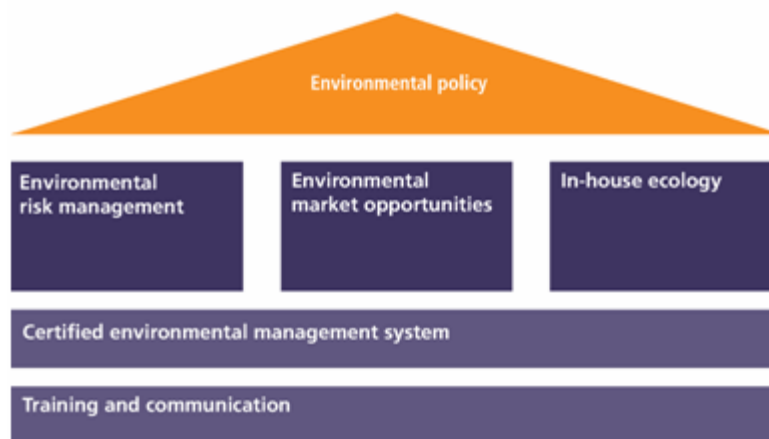
Environmental policies & guidelines

Through its commitment to the environment, embodied in its environmental policy, UBS aims to create long-term value for the firm and its clients and the communities they live in.

UBS's environmental policy is based on five principles, under which the firm is continuously:

- seeking to consider environmental risks in all UBS businesses, especially in lending, investment banking, advisory and research, and UBS's own investments;
- seeking to pursue opportunities in the financial markets for environmentally friendly products and services, such as socially responsible investments;
- seeking ways to reduce UBS's direct environmental impact on air, soil and water from in-house operations, with a primary focus on reducing greenhouse gas emissions. UBS also assesses the environmental impact of its suppliers' products and services;
- ensuring efficient implementation of UBS's policy through a global environmental management system certified according to ISO 14001 – the international environmental management standard;
- integrating environmental considerations into internal communications and training.

Five principles of UBS's environmental policy



Primary responsibility for implementing the environmental policy lies within the divisions which develop, where appropriate, further policies and processes that are tailored to their needs. In addition, UBS's environmental policy is further supplemented by groupwide guidelines and standards that address specific environmental issues across the firm:

- UBS has developed internal industry sector guidelines to support the consistent identification and assessment of environmental and social risks in all its banking activities. The sector guidelines cover industry sectors that have a high potential for environmental and social risk including chemicals, oil and gas, utilities, infrastructure, forestry products and biofuels and metals and mining. The guidelines summarize industry standards for dealing with these issues in the various life cycles of the sector.
- Responsible supply chain guideline UBS has adopted a supply chain guideline that provides group-wide guidance for identifying, assessing and monitoring supplier practices in the areas of human and labor rights, the environment and corruption.

- Standard for energy efficiency: UBS has adopted a technical standard supporting worldwide oversight of measures taken to improve energy efficiency in fields such as building operation, replacement investments and rehabilitations. The standard sets energy efficiency target values, for example for heating boilers, chillers and heat pump systems as well as for glazing, facades and lighting. It generally applies to all owned buildings, whereas in leased buildings applicability is limited to UBS's sphere of influence as a tenant.

→ **UBS Environmental Policy** 

→ **For more on industry sector guidelines**

→ **For more on the responsible supply chain guideline**

→ **For more on the standard for energy efficiency**

Labor standards & human rights

UBS has well established human resources policies and practices that address issues such as employment, diversity, equal opportunity and discrimination. Such policies also tackle human rights issues, as do policies relating to health and safety practices. UBS's human resources policies and practices are regularly reviewed to ensure that labor standards are respected.

In line with the firm's endorsement of the UN Global Compact and its underlying principles, UBS adopted a statement supporting basic human rights in 2006. The "UBS Statement on Human Rights" outlines important human rights issues and sets out the firm's position on the topic. In 2008, UBS reaffirmed its commitment to human rights by supporting the UN Global Compact's Chief Executive Officer statement, which marked the 60th anniversary of the UN's Universal Declaration of Human Rights. In 2008 UBS continued with the implementation of its human rights statement with the introduction of a responsible supply chain guideline. In 2009 it finalized industry sector guidelines to support the consistent identification and assessment of environmental and social risks in the firm's banking activities. The sector guidelines cover industry sectors that have a high potential for environmental and social risk including chemicals, oil and gas, utilities, infrastructure, forestry products and biofuels and metals and mining.

→ **For more on the responsible supply chain guideline**

→ **For more on the industry sector guidelines**

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UBS Statement on human rights

The international human rights norms are a call upon governments to respect these rights of their citizens to the largest extent possible. Although international human rights are not directly enforceable upon the private sector, it is our view that private companies such as UBS can and should support governments in implementing human rights.

In this spirit, the UBS statement on human rights sets out our approach to promote and respect human rights standards within our sphere of influence. This is in line with our endorsement of the UN Global Compact and its underlying principles. Our ability to promote and respect human rights standards depends on the nature of our relationship with the various stakeholders with which we engage: as an employer, we act in line with the principles underlying human rights; with suppliers, our level of influence is lower, but we can act to a certain extent through the contractual agreements we have with them; our level of influence is limited with our clients.

The human rights principles below describe our aspirations. We endeavor to embed the principles in our culture by integrating them into our business practices and internal communications.

Employees

We respect and support human rights standards through our human resources policies and practices.

Suppliers and contractors

We strive to assess the business practices of significant suppliers in light of human rights

standards and integrate relevant aspects into our contractual relationships with them.

Clients

We aim to promote the responsible use of our products and services by taking human rights standards into account when vetting prospective clients and executing transactions.

We regularly report on our progress in implementing this Statement as part of UBS's annual reporting.

→ **Download: UBS statement on human rights** 

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Sustainability at UBS



- Return to sustainable profitability
- Rebuilding reputation and trust
- Societal commitments

Return to sustainable profitability

In 2008, our bank experienced the worst financial result in its history. Our view of the economic aspect of sustainability therefore finds expression in our prime objective for 2009 – returning UBS to sustainable profitability. Based on the crucial steps already taken to stabilize the firm's finances, our strategy and activities in 2009 are determined by this central goal.

In 2008, we identified key areas requiring change within UBS – including corporate governance, risk management and control processes, the liquidity and funding framework and management compensation – and set in motion a transformation of the bank. One of the fundamental steps was to adopt a new business model: the firm now operates as a Group with autonomous business divisions. Financial sustainability is an essential element of this new model in that it enhances the incentive for each business division to succeed on its own merits, without relying on capital and funding rate cross-subsidies from the other businesses. UBS will continue its program of strengthening its financial position in 2009 by further reducing risk positions, risk-weighted assets, total assets and operating costs. This will enable us to focus management and other resources on securing and building the firm's core client businesses.

A number of additional changes are already planned for 2009, including the introduction of a new compensation model for senior executives. The model is designed to better align senior management compensation with shareholder interests and incentivize sustainable value-creation. Furthermore, the compensation of management within business divisions will encourage the responsible and independent management of their balance sheets.

To meet client needs and deliver results, UBS relies on the expertise, talent and commitment of its employees. Engaging, developing and retaining a high-value workforce are therefore vital. Currently, the financial crisis – and the concomitant restructuring of our firm – has necessitated reducing our staff. By the end of 2008 headcount in our Investment Bank division had been cut by approximately a quarter from its peak in the third quarter of 2007. Additional reductions in 2009 will bring staff down to 15,000 by year's end. These reductions notwithstanding, UBS continues to judiciously invest in its personnel to ensure that the firm has the range of skills and experience necessary to meet client needs now and to grow the firm when market conditions improve.

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Rebuilding reputation and trust

One of our key priorities for 2009 is the rebuilding of our reputation and recognition in our home market. As part of this process we have, in February 2009, restructured our Global Wealth Management & Business Banking division and introduced a unit, Swiss Bank, to look after our wealth management and private clients in Switzerland and enhance our services for small and medium-sized enterprises, sole proprietors and professionals.

In February 2009 we also announced that UBS had settled the US cross-border case with the US Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) by entering into a Deferred Prosecution Agreement (DPA) with the DOJ and a Consent Order with the SEC. As part of these agreements, we will complete our previously announced exit of its US cross-border business and implement a program of internal controls to ensure compliance with the Qualified Intermediary Agreement with the Internal Revenue Service. This episode shows clearly the importance of a robust control framework and of making certain that people who work for our firm are incentivised, in the broadest sense, to do the right thing. We remain determined to continue to strengthen the culture of the firm to make sure that the mistakes of the past are not repeated and, with time and the appropriate actions, restore the reputation of UBS.

Rebuilding our reputation includes a re-orientation towards our roots and heritage, a return – in broader terms – to fundamentals. In this context the UBS values, revised in late 2008 to reflect key priorities the firm has set itself, are of major importance as they set out our commitment to the firm's stakeholders. Achieving business success for our shareholders, ensuring client satisfaction, promoting meritocracy and diversity for and among our employees, and being a responsible corporate citizen are key foci and priorities reflected in them.

By heeding the UBS values as well as the UBS Code of Business Conduct & Ethics, management and employees make possible a return to long-term, sustainable growth for the firm based on a strong ethical foundation. Sustainable growth must be achieved in a responsible manner, and our employees must uphold the law, respect regulations and behave in a principled way. UBS is committed to ensuring fair treatment of all its stakeholders while recognizing that conflicts of interest cannot always be avoided.

In relation to societal risks and concerns, UBS has established processes and commitments in place. Our ability to promote and respect relevant standards depends, however, on the nature of our relationship with the various stakeholders with whom we engage. UBS has well-established human resources policies and practices that apply to our employees, our central sphere of influence. With regard to our suppliers, UBS has developed a supply chain guideline, which provides group-wide guidance on identifying, assessing and monitoring supplier practices in the areas of human and labor rights, the environment and corruption. UBS's influence is more limited with regard to clients. However, these limitations notwithstanding, UBS takes its responsibility to preserve the integrity of the financial system seriously. The firm has developed extensive policies designed to prevent, detect and report money laundering, corruption and terrorist financing. In addition, UBS seeks to identify, manage and control environmental and social risks in its business transactions.

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Societal commitments

Sustainable profitability also benefits wider society in that it provides the foundation for our continued societal commitments. In the environmental sphere, our climate change strategy, launched in 2006, represents a key commitment. In 2009, we will continue to advance towards our goal of reducing the firm's CO2 emissions by 40% below 2004 levels by 2012.

In the social sphere, UBS, together with its employees, seeks to enhance the well-being of the local communities in which it is active. We do this through our well-established community affairs program. Building on the solid level of employee volunteering, a priority for 2009 is to encourage even more employees to participate in the volunteering opportunities offered by the firm.

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Performance

In 2008, the crisis faced by the financial services industry made it difficult for UBS to do as much as it would have liked to fulfill its stakeholder expectations. Still, as can be seen from the examples provided – from anti-money laundering to community development and human rights to protecting the environment – UBS continued with a wide range of important and effective corporate responsibility-related activities.



Even in difficult times, UBS remains convinced that corporate responsibility makes good business sense.

- **Performance and compensation**
- **Environment**
- **AML**
- **Community investment**
- **Training and awareness**
- **External ratings**

Performance and compensation

UBS believes that the foundation of good performance management is an ongoing employee-manager dialogue, with demonstrable performance as the basis for meritocracy. All employees therefore participate in a year-round performance management process that assesses individual achievements against specific objectives. This process supports staff development, links behavior to corporate values and helps ensure employees have the skills required to meet their clients' needs and implement their division's strategic goals. The performance management process for the executive members of the Board of Directors (BoD), members of the Group Executive Board and senior managers is broadly the same as for other employees.

As set out in the Organization Regulations, Corporate Responsibility Committee members, as a group, are expected to: (i) commit such time to the role as may be necessary for the proper discharge of their duties. An indication of the time expected for this purpose will be set out in each of the CRC members' letter of appointment; and (ii) have good knowledge of corporate responsibility and relevant political issues and such other experience as the Board considers desirable in order to enable the CRC to perform its duties. The CRC's chairman is expected to have good knowledge of the relevant committee's area of responsibility together with such other experience as the Board considers desirable in the context of that committee's work.

UBS's compensation system addresses the needs, the requirements, market rules, labor laws and competitive compensation practices in over 80 countries to pay more than 65'000 employees around the world with a variety of different instruments ranging from cash to deferred instruments which are blocked and tied to material restrictions. In 2009, UBS is adopting a new compensation model for the BoD and the GEB that has a long-term focus and is more closely aligned with the creation of value for the firm.

Total compensation is linked to UBS's business objectives, and pay and incentive programs are designed to pay for performance. UBS's total compensation and benefits philosophy has five guiding principles which require UBS to:

- use carefully selected performance measures, rigorous performance management and a strict pay-for-performance relationship to support UBS's business strategy
- support reward opportunities by consistently communicating UBS's business strategy and promoting a meritocratic culture
- provide competitive total compensation opportunities to enable UBS to attract and retain talent
- balance compensation components to meet short-term needs while focusing on mid- to long-term objectives
- encourage employee share ownership to strengthen the alignment between employee and shareholder interests

A workforce of individuals from different backgrounds, cultures and experiences is indispensable in today's global business environment, in part because it can help enhance understanding of regional markets and sensitivity to cultural norms and labor market issues. As part of its efforts to promote diversity, UBS has integrated this important value into management processes such as recruiting and performance management.

are set for managers and employees in pertinent departments or units. Most notably, this would include managers and employees in Corporate Responsibility, Anti-Money Laundering, Diversity, Environmental, and Community Affairs functions.

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Environment

- Our priorities for 2009
- Our achievements in 2008



Our priorities for 2009

The Group Executive Board annually defines Group Environmental Priorities, in line with our Environmental Policy and with the ISO 14001 requirement to demonstrate continual improvement of our environmental management system.

- Pass ISO surveillance audit 2009
- Adoption of industry sector guidelines by the business divisions
- Business divisions to continue to identify and develop socially responsible investments (SRI) and other environmental market opportunities
- Continue to execute Climate Change strategy towards achieving 40% CO2 reduction by 2012 (focus on driving forward the energy efficiency program)
- Continue to work towards achieving 2009 targets for paper and waste (focus on raising employee awareness)
- Adoption of the Responsible Supply Chain Guideline by the business divisions
- Continue to inform and engage employees

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Our achievements in 2008

This section describes our achievements with regard to the 2008 Environmental Group Priorities

Management system

- *Pass 2008 ISO 14001 re-certification audit:*
Successfully passed the triennial ISO 14001 recertification audit by Société Générale de Surveillance (SGS). SGS auditors interviewed 140 employees and executives across business divisions. No critical audit finding has been raised. The auditors noted that UBS's EMS has matured and further expanded in all dimensions (risk, opportunities, in-house ecology).

→ Environmental management indicators

Risk Management

- *Finalize development and start adoption of industry sector guidelines for assistance and guidance when doing business with clients in environmentally and socially sensitive industry sectors*
UBS continues to develop and test internal industry sector guidelines to support the consistent identification and assessment of environmental and social risks in all its banking activities. The sector guidelines are to cover industry sectors that have a high potential for environmental and social risk and summarize industry standards for dealing with potential issues in the various life cycles of the sector.

Products and services

- *Continue to identify and develop SRI and other environmental market opportunities*
In 2008 UBS launched two new SRI products, the UBS (Lux) Equity Sicav – Emerging Markets Innovators and the UBS Strategy Certificate Energy Efficiency. The SRI product shelf was further enhanced with a Special Investment Portfolio mandate solution and third party SRI bond and microfinance funds. In 2008 UBS SRI invested assets decreased by 54% year on year, primarily due to severe corrections in the global equity markets (equities is the preferred asset class for UBS's SRI products), but also due to asset outflows. At year end, these SRI invested assets represented 18 billion CHF or 0.8% of UBS's overall invested assets.

→ Socially responsible investments (SRI) invested assets

In Switzerland UBS launched the UBS eco Mortgage, which promotes eco-efficiency and solar technology in buildings by granting clients reduced mortgage interest rates and other benefits.

Finally UBS continued to arrange financing and provide advisory services to companies in renewable energy sectors, such as acting as the joint global coordinator and joint bookrunner for the EUR 1.8 billion initial public rights offering of the wind generation company EDP Renováveis.

In-house ecology

- *Continue to execute Climate Change strategy towards achieving 40% CO2 reduction by 2012.*
Execution of Climate Change Strategy is on track. In-line with the planned reduction path, UBS reduced its CO₂ emissions in 2008 by 6%, or 17'500 tons CO₂, compared to 2007. Compared to the baseline year 2004, this reduction is 27%. UBS also increased the share of renewable energy it purchases from 45% in 2007, to 48% in 2008.

→ CO2 footprint

→ Environmental indicators

→ Environmental indicators per FTE

- *Make progress in meeting 2009 targets for paper and waste*
In 2008 UBS made steady progress towards achieving paper targets: paper use by employee decreased from 190 kg in 2007, to 167 kg in 2008, thereby exceeding the 2009 target. The share of recycled paper increased from 10.5% in 2007, to 16.2% in 2008 (target 20% in 2009). Finally, FSC paper increased from 10.7% in 2007 to 16.6% of total paper use. At the same time, the waste targets are proving to be challenging in certain regions as they heavily rely on behavioral changes rather than technical measures or processes. Waste per employee decreased to 298 kg, but is still significantly above target value of 273 kg per employee. The waste recycling ratio decreased again from 56% in 2007 to 55% (target: 70% in 2009).

→ Paper consumption & Waste and recycling

Supply chain

- *Start adoption and training on the group-wide Responsible Supply Chain Guideline.*
In 2008, the guideline was gradually applied to new contracts and contract renewals with suppliers. By the end of the year around 100 suppliers had been screened according to the guideline's social and environmental criteria, and responsible supply chain requirements have been included in the contractual arrangement with suppliers who were awarded contracts. Also, some 170 procurement and sourcing officers were trained on the relevance and application of the new guideline.

Communications & training

- *Continue specialized training for skill holders who are involved in the offering of SRI products and the assessment of environmental risks that UBS is exposed to.*
In 2008, 5232 employees participated in training on environmental issues, with 3905 receiving general education on UBS's environmental policy and programs, mostly in induction trainings, and 1327 employees receiving specialist training targeted at their area of expertise and impact.

