Sustainability Report 2023

UBP

Union Bancaire Privée

A letter from the CEO

"We recognise that sustainability issues are profoundly reshaping the investment landscape, creating new risks and opportunities, particularly in the long term."

I am pleased to introduce the fourth edition of UBP's Sustainability Report. This document is testament to our commitment to providing a transparent account of our sustainability vision, approach and progress as well as of our plans for the future. It covers sustainability-related risks and opportunities with regard to both our investments and our operations. As UBP is a signatory to the Task Force on Climate-related Financial Disclosures (TCFD), it also includes a dedicated climate report.

At UBP we are acutely aware of how our economic system is under growing pressure to adjust as environmental and social challenges intensify. However, to spur this transition, we need regulators and authorities to send strong signals and incentives for companies and consumers to adapt production and consumption patterns rapidly and radically.

We recognise that sustainability issues are profoundly reshaping the investment landscape, creating new risks and opportunities, particularly for the long term. We must therefore consider non-financial factors in our investment advice and decisions through careful and balanced analysis to protect and grow our clients' wealth for years to come.

But while the direction of travel is clear, the path is unknown, requiring us to navigate a number of challenges along the way.

One of those concerns sustainable finance regulation, which has brought both benefits and complications. Whilst it plays an important role in spurring action, it is often ambiguous and at times even contradictory in addition to coming with huge implementation requirements. What is needed is more clarity and better coordination among the different authorities so that the regulation truly serves its purpose and doesn't undermine progress. Throughout last year, we continued to analyse and implement sustainability-related regulations and guidelines to stay on top of this rapidly evolving field and ensure compliance.

Another challenge relates to data, information systems and technologies, all of which play a critical role in our effort to identify the impacts of sustainability transformations on industrial value chains, sectors, and companies, and to build resilient and robust portfolios. This is why we are continually strengthening our capabilities with regard to data systems and modelling tools.

To navigate the transition successfully, we have chosen to adopt a steady pace and choose our steps carefully by laying strong foundations and gradually building up our systems, expertise and offering. Analysing and identifying the major trends and sustainable investment themes as well as dealing with the mountains of quantitative and qualitative data points requires the right expertise.

Building conviction and knowledge among our employees is a crucial step. Only then are we able to have well-informed conversations with clients. Last year, we therefore focused our efforts on training our client-facing employees in the area of responsible investing. The next step is bringing up the subject with our clients and we are gradually increasing our dialogue on this topic with them.

While our investments are our biggest lever for driving change, our commitment extends to our operational activities. Throughout the year, we continued to roll out climate measures to help us work towards our 2025 target of cutting greenhouse gas (GHG) emissions by 25% below our 2019 baseline. Whilst the Bank's continued growth led to a slight rise in our overall carbon footprint, our efforts on the energy front proved successful and allowed us to keep our total emissions well below the baseline figure of 2019. We will maintain this course, while scaling up our measures to tackle travel- and commuting-related emissions, which are the main contributors to our carbon footprint.

We remain committed to our long tradition of engaging with local communities and supporting cultural, educational and research projects, through sponsorships and volunteering. I am proud of all our colleagues who once again showed great dedication, rolling up their sleeves to plant trees, tidy up nature reserves and prepare articles for donation.

As we conclude this reporting cycle, we look forward to further refining our sustainability strategy and implementing it through innovative and strategic projects in order to deliver the best service to our clients.

Guy de Picciotto
Chief Executive Officer

Table of contents

Integrating sustainability into our investments and operations has become increasingly important so as to deliver value for our clients as well as our employees, communities and the environment.

1

Sustainability at UBP

2023 Key Highlights

CHF 22.4 Bn

Responsibly managed assets*

* For our definition of responsibly managed assets, please refer to page 15.

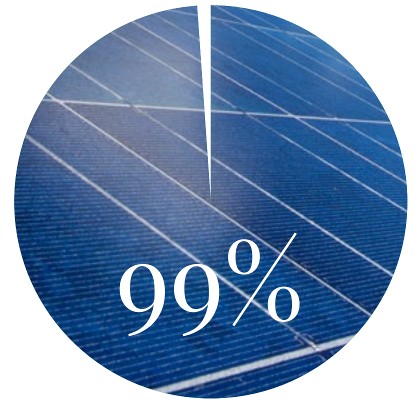
"Nature Calls" biodiversity conference held in London

Creation of a centralised in-house ESG database

Wealth Management ESG team hired

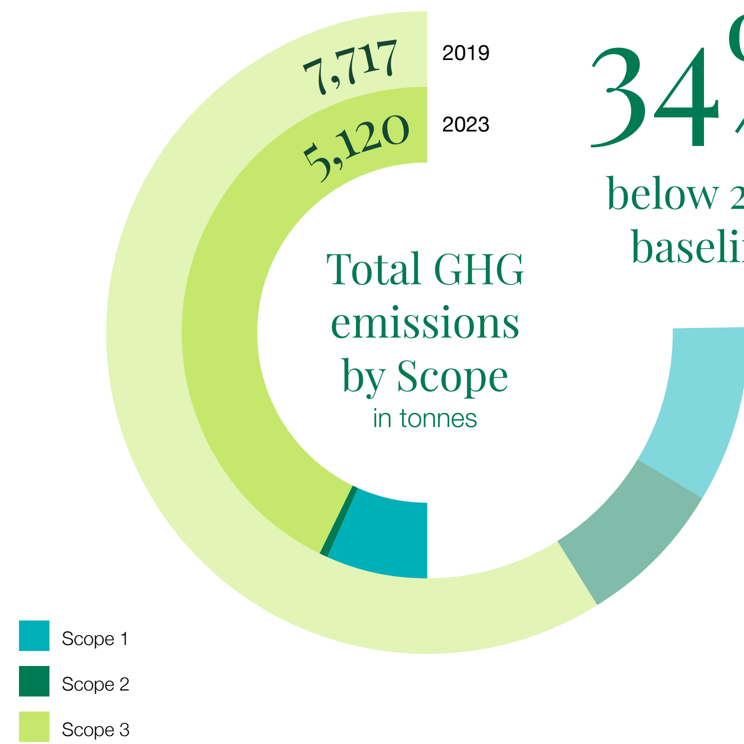
Article 8 and 9 funds accounted for 78% of AuMs in our public funds

Most client-facing employees received in-house training on responsible investing



Share of renewable electricity*

* Including Renewable Energy Certificates (RECs) where renewable electricity is not available

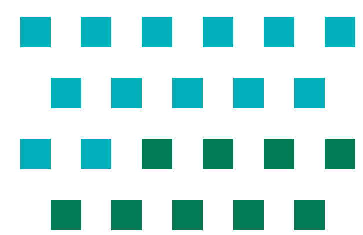


34% below 2019 baseline

Asset Management Net-zero targets published

6% Energy savings compared to 2022

Participant in the 2023 CDP Non-Disclosure and SBT campaign

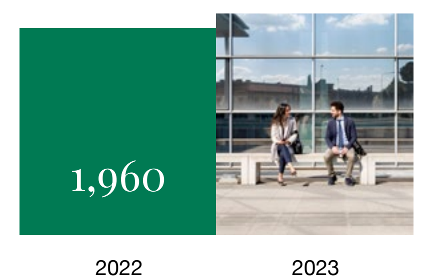


41% Women Employees

13 hours of training per employee on average*

* data at Group level for permanent employees only

2,094 Employees (FTE)



About UBP

Union Bancaire Privée, UBP SA (UBP) is a family-owned bank that was founded in 1969 by Edgar de Picciotto with the vision of offering investors a high-quality and innovative wealth and asset management service.

This goal has been our guiding principle and has led us to focus exclusively on the activities at which we excel: global wealth management for private clients and custom-made investment solutions for institutional clients.

UBP operates in the financial sector as a well-known private bank. Our universal banking licence from the Swiss Financial Market Supervisory Authority (FINMA) includes licences for banking, securities dealing and acting as a representative for foreign funds, and allows us to offer services such as investment advice, execution-only dealing, discretionary management of individual portfolios, investment management for funds, and the distribution and private placement of Swiss and foreign funds including UCITS and AIFs.

Headquartered in Geneva, Switzerland, UBP is present in 26 locations, covering the world's key economic and financial hubs. Together with a workforce that boasts a multitude of nationalities and cultures, this international reach enables us to combine global expertise with local know-how.

In only 55 years, UBP has achieved remarkable growth. Today, we stand among the world leaders in wealth management, and we continue to expand both in our home market and internationally.

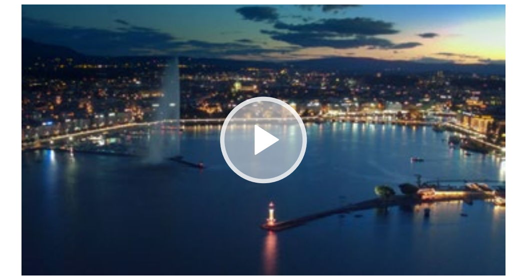
Our four core values – dedication, conviction, agility and responsibility – govern our client relationships, driving us to develop and refine successful strategies and high-performance, innovative investment solutions. To help us remain on this successful path, environmental and social factors have become important considerations across our business.

UBP's business model combines wealth management and asset management, reflecting our commitment to offer the best combination of skills and expertise for wealth management and institutional clients alike.

We provide a complete range of wealth management products and services, including a variety of discretionary portfolio management and advisory mandates. In addition, our wealth planning team is on hand to give clients guidance on securing, growing and transferring personal wealth across the generations. Among UBP's professional partners, over 180 independent asset managers have chosen us as their custodian bank, valuing our personalised, flexible services, which include a high-performance, state-of-the-art e-banking system.