→ **Environmental management indicators**

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Environmental management indicators

| Full-time equivalent, except where indicated | GRI ¹ | For the year ended | | | % change from |
|--|------------------|--------------------|----------|----------|---------------|
| | | 31.12.08 | 31.12.07 | 31.12.06 | 31.12.07 |
| Personnel financial businesses | | 77,783 | 83,560 | 78,140 | (7) |
| Personnel in specialized environmental units | | 22 | 24 | 19 | (8) |
| Environmental functions integrated in other units ² | | 21 | 14 | 11 | 50 |
| Environmental awareness raising | | | | | |
| Employees trained | FS4 | 3,905 | 5,090 | 2,489 | (23) |
| Training time (hours) | FS4 | 1,735 | 2,133 | 1,498 | (19) |
| Specialized environmental training | | | | | |
| Employees trained | FS4 | 1,327 | 976 | 977 | 36 |
| Training time (hours) | FS4 | 2,041 | 1,420 | 1,758 | 44 |
| External environmental audits³ | | | | | |
| Employees audited | FS9 | 163 | 37 | 30 | 341 |
| Auditing time (days) | FS9 | 24 | 8 | 6 | 200 |
| Internal environmental audits⁴ | | | | | |
| Employees audited | FS9 | 165 | 121 | 154 | 36 |
| Auditing time (days) | FS9 | 45 | 38 | 44 | 18 |

¹ Global Reporting Initiative (see also www.globalreporting.org). FS stands for the Environmental Performance Indicators defined in the GRI Financial Services Sector Supplement. ² In-house ecology: building managers, energy specialists, etc. ³ Audits carried out by SGS Société Générale de Surveillance SA. Surveillance audits took place in 2006 and 2007. The more comprehensive Re-Certification Audit was done in 2008. ⁴ Audits/reviews carried out by specialized environmental units. The implementation of Environmental Risk Policies is also audited by Group Internal Audit.

Socially Responsible Investments (SRI) Invested Assets¹

| CHF billion, except where indicated | GRI ² | For the year ended | | | % change from |
|--|------------------|--------------------|----------|----------|---------------|
| | | 31.12.08 | 31.12.07 | 31.12.06 | 31.12.07 |
| UBS | | 2,174 | 3,189 | 2,989 | (32) |
| UBS SRI products and mandates | | | | | |
| Positive criteria | FS11 | 2.12 | 5.20 | 1.84 | (59) |
| Exclusion criteria | FS11 | 14.05 | 33.33 | 16.17 | (58) |
| Third-party | FS11 | 1.85 | 1.08 | N/A | 72 |
| Total SRI invested assets | FS11 | 18.03 | 39.61 | 18.01 | (54) |
| Proportion of total invested assets (%) ³ | | 0.83% | 1.24% | 0.60% | |

¹ All figures are based on the level of knowledge as of January 2009. ² Global Reporting Initiative (see also www.global-reporting.org). FS stands for the Performance Indicators defined in the GRI Financial Services Sector Supplement. ³ Total SRI/UBS's invested assets.

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

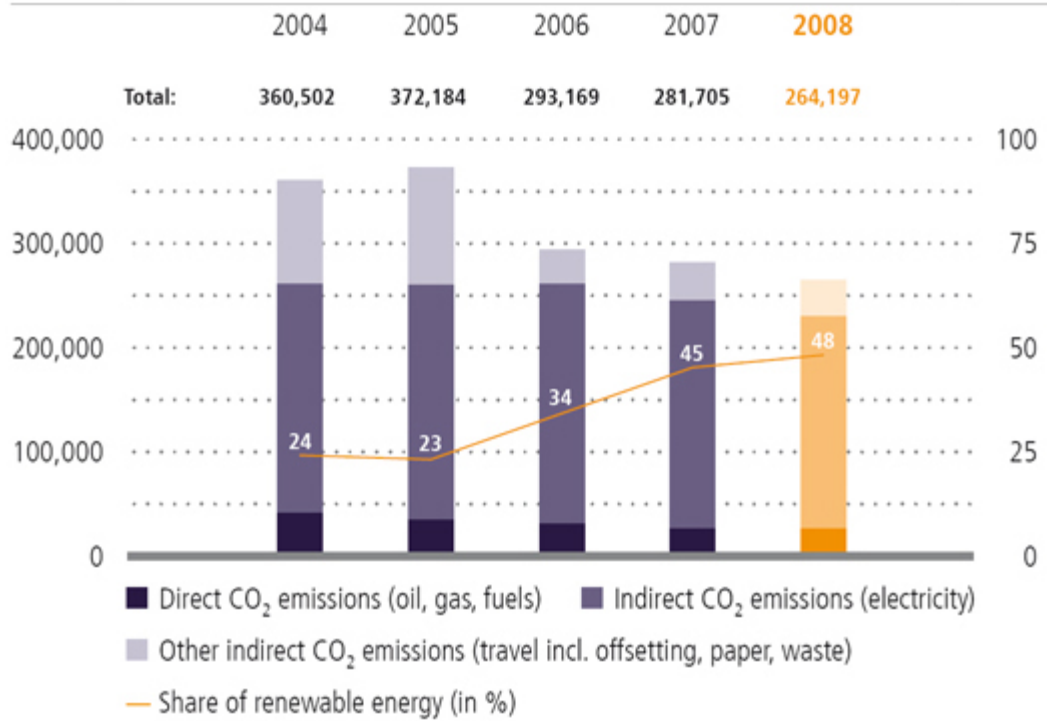
Exclusion criteria: companies or sectors are excluded based on environmental, social or ethical criteria, e.g. companies involved in weapons, tobacco, gambling, or with high negative environmental impacts. This includes also faith based investing consistent with principles and values of a particular religion.

Third-party: UBS's open product platform gives clients access to SRI products from thirdparty providers. This includes both positive and exclusion criteria, and microfinance investments.

CO₂ footprint

in tons CO₂

Share of renewable energy (in %)



Environmental Indicators¹

| | | 2008 ² | | | 2007 ² | | 2006 ² |
|--|------------------|----------------------------------|---------------------------|--------------------|----------------------------------|----------------------------------|-------------------|
| | GRI ³ | Absolute normalized ⁴ | Data quality ⁵ | Trend ⁶ | Absolute normalized ⁴ | Absolute normalized ⁴ | |
| Total direct and intermediate energy consumption⁷ | | 1,016 GWh | *** | → | 981 GWh | 951 GWh | |
| Total direct energy consumption⁸ | EN3 | 127 GWh | ** | → | 130 GWh | 154 GWh | |
| natural gas | | 83.3% | ** | → | 83.3% | 85.5% | |
| heating oil | | 12.2% | *** | → | 12.1% | 11.8% | |
| fuels (petrol, diesel, gas) | | 4.5% | *** | → | 4.6% | 2.7% | |
| renewable energy (solar power, etc.) | | 0.03% | *** | ↔ | 0.03% | 0.03% | |
| Total intermediate energy purchased⁹ | EN4 | 890 GWh | *** | → | 851 GWh | 797 GWh | |
| electricity from gas-fired power stations | | 11.7% | ** | → | 12.3% | 13.2% | |
| electricity from oil-fired power stations | | 3.7% | *** | ↓ | 4.2% | 4.5% | |
| electricity from coal-fired power stations | | 18.4% | ** | → | 18.6% | 21.7% | |
| electricity from nuclear power stations | | 11.1% | ** | ↔ | 13.6% | 20.5% | |
| electricity from hydroelectric power stations | | 25.8% | *** | → | 25.5% | 21.4% | |
| electricity from other renewable resources | | 23.1% | *** | → | 22.0% | 12.7% | |
| district heating | | 6.2% | *** | ↑ | 3.8% | 6.0% | |
| Share of renewable energy and district heating | | 48% | *** | ↗ | 45% | 34% | |
| Total business travel | EN29 | 886 m Pkm | *** | ↓ | 1,042 m Pkm | 936 m Pkm | |
| rail travel ¹⁰ | | 3.5% | ** | → | 3.3% | 4.1% | |
| road travel ¹⁰ | | 0.6% | ** | ↑ | 0.5% | 0.6% | |
| air travel | | 96.0% | *** | → | 96.2% | 95.3% | |
| Number of flights (segments) | | 398,369 | *** | ↓ | 446,274 | 402,629 | |
| Total paper consumption | EN1 | 14,403 t | *** | ↔ | 15,593 t | 14,013 t | |
| post-consumer recycled | EN2 | 16.2% | *** | ↑ | 10.5% | 6.2% | |
| new fibres FSC ¹¹ | | 16.6% | *** | ↑ | 10.7% | 0.0% | |
| new fibres ECF + TCF ¹¹ | | 66.8% | *** | ↓ | 78.6% | 93.8% | |
| new fibres chlorine bleached | | 0.4% | ** | ↑ | 0.2% | 0.0% | |
| Total waste | EN22 | 25,644 t | *** | → | 24,589 t | 22,631 t | |
| valuable materials separated and recycled | | 54.6% | *** | → | 56.3% | 58.2% | |
| incinerated | | 14.3% | *** | ↔ | 15.8% | 12.7% | |
| landfilled | | 31.1% | ** | ↗ | 27.9% | 29.1% | |
| Total water consumption | EN8 | 2.42 m m³ | ** | ↗ | 2.19 m m³ | 1.94 m m³ | |
| Total CO₂ footprint¹² | | 264,197 t | *** | ↔ | 281,705 t | 293,169 t | |
| Total direct CO ₂ emissions (GHG scope 1) ¹³ | EN16 | 26,490 t | *** | → | 26,701 t | 31,519 t | |
| Total indirect CO ₂ emissions (GHG scope 2) ¹³ | EN16 | 204,344 t | ** | → | 218,681 t | 230,015 t | |
| Total other indirect CO ₂ emissions (GHG scope 3) ¹³ | EN17 | 129,364 t | *** | ↓ | 149,323 t | 132,635 t | |
| Total CO ₂ e offsets (business air travel) ¹⁴ | | 96,000 t | *** | ↓ | 113,000 t | 101,000 t | |

Legend: GWh = giga watt hour; Pkm = person kilometer; t = ton; m³ = cubic meter; m = million

¹ All figures are based on the level of knowledge as of January 2009. ² Reporting period: 2008 (1 July 2007–30 June 2008), 2007 (1 July 2006–30 June 2007), 2006 (1 July 2005–30 June 2006).
³ Global Reporting Initiative (see also www.globalreporting.org). EN stands for the Environmental Performance Indicators as defined in the GRI. ⁴ Non-significant discrepancies from 100% are possible due to roundings. ⁵ Specifies the estimated reliability of the aggregated data and corresponds approximately to the following uncertainty (confidence level 95%): up to 5% – ***, up to 15% – **, up to 30% – *. Uncertainty is the likely difference between a reported value and a real value. ⁶ 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 10/20/30% (↓,↑). ⁷ Refers to energy consumed within the operational boundaries of UBS.
⁸ Refers to primary energy purchased which is consumed within the operational boundaries of UBS (oil, gas, fuels). ⁹ Refers to energy purchased that is produced by converting primary energy and consumed within the operational boundaries of UBS (electricity and district heating). ¹⁰ Rail and road travel: Switzerland only. ¹¹ Paper produced from new fibres. FSC stands for Forest Stewardship Council, ECF for Elementary Chlorine Free and TCF for Totally Chlorine Free. ¹² CO₂ footprint equals total CO₂ emissions (GHG scope 1, 2 and 3) minus CO₂e offsets. ¹³ Refers to ISO 14064 and the "GHG (greenhouse gas) protocol initiative" (www.ghgprotocol.org), the international standards for CO₂ reporting: Scope 1 accounts for direct CO₂ emissions by UBS; Scope 2 accounts for indirect CO₂ emissions associated with the generation of imported/purchased electricity, heat or steam; Scope 3 accounts for indirect CO₂ emissions associated with business travel, paper consumption and waste disposal. ¹⁴ Offsets from third-party GHG reduction projects measured in CO₂ equivalents (CO₂e). These offsets neutralize CO₂ emissions from business air travel.

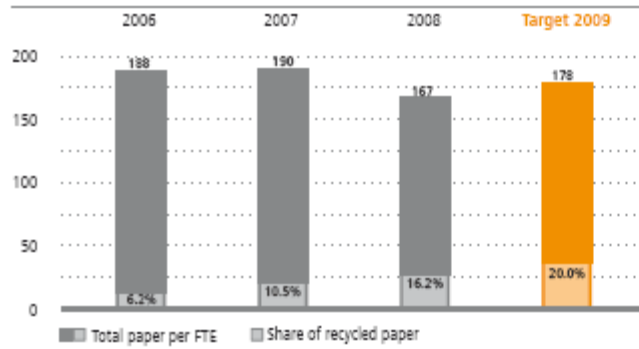
Environmental indicators per full-time employee

| | Unit | 2008 | Trend | 2007 | 2006 |
|--------------------------------------|---------------------|--------|-------|--------|--------|
| Total direct and intermediate energy | kWh/FTE | 11,792 | → | 11,942 | 12,736 |
| Total business travel | Pkm/FTE | 10,281 | ↓ | 12,685 | 12,544 |
| Total paper consumption | kg/FTE | 167 | ↓ | 190 | 188 |
| Total waste | kg/FTE | 298 | → | 299 | 303 |
| Total water consumption | m ³ /FTE | 28.1 | ↗ | 26.7 | 26.0 |
| CO ₂ footprint | t/FTE | 3.07 | ↓ | 3.43 | 3.93 |

Legend: FTE = full-time employee; kWh = kilo watt hour; Pkm = person kilometer; kg = kilogram; m³ = cubic meter; t = ton

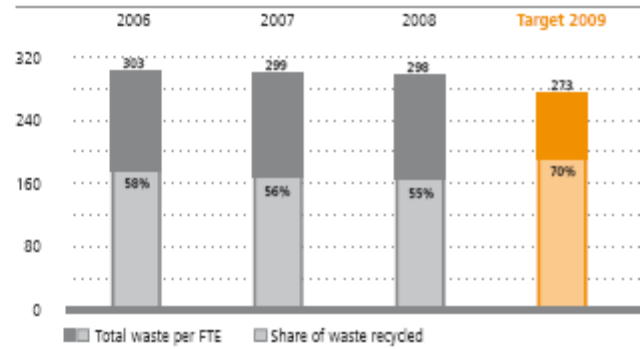
Paper consumption

In kg



Waste and recycling

In kg



Environmental management indicators

| Full-time equivalent, except where indicated | GRI ¹ | For the year ended | | | % change from |
|--|------------------|--------------------|----------|----------|---------------|
| | | 31.12.08 | 31.12.07 | 31.12.06 | 31.12.07 |
| Personnel financial businesses | | 77,783 | 83,560 | 78,140 | (7) |
| Personnel in specialized environmental units | | 22 | 24 | 19 | (8) |
| Environmental functions integrated in other units ² | | 21 | 14 | 11 | 50 |
| Environmental awareness raising | | | | | |
| Employees trained | FS4 | 3,905 | 5,090 | 2,489 | (23) |
| Training time (hours) | FS4 | 1,735 | 2,133 | 1,498 | (19) |
| Specialized environmental training | | | | | |
| Employees trained | FS4 | 1,327 | 976 | 977 | 36 |
| Training time (hours) | FS4 | 2,041 | 1,420 | 1,758 | 44 |
| External environmental audits³ | | | | | |
| Employees audited | FS9 | 163 | 37 | 30 | 341 |
| Auditing time (days) | FS9 | 24 | 8 | 6 | 200 |
| Internal environmental audits⁴ | | | | | |
| Employees audited | FS9 | 165 | 121 | 154 | 36 |
| Auditing time (days) | FS9 | 45 | 38 | 44 | 18 |

¹ Global Reporting Initiative (see also www.globalreporting.org). FS stands for the Environmental Performance Indicators defined in the GRI Financial Services Sector Supplement. ² In-house ecology: building managers, energy specialists, etc. ³ Audits carried out by SGS Société Générale de Surveillance SA. Surveillance audits took place in 2006 and 2007. The more comprehensive Re-Certification Audit was done in 2008. ⁴ Audits/reviews carried out by specialized environmental units. The implementation of Environmental Risk Policies is also audited by Group Internal Audit.

AML

Key priorities

To advance its extensive and constant efforts to prevent money laundering, corruption and terrorist financing UBS has set itself key priorities for 2009 and beyond:

- Continued assurance of UBS's zero-tolerance stance towards corruption and the prohibition of all forms of bribery by UBS and its employees, including so-called facilitation payments
- Continued implementation of the Group Policy against Corruption by the business divisions, of related business division training, including web-based training
- Continued efforts to reduce the risk of misuse of UBS's systems to perpetrate bribery
- Continued contribution to the work undertaken by the Wolfsberg Group (notably in the area of credit cards and stored value cards and in the review of the Group's 2003 paper on monitoring, screening and searching)

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Core metrics

Reputation risk

- Our reputation is our most important asset and we want to maintain our good reputation in the eyes of all our major stakeholders but with particular focus on our key Stakeholders
- We want to avoid "major" or "significant" reputation damage resulting from money laundering, corruption, sanctions and embargoes and terrorism/terrorism finance

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Regulatory risk

- Our regulators must have confidence in UBS and our AML Programs that they are both compliant with applicable laws and regulations and commensurate with the threats and risks that we face
- We want to have no adverse material findings from any of our main regulators in respect of money laundering, corruption, sanctions and embargoes and terrorism/terrorism finance. Such material adverse findings will include public reprimands and sanctions including fines. Private warnings and or findings of weaknesses will not classify as material adverse findings unless they question the appropriateness or effectiveness of our AML Program.

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Compliance risk

- Our AML related Policies and Procedures/Standards and Processes should be

appropriately designed and effectively implemented

- We want to operate with a level of comfort and assurance regarding our AML Programs and such we do not want to have material deficiencies (systematic weaknesses) which call into question the appropriateness or effectiveness of our AML Programs.

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Community investment



UBS, together with its employees, seeks to have a positive influence on the social and environmental well-being of the local communities in which it operates.

The firm does this through its community affairs program. This program encompasses activities such as direct cash donations to

selected organizations, employee volunteering, matched-giving schemes, in-kind donations, disaster relief efforts and / or partnerships with community groups, educational institutions and cultural organizations. UBS has dedicated teams around the world which work closely with staff at all levels to build partnerships with organizations in the communities, focusing on the key themes of “empowerment through education” and “building a stronger community”.

Overall, in 2008, UBS and its affiliated foundations donated nearly CHF 46 million to support charitable causes. UBS employees, through their donations and volunteer efforts, also made significant contributions to the communities they live in. Last year, almost 9,300 employees spent 84,700 hours volunteering. UBS supports their commitment by matching their donations and offering up to two working days a year for volunteering efforts.

UBS has also established a number of foundations and associations that donate money to worthy causes in Switzerland. The association *A Helping Hand from UBS Employees* helps disabled and disadvantaged people lead active, independent lives. UBS encouraged this employee involvement by matching the funds raised in 2008. The *UBS Cultural Foundation* fosters creativity, appreciation of different forms of art, and contact between artists and society. The foundation provides financial support for fine arts, film, literature, music, preservation of historic buildings, archaeological projects and research in history and philosophy in Switzerland. In similar fashion, the purpose of the *UBS Foundation for Social Issues and Education* is to support deprived communities in Switzerland in various forms. Non-profit, charitable organizations, projects and initiatives aiming at improving social welfare receive monetary assistance from these funds.

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Client foundation

Besides the engagement of the firm and its employees, UBS also provides its clients with the opportunity to contribute to charitable causes. The UBS Optimus Foundation invests donations from UBS clients into a number of programs and organizations, focusing on the key themes of children and of medical and biological research. The projects involve close collaboration with respected partner organizations and are selected by a team of specialists within the foundation, who also closely monitor their implementation. The costs of managing and administering the UBS Optimus Foundation are borne by UBS, so that the full contribution of each client reaches the projects. In 2008, the UBS Optimus Foundation spent over CHF 17 million supporting 71 projects in Africa, Asia Pacific, Europe and North and South America.