Over the years, we have built our reputation on the strength of our independent asset management services. With our clear focus on a selected range of actively managed strategies, we stand out by constantly seeking more effective ways to invest in traditional asset classes while meeting our clients' objectives and matching their risk appetite. Those strategies are structured around five main themes: Credit and Carry, Impact and Responsible Investing, High Alpha, Convexity and Private Markets. We complement our extensive experience in alternative investments with external partnerships in areas where others show outstanding capabilities. With our growing private markets expertise, we offer the chance of higher returns. We are also distinctive because of our ability to provide wealth management clients with access to investments usually available only to institutional investors, and to arrange direct meetings with award-winning fund managers.

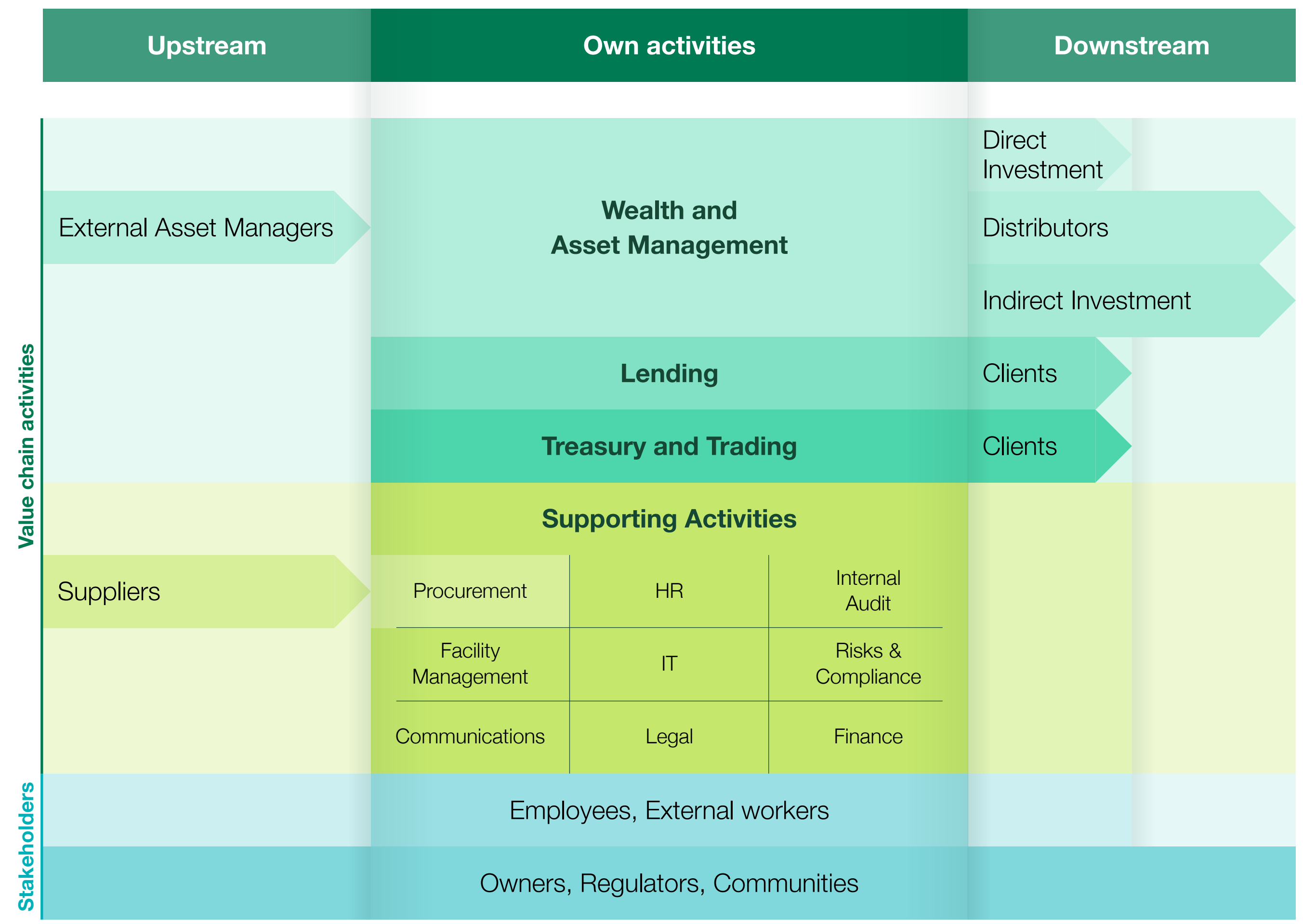
Clients can also use our Treasury & Trading division, which provides comprehensive order execution services to UBP's wealth management and asset management units across all major asset classes, including derivatives, in all relevant global markets and trading venues.



Watch the video to find out more about UBP

CHF 140 Bn	CHF 224 Mn
Assets under management	Net profit

Value Chain of the Union Bancaire Privée Group



Sustainability Approach

Our sustainability approach is driven by our conviction that, to best serve our clients, environmental and social considerations must be increasingly integrated into our investment advice and decisions. Equally, we recognise the importance of being consistent in how we act as a business.

The transition of our global economy is changing the playing field for companies and investors. Together with stricter regulations, this requires us to rethink and adjust the way we invest and operate as a company. At the same time, we recognise that through our dual role as both a financial intermediary and a business, we have an impact on the outside world and can play a role in facilitating the transition.

UBP's sustainability approach is based on that dual role, and so our strategy has two key aspects: responsible investment and corporate social responsibility (CSR).

Responsible investment

The business case for responsible investing is strong. As asset and wealth managers, it is our duty to protect and grow our clients' wealth now and for future generations. Rising temperatures, natural disasters, resource scarcity and other environmental pressures, together with changes in society, regulations and consumer preferences, are increasingly affecting the profitability and viability of businesses and driving companies to adjust their business models and practices. Our investment advice and decisions must therefore reflect how investee companies deal with the risks and opportunities that the transition creates. Our role is to identify companies that are transitioning or providing solutions, and those at risk of being left behind.

Ultimately, to fulfil our fiduciary duty, it is no longer sufficient to focus on financial factors alone: they must be part of a more comprehensive approach that also considers non-financial information. Accordingly, we have developed a three-step approach where, in addition to considering financial factors, we look at both investees' business practices, to assess how sustainability risks affect their physical and intangible assets, and their business models, to consider their long-term viability. In 2023, we laid the foundations for putting this approach into practice, strengthening our in-house sustainability expertise and developing a centralised ESG database, as well as raising sustainability awareness among our staff.

Corporate social responsibility

We are equally determined to improve the direct impact we have through our operations – for example with regard to the environment, talent management processes and working conditions – and we also strive to contribute positively to our local communities.

In particular, we are preparing for increasingly stringent non-financial disclosure requirements and will be working on our net-zero transition plan as required by Swiss regulations. We are also reviewing and updating our HR directives and processes as the expectations of our employees and other stakeholders evolve. Last year, we conducted a gap analysis with respect to new and upcoming non-financial disclosure regulations.

Our sustainability objectives

UBP has adopted 10 sustainability objectives to guide its actions in terms of both its investments and its own operations until 2025. Inspired by our new sustainability roadmap and as we approach 2025, we are soon going to set new objectives.

Progress towards our existing objectives is covered throughout this report.

1	Double assets in responsibly managed strategies from 2020 to 2022	Achieved
2	Include sustainability factors in all of UBP's investment decisions	In progress
3	Ensure that a quarter of UBP's discretionary mandates are responsibly managed	In progress
4	Integrate ESG criteria into UBP's entire recommended investment universe	In progress
5	Comply with regulatory requirements related to sustainable finance	Continually ongoing
6	Reduce UBP's carbon footprint by 25% by 2025 compared with 2019	In progress
7	Apply ESG criteria to all new treasury investments	Continually ongoing
8	Make responsible investment the preferred choice for UBP's pension fund	Continually ongoing
9	Adjust relevant HR policies and HR processes to reflect ESG standards	Continually ongoing
10	Continually enhance in-house awareness and skills regarding sustainability	Continually ongoing

Five strategic themes

Based on the two key aspects of our sustainability strategy, we have identified five ways in which we can respond to the needs and concerns of our stakeholders.

Investing with our clients
We continuously enhance our responsible investment approach and offering

Managing our environmental impact
We consider the environmental impact of our operations and our investments

Inspiring our people
We strive to foster a fair and empowering working environment

Engaging with our communities
We give back through social, environmental and cultural activities

Doing business responsibly
We conduct our business in line with ethical and sustainability principles

With the foundations set, the offering is next

A letter from Robert de Guigné

Robert de Guigné

Group Head of Sustainability, UBP

When I joined UBP in 2022, my first mission was to draw up the sustainability organisation and governance plan. While the Asset Management division already had processes in place for serving our institutional clients, the Wealth Management and CSR side needed developing.

After mapping out the organigramme of teams and committees, I set about recruiting the specialists we needed. Sustainability being a bank-wide concern, the 13 team members are embedded in different divisions, including Asset Management, Wealth Management Operations, and Communications.

In my opinion, sustainability is about finding ways to carry on operating, developing and innovating in ways that create a healthy environment in which nature can thrive and the next generations prosper. At UBP, this means adopting a pragmatic, patient, and professional approach to anticipating risks and opportunities, and convincing all stakeholders of the importance of striving for that.