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Find out more

→ **More about our community investment**

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Training and raising awareness

UBS strives to increase employee awareness of its corporate responsibility processes, activities and commitments. General information is published on the firm's intranet and in employee magazines. In 2008, 2,800 employees participated in training and awareness-raising activities dealing with corporate responsibility.

Furthermore, in 2008, 5,232 employees participated in training on environmental issues, with 3,905 receiving general education on UBS's environmental policy and programs, mostly in induction training, and 1,327 employees receiving specialist training targeted at their area of expertise and impact.

Specific training is also given to staff working in the area of AML. It is mandatory for AML and compliance staff to complete a training program every two years, and new joiners in all UBS business divisions receive training in the issue of anticorruption as part of their induction process.

AML and Anti-Corruption

- All new joiners to UBS are informed about the [UBS Code of Business Conduct and Ethics](#), which also covers anti-corruption from the perspective of risks relating to clients in the terms below. Whilst the Code focuses on preventing the misuse of the financial system including in relation to bribery, the specific anti-corruption standards of conduct that apply to UBS employees themselves are more fully set out in a separate policy. It was agreed in 2008 that new joiners in all UBS business divisions be trained on the issue of anti-corruption as it pertains to the firm itself in the revised Group Policy Against Corruption (issued in early 2008). The policy sets out the firm's zero-tolerance stance towards corruption and prohibits all forms of bribery by UBS and its employees, including so-called facilitation payments.
- Employees regularly undergo training in respect of anti-money-laundering (AML)-related issues and new trends, be it through on-line training, awareness campaigns or seminars.
- In relation to the Group Policy Against Corruption training materials were developed by the UBS Group Money Laundering Prevention Unit (GMLPU) which formed the basis for business division training modules that raise awareness of new and revised topics. Business divisions also regularly refresh their web-based training modules to address compliance issues and in the latest round (2008-2009), anti corruption standards have also been included. Progressive roll-out of training is ongoing.
- Generally, all compliance employees receive mandatory compliance training every two years (usually web-based). This also covers anti-corruption as it pertains both to UBS employees and to clients. Employees in pertinent departments and units (e.g. Compliance) also receive targeted training on client-related corruption.
- UBS has a whistleblowing policy which allows employees to report any breach of law, regulations or codes of ethics to a senior manager without fear of retaliation.

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External ratings

The firm's corporate responsibility work has been widely recognized, and UBS has been included in many indexes that track such efforts.

Dow Jones Sustainability Indexes

Since 1999, the Dow Jones Sustainability Indexes (DJSI) track the social, environmental and financial performance of companies in the Dow Jones Global Index which are considered to be leaders in terms of corporate responsibility. UBS has been part of the DJSI since the index's inception.

→ www.sustainability-index.com

FTSE4Good Indexes

UBS has also been included in the FTSE4Good Index since its inception in 2001. FTSE4Good measures the performance of global companies in the areas of environmental sustainability, stakeholder relations and support for human rights.

→ www.ftse4good.com

oekom Corporate Rating

oekom research AG is one of the world's leading sustainability rating agencies and has actively helped to shape the market for sustainable investments since 1993. oekom research has awarded UBS corporate responsibility prime status which, according to the oekom Corporate Rating, signifies companies which are among the leaders in their industry and which meet industry-specific minimum requirements.

→ [oekom](http://oekom.com)

Climate Leadership Index (CLI)

UBS was a member of the Climate Leadership Index (CLI) from its launch in 2004 until 2007. The CLI discloses to investors which FT500 companies have the most comprehensive climate-change disclosure practices in place, judged on the basis of each company's individual response to the Carbon Disclosure Project (CDP) questionnaire.

→ www.cdproject.net

Reporting and assurance

UBS strives to report openly and transparently about the firm's corporate responsibility strategy and activities. A detailed overview of key corporate responsibility activities and developments is provided in the [UBS annual report](#). Since 2000, we have used this core reporting tool to communicate on our efforts, since 2005 also by means of a section on "Employees".

All information provided in the annual report is directly mirrored on the [UBS corporate responsibility website](#) and, if pertaining to the firm's employees, on the [Employees website](#). Moreover, topics and information additional to the contents of the annual report are provided on both websites.



UBS's reporting efforts are assessed externally. Most recently and significantly, we had our 2008 sustainability disclosure externally assured against the GRI. The assurance was conducted by SGS which were satisfied that UBS's sustainability disclosure as referenced in the GRI index meets the requirements of level

A+ of the GRI (Global Reporting Initiative).

- **SGS Assurance Statement** 
- **GRI Content Index**
- **UN Global Compact COP**
- **CDP submission**
- **ISO 14001 Certificate**
- **Reports**

GRI Content Index

This content index refers to the 2006 Global Reporting Initiative (GRI) Guidelines 'G3' and the Financial Services Sector Supplements which form together a voluntary reporting framework that provides guidance on how organizations can disclose their sustainability performance.

→ **GRI Content Index** 

| No | Indicator | Reference |
|----------------------------------|--------------------------------------|---|
| 1. Strategy and analysis | | |
| 1.1 | Senior management statement | Statement of the Chairman |
| 1.2 | Key impacts, risks and opportunities | Sustainability at UBS |
| 2. Organizational Profile | | |
| 2.1 | Name of organization | Corporate information |
| 2.2 | Products and services | Our businesses (see 2.7 for details) |
| 2.3 | Operational structure | Group structure |
| 2.4 | Headquarter location | Corporate information |
| 2.5 | Countries of operations | Locations |
| 2.6 | Nature of ownership and legal form | Articles of Association of UBS AG Significant shareholders |
| 2.7 | Markets served | UBS in a few words Wealth Management International & Switzerland Wealth Management US Business Banking Switzerland Global Asset Management Investment Bank |
| 2.8 | Scale of the organization | UBS in a few figures UBS in a few words Our businesses Note 2a Segment Reporting Note 2b Segment reporting by geographic location Staffing |
| 2.9 | Significant changes | UBS reporting structure |
| 2.10 | Awards received | Investment Bank Awards Fund Awards Employer & Diversity Awards |
| 3. Report Parameters | | |
| 3.1 | Reporting period | Annual reporting |
| 3.2 | Most recent previous report | Annual Report 2007 |
| 3.3 | Reporting cycle | Annual Reporting Quarterly Reporting |
| 3.4 | Contact persons for the report | Contacts Analysts & Investors: Contact information Corporate Responsibility contact mailbox |
| 3.5 | Process for defining report content | UBS reporting at a glance Other sources of information Information policy Stakeholders |

| | | |
|------|---|--|
| 3.6 | Boundary of the report | UBS reporting structure Accounting Principles Note 1 Summary of significant accounting policies Note 34 Significant subsidiaries and associates Note: "Except where clearly identified, all of UBS's sustainability information referenced in this GRI index is presented on a consolidated basis under IFRS requirements for financial reporting for the UBS AG Parent Bank." |
| 3.7 | Limitations on the scope of the report | Non relevant |
| 3.8 | Basis for reporting on entities that can significantly affect comparability from reporting period to period | see 3.6 |
| 3.9 | Data measurement techniques and basis for calculations | see 3.6 |
| 3.10 | Effect of re-statements | UBS reporting structure |
| 3.11 | Significant changes from previous reporting | Non relevant |
| 3.12 | GRI content index | GRI online index |
| 3.13 | Independent assurance | Auditors Management's report on internal control over financial reporting SGS Assurance Statement |

4. Governance, Commitments, and Engagement

| | | |
|------|--|---|
| 4.1 | Governance structure | Corporate governance UBS organizational structure UBS organizational structure - Organizational chart Board of Directors - Organizational structure Corporate responsibility governance |
| 4.2 | Board structure | Corporate Governance Board of Directors Independency criteria |
| 4.3 | Unitary board structures | not relevant |
| 4.4 | Shareholder resolutions / employee representation | Article of Association Shareholder participation rights General meetings of the shareholders Employee representation |
| 4.5 | Executive compensation | Compensation, shareholdings and loans Compensation principles 2009 and beyond for UBS senior executives Compensation and incentives Performance and compensation |
| 4.6 | Conflicts of interests | CR Guidelines & policies |
| 4.7 | Board members expertise | Organization Regulations – Annex C Performance & compensation |
| 4.8 | Codes of conduct | Code of business conduct and Ethics Our Values CR related guidelines |
| 4.9 | Corporate Responsibility board level processes and structure | Organization Regulations – Annex C Corporate responsibility |
| 4.10 | Evaluation of Board performance | Organization Regulations - Board Self Assessment |
| 4.11 | Precautionary approach or principle | Risk management and control Environmental Policy |
| 4.12 | Memberships and commitments | External commitments and memberships (e.g. UN GC, Wolfsberg Principles) |
| 4.13 | Memberships in industry associations | UNEP FI |
| 4.14 | Stakeholder groups | Our stakeholders |
| 4.15 | Basis for identification and selection | see 4.14 |

| | | |
|------|---|--|
| | of stakeholders | |
| 4.16 | Approaches to stakeholder engagement | see 4.14 |
| 4.17 | Key topics and concerns of stakeholders | see 4.14 Adherence to UN Global Compact Initiative Compensation governance |

5. Economic Performance Indicators

| | | |
|-----|---|---|
| | Management Approach | Strategy and structure Measurement and analysis of performance Key performance indicators Group Internal Audit Organizational regulations – Annex C |
| EC1 | Economic value generated | Income Statement Note 6 Personnel expenses Note 7 General and administrative expenses Note 22 Income taxes Community investment |
| EC2 | Implications on business due to climate change | Addressing climate change |
| EC3 | Coverage of the organization's defined benefit plan obligations | Note 30 Pension and other post-employment benefit plans |
| EC4 | Significant financial assistance received from government | Transaction with the Swiss National Bank UBS News about SNB Transaction and MCN |
| EC5 | Standard entry level wages | Not relevant for financial sector as compensation is above local minimum rates. |
| EC6 | Policy, practices, and proportion of spending on locally-based suppliers | Supply chain management Responsible supply chain management |
| EC7 | Local senior management | UBS workforce Performance and compensation Board of Directors – CV Group Executive Board |
| EC8 | Development and impact of infrastructure investments and services provided for public benefit | Community investments Community investments – further information |
| EC9 | Indirect economic impacts | WM International & Switzerland – Clients Business Banking Switzerland – Clients UBS workforce Transaction with Swiss National Bank and Swiss Confederation |

6. Environmental Performance Indicators

| | | |
|-----|---|---|
| | Management Approach | Environmental & Human Rights Committee UBS and the environment UBS Environmental Policy Responsible supply chain management Performance Training and awareness |
| EN1 | Materials used | Environmental Indicators - Paper Paper and Waste Paper case studies |
| EN2 | Materials used that are recycled input materials | Environmental Indicators – Recycled paper Paper and Waste Paper case studies |
| EN3 | Direct energy use | Environmental Indicators – Direct energy Energy consumption and energy efficiency |
| EN4 | Indirect energy use | Environmental Indicators – Indirect energy Energy consumption and energy efficiency |
| EN5 | Energy saved due to conservation and efficiency improvements | Energy consumption and energy efficiency Energy efficiency case studies |
| EN6 | Initiatives to provide energy-efficient products and services | Not relevant for financial institutions, see FS8 |

| | | |
|-----------|--|---|
| EN7 | Initiatives to reduce indirect energy consumption | Energy consumption and energy efficiency Energy efficiency case studies |
| EN8 | Total water use | Environmental Indicators – Water |
| EN9 | Water sources significantly affected by withdrawal of water | Not relevant |
| EN10 | Recycled water | Not relevant |
| EN11-EN15 | Biodiversity, Habitats | Not relevant |
| EN16 | Greenhouse gas emissions | Environmental Indicators – Direct and indirect CO2 emissions |
| EN17 | Other indirect GHG emissions | Environmental Indicators – Other indirect CO2 emissions |
| EN18 | Initiatives to reduce GHG emissions | Environmental and CO2 footprints Climate change case studies |
| EN19 | Emissions of ozone-depleting substances | Not relevant |
| EN20 | NO, SO, and other air emissions | Not relevant |
| EN21 | Water discharge | Not relevant |
| EN22 | Waste by type and disposal method | Environmental Indicators - Waste Paper and Waste Waste case studies |
| EN23 | Spills | Not relevant |
| EN24 | Transported waste | Not relevant |
| EN25 | Water bodies and related habitats | Not relevant |
| EN26 | Initiatives to mitigate env impacts of products and services | Paper and Waste Electronic documents |
| EN27 | Packaging material reclaimed | Not relevant |
| EN28 | Fines and sanctions | No environmental fines and sanctions |
| EN29 | Impact of transportation | Environmental Indicators - Business Travel Business Travel and Offsetting |
| EN30 | Environmental expenditures | Not relevant |

7. Labor Practices and Decent Work Performance Indicators

| | | |
|-----|---|---|
| | Management Approach | Governance - Human Resources and Compensation Committee Governance - Group Head Human Resources Investing in UBS employees Performance and compensation Policies & Guidelines Training & Awareness |
| LA1 | Personnel | UBS workforce |
| LA2 | Employee turnover | UBS workforce |
| LA3 | Benefits | Compensation governance Pension and other post-employment benefit plans Work – Life – Balance Compensation and incentives |
| LA4 | Employees covered by collective bargaining agreements | Employee representation |
| LA5 | Notice period | Notice periods are labor market specific. |
| LA6 | Workforce representation | Employee representation |
| LA7 | Rates of injury, occupational diseases, lost days, etc. | Employee assistance "The focus of the health programs are regional. The definition of lost days and absenteeism differs nationally and is governed by local legal requirements, and therefore, cannot yet be aggregated on a global level." |
| LA8 | Education and training | Employee assistance Leadership development |

| | | |
|------|--|---|
| LA9 | Health and Safety topics covered in formal agreements with trade unions. | Employee assistance |
| LA10 | Average hours of training per year per employee | Leadership development (Indicator: Efforts to record hours of trainings per employees on a corporate level have started, but are not yet available for disclosure) |
| LA11 | Skills management & learning | Leadership development Developing and sustaining a diverse workforce Employee assistance |
| LA12 | Performance review | Performance management |
| LA13 | Composition of workforce | UBS workforce Diversity |
| LA14 | Ratio of basic salary of man to women by employee category | Non-discrimination policy (Efforts to calculate the ratio have been undertaken for certain regions; the data is for internal purposes only and is not disclosed externally.) |

8. Human Rights Performance Indicators

| | | |
|-----|---|--|
| | Management Approach | Governance - Environmental & Human Rights Committee UBS Statement on Human Rights Responsible Supply Chain Guideline Priorities 2009 - RSCM |
| HR1 | Investment agreements that include human rights clauses | Not relevant. The main application is for project finance, a business that UBS is not active in. However, the indicator is covered in the Responsible Supply Chain Guideline. |
| HR2 | Suppliers and contractors that have undergone screening on human rights | Supply chain management |
| HR3 | Employee training on policies | Supply chain management |
| HR4 | Discrimination incidents | Labor standards and human rights Corporate Responsibility – Guidelines and policies |
| HR5 | Freedom of association and collective bargaining | Employee representation |
| HR6 | Child labor | Supply chain management |
| HR7 | Forced or compulsory labor | Supply chain management |
| HR8 | Security personnel trained | Security procedures are established and relevant employees are being trained regularly. |
| HR9 | Indigenous rights | Not relevant. Covered in Supply chain management |

9. Society Performance Indicators

| | | |
|-----|---|--|
| | Management Approach | Governance "Money Laundering Prevention" Code of Business Conduct AML Priorities 2009 |
| SO1 | Impact on communities | Employee Assistance Community Investments |
| SO2 | Corruption – risk | Fighting corruption Preventing money laundering, corruption and terrorist financing |
| SO3 | Corruption – training | Training and raising awareness AML and Anti-Corruption |
| SO4 | Corruption – responses | Fighting corruption (zero tolerance) |
| SO5 | Public policy positions | Stakeholders "Governments / Regulators" US Office of Public Policy at UBS Americas |
| SO6 | Contributions to political parties, politicians, and related institutions | UBS complies with legal requirements on disclosing political donations, as applicable in the relevant jurisdiction. In the US, political donations of employees are disclosed via the political action |

| | | |
|-----|---|---|
| | | committee (PAC) system." |
| SO7 | Number of legal actions for anti-competitive behavior | see SO8 |
| SO8 | Significant fines and sanctions | Note 21 Provisions and litigation |

10. Product Responsibility Performance Indicators

| | | |
|----------|--|---|
| | Management Approach | Regulation and supervision Code of business conduct and ethics Risk management and control UBS's strategic priorities |
| PR1, PR2 | Customer Health and Safety | Not relevant for financial services company |
| PR3 | Product and service labeling | Suitability Terms and conditions for investment business Independence of Financial Research |
| PR4 | Incidents of non-compliance with regulations (product labeling) | Note 21 Provisions and litigation |
| PR5 | Customer satisfaction | Our stakeholders - Clients |
| PR6-9 | Programs for adherence to laws and standards; fines for non-compliance and related complaints. | Note 21 Provisions and litigation Settlement regarding the US cross-border case US cross-border case Investor releases "auction rate securities" |

11. Financial Services Sector Supplement Performance Indicators

| | | |
|-----|---|--|
| | Management Approach | see FS1-5 Environmental and Human Rights Governance Priorities 2009 – Environment Priorities 2009 – AML |
| FS1 | Policies with specific environmental and social components applied to business lines. | Adherence to the UN Global Compact initiative Environmental Policy UBS Statement on Human Rights Further CR Guidelines |
| FS2 | Procedures for assessing and screening environmental and social risks in business lines. | Preventing money laundering Environmental risk management |
| FS3 | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions. | Not relevant. The main application is for project finance, a business that UBS is not active in. |
| FS4 | Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines. | Training and awareness Preventing money laundering Environmental risk management |
| FS5 | Interactions with clients/investees/business partners regarding environmental and social risks and opportunities. | Environmental risk management Environmental risk management Responsible Shareholder |
| FS6 | Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector. | Wealth Management International & Switzerland Wealth Management US Business Banking Switzerland Global Asset Management Investment Bank Market Risk Credit Risk Basel II Pillar 3 |
| FS7 | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose. | UBS Optimus / UBS Charity Card UBS Campus UBS Philanthropy Services |

| | | |
|------|---|---|
| FS8 | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose. | Environmental products and services Socially Responsible Investments Clean tech finance and advisory Carbon trading UBS eco Mortgage |
| FS9 | Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures. | Environmental Management System Internal and external environmental audits Group Internal Audit |
| FS10 | Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues. | Corporate governance/SRI – UK voting record |
| FS11 | Percentage of assets subject to positive and negative environmental or social screening. | Environmental products and services Socially Responsible Investments - Invested Assets |
| FS12 | Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting. | Corporate governance/SRI |
| FS13 | Access points in low-populated or economically disadvantaged areas by type. | UBS is a retail bank in Switzerland only. Service Finder for individuals in Switzerland Locations of UBS ATMs |
| FS14 | Initiatives to improve access to financial services for disadvantaged people. | Accessibility Internet – Accessibility disAbility Awareness Network |
| FS15 | Policies for the fair design and sale of financial products and services. | Suitability Conflict of interest policies |
| FS16 | Initiatives to enhance financial literacy by type of beneficiary. | UBS Financial Advisory Tools UBS Generation – Budget calculator UBS Campus – Budget calculator Mortgage calculator UBS Key Invest – Know How about Structured Products UBS Dictionary of Banking Wealth Management Research |

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Addressing climate change

UBS acknowledges that climate change represents one of the most significant environmental challenges of current times.

By offering relevant products and services across businesses, UBS seeks to help clients address risks and take advantage of opportunities presented by climate change and the expected transition to a lower carbon economy. With this in mind, UBS continued in 2008 to expand its offering of climate change-related products and services and to publish dedicated research reports.

- **Socially responsible investments**
- **Clean tech finance and advisory**
- **Carbon trading**

In addition, UBS seeks to lead by example by acting to reduce its own environmental impact. To this end, in 2006 the Group Executive Board (GEB) set a target to reduce the firm's carbon emissions in 2012 by 40% from 2004 levels. UBS continued in 2008 to make good progress towards achieving this target and reduced its 2008 emissions by 27% compared with 2004.

- **In-house ecology**

Submission to the Carbon Disclosure Project

UBS is an original signatory of the Carbon Disclosure Project (CDP). The CDP issues annual climate change Information Requests on behalf of institutional investors to more than 3.700 corporations across the globe. By doing this the CDP wants to encourage organisations to measure, manage and reduce emissions and climate change impacts.

As one of the 3.700 corporations receiving the CDP Information Request, UBS also annually responds to the questionnaire.

- **2009 (CDP7) Greenhouse Gas Emissions Questionnaire - UBS** 



ISO 14001 Certificate

UBS is globally certified according to the international environmental management standard ISO 14001.

History of UBS's ISO 14001 certification

UBS received global ISO 14001 certificate for its banking business as well as for its in-house operations in Switzerland in 1999.

The bank expanded its environmental management system to in-house operations in Europe, North America and Asia Pacific in 2002.

In 2002, 2005 and 2008 UBS successfully passed the ISO 14001 re-certification audit. It was performed by SGS Société Générale de Surveillance SA covering banking activities and in-house operations worldwide.

The meaning of the ISO 14001 certification

With the ISO 14001 award, an independent certification body confirms that the requirements of this standard have been met.

A certificate attests that the environmental management system is an appropriate tool for complying with the relevant environmental regulations, achieving self-defined environmental objectives and maintaining continual improvement of environmental performance. It does not, however, permit any statement on the absolute corporate environmental performance. Assessment of this is only possible if it is revealed by the company in an environmental report.

ISO 14000 requires that the system be annually audited and re-certified every 3 years.

The case for ISO 14001 certification

UBS's Environmental Policy is most effectively implemented through a professional environmental management system. UBS has further increased the system's efficiency by structuring it according to the ISO 14001 standard and by integrating it into business processes.

- **2008 - 2011, ISO 14001 Certificate. Scope: Banking Business and In-house Operations worldwide** 
- **2005 - 2008, ISO 14001 Certificate. Scope: Banking Business and Inhouse operations worldwide** 
- **2002 - 2005, ISO 14001 Certificate. Scope: Corporate Services outside Switzerland** 
- **2002 - 2005, ISO 14001 Certificate. Scope: Banking Business worldwide and Corporate Services in Switzerland** 
- **1999 - 2002, ISO 14001 Certificate. Scope: Banking Business worldwide and Corporate Services in Switzerland** 






















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Reports

Corporate responsibility reports 2008

- [Download "Corporate responsibility" section in UBS annual report 2008](#) 
- [Download "Our Employees" section in UBS annual report 2008](#) 

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| 2000 | | PDF  | |
| 1999/2000 | | PDF  | |
| 1998/1999 | | PDF  | |

History of corporate responsibility at UBS

| | |
|------|--|
| 1954 | Beginnings of Community Affairs at Wealth Management US |
| 1962 | Establishment of Union Bank of Switzerland's 100 th anniversary foundation (since 1999: UBS Culture Foundation) |
| 1972 | Establishment of Swiss Bank Corporation's 100th anniversary foundation (since 1999: UBS Foundation for Social Issues and Education) |
| 1973 | Institution of "A Helping Hand from UBS Employees" (UBS Mitarbeiter helfen) in Switzerland |
| 1978 | Beginnings of Community Affairs in EMEA Establishment of first energy functional unit |
| 1982 | Co-founder member of <i>Business in the Community</i> in the UK |
| 1988 | First bank in Switzerland with the position of environmental officer |
| 1989 | First formal energy guidelines |
| 1992 | Among the first signatories of the UNEP bank declaration (UNEP FI) Start of an award-winning school partnership with Deptford Green School in the UK |
| 1993 | Introduction of first Environmental Policy |
| 1994 | Publication of first environmental report and introduction of environmental credit assessment procedure for Swiss corporate clients |
| 1995 | Introduction of employee volunteering at Wealth Management US and of matched-giving scheme for London employees |
| 1996 | Launch of first cohesive and branded Community Affairs programme, "Tomorrow's Adults" |
| 1997 | Launch of Socially Responsible Investment (SRI) Funds "Eco-Performance-Portfolio" Establishment of IB Community Affairs in Stamford (monetary and in-kind donations, and employee volunteering). |
| 1998 | <i>Merger of Union Bank of Switzerland and Swiss Bank Corporation to create UBS</i> |
| 1999 | Founding member of Wolfsberg Group First bank to obtain ISO 14001 certification for worldwide environmental management system in banking business and launch of Environmental Risk Policy in IB Establishment of UBS Optimus Foundation |
| 2000 | UBS among first 38 companies to sign UN Global Compact Wolfsberg Group Anti-Money Laundering (AML) Principles for Private Banking (revised 2002) UBS commences reporting on corporate responsibility in Annual Report |
| 2001 | Establishment of Corporate Responsibility Committee (CRC), a Board of Directors committee, and publication of first Corporate Responsibility section in Annual Report Establishment of a Global Diversity Steering Committee within the Investment Bank Founding member of European Social Investment Forum (Eurosif) Wolfsberg Group Commitment against Terrorism Employee volunteering time off policy introduced for London employees |
| 2002 | Wolfsberg Group Statement on Fight against Financing of Terrorism and AML Principles for Correspondent Banking Launch of group-wide Diversity initiative Founding signatory of Carbon Disclosure Project (CDP) Commencement of joint WM and IB Community Affairs programme in |

| | |
|------|--|
| | Chicago Expansion of in-house ecology programme to Corporate Services outside Switzerland |
| 2003 | Institution of NGO communications & analysis function First financial services firm to formally register interest as an Academy sponsor in the UK (leads to the opening of the The Bridge Academy, Hackney, in 2007) |
| 2004 | Establishment of SRI Equity Research in Investment Bank |
| 2005 | Establishment of coordination function for Community Affairs in Switzerland Setting up of UBS Tsunami Relief Fund UBS commences social reporting in Annual Report (section on employees) |
| 2006 | Introduction of Climate Change Strategy Adoption of UBS Statement on Human Rights Wolfsberg Group releases Investment Banking FAQs, Guidance for Mutual Funds and Pooled Vehicles, Correspondent Banking FAQs, and Guidance on the Risk Based Approach |
| 2007 | Establishment of SRI Research in Global WMBB Wolfsberg Group Statement against Corruption and Wolfsberg Group Statement on Transparency in International Payments First company-wide volunteering at Wealth Management US |
| 2008 | Introduction of group-wide Responsible Supply Chain Guideline Wolfsberg Group Revised PEP FAQs |
| 2009 | UBS's Sustainability Disclosure 2008 meets the requirements of level A+ of the GRI |

→ www.ubs.com/history

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Corporate responsibility glossary

| | |
|-----------------|---|
| AML | Anti-money laundering |
| APAC | Asia Pacific region |
| BoD | Board of Directors |
| CA | Community Affairs |
| CCL | Climate Change Levy |
| CDP | Carbon Disclosure Project |
| CLI | Climate Leadership Index |
| CR | Corporate Responsibility |
| CRC | Corporate Responsibility Committee |
| DJSI World | Dow Jones Sustainability World Index |
| DJSI STOXX | Dow Jones STOXX Sustainability Index |
| EAI | Enhanced Analytics Initiative |
| EAPs | Employment Assistance Programs |
| EMEA | Europe Middle East Africa region |
| EPI | Environmental Performance Indicators |
| ERC | Employee Representation Committee |
| ESG | Environmental, social, governance |
| EuroSif | European Social Investment Forum |
| FATF | Financial Action Task Force |
| FINMA | Swiss Financial Market Supervisory Authority |
| FSC | Forestry Stewardship Council |
| FTE | Full-time equivalent |
| GEB | Group Executive Board |
| Global WMBB | Global Wealth Management & Business Banking |
| GRI | Global Reporting Initiative |
| IB | Investment Bank |
| ISO | International Standards Organization |
| KYC | "Know your customer" |
| NGO | Non-governmental organisation |
| öbu | Swiss Association for Environmentally Conscious Management |
| PEPs | Politically exposed persons |
| PMM | Performance measurement and management |
| RECs | Renewable Energy Certificates |
| SGS | Société Générale de Surveillance |
| SRI | Socially Responsible Investment |
| UNEP FI | United Nations Environmental Programme Finance Initiative |
| UN GC | United Nations Global Compact |
| VfU | Society for Environmental Management in Banks, Savings Banks and Insurance Companies in Germany, Switzerland and Austria |
| Wolfsberg Group | Association of eleven global banks, which aims to develop financial services industry standards, and related products, for Know Your Customer, Anti-Money Laundering and Counter Terrorist Financing policies |

Corporate responsibility

Contact us

If you have any **suggestions or questions** about corporate responsibility at UBS or about the website www.ubs.com/corporateresponsibility, please get in contact with us.

You can either use the [contact form](#) or [e-mail](#) us.



Corporate responsibility Feedback form

Do you have a question, comment or suggestion regarding corporate responsibility at UBS?

Please use the form below to contact us.

First name *

Last name *

Company *

Address *

Postal code *

City *

Country *

Phone *

Fax

E-mail address *

Purpose of contact *

Private

Business

University

Please fill in your question or your comment. Thank you:

Please fill in all fields marked with *.

Submit

Reset

Please note:

UBS AG does not accept any kind of business and financial transaction orders through this form, e.g. payment orders or trading orders for securities.

Responsible banking



Managing risks

- **Combating financial crime (Page 70)**
- **Environmental & social risk management (Page 71)**

Products & services

- **Suitability (Page 74)**
- **Socially responsible investments (Page 75)**
- **Clean tech finance and advisory (Page 79)**
- **Carbon trading (Page 82)**

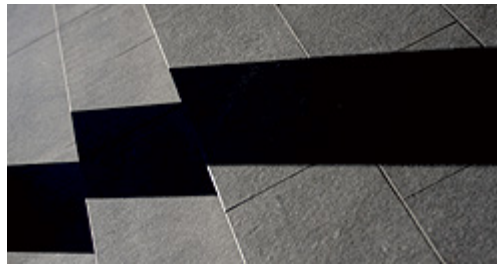
Combating financial crime Preventing money laundering, corruption and terrorist financing

UBS takes its responsibility to preserve the integrity of the financial system, and its own operations, very seriously. The firm has developed extensive policies intended to prevent, detect and report money laundering, corruption and terrorist financing. These policies seek to protect the firm, and its reputation, from those who may intend to legitimize their ill-gotten gains through UBS.

The Group Money Laundering Prevention Unit (GMLPU) leads UBS's efforts to fight money laundering, corruption and the financing of terrorism.

It does so by continuously assessing the threats and risks that UBS faces with respect to AML in all its businesses. It takes a risk-based approach, ensuring the firm's policies and procedures are

commensurate with those risks, and that relationships that are classified as higher risk are dealt with appropriately. The firm constantly engages with its business divisions to ensure that these policies and procedures are adapted to their businesses and specific AML exposures, while also seeking to streamline and increase consistency between business divisions by using consistent methodologies and tools (for example, the creation of a uniform country risk framework).



UBS also seeks to ensure its employees adhere to the firm's strict know-your-customer regulations, while at the same time not treating clients a priori as criminals or undermining their right to privacy.

Employees regularly undergo training in AML-related issues and new trends, be it through online training, awareness campaigns or seminars. UBS also utilizes advanced technology to assist in the identification of transaction patterns or unusual dealings.

Over the last few years, and as a core part of its risk-based approach, UBS has been particularly vigilant about enhancing controls with regard to regimes and countries with heightened risks.

The need for increased vigilance has been underscored by the acknowledgement by the Financial Action Task Force (FATF) of the importance of country risk considerations in the risk-based approach, increasing international focus on corruption, and the need for the firm to manage its global security risk activity. As a result of these considerations, UBS has implemented a global sanctions policy, ceasing all business activities with a limited number of countries."



- The Wolfsberg Group
- Swiss Bankers Association
- Swiss Financial Market Supervisory Authority FINMA
- Financial Action Task Force
- Swiss anti-money laundering legislation

Environmental & social risk management

We seek to consider environmental risks in all our businesses, especially in lending, investment banking, advisory and research, and in our own investments.

- Global Wealth Management & Business Banking
- Investment Bank
- Global Asset Management



UBS seeks to identify, manage and control environmental risks in its business transactions. Examples of environmental risk include the impairment of a client's cash flow or assets by environmental factors (such as inefficient processes or property that is polluted or contaminated) or through liability risk, such as when a bank takes environmentally unsound collateral onto its own books. As environmental risks can manifest themselves across the wide variety of risks inherent in UBS's business activities, including credit risks, liability risks and reputational risks, UBS has designed environmental procedures and tools for their identification, management and control. These environmental procedures and tools are integrated into existing processes, such as due diligence on transactions or investments and ongoing risk management.

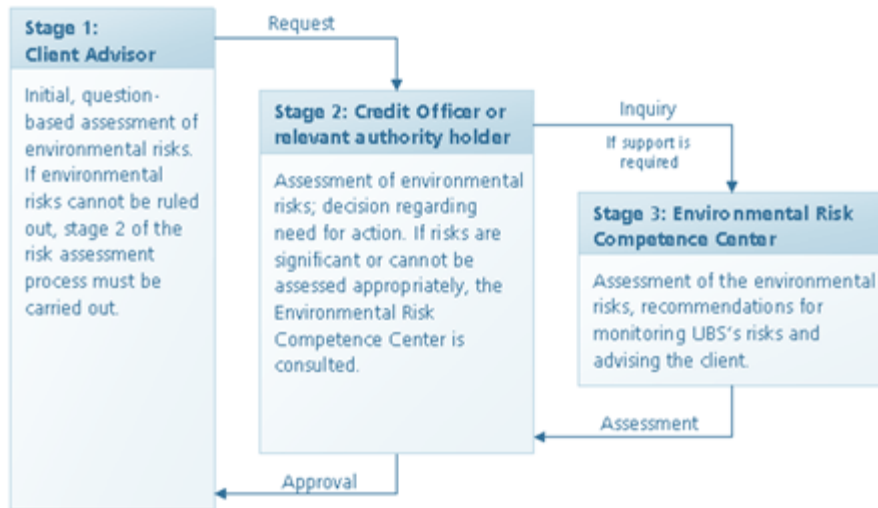
UBS has developed internal industry sector guidelines to support the consistent identification and assessment of environmental and social risks in all its banking activities. The sector guidelines cover industry sectors that have a high potential for environmental and social risk including chemicals, oil and gas, utilities, infrastructure, forestry products and biofuels and metals and mining. The guidelines summarize industry standards for dealing with these issues in the various life cycles of the sector.

Not all products and services provided by UBS have the same risk potential. UBS takes a risk-based approach to environmental risk management and regularly analyzes its portfolio of products and services to assess their respective environmental risk potential. With its current business profile and operating environment, UBS's potential for material risk is greater within the context of its lending and capital markets businesses, as well as its direct real estate and infrastructure investments. As a result, Global Wealth Management & Business Banking has introduced a standardized environmental risk check to identify material environmental risk in its lending to all relevant clients, including its roughly 140,000 corporate clients in Switzerland. In the Investment Bank, the environmental risk framework covers all banking activities including debt and equity underwriting, financial advisory services and lending. For its part, Global Asset Management has put environmental due diligence processes in place for its real estate and infrastructure funds. If significant potential environmental risks are identified in a transaction, the risks are assessed. Wherever possible, UBS seeks to engage with the client to discuss possible mitigating measures. Where this is not possible or successful, the firm may decline the transaction altogether.

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Global Wealth Management & Business Banking

The business division assesses its environmental risks in a three-stage process. Client advisors complete the first screenings, looking at financial risks linked to environmental aspects such as compliance with environmental legislation, workplace safety, contaminated sites and natural hazards. In 2008, close to 100,000 lending transactions in Switzerland were subject to such a screening. 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 detailed environmental assessment as a third step, – a service provided by the business division's environmental risk competence center. In 2008, 32 such detailed assessments took place and 134 client advisors and credit officers were trained.



→ Case study: Trade Finance: Asbestos Fibers from Russia to Brazil

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Investment Bank

The Global Environmental Risk Guidelines apply to all transactions, services and activities within the Investment Bank. The Guidelines are supported by an environmental risk framework that is integrated into the business division's due diligence and approval processes. Investment Bank staff identify potential environmental risks in the initial due diligence phase and alert the Investment Bank's environmental advisory group (EAG) of significant potential risks. Assessments by lawyers and / or external consultants are routinely sought for certain sectors and products. The EAG works with the relevant business and control functions (80 transactions in 2008) to assess the risks, determine any mitigating measures and direct further due diligence, as required. In this way the relevant senior business committee may fully consider the potential environmental risk in the course of its review of the transaction and / or client. The implementation of the environmental risk framework is supported by training and awareness raising activities. In 2008, sector-specific training was provided to 443 bankers and support functions and high-level training to a further 107 employees.

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The business division introduced a formal environmental risk matrix in 2004 in order to assess the reputational and environmental risks that investments made on behalf of its clients might imply. The matrix is reviewed annually for applicability and comprehensiveness and forms part of the environmental management system employed within the business division. In 2008, all properties acquired or developed by Global Real Estate for its direct investment vehicles were subject to a thorough environmental due diligence process, in accordance with local regulations and internal best practice guidance. Similar processes are in operation in Infrastructure Asset Management.

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Suitability

Suitability Framework

Clients expect to be provided with products and services which are suitable for them. In certain countries this expectation has been turned into a legal or regulatory requirement for banks acting as financial advisers. Certain jurisdictions even require the systematic ensuring and documentation of the suitability of products (including 3rd party products) and services, including compliance with applicable eligibility criteria and sales restrictions.

To meet both client expectations and regulatory requirements, Global WM&BB has established a Suitability Framework. This framework is supported by the UBS Client Experience with its structured advisory process, followed by the implementation and periodic reviews of agreed solutions, and by the proper documentation of the steps taken during this process.