On that basis, once in place, our teams first set about laying the groundwork for creating a sound range of sustainable investment products. The expertise we have built among our Asset Management teams and their ability to translate this into products is evidenced by the high percentage of Article 8 and 9 funds among our public funds (they account for 78% of AuMs). The expansion of our impact equity franchise in London is a further demonstration of our teams' ambition and know-how. On the basis of these strong foundations, this development continues as regulations evolve and our teams grow.

Creating an attractive and valuable offering requires the collecting and structuring of vast amounts of data. Data relating to the sustainability credentials of the companies in which we invest, but also to the sustainability 'sensibilities' of our clients, collected through a dedicated questionnaire. All this information is then to be distilled into usable KPIs so that it can be used to measure and compare impacts.

There are also more and more stringent sustainability requirements. Reporting obligations have been increasing over the past year and more are due to come into force, both in Switzerland and in the EU.

UBP's Asset Management division has been accustomed to disclosing sustainability-related data for several years, as this has been a requirement for institutional clients. More broadly, we have been publishing data voluntarily, for example for the United Nations Principles for Responsible Investment, as well as our Sustainability Report for the last three years, and the UK Stewardship Code.

This Sustainability Report is our first one published as a requirement, since it became mandatory last year in Switzerland under the Code of Obligations. The TCFD disclosures – which we have been including in the Sustainability Report since we started – will become mandatory next year. Looking ahead, soon we will have to comply with the European Union's CSRD (Corporate Sustainability Reporting Directive – 2022/2464/EU) for our Luxembourg entities. It has very strict stipulations which we must prepare for

> "Access to reliable data and reference points is taking the art of responsible investment from a relatively crude approach of excluding companies to one applying advanced selection techniques."

well in advance in order to be ready to report by the time it becomes an obligation.

Beyond regulations, however, the real purpose of all this data is for implementing the next stage of our sustainability strategy: using it to develop a broader and more granular responsible investment offering for our Wealth Management clients.

Access to reliable data and reference points is taking the art of responsible investment from a relatively crude approach of excluding companies to one applying advanced selection techniques. Indeed, traditionally the practice was merely to weed out any financial instruments issued by companies with signs of controversy (such as dealing in controversial weapons or having ties with politically exposed people or places). Now we are well on the way to applying complex analysis methods to weigh companies' negative impact, positive contribution and ESG risk.

The factors that go into the mix include the effects of changes in nature, society, and the economy (e.g. climate change, ageing populations, technological advances, and the energy transition) on companies' operations. Those firms' own contributions to environmental or social improvements, and their potential negative impacts, are also taken into account. By integrating these two angles, we are able to gauge whether a company will thrive, or not, in the changing economic landscape.

As awareness and interest grows among clients, I think that although the demand is quite low today, it will grow, and I expect the pace of that growth to be fast with the younger generations who have been hearing about the issues from a young age. The banking world will have to keep up and be ready to provide them with what they are asking for. In that regard, we are working on tools and approaches to provide our clients with the information they need in order to make conscious investment decisions and select companies that are contributing to the transition to a more sustainable future.

To this end UBP has started deploying in-house training programmes for portfolio managers, advisors, relationship managers and more to give them all the knowledge and tools they will need for engaging with clients on the topic and providing the services and products that clients will be asking for.

As the momentum gathers, with the data harmonised across teams and platforms and with relationship managers getting up to speed with the rationale, I feel we have set the foundations on which to build a truly diversified and attractive range of solutions that align with sustainability principles.

Risk Management and Materiality

Identifying and managing sustainability risks is increasingly important for our continued success as mounting environmental and social pressures, new regulations and growing public scrutiny fuel economic transition.

As physical and transition risks, as well as regulatory and reputational risks, intensify, inadequate risk management could have consequences on UBP's performance and reputation. As a financial intermediary, we also have a responsibility to ensure that our investment decisions and our own operations consider sustainability risks.

Since 2020, we have therefore started to put into place frameworks, tools and processes to identify those risks. Our sustainability risk framework includes metrics such as carbon intensity and ESG scores covering all our activities (Treasury & Trading, Asset Management and Wealth Management), therefore ensuring comprehensive risk coverage. The Risk Committee, made up of executive and senior directors, analyses sustainability risk reports every month and highlights the key issues. The reports are then reviewed by the Board's Risk Committee, also on a monthly basis.

Materiality assessment

In 2022, we conducted a materiality assessment applying the double-materiality concept, considering the actual and potential financial impact of sustainability topics on UBP as well as the actual and potential negative and positive impacts we have on the economy, the environment and people. This assessment guided us in our 2022 and 2023 reports. The present report has also been prepared in accordance with the GRI Universal Standards 2021 and Article 964a-c of the Swiss Code of Obligations.

Article 964b of the Swiss Code of Obligations

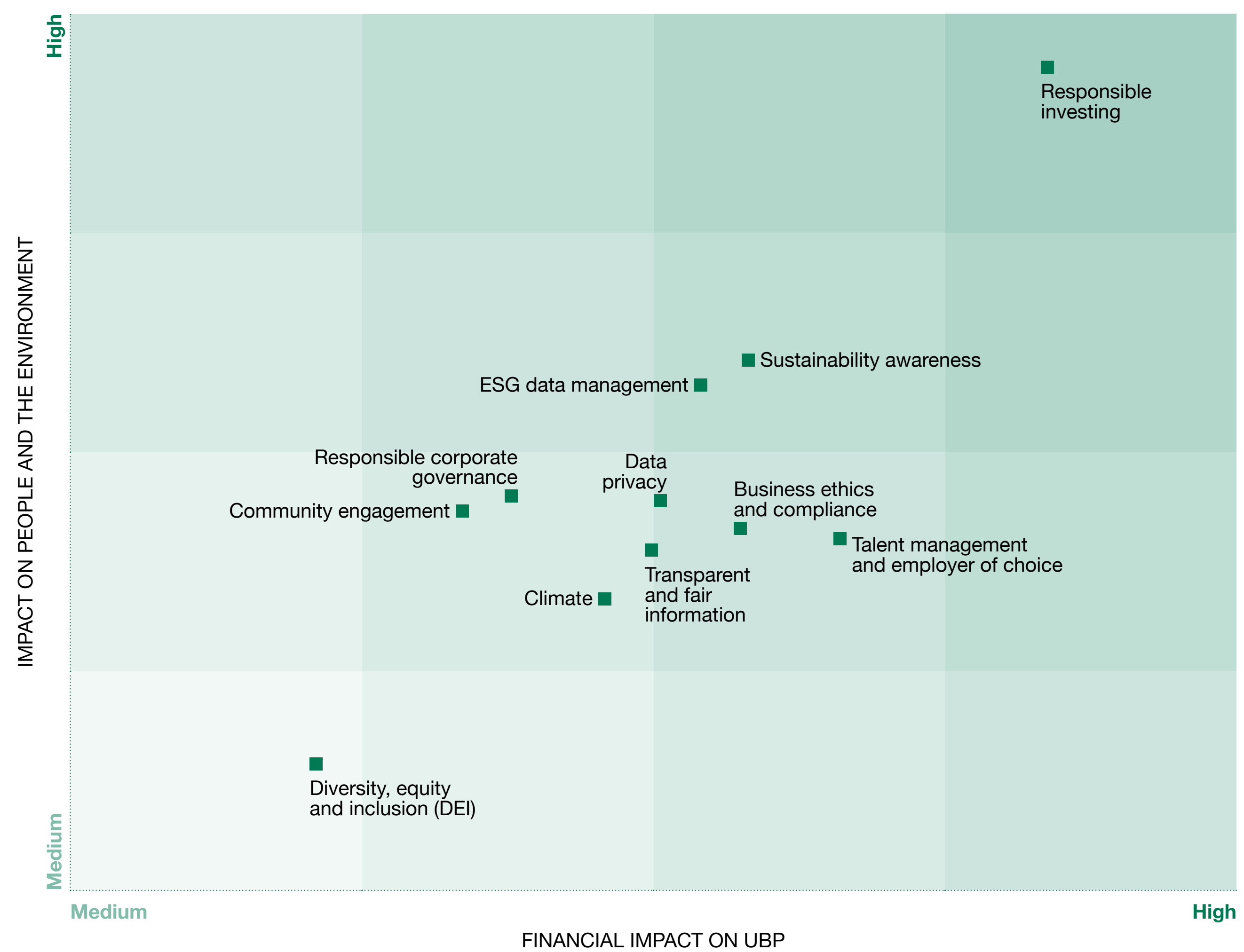
We consider environmental, social and employee matters across a number of material topics. Due to the nature of our activities, we do not consider human rights to be a material topic for UBP, although it is a subtopic in the context of procurement, responsible investing and diversity, equity and inclusion (DEI), which are material topics for UBP. The topic of corruption is covered within the material topic "business ethics and compliance." Across the five categories referred to in the Swiss Code of Obligations and our other material topics, we consider how sustainability risks affect our clients' assets, our own assets and our operations, as well as the risks that our activities (investments and operations) pose for the environment, employees and local communities. More information can be found in the chapters dealing with each material topic.

Our double materiality process

Throughout the process, we considered expert input from both our in-house sustainability leads and from our external sustainability consultancy.