Investment & Advisory Suitability¹

Within the frame of its [Four Step Client Experience](#) (Understand - Propose – Agree & Implement – Review), Global WM&BB has established a structured advisory process, which is supported by a number of forms and tools at the disposal of the client advisors: In a first step, these forms and tools support the initial identification of a client's investment experience and knowledge, and of the client's risk appetite and capacity. In a second step, they serve the identification of an appropriate investment strategy for a specific client portfolio. Furthermore, a number of tools and platforms have been established, which allow for matching a client's risk appetite and sophistication level with appropriate investment proposals.

Product Suitability²

Advisory platforms and tools segment products along the lines of their risk / reward profiles and thereby help clients and client advisors properly assess the risk characteristics of investment products and services. Additional processes provide for checks, that product documentation made available to both client advisors and clients contains adequate and easy-to-understand information on product economics, underlying assumptions and risks, including scenario analyses and maximum loss indications, as well as clear eligibility criteria, e.g. minimum risk capacity and appetite of investors and recommended minimum holding periods. Finally, specific legal documentation is required for certain products with specific risks (e.g. hedge funds).

After-Sales Communications

The Four Step Client Experience also includes regular after-sales communication. These communications are, again, supported by a number of tools and platforms, including ready-to-use reporting and presentation material.

¹ Investment and Advisory Suitability refers to consistency between the client's portfolio and his defined risk profile, and the appropriateness of advice including risk information and disclosure.

² Product Suitability refers to the appropriateness of products including the provision of transparent and easily understandable descriptions of opportunities and risks of individual products, which in turn also includes an indication of risk profiles for which they are suitable.

Socially responsible investments

UBS helps clients consider environmental and social aspects by providing relevant research, advisory services and product offerings

During the last ten years UBS has developed a range of products and services that meet or anticipate clients' needs in the socially responsible investments (SRI) fields. This product offering currently stretches across UBS's businesses in wealth management, investment banking, asset management, and retail banking. It includes SRI funds, advisory and research, and services provided to private and institutional clients.

SRI takes account of environmental, social or corporate governance criteria besides traditional financial factors such as risk and return when selecting securities. SRI products usually apply either a positive or negative screening or engagement strategy or a combination thereof. In the past, specific forms of positive screening have gained attention including best-in-class selection and thematic investment.



- Investment products & advisory
- Research

Investment products & advisory

In 2008, UBS continued to expand its SRI offering in response to growing demand from a number of markets, including the launch of two new SRI products, the UBS (Lux) Equity Sicav – Emerging Markets Innovators and the UBS Strategy Certificate Energy Efficiency. UBS's SRI offering is diverse and includes products managed according to "best-in-class" practices and theme-based approaches. "Best-in-class" is an active equity management approach that is based on stock selection of companies that generate above-average environmental, social and economic performance. The "best-in-class" offering includes a global fund and a European fund. The theme-based approach focuses investment around segmented climate change, water and demographics strategies. Additionally, UBS offers customized client portfolios in the form of segregated mandates / institutional accounts based on "negative" screening, which excludes certain controversial stocks or sectors from the portfolio based on their negative social or environmental impact as perceived by the client. UBS's global platform and investment research enable the firm to offer such tailor-made solutions.

In the UK, the asset management business seeks to influence the corporate responsibility and corporate governance practices of the companies it invests in.

In addition to fund management services, UBS provides stock-broking and account management services to alternative energy and SRI fund managers.

Finally, UBS also offers SRI portfolio management solutions to selected private client segments. This offering pools internal and external SRI expertise and includes SRI-focused portfolios in Switzerland and SRI-managed accounts in the US. UBS's open architecture approach also allows clients to invest in SRI bond, equity and microfinance

products from third-party providers.

Socially Responsible Investments (SRI) Invested Assets¹

| CHF billion, except where indicated | GRI ² | For the year ended | | | % change from 31.12.07 |
|--|------------------|--------------------|--------------|--------------|---------------------------|
| | | 31.12.08 | 31.12.07 | 31.12.06 | |
| UBS | | 2,174 | 3,189 | 2,989 | (32) |
| UBS SRI products and mandates | | | | | |
| Positive criteria | FS11 | 2.12 | 5.20 | 1.84 | (59) |
| Exclusion criteria | FS11 | 14.05 | 33.33 | 16.17 | (58) |
| Third-party | FS11 | 1.85 | 1.08 | N/A | 72 |
| Total SRI invested assets | FS11 | 18.03 | 39.61 | 18.01 | (54) |
| Proportion of total invested assets (%) ³ | | 0.83% | 1.24% | 0.60% | |

¹ All figures are based on the level of knowledge as of January 2009. ² Global Reporting Initiative (see also www.global-reporting.org). FS stands for the Performance Indicators defined in the GRI Financial Services Sector Supplement. ³ Total SRI/UBS's invested assets.

Positive criteria: applies to the active selection of companies, focusing on how a company's strategies, processes and products impact its financial success, the environment and society. This includes best-in-class or thematic investments.

Exclusion criteria: companies or sectors are excluded based on environmental, social or ethical criteria, e.g. companies involved in weapons, tobacco, gambling, or with high negative environmental impacts. This includes also faith based investing consistent with principles and values of a particular religion.

Third-party: UBS's open product platform gives clients access to SRI products from third-party providers. This includes both positive and exclusion criteria, and microfinance investments.

In the past years UBS had experienced increased client demand for SRI and expanded its SRI product offering, resulting in a significant increase in UBS SRI invested assets. In 2008 these SRI invested assets decreased significantly year on year, primarily due to severe corrections in the global equity markets (equities is the preferred asset class for UBS's SRI products), but also due to asset outflows

→ **UBS Global AM Sustainable and Responsible Investments**

→ **UBS Global AM UK - Corporate Governance & SRI**

→ **UBS Wealth Management Switzerland - Invest Sustainably**

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Research

Identifying material SRI issues is challenging. Essentially, three things help determine which environmental and social issues are critical: society's perception of what is 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 UBS SRI research teams were established in each of the firm's divisions to serve their respective clients: In the Investment Bank, Equity Research write recommendations and reports for institutional investment clients on renewable energy, the carbon markets and the impact of climate change on companies in a wide range of sectors. SRI and sustainability research is provided by a dedicated team. In the asset management business, an internal SRI research team manages portfolios around themes such as climate change / energy efficiency, water and demographics. The SRI research team in UBS's wealth management business conducts SRI research and provides advice to private clients for SRI investment solutions.

Client interest in some aspects of SRI – for instance climate change, demographics and water – has grown, and so has research coverage. The SRI teams regularly collaborate www.ubs.com/corporateresponsibility

with analysts in other teams to write about emerging SRI themes, and relevant research content is regularly published by a growing number of specialists within the mainstream research effort. In 2008 for example, UBS published the report "Mind over Matter", which broadly examines the issue of resources efficiency, and makes the case that higher prices for basic necessities, urbanization, and more stringent climate change policies will eventually yield benefits to those who invest in efficiency upgrades.

→ **Case study: UBS Investment Bank acquires stake in Governance Metrics International**

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Case study: UBS Investment Bank Acquires Stake in Governance Metrics International

In November 2008, UBS Investment Bank purchased a minority stake in Governance Metrics International (GMI), a leading research advisory firm that specializes in assessing corporate governance across more than 4,200 companies globally.

Through the arrangement, UBS analysts will have access to GMI's proprietary content and database, enabling them to factor governance ratings into their stock research. UBS will also work with GMI to expand the firm's customer base, as well as work jointly on product development and research ideas. GMI's rating system incorporates hundreds of data points across six broad categories of analysis: board accountability, financial disclosure and internal controls, executive remuneration, shareholder rights, ownership base, takeover provisions, plus corporate behavior and social responsibility.

"UBS is always looking for ways to offer our clients access to the most sophisticated and relevant investment information and analytical tools. Now more than ever before, assessing a company's relative governance characteristics is critical to investment analysis," said Mark Steinert, Global Head of Equity Research at UBS Investment Bank. "Our partnership with GMI allows UBS to introduce first-rate governance research and data to clients, will enable our analysts to incorporate this important metric into a comprehensive coverage offering and will enable the creation of governance friendly structured products."

Following the acquisition of a minority stake in GMI, Julie Hudson, UBS Investment Bank's Global Head of Socially Responsible Investing and Sustainability Research published the research note, 'Corporate 'Governance in the Investment Process: Why and How?'. The research note analyses how the governance of a firm affects the expected returns to shareholders and offers a detailed framework using GMI's extensive data to incorporate corporate governance systematically throughout stock selection. The research note concludes that the quality of corporate governance can affect the volatility of the price of risk, at the level of market, sector, and company, and therefore, can affect the performance of investment portfolios.

"Given the volatility and recent rapid market developments clients are looking for new ways to understand the companies in which they are invested," said Julie. "We believe standards of analysis and due diligence with respect to governance will become increasingly stringent throughout the investment advisory sector. GMI's research capabilities address an immediate need in the market, and we are excited to offer their product to our clients."

Clean tech finance and advisory

UBS's renewable energy investment banking business arranges financing and provides strategic and financial advisory services for companies in the solar, wind, wave and other renewable energy sectors.

Since 2006, UBS has led over 35 financing transactions in these sectors, raising over USD 20 billion for renewable energy companies worldwide and winning a top-five ranking three years in a row from New Energy Finance, a specialist provider of financial information and analysis to investors in clean energy. In 2008, to name just one example of such a transaction, UBS acted as the joint global coordinator and joint bookrunner for the EUR 1.8 billion initial public rights offering of the wind generation company EDP Renováveis, one of the largest wind generation companies in the world and a subsidiary company of Portuguese utility Energias de Portugal (EDP).

→ **Case study: UBS bookruns largest wind generation IPO of 2008**

In Switzerland UBS launched the UBS eco mortgage, which promotes eco-efficiency and solar technology in buildings by granting clients reduced mortgage interest rates and other benefits.

→ **Case study 2008 - UBS launches new eco mortgage**

Case study: UBS Bookruns Largest Wind Generation IPO of 2008

In 2008 UBS Investment Bank held key roles in the EUR1.6 bn Initial Public Offering (IPO) of wind generation company EDP Renováveis, a subsidiary company of Portuguese utility EDP (Energias de Portugal). In addition to being a joint global co-ordinator and joint bookrunner on this transaction, UBS also held the role of sole spokesman for the consortium of banks, and acted as the main point of contact to the client.

Wind generation is a key part of the portfolio of low carbon energy sources needed to reduce global emissions of greenhouse gases. Many countries are implementing controls on greenhouse gas emissions and mandating minimum levels of renewable energy generation. EDP Renováveis has made significant investments in wind farms and is one of the largest wind generation companies in the world, focused on the US and European wind markets.

The IPO consisted of 196 million shares representing 22.5% of EDP Renováveis issued share capital with EDP retaining 77.5% ownership of the Company following the IPO. The comfortably over-subscribed deal saw 80% of the offering being placed with institutional investors and the remainder in a public retail offer in Portugal. The success of the transaction was enhanced by UBS's top ranked utilities analyst and extensive investor education schedule, its specialist utilities sales team and access to Socially Responsible Investment funds (SRIs) through UBS's SRI sales team.

The transaction is a landmark for UBS Investment Bank's growing and increasingly successful franchise in renewables, coming in the footsteps of the IPO of Greek renewables utility Terna, which we also led in 2007.

Case study 2008 - UBS launches new eco mortgage

In Switzerland, more than 80% of the energy used by an average household goes on heating and hot water. These figures suggest that ecological construction and good insulation pay off for homeowners in the medium to longer term not only in terms of energy savings but also increased home resale value. The newly launched UBS eco Mortgage supports the building and renovation of efficient homes while at the same time providing UBS clients with an attractive solution to contribute to the environment. The UBS eco Mortgage, consists of either a "Low Energy Module" promoting the construction according to the MINERGIE®₁ standard or a "Solar Module" supporting the use of photovoltaics. Through that product, UBS grants clients reduced mortgage interest rates and other benefits. For example, for a mortgage of CHF 500'000 with a term of five years, clients benefit from interest savings of at least CHF 6'000. In addition, for the Low Energy Module, UBS reimburses the costs of MINERGIE®-certification. To the extent that energy used by households is a significant contributor to greenhouse gas emissions, UBS rewards a client's commitment to the environment by offsetting one ton of CO₂ emissions per CHF 500'000 mortgage through selected climate protection projects sourced from third party vendors.

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¹ MINERGIE® is a registered quality label for modern construction methods which optimally join ecology, profitability and comfort of living. It uses a specific energy consumption indicator to quantify the required building quality and thereby ensures a reliable assessment of final energy consumed. Within the framework of the MINERGIE®, several products are offered. The regular MINERGIE®-Standard requires that general energy consumption must not to be higher than 75 % of that of average buildings and that fossil-fuel consumption must not to be higher than 50 % of the consumption of such buildings. <http://www.minergie.ch>

Carbon trading



In cap and trade emissions markets, such as the EU Emissions Trading Scheme (EU ETS), companies have annual caps on the amount of emissions their facilities produce. Companies who are able to reduce their emissions below their cap have the ability to sell their unused

quota to other companies, thereby creating an emissions market.

Through the use of financial instruments, UBS is able to help clients manage their exposure to the emissions markets. UBS ETD (Exchange Traded Derivatives) is an active member of and offers execution and full service clearing on the major emission exchanges in Europe and North America for contracts on EU ETS allowances (EUA), UN Certified Emissions Reductions (CER), Regional Greenhouse Gas Initiative allowances, CCX Carbon Financial Instruments (CFI) and Nitrogen Oxide and Sulfur Dioxide.

Corporate responsibility in operations



Corporate responsibility in operations

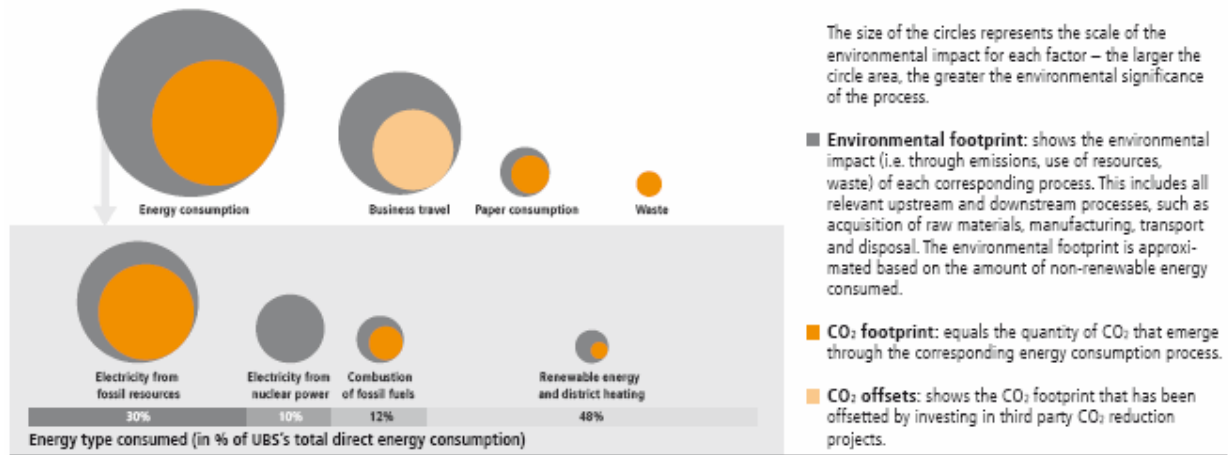
- **In-house ecology (Page 84)**
- **Responsible supply chain management (Page 100)**
- **Accessibility (Page 104)**

In-house ecology

UBS directly impacts the environment in a number of ways: its businesses consume electricity; employees travel for business purposes and use paper and generate waste in the course of their work; and offices require heating and cooling systems.

The chart below shows that energy is the biggest contributor to UBS's overall CO₂ and environmental footprint.

Environmental and CO₂ footprints



Improving the use of these resources can reduce costs and enhance environmental performance and UBS therefore has therefore set firm-wide targets and implements a series of measures to efficiently manage its environmental impact.



- Climate change: 2012 CO₂ emission reduction target
- 2009 Paper and waste targets
- Engaging our employees

Climate change: 2012 CO₂ emission reduction target

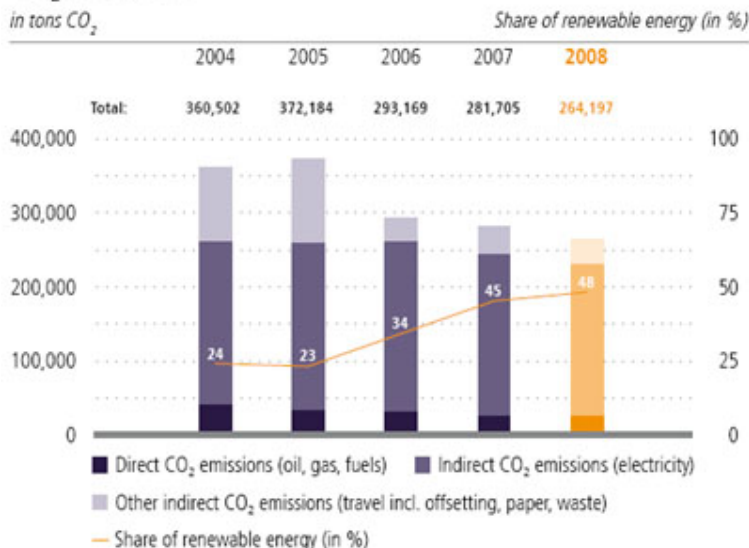
The Group Executive Board decided in February 2006 to set a groupwide CO₂ emission reduction target of 40% below 2004 levels by 2012

UBS seeks to achieve this target by implementing:

- [in-house energy efficiency measures](#) that reduce energy consumption in buildings it operates
- [increasing the proportion of renewable energy](#) to avoid emissions at source
- [offsetting](#) and neutralizing emissions that cannot be reduced by other means

In 2008 these measures allowed UBS to decrease its CO₂ emissions by 6% compared with 2007, or 27% compared with 2004, another step toward achieving the 40% reduction target by 2012. UBS also increased the share of renewable energy it purchases from 45% in 2007, to 48% in 2008.

CO₂ footprint



→ **Environmental indicators**

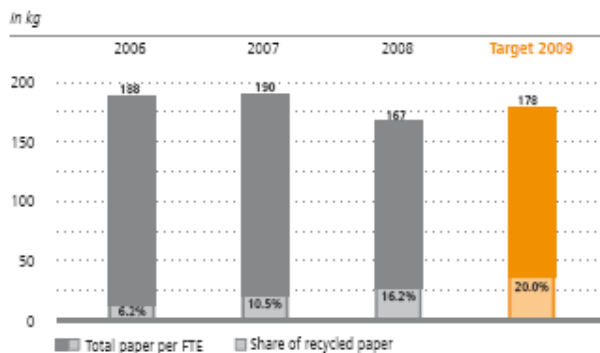
→ **Environmental indicators per FTE**

[▲ Top](#)

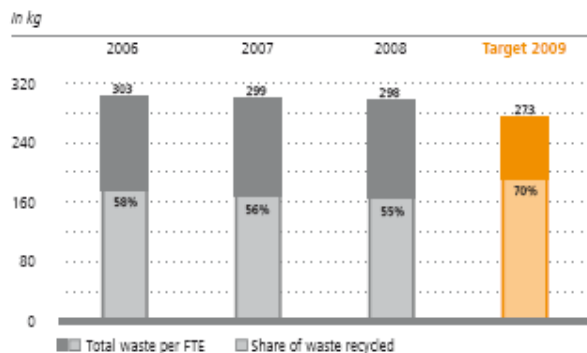
2009 Paper and waste targets

Paper and waste are among the most visible environmental impacts of UBS's in-house operations. Addressing them also helps to encourage staff engagement in UBS's overall environmental program. UBS has therefore set firm-wide targets for paper and waste.