1. Desk research	We compiled a long list of potentially material topics based on the Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB), as well as a peer analysis of sustainability reports and websites, and a review of Swiss private banking news stories and several industry studies.
2. Senior leadership interviews	We then conducted 13 interviews with senior leaders at UBP, including three Board members and six ExCo members.
3. Employee survey	We organised a webinar for a sample group of employees and subsequently sent a survey to a subset of employees.
4. Analysis	The interview and survey results were analysed and converted into a matrix to show the financial and impact materiality of each topic. To achieve that, we considered the scores for each topic resulting from the interviews and surveys, and set thresholds to determine materiality.
5. Validation	The results were presented to the CSRCO before being validated by the ExCo.

Materiality Matrix



Our sustainability approach is underpinned by a dedicated governance structure. This promotes strategic guidance and oversight for sustainability topics as well as well-informed decision-making. It also enhances our credibility and accountability in this area.

Our clear organisational structure with regard to sustainability ensures that decisions are made with the necessary expertise and that their implementation across the entire UBP group is firmly supported.

Over the past few years, UBP has developed and continually enhanced its governance and organisational structure for its sustainability approach, to ensure that it is considered both within our investment processes and in our own operations. At the same time, we have a clear process for engaging with the Executive Committee (ExCo) and the Board of Directors, so that our sustainability strategy and initiatives have the support of UBP's leadership.

Having a clear governance structure is key for preventing and mitigating a number of risks – such as greenwashing, inconsistencies in the sustainability approach between different units and locations, and implementation gaps with respect to sustainability regulations – that could adversely affect our reputation, revenue generation and licence to operate.

Our approach

Several functional committees with well-defined responsibilities are entrusted with the oversight and guidance of our sustainability strategy. By convening these committees regularly and bringing together representatives from all the business lines concerned, we can maintain a good flow of information and take well-informed actions in a timely manner.

The RICO

The Responsible Investing Committee (RICO) monitors how we implement sustainability in our investment processes. It designs responsible investment principles and policies, and also monitors relevant ESG developments, updating investment teams accordingly. Co-chaired by the Head of Responsible Investment for Asset Management and the Head of ESG Solutions for Wealth Management, it meets at least three times a year.

The CSRCO

The Corporate Social Responsibility Committee (CSRCO) is responsible for defining, implementing and monitoring UBP's approach to sustainability in its own operations. This encompasses environmental measures, employee matters and community engagement. It is chaired by the Head of CSR and meets monthly.

The SSCO

Both committees report regularly to the Sustainability Steering Committee (SSCO), which meets every month. Chaired by the Group Head of Sustainability, the SSCO brings together ten representatives from the main business and support lines relevant to the implementation of our sustainability strategy, such as Asset Management, Wealth Management, Risk & Compliance, Treasury & Trading, IT and CSR. It oversees the execution of sustainability projects, manages related budgets, takes decisions on matters that have been raised by the RICO and the CSRCO and, where necessary, escalates them to the ExCo.

The members of all sustainability committees and the Head of Sustainability regularly engage with relevant stakeholders on environmental, social and governance topics, to ensure that our sustainability approach is informed by the latest regulatory and industry developments and meets our stakeholders' expectations.

Top-level oversight

The Group Head of Sustainability updates the ExCo about sustainability every quarter. In addition, he meets with a subset of ExCo members monthly. The Board's Risk Committee reviews and approves the Bank's sustainability risk reports every month and subsequently updates the Board of Directors on a quarterly basis. Once a year, the Group Head of Sustainability also updates the Board of Directors directly.

UBP's Board, composed entirely of non-executive members, are appointed by UBP's shareholders in its Annual General Meeting, with the consent of FINMA. When selecting Board and Board Committee members, the factors taken into account include skills, independence and diversity. Several Board members have in-depth knowledge of sustainable finance and engage with regulators and independent experts on these issues.

Incentives

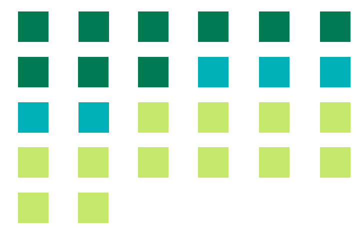
The rules governing the main components of employees' remuneration are set out in the remuneration policy. UBP's remuneration arrangements incorporate various elements such as fixed and variable pay, sign-on bonuses and recruitment incentive payments, termination payments and clawbacks.

To ensure that sustainability risks and opportunities are taken into account by all our business lines, the remuneration structure at UBP discourages excessive risk-taking with respect to sustainability and is linked to risk-adjusted performance. It also incentivises the development of responsible investment and sustainable practices. For all employees, the performance evaluations that influence variable remuneration contain a requirement to uphold in-house directives relating to sustainability, diversity and inclusion, and CSR. In addition, all portfolio managers and analysts have two specific sustainability objectives in their performance evaluation. The variable remuneration of ExCo members is also linked to sustainability criteria.

Our progress

In 2023, all committees continued to convene regularly throughout the year. Following the recruitment of specialists to fill several sustainability roles at UBP, as well as other personnel changes, the composition of the CSRCO, RICO and SSCO was adjusted.

Over the course of the year, the RICO convened five times, the CSRCO 12 times and the SSCO nine times.



26

Sustainability Committee meetings in 2023

The Sustainability Steering Committee
The Responsibile Investing Committee
The Corporate Social Responsibility Committee

Outlook

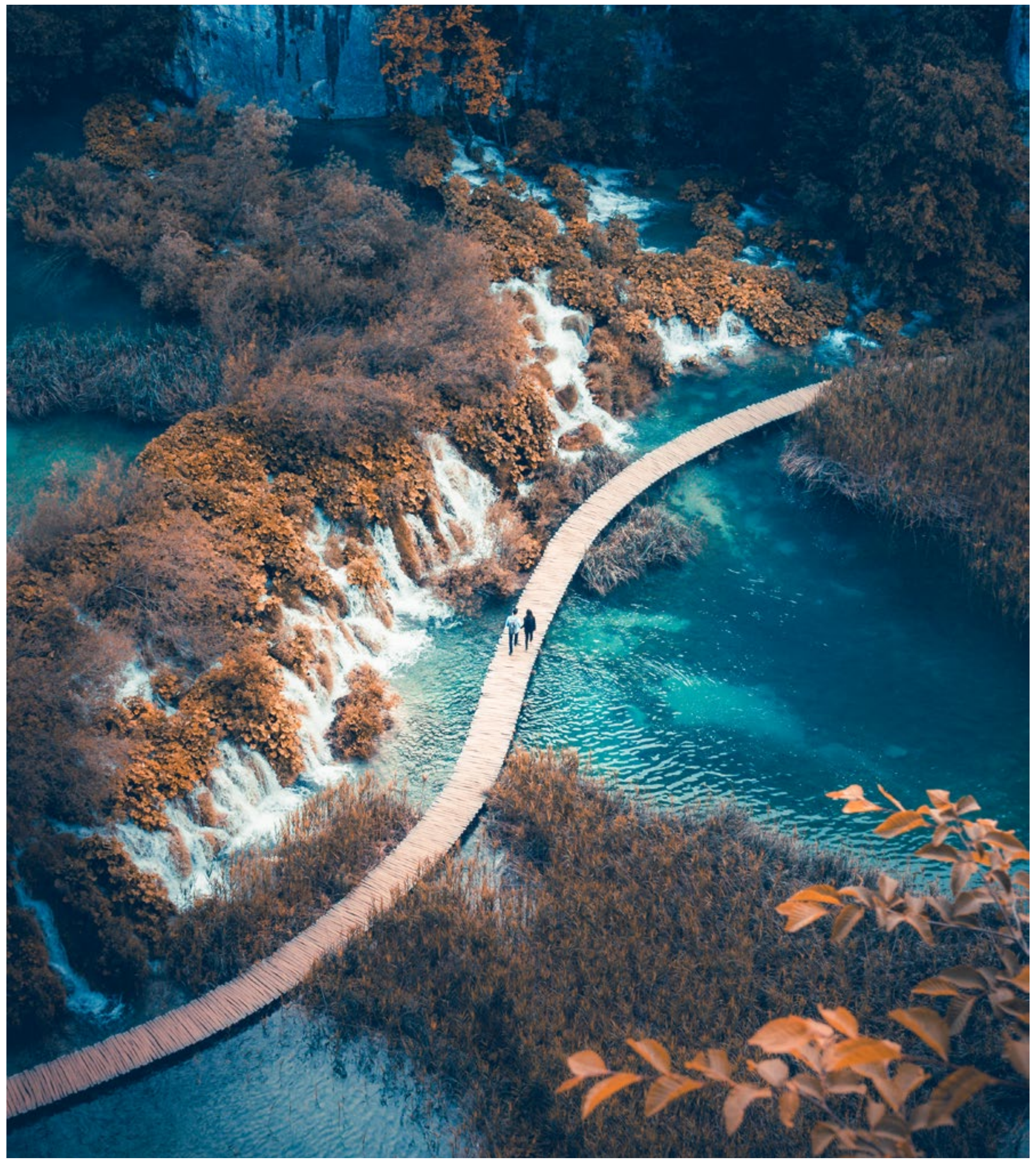
As sustainability risks become increasingly important for participants in financial markets, we plan to organise a training session for the Board of Directors on this topic in 2024.

Stakeholders

As sustainability is a growing concern for our stakeholders, we strive to address the issues that matter to them.

Our main stakeholders are those that are either directly impacted by our business activities or that directly impact the success of the company.

Through dialogue and action, we also have the opportunity to increase their awareness of and commitment to sustainability still further. In 2023, we engaged with our stakeholders through a variety of channels.