Paper consumption



Waste and recycling



In 2008 UBS made steady progress towards achieving paper targets: paper use by employee decreased from 190 kg in 2007, to 167 kg in 2008, thereby exceeding the 2009 target. The share of recycled paper increased from 10.5% in 2007, to 16.2% in 2008 (target 20% in 2009). Finally, FSC paper increased from 10.7% in 2007 to 16.6% of total paper use. At the same time, the waste targets are proving to be challenging in certain regions as they heavily rely on behavioral changes rather than technical measures or processes. Waste per employee decreased to 298 kg, but is still significantly above target value of 273 kg per employee. The waste recycling ratio decreased again from 56% in 2007 to 55% (target: 70% in 2009). UBS will continue to provide education on environmental matters to its employees, helping them make the right choices and promote sustainable behavior both at work and at home.

→ **Case study: E-documents in Switzerland**

→ **Case study: Food composting in London**

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Engaging our employees

Employee engagement has long been recognised as one of the most challenging components within the UBS Environmental program. By providing education and awareness on environmental matters to its employees and suppliers, we hope to help people make the right choices and promote sustainable behaviour both at work and in their domestic situations. In 2008 UBS provided training and awareness raising to 5232 employees.

→ **Case study: Employee Environmental Network**

→ **Case study: Did you know campaign**

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Environmental Indicators¹

| | | 2008 ² | | | 2007 ² | | 2006 ² |
|--|------------------|----------------------------------|---------------------------|--------------------|----------------------------------|----------------------------------|-------------------|
| | GRI ³ | Absolute normalized ⁴ | Data quality ⁵ | Trend ⁶ | Absolute normalized ⁴ | Absolute normalized ⁴ | |
| Total direct and intermediate energy consumption⁷ | | 1,016 GWh | *** | → | 981 GWh | 951 GWh | |
| Total direct energy consumption⁸ | EN3 | 127 GWh | ** | → | 130 GWh | 154 GWh | |
| natural gas | | 83.3% | ** | → | 83.3% | 85.5% | |
| heating oil | | 12.2% | *** | → | 12.1% | 11.8% | |
| fuels (petrol, diesel, gas) | | 4.5% | *** | → | 4.6% | 2.7% | |
| renewable energy (solar power, etc.) | | 0.03% | *** | ↔ | 0.03% | 0.03% | |
| Total intermediate energy purchased⁹ | EN4 | 890 GWh | *** | → | 851 GWh | 797 GWh | |
| electricity from gas-fired power stations | | 11.7% | ** | → | 12.3% | 13.2% | |
| electricity from oil-fired power stations | | 3.7% | *** | ↓ | 4.2% | 4.5% | |
| electricity from coal-fired power stations | | 18.4% | ** | → | 18.6% | 21.7% | |
| electricity from nuclear power stations | | 11.1% | ** | ↔ | 13.6% | 20.5% | |
| electricity from hydroelectric power stations | | 25.8% | *** | → | 25.5% | 21.4% | |
| electricity from other renewable resources | | 23.1% | *** | → | 22.0% | 12.7% | |
| district heating | | 6.2% | *** | ↑ | 3.8% | 6.0% | |
| Share of renewable energy and district heating | | 48% | *** | ↗ | 45% | 34% | |
| Total business travel | EN29 | 886 m Pkm | *** | ↓ | 1,042 m Pkm | 936 m Pkm | |
| rail travel ¹⁰ | | 3.5% | ** | → | 3.3% | 4.1% | |
| road travel ¹⁰ | | 0.6% | ** | ↑ | 0.5% | 0.6% | |
| air travel | | 96.0% | *** | → | 96.2% | 95.3% | |
| Number of flights (segments) | | 398,369 | *** | ↓ | 446,274 | 402,629 | |
| Total paper consumption | EN1 | 14,403 t | *** | ↔ | 15,593 t | 14,013 t | |
| post-consumer recycled | EN2 | 16.2% | *** | ↑ | 10.5% | 6.2% | |
| new fibres FSC ¹¹ | | 16.6% | *** | ↑ | 10.7% | 0.0% | |
| new fibres ECF + TCF ¹¹ | | 66.8% | *** | ↓ | 78.6% | 93.8% | |
| new fibres chlorine bleached | | 0.4% | ** | ↑ | 0.2% | 0.0% | |
| Total waste | EN22 | 25,644 t | *** | → | 24,589 t | 22,631 t | |
| valuable materials separated and recycled | | 54.6% | *** | → | 56.3% | 58.2% | |
| incinerated | | 14.3% | *** | ↔ | 15.8% | 12.7% | |
| landfilled | | 31.1% | ** | ↗ | 27.9% | 29.1% | |
| Total water consumption | EN8 | 2.42 m m³ | ** | ↗ | 2.19 m m³ | 1.94 m m³ | |
| Total CO₂ footprint¹² | | 264,197 t | *** | ↔ | 281,705 t | 293,169 t | |
| Total direct CO ₂ emissions (GHG scope 1) ¹³ | EN16 | 26,490 t | *** | → | 26,701 t | 31,519 t | |
| Total indirect CO ₂ emissions (GHG scope 2) ¹³ | EN16 | 204,344 t | ** | → | 218,681 t | 230,015 t | |
| Total other indirect CO ₂ emissions (GHG scope 3) ¹³ | EN17 | 129,364 t | *** | ↓ | 149,323 t | 132,635 t | |
| Total CO ₂ e offsets (business air travel) ¹⁴ | | 96,000 t | *** | ↓ | 113,000 t | 101,000 t | |

Legend: GWh = giga watt hour; Pkm = person kilometer; t = ton; m³ = cubic meter; m = million

¹ All figures are based on the level of knowledge as of January 2009. ² Reporting period: 2008 (1 July 2007–30 June 2008), 2007 (1 July 2006–30 June 2007), 2006 (1 July 2005–30 June 2006).
³ Global Reporting Initiative (see also www.globalreporting.org). EN stands for the Environmental Performance Indicators as defined in the GRI. ⁴ Non-significant discrepancies from 100% are possible due to roundings. ⁵ Specifies the estimated reliability of the aggregated data and corresponds approximately to the following uncertainty (confidence level 95%): up to 5% – ***, up to 15% – **, up to 30% – *. Uncertainty is the likely difference between a reported value and a real value. ⁶ 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 10/20/30% (↓,↑). ⁷ Refers to energy consumed within the operational boundaries of UBS.
⁸ Refers to primary energy purchased which is consumed within the operational boundaries of UBS (oil, gas, fuels). ⁹ Refers to energy purchased that is produced by converting primary energy and consumed within the operational boundaries of UBS (electricity and district heating). ¹⁰ Rail and road travel: Switzerland only. ¹¹ Paper produced from new fibres. FSC stands for Forest Stewardship Council, ECF for Elementary Chlorine Free and TCF for Totally Chlorine Free. ¹² CO₂ footprint equals total CO₂ emissions (GHG scope 1, 2 and 3) minus CO₂e offsets. ¹³ Refers to ISO 14064 and the "GHG (greenhouse gas) protocol initiative" (www.ghgprotocol.org), the international standards for CO₂ reporting: Scope 1 accounts for direct CO₂ emissions by UBS; Scope 2 accounts for indirect CO₂ emissions associated with the generation of imported/purchased electricity, heat or steam; Scope 3 accounts for indirect CO₂ emissions associated with business travel, paper consumption and waste disposal. ¹⁴ Offsets from third-party GHG reduction projects measured in CO₂ equivalents (CO₂e). These offsets neutralize CO₂ emissions from business air travel.

Environmental indicators per full-time employee

| | Unit | 2008 | Trend | 2007 | 2006 |
|--------------------------------------|---------------------|--------|-------|--------|--------|
| Total direct and intermediate energy | kWh/FTE | 11,792 | → | 11,942 | 12,736 |
| Total business travel | Pkm/FTE | 10,281 | ↓ | 12,685 | 12,544 |
| Total paper consumption | kg/FTE | 167 | ↓ | 190 | 188 |
| Total waste | kg/FTE | 298 | → | 299 | 303 |
| Total water consumption | m ³ /FTE | 28.1 | ↗ | 26.7 | 26.0 |
| CO ₂ footprint | t/FTE | 3.07 | ↓ | 3.43 | 3.93 |

Legend: FTE = full-time employee; kWh = kilo watt hour; Pkm = person kilometer; kg = kilogram; m³ = cubic meter; t = ton

Case study: E-documents in Switzerland



In Switzerland, UBS has offered its clients the option of receiving documents such as account and safekeeping statements, credit and debit notifications in electronic form via UBS e-banking.

The Project was started in October 2007 and has so far resulted in 65,000 clients switching to the new process. It is estimated that 3 million pages have been diverted through the e-Banking solution representing a 17% reduction in paper use. The project continues to gain acceptance as an important part of our commitment to reducing paper consumption.

Case study: Food Composting in London

Since March 2008, a new food waste recycling scheme has been in place at UBS's London offices. The scheme allows all food waste to be stored safely and then collected from the client dining kitchen, vending areas (coffee grouts from coffee machines) and staff canteens. Instead of sending food waste to landfill or incinerating it, the firm is using the non-profit organisation, Aardvark Recycling, to collect and process the food waste.



The food waste is turned into high quality compost with the help of the latest waste technologies. Once the waste is collected from UBS site, it is spot checked for contamination, shredded and mixed 50/50 with woodchip (donated from local parks). The mixture is then processed in large 'in-vessel' composting units. Over a period of around 14 days it naturally starts to decompose reaching temperatures of up to 80 degC. After this period it is a very sterile product and left to mature for between 4 and 6 months. The compost is then used by local environmental improvement projects for planting trees and for gardens in deprived parts of London.

To date, UBS in London have diverted 30 tonnes of food waste from incineration.

Case study: Employee Environmental Network

In 2008, increasing Environmental awareness and participation in on-line discussion forums, suggested an upturn in the enthusiasm being shown by employees which could be channelled into a group designed to encourage enthusiasm, support communication and fuel innovation.

Developed using the UBS Diversity Network model, the Employee Environmental Network was launched by Sir David King in July 2008 with a keynote speech on the challenges facing the corporate community with respect to Climate Change and an exhibition of UBS suppliers, service partners and other specialists.

Establishing links between UBS environmental objectives and employee appetite for their own domestic sustainability improvements, and also providing mechanisms to influence the firms Environmental agenda, the Network quickly assembled a Steering Committee, Terms of Reference and a membership of over 200. With a program of events, external speaker sessions and internal breakfast briefings into 2009 (and beyond), it is expected that membership will continue to grow and that the network will attract a dynamic following of professionals from across all business groups within the banking community from all levels of management.

Similar awareness raising efforts are underway in other locations. In the Americas for example, there was a renewed focus on raising employee awareness of In-House Ecology initiatives in 2008 using a number of communication channels including signage, marketing walls, web articles, kiosk messaging, lecture series and other targeted events. In particular, a month-long recycling awareness campaign was developed to coincide with the launch of a new global 'In-House Ecology' intranet site with a campaign designed to both inspire employees to recycle more, and provide guidance on what items can be recycled and how they can be recycled.

Energy efficiency



Energy efficiency measures are an important component of UBS's program for achievement of the groupwide CO2 emission reduction target. Measures include investments in energy-efficient technology and encouraging good housekeeping measures. For example, a major IT server consolidation project has been under way since 2007 which has reduced the total number of distributed servers at UBS by 2,200.

The project focused on consolidating applications sitting on multiple old servers to fewer, newer machines and the decommissioning of old applications. The resulting energy savings of 17 GWh contributed significantly to the total of 25 GWh of savings from IT activities since 2007 (representing around 3% of UBS's global power consumption).

In addition UBS has adopted a technical standard supporting worldwide oversight of measures taken to improve energy efficiency in fields such as building operation, replacement investments and rehabilitations. The standard sets energy efficiency target values, for example for heating boilers, chillers and heat pump systems as well as for glazing, facades and lighting. It generally applies to all owned buildings, whereas in leased buildings applicability is limited to UBS's sphere of influence as a tenant.

→ **Case study: Energy Star Award**

Case study: Energy Star Award

UBS Newport Office Centre in Jersey City, New Jersey, has earned the US Environmental Protection Agency's (EPA) prestigious "Energy Star" Award. The Newport Office Center is one of only 3,200 buildings across the US to have earned the 'Energy Star' accolade and the largest in New Jersey. The facility is using about 35 percent less energy than average buildings, while still providing quality service and comfort to occupants.

'Energy Star' is a federal program that helps businesses protect the environment through superior efficiency. Organizations earn the 'Energy Star' by using EPA's national energy performance rating system to generate energy-efficiency ratings for their buildings, on a scale of 1 to 100 relative to similar buildings across the country.

UBS lowered total energy costs by making cost effective improvements to the building and reducing overall greenhouse gas. A few of the improvements which helped lower our energy costs, carbon footprint and attain the Energy Star included:

Parking Garage lighting Retro-Fit Project

The 320 Metal Halide 150Watt fixtures were modified to accept 42Watt Compact Fluorescent self ballasted lamps. This upgrade lowered energy consumption from 72 kW to a modest 18 kW and reduced our yearly Carbon Footprint approximately 75% or 46 tons.

Lobby Lighting Interface with the Building Management System (BMS)

Interfacing the lobby lighting with the BMS has reduced yearly base building energy spend in the lobby by approximately 15,000 USD. During the off hours, lobby lights are reduced to a minimum which results in an annual kWh reduction of 94,000 kWh.

Energy Reductions through Cleaning Initiatives

Deployment of gang cleaning practices on UBS floors and programming the lighting system around the cleaning schedule reduces energy as well as creating other operational savings. It is estimated that annual energy consumption reduced by 400,000 kWh.

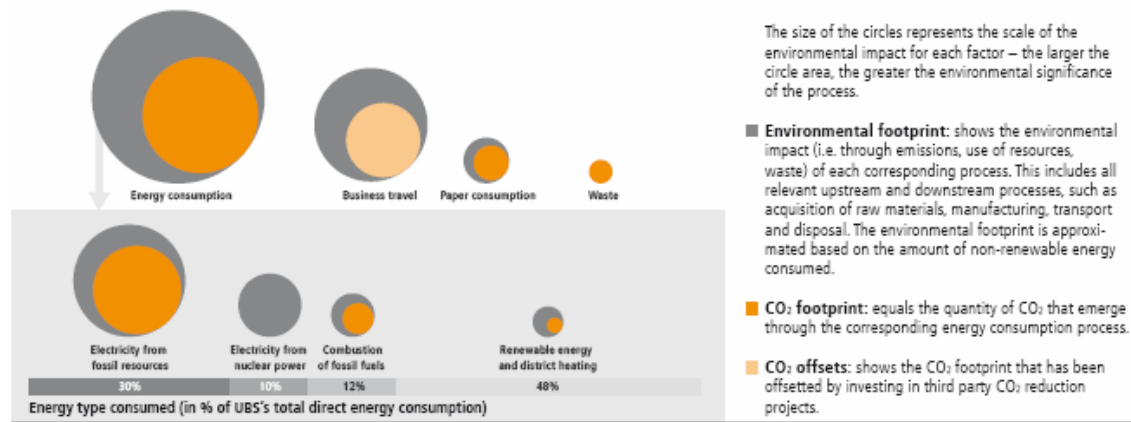
Renewable energy



In addition to its energy efficiency programs, UBS seeks to improve the energy mix it purchases by including a higher proportion of renewable energy. Since 2007, roughly 210 GWh or 90% of the electricity supply for UBS's buildings in Switzerland come from renewable sources, such as water and solar power stations. Similarly, in the UK, UBS purchases electricity backed by 100% renewable sources for all its major buildings, representing 85% of the total volume. In addition, UBS purchases renewable energy certificates (RECs) in the US electricity markets, which account for 16% of its electricity consumption in the US in 2008.

Energy type consumed

Environmental and CO₂ footprints



→ Case study: renewable energy certificates

Case study: renewable energy certificates

RECs are tradable environmental commodities in the United States, which represent the property rights to the environmental and other non-power qualities of renewable electricity. In other words, a REC can be sold separately from the underlying physical electricity associates with the renewable energy source.

In 2008, UBS purchased 50,000MWh of Renewable Energy Certificates (RECs) from the Elk River wind farm in Kansas. Located on nearly 8,000 acres, the Elk River wind farm contains 100 General Electric wind turbines each with a 1.5 MW output. Elk River produces enough electricity to meet the annual needs of about 42,000 homes.

Business travel



Business travel is a significant contributor to UBS's greenhouse gas emissions. While the firm encourages its employees to use environmentally friendly alternatives to air and road travel, for example rail travel or video conferences, travel is essential for a global financial services firm that strongly believes in personalized client relationships.

Therefore, since 2006, UBS has offset emissions from business related air travel, representing roughly 100,000 tonnes of CO₂ per year, or about a quarter of its total annual CO₂ emissions. Offsetting emissions means that UBS indirectly neutralizes its business air travel emissions by investing in third-party projects that reduce an equivalent amount of greenhouse gas emissions. UBS selected offsetting projects in Brazil, Russia, India, China, Turkey and Germany, on the basis of their adherence to international quality standards such as the Voluntary Carbon Standard and the Gold Standard, and of their additional environmental and social benefits.

→ **Case study: offsetting projects**

Offsetting Projects 2008

India: Household Biogas Plant Project – VER Gold Standard

The purpose of the project is to set up micro biogas plants in order to produce biogas for household purposes. The plants have between 1 and 15 m³ meters of installed capacity. Each household will feed the digester with dung from its own cattle. The dung is then left without interference for anaerobic digestion to take place. After three to four days, biogas thus generated is supplied to the individual households for cooking purposes. The project will be developed and verified in accordance with the VER Gold Standard criteria.

Social and environmental benefits

The project recovers methane rich biogas from cattle dung, which is then used for cooking purposes. The biogas replaces non-renewable biomass such as fire wood and reduces uncontrolled deforestation in the region. In addition to the greenhouse gas emission reduction, the project also benefits the local communities in many different ways:

- It reduces toxic fumes in the kitchen due to inefficient combustion of wood, a prime cause of respiratory diseases among women in India.
- It improves sanitary conditions by providing a facility for boiling water for drinking purposes.
- It helps women save cooking time;

Turkey: Wind Power Project in the Region of Marmara – VER Gold Standard

The project supports the construction of 20 wind turbines with a total capacity of 60 MW in order to supply renewable energy to the grid. The project is located on a ridge with favorable wind conditions, about 350 m above sea level in the Marmara Region near the villages of Elbasan and Catalca. The additional revenues from VER sales made this project financially viable. Electricity in Turkey is primarily produced by natural gas and coal-fired thermal power plants, and to a lesser extent by hydro power plants. The project is a registered VER Gold Standard activity.