Stakeholder group	Key topics and concerns	How we engaged on sustainability
Shareholders The de Picciotto family is the majority owner of CBI Holding SA, which owns all shares in UBP	▪ Innovative business development ▪ Value creation ▪ Sound risk management ▪ Responsible business conduct and compliance	▪ Quarterly sustainability updates to the ExCo ▪ Monthly sustainability update to the Board's Risk Committee
Clients We serve both wealth management and institutional clients	▪ Tailored solutions that meet individual investment objectives ▪ Data privacy and confidentiality ▪ Understanding of market trends	▪ Regular meetings with relationship managers ▪ Investment summits and webinars ▪ Roadshows ▪ Periodic reports ▪ Expert comments ▪ Digital newsletters
Regulators We engage with authorities and regulators in the locations in which we operate	▪ Compliance with all applicable laws and regulations ▪ Responsible business conduct ▪ Timely and transparent reporting	▪ Regular contact and dialogue with supervisory authorities
Employees We have over 2,000 employees across 26 locations	▪ Attractive working conditions ▪ Training and development opportunities ▪ Equality and diversity ▪ CSR initiatives	▪ Intranet ▪ Internal communications and news ▪ Daily newsletters ▪ In-house magazine ▪ Annual performance reviews and development plans ▪ Surveys (e.g. commuting survey) ▪ Sustainability Ambassador programme (e.g. workshops, case studies, presentations) ▪ Sustainability training
Suppliers UBP works with more than 2,000 suppliers globally	▪ Trusted and mutually beneficial relationships ▪ Timely payments	▪ Competitive tender process ▪ In-person and online meetings
Communities We strive to build partnerships of trust with our local communities	▪ Support for local projects in the areas of culture, education and research, as well as environmental protection and community-based social projects	▪ Sponsorship and donations (e.g. support for cultural events; humanitarian aid) ▪ Employee volunteering (e.g. tree planting and conservation projects; donations of clothes, toys and food)

Our commitments, memberships and partnerships help us to embed sustainability at UBP and to contribute to a more sustainable financial system.

Local Initiatives

Swiss Climate Foundation

www.klimastiftung.ch

In 2022, UBP became a member of the Swiss Climate Foundation, a network of Swiss banks, insurers and other service providers that support the climate innovation projects of small and medium-sized businesses.

Forum pour l'Investissement Responsable (FIR)

www.frenchsif.org/isr-esg

In September 2021, UBP Asset Management (France) became a member of the Forum pour l'Investissement Responsable (FIR), whose mission is to promote and develop responsible investment in France.

Dutch Climate Commitment

klimaatcommitment.nl

UBP Asset Management Benelux signed the Dutch Climate Commitment in May 2021. Signatories agree to mandatory reporting on the climate impact of their loans and investments and to implementing climate action plans.

Monaco Energy Transition Pact

energy-transition.gouv.mc/National-Energy-Transition-Pact

In 2020, UBP signed the National Energy Transition Pact of the Principality of Monaco, which aims to drive progress in the energy field and enable all stakeholders to contribute to the Principality's energy transition.

Swiss Sustainable Finance (SSF)

www.sustainablefinance.ch

In October 2018, UBP became a member of SSF, an association aiming to strengthen Switzerland's position in the global marketplace for sustainable finance by informing and educating people and by catalysing growth.

Sustainable Finance Geneva (SFG)

www.sfgeneva.org

In April 2018, UBP became a member of SFG, an SSF partner network committed to promoting Geneva as a sustainable financial centre.

Global Initiatives

CDP

www.cdp.net

In 2022, UBP became a signatory of the CDP, a global non-profit organisation that runs the world's leading environmental disclosure platform.

Net Zero Asset Managers Initiative

www.netzeroassetmanagers.org

In December 2021, UBP's Asset Management division joined the Net Zero Asset Managers initiative, which brings together over 310 asset managers with USD 57 trillion in assets under management. Its members are committed to supporting the goal of net zero emissions by 2050 and driving net zero-aligned investing.

Institutional Investors Group on Climate Change (IIGCC)

www.iigcc.org

UBP's Asset Management division joined the IIGCC – Europe's leading membership body for investor collaboration on climate change – in December 2021. It has over 400 members with USD 65 trillion in assets under management.

Taskforce on Nature-Related Financial Disclosures (TNFD) Forum

www.tnfd.global

In September 2021, UBP became a member of the TNFD Forum, which has developed a risk management and disclosure framework for organisations to report and act on nature-related risks.

Task Force on Climate-Related Financial Disclosures (TCFD)

www.fsb-tcfd.org

In 2020, UBP became a supporter of the TCFD, an initiative to improve climate-related financial risk disclosures. UBP's 2023 TCFD report is available here.

United Nations Global Compact (UNGC)

www.unglobalcompact.org

In September 2020, UBP decided to support the UNGC, whose mission is to drive responsible business conduct by aligning its members' strategies and operations with ten principles relating to human rights, labour, the environment and efforts to combat corruption.

FAIRR Initiative

www.fairr.org

In February 2020, UBP became a network member of the FAIRR initiative, which aims to build a global network of investors showing focus and engagement in addressing risks linked to intensive animal production within the broader food system.

University of Cambridge Institute for Sustainability Leadership (CISL) Investment Leaders Group (ILG)

www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group

Since February 2018, UBP has collaborated with CISL as a member of the ILG. The ILG is a global network of pension funds, insurers and asset managers that have over USD 9 trillion of assets under management and advisory and are committed to advancing the practice of responsible investment.

United Nations Principles for Responsible Investment (UN PRI)

www.unpri.org

UBP has been a signatory to the UN PRI since March 2012. The UN PRI is a United Nations-supported international network of investors working together to implement six aspirational principles on responsible investment.

UBP hosts Swiss Climate Foundation meeting

Building Bridges 2023: Momentum grows for sustainable finance transition

Sustainability Awareness

To help us embed sustainability across the Group – from investments to operations – we must increase awareness and knowledge of this topic, both internally and externally.

We strongly believe that sustainability will only become a core element of UBP's culture and strategy if it has the support of our employees, clients and prospects.

For all employees to share UBP's vision, they must understand why and how sustainability matters for a financial institution, with a clear view of both the risks and the opportunities it can bring.

Internally, it is important that client-facing employees understand the value of integrating sustainability factors into investment decisions, and have the knowledge to talk to their clients about it. On the operational side, measures targeting our environmental footprint, talent management, diversity, equity and inclusion (DEI), and community engagement also require the support of our workforce to be successful.

Externally, we have a responsibility to our clients to inform them about the risks and opportunities that the sustainability transition entails, so that they can take informed investment decisions. Rapidly evolving sustainable finance regulations are also creating new requirements for us with regard to sustainability awareness. Finally, by sharing and exchanging knowledge with clients, prospects and peers – as well as with academia, NGOs and businesses – we are helping to build awareness of and support for the transition as well as contributing to greater collective knowledge.

Our approach

In 2021, we set a goal of continually enhancing in-house awareness and skills regarding sustainability. Outside the bank, we strive to support our clients in navigating the transition, share our expertise on key sustainability topics with peers and other stakeholders, and collaborate with relevant partners to raise awareness and knowledge regarding sustainable finance challenges.

UBP's Communications Department uses various channels to reach employees, existing and potential clients, and other stakeholders. They include internal and external news updates, corporate documents, internal knowledge resources, presentations, podcasts, videos and social media posts. We collaborate with peers as part of industry initiatives to carry out research and develop tools to help integrate sustainability into investment decisions, for example as a member of the Investment Leaders Group of the University of Cambridge Institute for Sustainability Leadership (CISL ILG), Swiss Sustainable Finance (SSF) and Sustainable Finance Geneva (SFG).

Training is another important element of our awareness-raising efforts. In addition to a general sustainability e-learning programme available to all employees, client-facing staff undergo specific training so that they are up to date with the latest sustainable finance regulations and understand how sustainability is applied within UBP.

To help us increase buy-in and knowledge regarding sustainability among UBP's staff, we have set up a Sustainability Ambassador programme, bringing together 30 employees for interactive meetings and collaboration on specific assignments.

Our progress

In 2022, we contacted clients under MiFID II investor protection to understand their sustainability preferences, and last year we prepared an explanatory note to accompany the questionnaire, to help clients understand the questions. In line with the guidelines introduced by the Swiss Bankers Association, we also provided training to our front office employees regarding the questionnaire, and used this as an opportunity to increase their awareness and knowledge of responsible investing more broadly through a comprehensive learning programme.

Over the course of the year, we organised 10 Sustainability Ambassador meetings. In addition to plenary meetings, we also held smaller in-person breakout meetings to work on specific assignments, such as company case studies, ESG ratings and responsible investment approaches.

Nature was a key topic last year following the launch of the Global Biodiversity Framework at the end of 2022 and the launch of the Taskforce on Nature-related Financial Disclosures' (TNFD) framework in 2023. Building on our nature-related expertise and collaborations, we actively engaged with our stakeholders through conferences and research papers.

115

participants at UBP's "Nature Calls" biodiversity conference

The key highlight was the "Nature Calls" biodiversity conference that we hosted in London in November 2023. It provided a unique opportunity for its 115 participants – including representatives of NGOs, biodiversity experts, suppliers, companies, asset managers, individual investors and pension fund beneficiaries – to address biodiversity challenges and opportunities throughout the value chain.

To promote the sharing of knowledge among investment professionals, we also took part in Building Bridges – Switzerland's leading sustainable finance conference. Together with EFG and BNP Paribas, we hosted a panel discussion on the transition of the food system, which is a key sector in the biodiversity challenge. Building on the discussion, we invited some of the speakers to talk further on the topic and recorded the discussion to produce a podcast.