Social and environmental benefits

The project contributes to sustainable development in Turkey in the following ways:

Environmental benefits: The project activity leads to a reduction of GHG emissions and other air pollutants (sulphur dioxide, nitrogen oxides and particulates), as compared to the conventional energy generation from fossil fuels.

Socio-economic benefits: the close collaboration of the local population from the early planning stage onwards resulted in a high level of understanding and awareness for renewable energy projects in the region. The project creates local employment, about 100 positions during the construction phase and 30 new jobs for operation and maintenance. The local population benefits from the project in terms of new sources of income and educational trainings. The project also stimulates the growth of the Turkish wind energy industry and contributes to the diversification of the Turkish energy mix.

Brazil: Hydro Power Upgrading Project – Clean Development Mechanism



The project increases the energy generation of an existing hydro power plant. The plant is located on the river Rio Doce (South East Brazil) and was constructed between 1968 and 1972. It was initially designed with four water intakes at the dam reservoir, but only three turbines were installed. The project will use the existing hydro power scheme and the existing electric infrastructure to increase the amount of generated energy through the installation of a new Kaplan turbine with no additional environmental impacts (the level of the reservoir will not be changed). The project is a registered CDM activity.

Social and environmental benefits

The project reduces carbon dioxide emissions by supplying the grid with renewable energy. It also improves local supply in an area subject to high voltage fluctuation, thereby avoiding the import of electricity from other distant states. . Moreover, it contributes to the local economic development and through environmental education programs sponsored by the project proponent.

India: Jamnagar Wind Power Project – Voluntary Carbon Standard

This project supports the construction and operation of new wind turbines at various sites in the states of Rajasthan, Gujarat and Karnataka. The wind turbines have a combined capacity of 147MW. India's future energy requirements are forecast to increase substantially in order to meet its economic and development objectives, and it is predicted that the country will need to expand electricity supply by up to seven times today's consumption levels. At present, the primary source of electricity is from generators powered by coal. The wind power industry is, however, developing rapidly, but it is in most cases a more expensive way of generating electricity than conventional fossil fuels. Carbon finance plays a major role in making wind farms in India commercially viable. The project is verified to the Voluntary Carbon Standard.

Social and environmental benefits

This project provides reliable, renewable power to the electricity grid and directly benefits nearby villages through the provision of local employment. All parties involved in the design, construction and operation of the wind farms are Indian, so the project helps to develop the wind power industry locally and sustainably, as well as increasing the country's energy capacity in a clean and renewable way.



China: Hydropower project in Fujian Province – Clean Development Mechanism

This project is a low-head pondage hydropower station in a river channel in Fujian Province, with the total installed capacity of 50MW, and the annual electricity supplied to the grid of 187,000 MWh. The surface area at full reservoir level is 7km². Upon completion of the Project, electricity generated by the Project will displace equal amount of the electricity generated by East China Power Grid which is dominated by fossil fuel power plants, and thus greenhouse gas (GHG) emission reductions could be achieved. The estimated annual GHG emission reductions will be 148,000 tCO₂e. The project is verified to the Voluntary Carbon Standard and since May 2008, it is a registered CDM project.

Social and environmental benefits

The construction of the Project is in compliance with China's energy industry priority areas, and it will facilitate sustainable development in the following aspects:

- Creating employment opportunities;
- Reducing GHG emission compared with the conventional fossil fuel power;
- Reducing emission of other pollutants compared with the conventional power generation methods

Responsible supply chain management

In 2008 UBS spent over CHF 6.9 billion purchasing a wide range of products and services from suppliers and contractors around the world, making our supply chain an important part of our footprint. Responsible procurement is therefore a key aspect of UBS's approach to human rights and the environment, in line with our endorsement of the UN Global Compact principles, and in support of the UBS Group Environmental Policy and the UBS Statement on Human Rights.

Over the years, UBS has established processes to manage environmental and human rights issues in relevant areas of its supply chain such as client gifts, paper and energy sourcing:

- **For more on the procurement of client gifts**
- **For more on renewable energy**


The UBS Responsible Supply Chain Standard

In 2007 UBS decided to adopt an even more systematic approach and to develop a Responsible Supply Chain Guideline that provides group-wide guidance for identifying, assessing and monitoring supplier practices in the areas of human and labor rights, the environment and corruption.



The Guideline will be gradually applied on new contracts and contract renewals with suppliers that are more likely to be exposed to such issues.

A central component of this Guideline consists of the UBS Responsible Supply Chain Standard which defines our expectations of suppliers.

- **The UBS Responsible Supply Chain Standard (English)** 
- **The UBS Responsible Supply Chain Standard (German)** 
- **The UBS Responsible Supply Chain Standard (French)** 
- **The UBS Responsible Supply Chain Standard (Chinese)** 

This Standard addresses the following issues:

- Legal and Compliance
- Environment
- Freely Chosen Employment
- Child Labor Avoidance
- Non-Discrimination
- Compensation and Benefits
- Hours of Work

- Freedom of Association
- Humane Treatment
- Health and Safety
- Anti-Corruption

In 2008, the guideline was gradually applied to new contracts and contract renewals with suppliers. By the end of the year around 100 suppliers had been screened according to social and environmental criteria, and responsible supply chain requirements were included in the contractual arrangement with those suppliers who were awarded contracts. Also, some 170 procurement and sourcing representatives were trained on the relevance and application of the new Guideline.

→ **Case study: Green Wave Initiative in Switzerland**

[▲ Top](#)

Client Gifts

In the area of client gifts which include those products carrying a UBS logo, UBS has closely worked for several years with its suppliers to take account of human and labor rights and the environment. Today these suppliers have developed a positive reputation as corporate citizens helping them to differentiate themselves and attract new clients while at the same time helping UBS to manage its risks in this area. One such long-standing UBS supplier includes a firm providing merchandise products to UBS such as branded textiles and accessories.



Already back in 2002, UBS conducted first workshops with its suppliers to define its social and environmental requirements specification for branded products and encouraged suppliers to improve their standards of corporate responsibility within their own supply chain. UBS decided to have a closer look on this product category mainly due to their close brand association, the nature of the activity involved in the production as well as the location of production.

A good example of such a close interaction with a supplier started in 2004, when for the first time UBS engaged with a young and innovative firm based in Zurich to develop, design and produce merchandising products including backpacks, suitcase or wallets. In order to meet UBS's expectation and to qualify as a UBS supplier, the firm became one of the first companies in the industry whose production facilities met the social and environmental standards set out by the Business Social Compliance Initiative (BSCI) and SA8000. By doing so, the firm substantially helped to improve standards of their producers located in countries where often limited environmental and labor laws and enforcement exist.

While at the beginning of the process cost have been involved to comply with UBS's expectations, today the firm enjoys several benefits from building up and continuously improve their capabilities in this area. This includes attracting new clients due to their positive reputation in the field of corporate responsibility but also improving the quality of their products and strengthening partnerships due to intensified interaction with local producers.

In return, the program helped UBS to manage reputation risks while at the same time living up to our commitments in the area of human rights and environment in day-to-day business practice with our suppliers.

Case study – Green Wave Initiative in Switzerland

In cooperation with our main vendor of office material in Switzerland, Procurement Switzerland has launched a new initiative to further raise awareness among UBS employees for the use of environmentally friendly products. For that purpose a new brochure was created highlighting products that involve fewer resources during lifecycle and that have a lower CO2 footprint. The brochure has been sent to 7'000 employees in charge of internal distribution of office materials and was accompanied by a quiz where participants could win attractive prizes. Also, together with the vendor, which acts as an intermediary agent, Procurement Switzerland has engaged with producers of office material to directly address environmental concerns.

Accessibility

UBS provides accessibility features so that clients can best access the firm's services.

Internet presence

UBS offers a specialised [accessibility](#) feature for clients, developed to provide visually impaired and motoric disabled clients visiting UBS's public website with reading ease.



The accessibility version can be accessed by clicking on the "Zoom Version" tab located at the top navigation bar on the UBS website, www.ubs.com.

Attributes of the function include:

- seamless page zooming with standard browser functionality
- strong contrasts and big font sizes
- for blind readers, a logical audible redesign of the page information structure, enabling screen readers to read out the most important information on the page first
- full support of both the "Service Finder" application and the search function
- enhanced tab navigation for those with motoric disabilities, enabling them to navigate UBS's website without a mouse

→ [Accessibility statement](#)

E-banking

Based on WCAG (Web Content Accessibility Guidelines) the UBS Accessibility Guidelines are part of the UBS web application style guide which is always considered when developing new applications or functions. Accessibility to UBS's e-banking is thus continually advanced. In addition, UBS is currently evaluating an e-banking card reader with PC connection, which will allow for easier and more comfortable access to UBS's e-banking services. First results of the project are expected at the beginning of 2010.

Cash machines

All UBS free-standing cash machines correspond to the recommendations made by ADAAG (Americans with Disabilities ACT accessibility Guidelines). These cash machines have access key buttons and PIN keypads which have been made usable for the visually impaired. Additionally, on all machines, transaction processes have been made uniform to all machines, enabling blind and disabled visitors to access money with easy by pressing select "touch points" on the keypads as well as the cash express function. Clients who cannot use a cash machine due to a disability or impairment can withdraw cash from a branch counter without being charged a fee.

Our employees



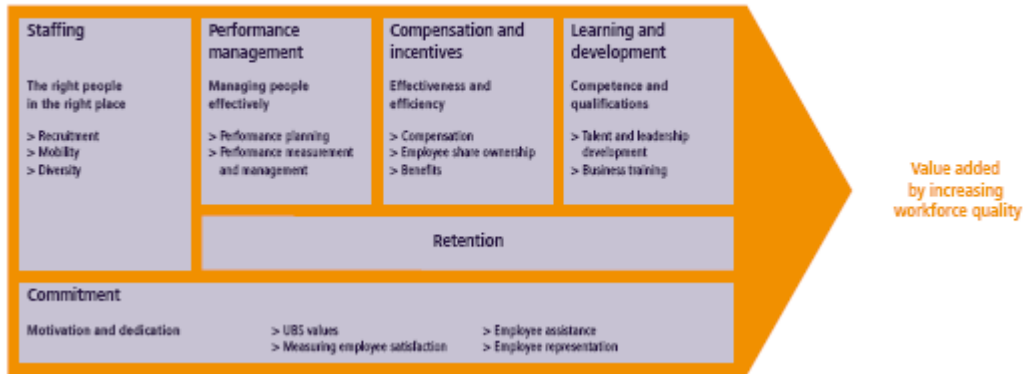
Our employees

UBS relies on the expertise, talent and commitment of its employees to meet clients' needs and deliver results for the firm.

Engaging, developing and retaining a high-value workforce is therefore a priority, and in 2008 UBS continued to judiciously invest in its personnel. This investment will help ensure that the firm has the range of skills and experience necessary to meet client needs now and to grow the firm when market conditions improve.

UBS invests in its employees whether they are new hires, seasoned staff, key talent or senior managers. The graph below highlights the most important factors driving the value created by UBS personnel.

- **Our employees**
- **Investing in employees** 



Community investment



Community affairs

- **Community affairs around the globe (page 108)**
- **Working in partnership (page 122)**
- **Case studies**
- **Heritage & awards (page 124)**

UBS foundations

- **UBS Optimus Foundation**
- **UBS Culture Foundation**
- **UBS Foundation for Social Issues**

Community affairs around the globe



Click on the map to learn more about our regional community affairs engagements

Building stronger communities through education and empowerment

It is our aim that our business activities have a positive influence on the social and environmental well-being of our local communities. As a global financial services firm, we know that successful investment requires insight and commitment – and we apply those very same qualities to our investment in local communities. Our approach is long-term, founded on building sustainable and successful partnerships with schools and non-profit organizations to ensure that our contribution has a lasting impact.

Columbia

Creating entrepreneurs for long-term change



Launching a new business is daunting enough – and even more so if you live in a region afflicted by ongoing civil war. That's why UBS and its employees in Switzerland support Vivamos Mejor, an organization that provides young Colombians with the skills they need to become successful entrepreneurs.

Many of Vivamos Mejor's efforts are focused on La Dorada, an area in central Colombia where hundreds of

farming families, driven from their homes, are being forced to adapt from a rural to an urban life. For many young people, that can mean being courted by drug dealers and warring parties within the country. That's where Vivamos Mejor steps in, offering inspiring alternatives to a life of violence.

After learning basic admin skills, Vivamos Mejor students can graduate onto business management courses where they learn how to conduct a market study and draw up a business plan. Those who decide to set up their own small businesses are guided by an experienced business economist during the first three years of operations.

Yesid Vergara Olaya received the technical training and confidence he needed to help found a firm that sells freshwater fish. His hope is that the business will provide long-term benefits to the community he loves.

He says: "It is our objective to extend our organization in a way that in the future additional young people from La Dorada and the entire region can profit from our work."

UBS and Vivamos Mejor– key facts

The partnership between UBS, UBS employees and Vivamos Mejor exists since more than 30 years. La Dorada is one of the projects supported by UBS's employee donations program in Switzerland and about 100 youths receive support through this project.



Hyderabad, India

"Bringing smiles back on sad faces"



Many in prosperous, western countries have come to take the early years of elementary education as almost a given. But for those Indian children who are forced into child labor, going to school is an unheard of luxury only to be dreamt about.

That's why UBS works with Child Welfare and Holistic Organization for Rural Development (CHORD) at Hyderabad, an organization that leads children out of a hopeless existence of grim drudgery –

and gives them the chance to live the dignified life they deserve.

Initially, it was simply a case of getting child laborers back into normal schools through a bridge education program and emotional support. Now a new UBS supported secondary school operational in June 2008, is giving children the support they need to stick to their studies.

Employees at the UBS India Service Center are among those giving the children hope, by acting as buddies to the pupils and counseling parents on the benefits of education. And they're already having a profound impact on young lives.

"I have seen many customers and many faces, but no one ever bothered about me and my feelings," recalls K. Neelima, who worked in a shop before joining the CHORD Bridge School in Hyderabad. "After I joined the CHORD School, I had the privilege of interacting with UBS. They bring smiles back on our sad faces."

UBS and CHORD – key figures

- UBS employees contributed 574 hours of their time to CHORD.
- Through this project, 400 local students receive support.



UBS community affairs in Switzerland

- **Employee commitment**
- **UBS commitment**

In Switzerland, UBS has for many years supported selected charitable organizations working in education, science and culture, thus making a valuable contribution to the well-being of society. The UBS Swiss Community Affairs Program manages direct donations to charities and matches employee ones to selected organizations. UBS also organizes voluntary work for employees in charities.



Employee commitment

UBS Employee Donations

The UBS Employee Donations programme offers UBS employees in Switzerland the choice of various charitable organizations which they can support by making a donation. The goal is to offer staff the broadest possible range of different organizations to cover their various interests. UBS matches employee donations to the selected organizations, thus further increasing employees' commitment.

Opportunities for young people in Benin – An example



Swisscontact is the development organization run by Swiss business. It supports entrepreneurial and social development in a number of countries in the South and East by providing advisory services, training and continuing education. For example, thanks to Swisscontact's support, young people in Benin have the opportunity to complete apprenticeships, allowing them to earn a living and to escape from poverty.

www.swisscontact.org

UBS Employee Volunteering

Through the UBS Employee Volunteering programme and throughout Switzerland, UBS employees can carry out voluntary work in social institutions and environmental organizations. This work is carried out in a variety of regions throughout Switzerland.

UBS supports employees participating in these volunteer activities by allowing them to carry out the commitments during working hours.

Conservation work for endangered species of plants and animals – an example



In a project organized by the Landschaft & Kies Foundation, UBS employees carried out work to protect endangered species of plants and animals in Switzerland. At a nature reserve in a former gravel pit, UBS employees were supervised by experienced project leaders as they erected dry stone walls, cleared out hedges and built small islands in the water. In only one day, the volunteers were able to create a variety of habitats for yellow-bellied toads, sand lizards and rare species of orchids, thus contributing to maintaining the ecological diversity of the region.

www.landschaftundkies.ch

A Helping Hand from UBS Employees

"A Helping Hand from UBS Employees" has a history stretching back over 30 years and is funded entirely by UBS employees. Donations from the association enable socially disadvantaged people to lead active, independent lives. Money donated through the UBS Employee Donation Program is matched by UBS.

UBS commitment

UBS has a long tradition of social and community commitments in Switzerland. This is based on both the commitment of its employees and the involvement of UBS and its foundations:

- **UBS Cultural Foundation**
- **UBS Foundation for Social Issues and Education**
- **UBS Optimus Foundation**

UBS support for charitable organizations

Through the UBS Donations scheme, UBS supports charitable projects set up by organizations based in Switzerland. It focuses on projects which enable the beneficiaries to improve their living conditions and thereby improve their quality of life by helping them to help themselves. An example of such an organization can be seen in the case study. We invite organizations which believe they meet the following requirements to submit their projects.

- **Case study**

UBS considers the following criteria when selecting projects:

- A focus on empowerment projects which enable the beneficiaries of aid to improve by themselves their living conditions themselves and thereby increase their quality of life
- Contributions which directly benefit the target group
- Projects which provide sustainable, long-term benefits
- Organizations which have recognised certification (ZEW certificate, NPO Label for Management Excellence)

Projects characterized by the following do not qualify for support:

- Projects which do not fall into the empowerment category
- Help for individuals based on private initiatives
- Organizations which primarily pursue political, religious or military goals
- Financial contributions for events, holiday camps, printing costs, sponsoring
- Deficit financing
- Help in the form of non-financial donations (PCs, furniture, etc.)

We invite organizations which believe they meet the following requirements to submit their projects by filling out the application form:

- **Application form**

Case study

Engaging young minds in the world of business



“Stimulating and fun”, “enriching”, “an unforgettable experience”. Those are just some of the words UBS employees use to describe their involvement in Fit for Business, an inspiring training program for 14-16 year olds in Switzerland.

Run by the organization Young Enterprise Switzerland, the scheme provides Swiss students with advice and education on everything from

career choice to managing their own money.

It aims to open students’ minds to their own potential by fostering their entrepreneurial spirit, teambuilding skills and economic independence. Classes are taught by a volunteer from the business community in partnership with the class teacher.

By exposing young people to the real-life experiences of volunteers coming from the business, the program is a valuable addition to the school’s curriculum. And both students and volunteers find they learn a great deal from each other.

As one UBS employee put it: “Each question challenges one’s personal perspective and so stimulates your own development. It’s also important that we’re able to pass on our own knowledge in this way.”