Continuing our long collaboration with CISL, we contributed to its landmark report "Let's Discuss Nature with Climate: Engagement Guide". The report gives detailed guidance to banks and investment managers about how to bring nature into their engagement with clients and investee companies.

Outlook

Raising awareness about sustainability is an ongoing effort, especially as both regulations and technology are evolving rapidly. We will therefore continue to engage with internal and external stakeholders through a variety of channels.

Going forward, we will look into measures to track the effectiveness of our awareness-raising efforts.

In 2024, we are aiming to expand the Sustainability Ambassador programme by recruiting new members so as to reach more people. We also intend to organise more sustainability events for employees and will seek to encourage more staff members to take sustainability-related training courses. Finally, we will intensify our efforts to raise employee awareness on the topic of greenwashing and introduce internal controls to avoid it.

Listen to our podcast:

Sustainable food systems - Unlocking investment opportunities

UBP London's ambitious Nature Calls conference draws a crowd

Let's Discuss Nature with Climate: Engagement Guide

We are increasingly integrating sustainability into our investment advice and decisions to best serve our clients and to contribute to the transition towards sustainable finance.

2

Investing with our clients

Responsible Investing

As the transition to a sustainable economy gains momentum, UBP is enhancing its responsible investment expertise, practices and offering to help its clients successfully navigate the changing investment landscape.

In 2023, we focused on strengthening our internal resources and tools to best serve our clients at this time of transition, as well as on implementing regulatory requirements, for which we laid the foundations in 2022. We also continued to build up our expertise and collaborations.

The rationale for responsible investing is strong. As asset and wealth managers, it is our duty to protect and grow our clients' wealth, now and for future generations. Sustainability factors are playing an increasingly important role in investment decisions as a way to manage the risks and seize the opportunities of the transition.

For investors, fulfilling stewardship responsibilities and considering issuers' ESG practices and business models are increasingly central to mitigating sustainability-related risks. Meanwhile, by identifying companies that are successfully transitioning to more sustainable business models or offering solutions to sustainability challenges, we can invest in the winners of the transition. Rapidly evolving sustainable finance regulations are also creating new obligations.

Moreover, the transition to a sustainable economy will require significant capital. As a financial institution, we play an important role in the multi-stakeholder effort to drive this shift.

Our approach

Environmental challenges such as extreme weather events, rising temperatures and biodiversity loss are increasing, social issues are intensifying and governments are imposing stricter regulations to curb the resulting impacts. In our view, assessing how investee companies respond to these developments is becoming vital in order to protect and grow our clients' wealth. This includes assessing how companies manage ESG risks, and also how they are adjusting, or not, their business models to the changing environmental and regulatory landscape and to consumer expectations. At the same time, we are aware of the impact private capital has on ESG issues and recognise our responsibility to facilitate the transition through our investment advice and decisions.

At UBP, we have therefore increasingly integrated sustainability criteria into our investment decisions since signing the UN PRI in 2012, which prompted us to develop a Responsible Investment (RI) policy in 2014. Over the years, the policy has been regularly expanded and enhanced to reflect our growing commitment. The policy outlines our minimum guidelines for all financial products, with stricter requirements for products aligned with Article 8 and Article 9 of the EU's Sustainable Finance Disclosure Regulation (SFDR).

In 2021, to help us meet our clients' needs at this time of transition, the ExCo adopted a number of sustainability objectives in relation to our investments. In 2023, we continued to work on the following objectives:

- Include sustainability factors in all of UBP's investment decisions
- Ensure that a quarter of UBP's discretionary mandates are responsibly managed by 2022 (not achieved in 2022 and hence maintained)
- Integrate ESG criteria into UBP's entire recommended investment universe
- Comply with regulatory requirements related to sustainable finance
- Apply ESG criteria to all new proprietary investments

In addition, our divisions have set themselves goals and targets. On the wealth management side, the goal is to develop a sustainable investment offering for wealth management clients by 2024.

The Asset Management Division is actively focusing on addressing climate-related risks and opportunities with the goal of helping to limit global warming to 1.5°C. As a member of the Net Zero Asset Managers (NZAM) Initiative, UBP Asset Management (Europe) S.A. set net zero targets at the end of 2022 (see TCFD report for more details).

As regards our own balance sheet, our Treasury & Trading Department follows ESG principles. Besides tracking Scope 1 and 2 emissions for UBP's investments in corporate and sovereign bonds for 2023, we have set a target allocation of CHF 1.5 billion for green bonds and CHF 1 billion for investments in companies that have communicated plans to the Science Based Targets initiative (SBTi) for 2023.

Our practices and offering

UBP strives to promote responsible investing across its Asset and Wealth Management Divisions as well as with regard to its own balance sheet.

Defining responsibly managed and sustainable assets

- **Responsibly managed investments** are those for which we consider ESG characteristics when making investment decisions and seeking to influence issuers. While our RI Policy lists UBP's exclusions, applying exclusions alone does not constitute responsible investing. As a minimum requirement, ESG criteria must be factored in for an investment to qualify as responsible. This is in line with Article 8 SFDR financial products, and as such we consider such products, and other portfolios managed in an equivalent way, as being responsibly managed.
- In accordance with the SFDR, we define **sustainable investments** as investments "in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices." This encompasses financial products that have sustainable investment as an objective and that are thus classified as, or equivalent to, Article 9 under the SFDR. These assets are a subset of responsibly managed assets.

Consult UBP's Responsible Investment policy on ubp.com

Giving back time to investments

We are aware that the word "sustainable" can be used to mean different things and that its meaning has become more refined since we set our objectives in 2021. Accordingly, we report on assets that we regard as responsibly managed, of which sustainable investments make up a subset (see box on previous page).

To drive responsible investing within UBP, we have dedicated responsible investment teams in both the Asset Management and Wealth Management Divisions. The teams are responsible for developing our responsible investment expertise and advising investment teams as needed, as well as for managing the various disclosures and processes to comply with sustainability-related regulations. To ensure consistency with our overall sustainability approach, both teams work closely with UBP's Group Head of Sustainability.

On the Asset Management side, each investment team follows the ESG integration approach deemed most appropriate to the strategies it manages, its objectives and regional exposure, undertaking its own ESG integration, portfolio construction and direct engagement. Investment teams work within a common framework as laid out in the RI Policy and are overseen by the RICO (see Governance chapter) and UBP's Group Risk Management Division.

However, for a UBP fund to be classified as SFDR Article 8 or 9, its process and disclosures must be reviewed and approved by the Product Platform Committee, of which the Group Head of Sustainability and the Head of Responsible Investment for Asset Management are members.

Within the Asset Management Division, stewardship – systematic engagement through an engagement partner, direct engagement, collaborative engagement and proxy voting – is part of our fundamental investment approach, as extensively reported in our UK Stewardship Code Report.

On the wealth management side, we offer responsible products and services for discretionary and advisory clients. Our focus is on increasing the penetration of responsibly and sustainably managed assets among clients who express sustainability preferences. Responsible investing can be incorporated into portfolios through various investment products such as single stocks, certificates and funds. We analyse each instrument to assess the sustainability characteristics of a potential investment, with a particular focus on issuers' negative and positive contributions, and we seek to identify transitioning companies that will be among the leaders of tomorrow. When selecting funds, we conduct due diligence to ensure that the methodologies applied by third-party product providers enable them to identify sustainable investments.

Our progress

Although 2023 was a challenging year for responsible investing due to adverse market conditions, geopolitical events and higher interest rates, with the result that returns were driven by only a few sectors and stocks, we continued to make important progress towards incorporating sustainability further into our approach. We believe that when it comes to the transition, we must keep a long-term perspective and lay the foundations now, so that we can successfully navigate it when it intensifies.

Accordingly, guided by our sustainability objectives, last year we concentrated our efforts on strengthening our in-house resources and tools to best serve our clients at this time of transition. We also focused on implementing the regulatory requirements for which we made preparations in 2022, through the creation of various frameworks, processes and tools.

Wealth Management ESG team hired

An important development in 2023 was the recruitment of a responsible investment team on the Wealth Management side, to help us develop a dedicated sustainability offering for our clients. They spent the year doing the groundwork for that offering and meeting new regulatory requirements.

Our practices and offering

Including sustainability factors in all of UBP's investment decisions is one of our guiding principles. Building on our overall sustainability strategy, last year we developed a more specific roadmap for our Wealth Management business, with the aim of adjusting our investment process and offering so as to offer the best service to clients who express sustainability preferences. We started by training our front-office employees and support teams, and building the underlying tools and systems needed to create a dedicated sustainability offering.

A key accomplishment was the development of our centralised ESG data platform (see ESG data management chapter) to be launched in 2024. This state-of-the-art tool, connected to several ESG data sources, will feed data into our internal systems, enabling our investment management teams to select, audit and model ESG information in order to provide clients with high-quality expertise and data-supported investment advice.

At the end of 2023, responsibly managed AuM amounted to CHF 22.4 billion compared with CHF 21 billion in 2022 and our baseline of CHF 7.5 billion in 2020. The increase was driven by an overall rise in AuM on the Asset Management side, as a result of significant inflows into responsibly managed funds, which were partially offset by outflows from mandates and Article 6 funds.

CHF 22.4 Bn

compared with CHF 21 billion in 2022 and our baseline of CHF 7.5 billion in 2020

Classifying responsibly managed and sustainable assets

Reporting on responsibly managed and sustainable assets under management can be complex, since figures can be hard to compare. While we welcome regulators' efforts to adopt clear definitions, until these are finalised we believe it is best to be transparent as to what is included in our reporting and what is excluded.