UBS and Young Enterprise Switzerland – key facts

The many UBS volunteers involved in **YES 'Fit for Business'** contributed towards 1000 hours of their time to teaching the students. Overall, more than 300 scholars/students received support and gained additional experience through this project. Since 2009 UBS also supports the **YES Company Program**. Students organize and operate an actual business enterprise, produce and sell a real product or service, and learn how businesses function and what their role is in our society.

Application form

Please complete and submit this application form for immediate processing by Community Affairs.

Request for project support from the UBS Donations scheme.

Name of organization: *

Website: *

Address *

Legal form: *

First/last name of contact: *

Contact telephone: *

E-mail address *

Brief description of the organization (max. 150 words): *

Brief description of the project (max. 150 words): *

Project goals (max. 150 words): *

Target group / number of beneficiaries: *

Project start: *

Anticipated project

duration: *

Finances

Total project
costs: *

Other funds applied
for: *

Requested
contribution from
UBS: *

Please fill in all fields marked with *.

PLEASE NOTE: In order to maintain discretion, please do not include any confidential data such as account numbers. UBS does not accept any instructions for business transactions such as the opening of accounts, payment orders, trading orders, changes of address etc., entered on this form. Please contact the appropriate office for such transactions.

Thailand

Growing skills through agriculture



At one time, self-reliance for the family of Satawas Mattakit merely meant growing their own rice. Now, thanks to his involvement in Barter Between Brothers (BBB), Satawas can show them how to rear animals – meaning a more balanced diet for the whole family.

Through BBB, Satawas became involved in a

pig-rearing project at his school, Baan Lak Khet in rural Northeastern Thailand. He's one of thousands of pupils across the region who are producing their own nutritious school lunches thanks to BBB, an agricultural education initiative of The Education for Development Foundation (EDF) supported by UBS.

The students grow vegetables and breed animals – and then barter their goods with a twinned school. By learning about nutrition, farming, ecology, teamwork and basic economic principles, the children are also picking up the skills they'll need to make a sustainable living in the future.

Sudkhet Bamrungkhrean, principal of Baan Lak Khet School, says: "Students learn to work as a team, gain knowledge from a real experience, possess a positive attitude towards working, and enhance their capabilities in problem solving."

And they're not the only ones to benefit. By volunteering at schools involved in the project, UBS employees from across Asia Pacific have gained deeper insights into Thai culture and the needs of their local communities.

UBS and Barter Between Brothers – key figures

- There are 2,657 students involved in this program, affecting 25,000 local villagers.
- Due to UBS's support, the project has expanded from 4 to 8 schools over 3 years.



United Kingdom

Learning from each other for long-term gain



Through the UK Government's Academies programme UBS has helped to establish The Bridge Academy, a new independent state secondary school in Hackney. The Bridge Academy is a flagship EMEA Community Affairs project and was developed out of UBS's long-standing and successful Community Affairs programme.

UBS and The Bridge Academy have a shared ambition to create an outstanding learning environment for students, staff and the local community. Every aspect of the school – from the design of the building to the curriculum and staff – has been carefully considered with this objective in mind. Specialising in music and mathematics, it teaches a broad and rich curriculum that excites the imagination and inspires innovation. A local school for students of all abilities, The Bridge Academy opened in September 2007 by welcoming 187 students and by 2013, it will cater for 1,150 students including 250 sixth formers.

Since the project's inception in 2003, more than 880 UBS staff have volunteered nearly 11,000 hours of their time to support this project. UBS's investment has resulted in an outstanding long-term Education Business Partnership aligned to UBS's Community Affairs priorities to improve the educational provision and to provide ongoing support to regeneration efforts in the London Borough of Hackney.

The Bridge Academy, Hackney – key facts

By 2013, the Academy will cater for 1,150 students. The rich curriculum is specializing in Mathematics and Music. To date, over 880 UBS employee volunteers have been engaged with the Academy and UBS has contributed £1 million, with a further £1 million donated by an anonymous private client.

USA



- Bright ideas for improving education
- Spreading knowledge about climate change

Bright ideas for improving education

From landscaping projects to painting classrooms to volunteering at school fundraisers, much can be done to transform a child's educational experience. In 2008, more than 1,500 employees and their friends and families participated in volunteer projects in 50 cities across the country supporting local schools and community organizations during Building Brighter Futures, the firm's annual Community Engagement Month.

Building Brighter Futures aims to make schools and other education-based community organizations into dynamic places for students to learn. The initiative began in 2007 as part of UBS's 'Empowerment through Education' strategy which seeks to provide students the tools and resources they need to succeed in school.

Building Brighter Futures has enabled UBS to foster strong collaboration among local communities, schools and civic organizations – and UBS volunteers have found participating extremely rewarding. In its first year alone, 2,185 UBS employees and their families and friends volunteered for over 85 projects across the nation.

After helping renovate a kitchen and classrooms at the Dowd Education Center for homeless children in Columbus Ohio, one employee who volunteered at the project said: "It was really motivating to see how easy it is for me to make a difference in other people's lives, and it makes me want to help out my community more in the future."

Building Brighter Futures - 2008 top projects

- **Jersey City, New Jersey** – Painting the cafeteria and playground area, creating murals in the school's hallways and stairwells, and assembling new playground equipment and picnic tables Julia A. Barnes Elementary School.
- **Lafayette, LA** - Create a reading corner for The Jackie Unit at the Boys and Girls Club of Acadiana by providing books, shelving, pillows, bean bag chairs, and incorporating the club name into the design.
- **Phoenix, AZ** – Painting college themed murals, building benches, erecting a pergola (shade structure), organizing and cataloging library books; hooking up computers to the internet at Tertulia Intermediate School.
- **Houston, TX** – Landscape front of Fonwood Elementary School to create outdoor learning environment, painting murals and refurbishing the teacher's lounge.
- **Cookville, TN** - Paint rooms and set up a computer and homework area in throughout the home and supply reference materials for the library at the Mustard Seed Ranch

Spreading knowledge about climate change

Acknowledging the realities of climate change is one thing. Gaining first-hand experience of its effects is a more powerful proposition altogether. Thanks to UBS's long-term relationship with its partner organization Earthwatch International, UBS employees have done just that.

For more than a decade, UBS has supported the global work of Earthwatch, an organization that places volunteers on short-term research projects around the world. Now, a new fellowship program in the US is deepening that relationship further.

In 2007, six US employees were selected from the Chicago, New York and Stamford offices to accompany climate change researchers and local school teachers on expeditions in the Arctic Tundra and in La Manzanilla in Mexico. Gathering data, attending lectures and doing demanding fieldwork were all part of their trips.

UBS funded some of the volunteers' costs – on the basis that they'd share their experiences with colleagues and local partner schools on their return.

Clients, too, have benefited from the participants' increased awareness of environmental issues. As one volunteer, who specializes in utilities and renewable energy, said: "There is no better way for me to understand and connect with my clients amidst all the politically charged chatter about climate change than a week with Earthwatch researchers at the forefront of climate change research."

Earthwatch – key facts 2007

In 2007, 1700 employees visited the website to learn about the program. 32 employees applied for the six UBS Fellow spots - three public school teachers were selected and paired in teams with the UBS Fellows. Since going on the expeditions the UBS Fellows have presented education programs on the environment to over 300 employees and students.



In 2008 the program was conducted with 12 employees participating in four cities - New York, Chicago, Stamford and San Francisco. They reached nearly 500 kids through classroom work.

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Working in Partnership



- Part of our culture
- At UBS, we believe in many kinds of giving

Part of our culture

Long-term partnerships

Partnership is the foundation of UBS. Just as we take the time to engage closely with our clients in order to understand their particular needs, so we similarly build long-lasting relationships with our community partners. We have worked continuously with many non-profit organizations for over 30 years and continued to expand our Community Affairs program with new partnerships.

Targeted investment

To achieve maximum impact, we focus our resources primarily to benefit non-profit organizations in the fields of education and empowerment, thereby building stronger communities. In doing so, we aim to assist our partner communities achieve sustainable growth and empowerment and promote learning.

Active involvement

We do more than just give money. We encourage employees to volunteer their time and skills to contribute to the causes they care about. In 2008, almost 9,300 employees spent 84,700 hours volunteering.

Local commitment

Our activities are driven by our employees and the needs of the local communities. To ensure we understand these needs, we have dedicated Community Affairs teams in each region: they develop relationships with local organizations and ensure that our contributions have a significant, lasting and measurable effect.

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At UBS, we believe in many kinds of giving

UBS donations

We provide direct cash donations to carefully selected non-profit partner organizations and charities active in the fields of 'Empowerment through Education' and 'Building Stronger Communities'. Overall, in 2008, UBS and its affiliated foundations donated nearly CHF 46 million to support charitable causes.

Employee donations

If employees donate money to charity, UBS will match these donations with an equal amount, giving such contributions additional impetus.*

Volunteering

Our employees, through their volunteer efforts, make significant contributions to the communities in which they work. The firm supports their commitment to making a difference by offering volunteers two days' paid leave every year.*

In-kind giving

We also recycle donated items to benefit others. Amongst others, we give business clothes to employment charities, used office furniture to partner organizations, and books and musical instruments to primary schools.

**subject to regional guidelines*

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Heritage & awards

UBS has a long tradition of supporting worthy causes and working with non-profit and charitable organizations. The beginnings of our well-established community affairs programme goes back to the 1950s. Over the years, the significance of our commitment and activities has been honoured by many awards across the regions we are active in.



Regions

- **Americas**
- **Asia Pacific**

- **EMEA**
- **Switzerland**

Recent Awards

Caring Company Award 2008/09, Hong Kong

For the fifth consecutive year, UBS has been recognized as a role model for corporate citizenship.

Business in the Community - Big Tick 2008

Recognized with two "Big Ticks" for positive community and business impact for the following programs:

- Project Shoreditch, a collaboration between East London Business Alliance (ELBA), Deutsche Bank, Linklaters, UBS and the Shoreditch Trust,
- The Bridge Academy, Hackney

Employee Volunteer of the Year Awards, East London Business Alliance 2008

For ten consecutive years, UBS employees have received awards for their volunteer work in East London.

Business in the Community's Jubilee Award 2007

Recognized UBS's long-term and sustainable positive impact in Hackney, London over the last 20 years.

Business in the Community Award for Impact on London 2007

Recognized for Project Shoreditch – working collaboratively with other companies to support economic regeneration.

Caring Company Award 2006, Hong Kong

For the third consecutive year, UBS has been recognized as a role model for corporate citizenship.

Erie Neighborhood House Corporate Partner Award, 2006

For employee volunteerism and support for the youth technology program.

Circle of Humanitarians Award 2006, American Red Cross

Recognized UBS's major gifts for the Southeast Asia tsunami disaster relief and Hurricane Katrina Relief in the U.S.

Americas - Stamford

Initiatives & awards

UBS Investment Bank has established many partnerships with community organizations, and government agencies since relocating its headquarters in the Americas from New York City to Stamford in 1997. Through these relationships, UBS has been working to support public education initiatives and youth career development programs, and to improve the quality-of-life for people in need.

UBS has received several awards for its community affairs programs, including recognition by Governor M. Jodi Rell as the state's Outstanding Corporate Philanthropist of 2001. (The Governor was Lt. Governor when she presented this award from the Connecticut Association of Fundraising Professionals.)

Other community awards include:

- Heart of Gold Award for leadership in corporate volunteerism, The Volunteer Center of Southwestern Fairfield County
- National Champion of Education & Technology Award, MOUSE (Making Opportunities for Upgrading Schools & Education)
- Outstanding Business Partner Award, Junior Achievement of Southwest Connecticut
- President's Award for nonprofit capacity building initiative, The WorkPlace
- Corporate Leadership Award, The Urban League of Southern Connecticut

Specific initiatives include the following:

- **Workforce Development** – UBS encouraged education and training for unemployed and underemployed individuals throughout the region with a \$1 million grant for training offered through The WorkPlace in Bridgeport; in addition, \$250,000 in funding since 1998 has established a computer lab for learning job skills at Fairfield County's anti-poverty agency, CTE.
- **Technology** – UBS has contributed \$525,000 to the Connecticut Information Technology Institute at the University of Connecticut campus in Stamford; grants totaling over \$400,000 to Norwalk Community College established the UBS Teaching and Technology Laboratory on that campus which in 2007 was recreated as the UBS Student Success Center.

To further advance the use of technology for learning, the firm has donated over 4,000 personal computers since 2000 to the state's public schools. This gift complements several hundred PCs given for labs at various nonprofit agencies and other schools, including the Stamford Adult Education program.

The state's school readiness initiative for four-year-olds was the recipient of an initial, lead grant of \$200,000 for the model program in Stamford, and an additional \$57,000 for the Mambo Combo multi-purpose room.

- **Education** – Preparing youth for advanced educational opportunities and career training has been the focus of UBS's charitable giving, with over \$200,000 in grants in 2007 to such programs as Achievement Matters at the Urban League of Southwestern

Connecticut; and training by MOUSE for students to run technology help desks in schools; in addition, UBS has also supported after-school programs at the Yerwood Center, the YMCA and other agencies to help close the achievement gap in test scores of students.

- **Community** – Recognizing the need for critical social services, UBS provided over \$120,000 in 2007 to such organizations as the homeless shelter, the soup kitchen, the food bank and the hospital in Stamford. Local cultural organizations were also supported with over \$100,000 for various programs and productions. In support of the Stamford community, UBS has a five-year \$500,000 commitment as the title sponsor of city's parade spectacular, the second largest one day event in the state with more than 300,000 spectators.
- **Urban development** – In designing its 12-acre campus, UBS coordinated it with the larger vision of Stamford's Mill River Greenway Project and created the largest park in the downtown area in front of its headquarters. The centerpiece is a significant contribution to public art, one of the world's largest free-standing stained glass structures, standing 46-feet high. In 2002, UBS became the first corporate sponsor of the Mill River Collaborative, and has contributed over \$110,000 and hundreds of volunteer hours in support of building the Mill River Playground.
- **Transportation** – The pedestrian walkway from the Stamford Transportation Center to the Gateway Common is the result of the cooperative efforts of the federal government, the Connecticut Department of Transportation, the City of Stamford and a \$500,000 grant from UBS.
- **Volunteerism** – As the lead corporate sponsor in Fairfield County, UBS has over 100 employees committed to the Everybody Wins! lunch time reading program at two Stamford elementary schools. In addition, hundreds of the firm's employees are active volunteers for social service agencies in support of youth, education and other community programs. Many executives and others serve in leadership positions on boards of community organizations.

In summary, since establishing its Americas headquarters in Stamford in 1997, UBS Investment Bank has contributed over \$12 million to support these initiatives, to match the gifts of employees, and to fund many other worthwhile programs that enrich the quality of life for people throughout Connecticut.

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APAC

From its earliest days in the 1930s in Australia, UBS has had a business presence that has grown significantly in the Asia Pacific region. In more recent times the firm which now operates in 13 countries in the region, has established a targeted number of partnerships with community organizations. Our commitment to these groups goes beyond financial support but also a high level of volunteer participation by UBS employees.

- The Asia Pacific region has experienced some of the world's most devastating natural disasters. In response to the 2004 SE Asian tsunami, UBS established a special fund with contributions from the firm and its employees that made grants to a carefully selected group of relief and rebuilding organizations working at the local level in the affected countries. In May 2008 UBS and its employees responded generously to the twin disasters of the cyclone in Myanmar and earthquake in the Sichuan province of China.
- To build the management and leadership capacity of non-profit organizations, UBS launched the Community Leadership Experience at its India Service Centre (Hyderabad). This program was developed in partnership with Charities Aid Foundation India and will be expanded to other centres in Asia in the coming years.

History of Community Affairs at UBS (EMEA)

| | |
|------|--|
| 1978 | Partnership with VSO (Voluntary Services Overseas) established |
| 1982 | UBS founder member of Business in the Community |
| 1984 | UBS co-founder of Hackney Business Ventures (HBV Enterprise) |
| 1985 | Establishment of environmental charity Groundwork East London following UBS audit commission |
| 1987 | Payroll Giving (GAYE) introduced to London employees |
| 1992 | Partnership formed with Deptford Green School |
| 1994 | Roots and Wings, the first adult to student mentoring programme in the UK, launched with Deptford Green School |
| 1995 | Matched Giving scheme introduced to London employees |
| 1996 | First cohesive and branded Community Affairs programme launched under the banner 'Tomorrow's Adults' |
| 1998 | 'Investing in our Community' programme replaces 'Tomorrow's Adults' following the merger of SBC Warburg and UBS |
| 2001 | International Charity Committee formed comprising senior representatives from all main regions of the firm |
| 2001 | Two day employee volunteering time off policy introduced for all London employees |
| 2003 | UBS formally register interest as an Academy sponsor in the UK |
| 2005 | Project Shoreditch launched with Deutsche Bank and law firm Linklaters, the first partnership of its kind involving three companies collaborating with a community partner |
| 2007 | Flagship EMEA community project, the Bridge Academy Hackney, opens to 189 students |
| 2008 | Roll-out of Community Affairs programme into EMEA regions begins in Italy and France |
| 2008 | 19% of UK employees volunteer to support community projects |

Awards

| | |
|------|---|
| 1995 | City of London Lord Mayor's Dragon Award for Excellence in Corporate Responsibility and Community activities (subsequently 1998, 2000, 2002, 2004, 2006 and 2008) |
| 1998 | East London Business Alliance Employee Volunteer of the Year Award presented to UBS employee. The award has been presented to a UBS employee each subsequent year to 2008 |
| 2002 | Arts, Business and Sustainability Award presented by Arts & Business. |
| 2002 | Business in the Community Award for Excellence (subsequently 2005, 2006, 2007 and 2008) |
| 2003 | The Economist Reader Survey voted UBS as the leader in Corporate Responsibility |
| 2004 | UK Charity Award for Corporate Community Involvement |
| 2004 | Charities Aid Foundation Award for Outstanding Corporate Community Investment Programme |
| 2004 | Community Links Award for Investment In Youth |
| 2005 | Liveable City Award |
| 2006 | Inspire, Hackney Education Business Partnership Award for Outstanding corporate partnership |
| 2006 | UK Charity Award for UBS and Deptford Green School Partnership |
| 2009 | Power in Partnership 2009 - Example of Excellence winner |

Switzerland

Besides its Community Affairs programs, UBS in Switzerland has been actively supporting worthy causes for nearly 50 years through its independent foundations and an employee association.

- Since 1973, the association **A Helping Hand from UBS Employees** assists disabled and disadvantaged people to lead active, independent lives. UBS encourages this employee involvement by matching the funds raised in 2008.
- The roots of the **UBS Cultural Foundation** date back to 1962. The foundation fosters creativity, appreciation of different forms of art, and contact between artists and society. The foundation financially supports fine arts, film, literature, music, preservation of historic buildings, archaeological projects and studies in history and philosophy in Switzerland.
- In similar fashion, the purpose of the **UBS Foundation for Social Issues and Education**, with its historical origins in 1972, is to support deprived communities in Switzerland in various forms. Non-profit, charitable organizations, projects and initiatives aiming at improving social welfare receive monetary assistance from these funds.

Community affairs

Contact us

Non-profit organizations and other interested parties: Please [e-mail](#) the UBS Community Affairs team.