UBP's total AuM is CHF 140 billion. For our responsibly managed AuM, we only consider assets that are actively managed or advised, so the CHF 60.1 billion of assets held in execution-only accounts are considered out of scope as we have no direct influence over them. The remaining CHF 79.9 billion is split between our AM division (CHF 32.6 billion) and our WM division's discretionary portfolio management (DPM) and Advisory services (CHF 47.3 billion).

In the AM division, around 53% of AuM (CHF 17.3 billion), is classified as responsibly managed (up from 50% in 2022), of which CHF 582 million falls into the sustainable category. While we do not classify the remaining 47% as responsibly managed, almost all assets comply with the minimum exclusions under UBP's RI Policy and norm-based screening. These assets mainly consist of alternative investments (hedge funds or direct assets), institutional mandates with no responsible management or sustainability requirements (of which some have not formally opted into the RI Policy), and some public long-only funds that have been classified as SFDR Article 6.

In the WM division, 11% of AuM (CHF 5.1 billion) is classified as responsibly managed (down from 12% in 2022), of which CHF 268 million is classified as sustainable. This includes Article 8 and Article 9 funds as well as funds considered as equivalent. AuM not classified as responsibly managed includes:

- Funds not classified as Article 8, 9 or equivalent.
- All directly held equities and bonds (public- and private-sector) as well as Actively Managed Certificates (AMCs), structured products, gold and other metals. Whilst we classified a portion of equities and bonds as responsibly managed in our 2021 report, based on ESG screening by third-party providers, we came to the conclusion that this methodology is not yet robust enough and that we do not currently have the requisite data or systems in place to identify the sustainability characteristics of equities and bonds in this category. As for structured products, there is not yet any framework for dealing with them with regard to sustainability.
- Cash, which is by its nature out of scope.

Nevertheless, the RI Policy's exclusion criteria are applied to the WM division.

See summary table on the next page

Consult UBP's 2022 UK Stewardship Code Report on ubp.com

Over the year, we streamlined our Luxembourg fund ranges by merging some funds and closing others. While this meant that the number of funds compliant with SFDR Article 8 dropped from 42 to 34, and those compliant with Article 9 decreased from five to four, the share of AuMs invested in these responsibly managed strategies continued to increase, reaching 78%, up from 74% in 2022.

Meanwhile, almost 19% of AuM in our DPM mandates is classified as responsibly managed, six points below our target.

We also made further progress towards our objective of integrating ESG criteria into UBP's entire recommended investment universe. In 2023, we added several key sustainability characteristics: for each recommended instrument, we now show the share of sustainable investments according to our internal methodology (SFDR) and the European Taxonomy.

Regarding our proprietary investments, we continued to monitor portfolio ESG scores and allocations. We reached our CHF 1.5 billion target allocation for investments in green bonds (up from CHF 1 billion in 2022) as well as our target allocation for investments in corporates that have submitted a plan to the SBTi (CHF 1 billion).

Most client-facing employees received in-house training on responsible investing

Article 8 and 9 funds accounted for 78% of AuMs in our public funds

Sustainable finance regulations and certifications

As in previous years, the rapidly evolving landscape of sustainable finance regulations kept us busy. We continued to monitor regulatory developments and focused on implementing the new requirements under Level 2 of the SFDR and MiFID II. UBP Asset Management (Europe) S.A. also issued its first PAI (principal adverse impact) statement under SFDR.

In line with the guidelines of the Swiss Bankers Association (SBA), we provided a comprehensive ESG training to our front office employees and support teams, which helped us to increase their awareness and knowledge of responsible investing more broadly.

Our expertise in responsible investing was once again recognised last year when we secured renewals for our fund labels. These stamps of approval include the French socially responsible investment (SRI) label for four funds (down from five in 2022 following the merger of one of the funds with another strategy), as well as the Belgian Towards Sustainability label for three of our equity funds (down from five as we chose not to seek renewal for two strategies due to changes in commercial requirements).

Stewardship

As active managers, we view stewardship as an ongoing process and we engage with companies to gain a better understanding of their ESG-related practices, promote responsible best practices, and raise specific issues and concerns. Our engagement tracker tool monitors all ongoing engagements and the milestones achieved through them, which helps in assessing their effectiveness. Throughout the year, we recorded 295 direct interactions with 158 companies. Although the topics covered in these engagements tend to overlap, for 2023 governance topics were the primary focus, followed by environmental and social issues. Through engagement, more information can be gathered and we can gauge how a company prioritises the concerns as well as how topics are treated internally.

As part of our collaborative engagement, we once again participated in the annual CDP (formerly Carbon Disclosure Project) Non-Disclosure Campaign – which aims to increase corporate transparency around climate change, deforestation and water security – by writing directly to some of our investees that do not yet disclose through the CDP. The campaign has historically been very successful in getting companies to make disclosures and hence reduce emissions. In 2023, CDP saw a record number of financial institutions participating

Participant in the 2023 CDP Non-Disclosure and SBT campaign

and companies targeted by the campaign. UBP was assigned as "lead investor" for 31 companies. Compared to the control group, companies were twice as likely to disclose following engagement through the campaign. We further supported CDP's science-based target (SBT) campaign, which encourages companies to adopt science-based carbon emission-reduction goals.

We also continued to partner with Sustainalytics to engage with companies suspected to be violating international norms. In 2023, Sustainalytics engaged in 41 cases with 28 companies, with social issues being the primary focus, followed by governance and environmental topics.

Ultimately, although research- and time-intensive, engaging with companies is very valuable and feeds into the ESG integration approach of the investment teams, which helps them to make better-informed investment decisions.

Outlook

In 2024, we intend to develop our wealth management capabilities further in order to serve our clients who express sustainability preferences. Specifically, we are aiming to develop a sustainable investing universe across several traditional asset classes and adapt our investment solutions to the transitioning economy. Our priority is to make a wide selection of sustainable instruments available for portfolio management and advice to clients who express sustainability preferences. This will require us to finalise and optimise our quantitative assessment system, so that we can carry out robust sustainability analysis and appropriately filter investment universes for wealth management clients.

We plan to develop supporting materials to embed sustainability considerations further within our products and services. We are also aiming to equip our client-facing employees with knowledge and tools that will allow them to engage successfully with their clients on sustainability topics.

Since engagement with investee companies is a powerful driver of change, we plan to develop our stewardship activities further. Specifically, we are aiming to enhance our engagement process and formalise our escalation procedures. Furthermore, in line with our net-zero commitment for UBP Asset Management (Europe) S.A., climate engagement will continue to be an important part of our stewardship efforts.

Considering the proliferation and increasing stringency of sustainable finance regulations, we will implement a new regulatory watch process for Asset Management in 2024, with a special focus on sustainability regulations.

In the longer term, we intend to grow our sustainable investment universe as more companies transition and as interest in sustainable investment solutions increases, as well as extending our sustainability expertise to cover alternative high-potential asset classes such as structured products.

Interview with Nicolas Barben

Nicolas Barben

Global Head of
ESG Solutions, UBP

In early 2023, Nicolas Barben was appointed UBP's Head of ESG Solutions within the Wealth Management division. We spoke to him about the role of regulation, the evolution of client interest in sustainability and the performance of sustainable solutions as well as his top priorities.

Nicolas, what is the purpose of your role?

Essentially, my role is to make sustainability an integral part of our investment analysis, advice and decisions. Environmental and social challenges are changing the playing field for investors, creating risks where companies are not transitioning, and equally opportunities where businesses choose to embrace the change. It's our job as wealth managers to detect, understand and manage these new risks and opportunities, in order to build robust, better-performing portfolios.

Sustainable finance regulation is on the rise. Do you see this as a help or a hindrance in terms of your ability to advance the topic internally among client-facing employees and externally among clients?

There's no doubt that regulation is playing an important role in putting sustainability issues on the agenda for banks, and that regulation creates accountability for banks, which must act on it within a certain timeframe. The stakes are too high to rely on voluntary action alone. Regulation is also critical for increasing transparency on what banks are doing, and for lowering the risk of greenwashing.

However, one key challenge I see at the moment is that existing and forthcoming regulations are not always very clear, which means that banks are spending a lot of time and resources on figuring out what to do and how to do it. If you add in the greater reporting and disclosure requirements, this means that much of our time and resources are tied up in understanding and meeting the various regulatory requirements, time and resources we could be spending on ESG analysis, work on developing sustainable investment solutions and more client engagement on this topic.

So whilst regulation plays a critical role, there is room for improvement to make sure that it actually serves the ultimate purpose of aligning financial flows with the needs of the transition, rather than working against it.

The noise around sustainable finance from the media and regulators seems to be out of step with client interest, which is still fairly limited. What is behind this disconnect and how do you see it evolving?

As global challenges like climate change, biodiversity loss, pollution and social inequality intensify and accelerate, they are naturally catching the attention of the media and of course regulators, which are looking for solutions.

But it's true that client interest is lagging behind. One key issue is that many clients – and bankers – see sustainability only in terms of exclusion lists and impact investing, which misses the main point: the transitioners. Making sustainability an integral part of investment analysis is key in terms of managing risks related to companies that are not transitioning and therefore constitute stranded asset risks, as well as those which are transitioning and thus present investment opportunities. If we make it clear how integrating sustainability into investment decisions could lead to more robust portfolios, this can be very compelling for clients.

> "It's our job as wealth managers to detect, understand and manage sustainability risks and opportunities, in order to build robust, better-performing portfolios."

Sustainable investment products have performed poorly in recent times. How does this affect the investment case for sustainable solutions?

It's true that recent returns have been rather disappointing for sustainable products, mainly because of the difficult geopolitical context and interest-rate environment. But we have to bear in mind that the performance history of existing sustainable products has been quite short, and that sustainable investing requires a longer-term view. Sustainability challenges are not going to disappear. On the contrary, they are becoming decisive and inescapable factors for future economic growth. Scientific findings call for a rapid transition in production and consumption patterns to reduce global pressure on nature, while meeting the needs of a growing population that aspires to improve its standard of living. This will remain the reality in the coming years and decades, and does not leave much room for other scenarios. A continuous weakening of the ecosystems on which most of our economic activities are based would lead to weaker economic performance and increased risk.

What are your top three priorities for the next two years?

1. Ensuring that our information systems can detect transition opportunities as they materialise. All sectors will evolve at different rates, so it will be a question of allocating capital at the right time to solutions that have a chance of being deployed on a meaningful scale.
2. Instilling the desire within our teams of advisors and bankers to talk to our clients about sustainability from a positive and entrepreneurial point of view, and not from a moralistic or negative point of view.
3. And, of course, launching a dedicated sustainability offering. I want to build on the groundwork we did last year and put into place both managed strategies and an advisory service that has sustainability at its core.

Impact Investing

Guided by our commitment to generating value for our clients, we decided early on to move into listed-equity impact investing and we have continuously expanded our pioneering role in this space.

Impact investing sits at the top of our responsible investment practices, offering solutions to clients who want to generate positive environmental or social outcomes alongside financial returns.

Although it represents a small percentage of UBP's total assets under management, the presence of our impact franchise sends an important signal about our values and our commitment to a client-centric approach. As more clients show an interest in maintaining and enhancing their wealth in ways that drive positive impact, our impact franchise allows us to meet their demand for both returns and alignment with values.

By focusing on the long term, our impact investing franchise allows us to identify and invest in companies that are the driving force behind the new economy – helping to solve problems such as climate change, resource scarcity, energy insecurity, poverty, healthcare and inequality – and thereby contribute to solving global sustainability challenges.

Moreover, our impact franchise positions us as a thought leader on key emerging topics. These include biodiversity – a core topic of our impact franchise – which is continuing to move up the corporate and investor agenda following the adoption of the Global Biodiversity Framework in 2022 and the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) framework in 2023.

UN SDGs mapped to UBP impact themes

Basic Needs	1 No poverty, 2 Zero hunger, 4 Quality education, 6 Clean water and sanitation
Health & Well-being	3 Good health and well-being, 10 Reduced inequalities
Inclusive & Fair Economies	5 Gender equality, 8 Decent work and economic growth, 9 Industry, innovation and infrastructure
Healthy Ecosystems	14 Life below water, 15 Life on land
Climate Stability	7 Affordable and clean energy, 13 Climate action
Sustainable Communities	11 Sustainable cities and communities, 12 Responsible consumption and production

Our approach

Our impact strategies are structured around six investment themes inspired by the UN Sustainable Development Goals (SDGs) (see the graphic below left). The impact team's strategy focuses on generating positive non-financial performance around these themes alongside financial returns. It is guided by policies on climate, biodiversity and engagement as well as an enhanced exclusion framework and several climate-related commitments.

To assess the impact intensity of a company's business model, UBP's impact team has developed a proprietary methodology called IMAP, which scores companies based on four criteria – Intentionality, Materiality, Additionality and Potential – enabling us to make an impartial judgement regarding a company's impact credentials.

The impact franchise is overseen by the Impact Advisory Board, composed of four independent, external sustainability experts and chaired by Anne Rotman de Picciotto (a member of UBP's Board of Directors), and by the Impact Investment Committee, which meets monthly to provide rigorous scrutiny of investment decisions.

Engagement and collaboration are key characteristics of our impact franchise. The team engages at least yearly through the Impact Engagement Framework and also participates in collaborative engagement campaigns.

Portfolio targets

100% of our portfolio holdings to have science-based targets by 2026

Funds must disclose Scope 1, 2 and 3 emissions and temperature scores

30% minimum direct allocation to environmental themes

Mandatory climate variable in the sizing model

Our progress

At a time of political instability and narrow market leadership concentrated among big tech stocks, 2023 was a challenging year for impact investments. As a result, AuM across our four impact funds dropped to CHF 590 million (from CHF 670 million in 2022). However, as with any equity investment, it is essential to adopt a long-term view with impact strategies and we believe that the sector has a superior outlook on a three- to five-year view.

Engagement and collaboration remained a top priority for us throughout 2023. The team engaged over 230 times with more than 120 companies on a range of sustainability topics including climate, biodiversity and social issues, and mapped their responses against the previous year to gauge progress in terms of disclosure and ambition. We also conducted targeted engagement with a selection of companies based on ESG failings or slow progress against our objectives.

We also engaged with sustainability experts through our Biodiversity Committee and Impact Advisory Board as well as through dedicated events such as Building Bridges and the Nature Calls biodiversity conference (see Sustainability Awareness chapter). As in previous years, we worked with the Cambridge Institute for Sustainability Leadership (CISL) and contributed to its landmark report – Let's Discuss Nature with Climate: Engagement Guide – which gives detailed guidance to banks and investment managers about how to bring nature into their engagement with clients and investee companies.

Finally, we made good progress towards our target of having 100% of our portfolio holdings adopting a science-based target by 2026 (see table).

Table 1: Science-based targets of our portfolio holdings

	2022	2023[1]
Positive Impact Equity	74.4%	80.0%
Biodiversity Restoration Fund	49.0%	60.0%
Positive Impact Global Equity	n/a	48.0%
Positive Impact Emerging Equity	20.4%	28.0%

1 All data as of year-end.

Outlook

With four distinct impact strategies in place, our focus will be on the current fund range and on continuing to build engagement activity with investees, with the aim of evidencing additionality where possible as well as engaging in a more effective and collaborative way.

Listen to our podcast:

Sustainable food systems - Unlocking investment opportunities

UBP London's ambitious Nature Calls conference draws a crowd

"Let's Discuss Nature with Climate: Engagement Guide"

Impact Report 2023: a major milestone for nature investing

At UBP, we are determined to increasingly manage the impact of both our investments and our own operations on the climate.

3

Managing our environmental impact

Climate

Our approach to climate change considers both our operational and investment activities from two angles: firstly, the financial impact that climate change may have on us, and secondly, the ways in which our activities may affect climate change.

The way climate change affects us, as an asset and wealth manager, is mostly indirectly through our investments. It increases the physical, transition, regulatory and reputational risks which can impact the profitability of our investments and thus our financial performance.

This means that we must consider climate-related risks and opportunities in order to preserve and grow our clients' wealth. As the economy transitions towards net-zero and climate regulations multiply, we have a duty to make our clients' portfolios more resilient and help them harness new opportunities to generate sustainable financial returns. Additionally, we see ourselves as having a role to play in channelling financial resources towards the transition since our investments are the area in which we can have the biggest impact.

The direct financial impact of climate change on UBP, on the other hand, is limited. As a financial institution not active in any corporate lending activity, we are not directly exposed to companies facing climate risks. Similarly, our operational activities do not significantly affect climate change. Nevertheless, regulatory and reputational factors mean that tackling our operational carbon emissions is becoming increasingly important.

Lowering our corporate carbon footprint also helps us to manage operational costs and build resilience to changing external circumstances such as energy shortages and higher prices for energy, materials, and travel. In addition, as a well-known private bank, we have a responsibility to manage our environmental footprint and contribute to the global decarbonisation effort.

Our approach

Our approach to climate change forms part of UBP's overall sustainability strategy and management approach. Operational climate topics are addressed monthly by the CSRCO and the SSCO. Regular updates are given to the Group Head of Sustainability and also to the Group COO, who is a member of the ExCo and whose responsibilities include the Bank's environmental strategy. The ExCo sets and monitors the Bank's operational climate targets and receives regular updates from the Group Head of Sustainability and COO (see Governance chapter). Furthermore, climate risks and opportunities are taken into account across our investment decisions and advice.

Our operational emissions

UBP's climate strategy applies at Group level, and we actively involve branches. Most of our branches have a dedicated team driving CSR initiatives, including climate action, and regular discussions take place to share experiences and track the implementation of climate action measures and projects.

UBP committed to a 25% reduction in the carbon footprint of its operations by 2025 compared with 2019 levels, targeting operational Scope 1, 2 and 3 emissions. 2019 was the first year for which UBP carried out a carbon footprint assessment and was therefore defined as the base year. We have been publishing our carbon footprint data since 2021 as part of our Sustainability and TCFD Reports. Last year, we obtained limited assurance for a select number of environmental KPIs in our 2022 report and have since worked on further improving our processes.

In 2023, while the topic boundaries remained largely the same as in previous years (see Appendix), the scope of the carbon footprint assessment changed following an acquisition in Tokyo and moves to new premises in Geneva, Lisbon and Zurich, as well as an increase in staff numbers.

To tackle the main drivers of our carbon footprint and help us reach our emissions reduction target, we follow a four-phase approach:

Given that business travel is among the main drivers of our carbon footprint, UBP's travel policy is a cornerstone of our climate strategy. The policy outlines strict approval processes for non-client travel and prohibits air travel within Switzerland and to neighbouring countries with reliable rail links. It also recommends conference calls for all internal meetings.

Our four-phase approach for operational emissions

1. Optimising the existing set-up (advanced)	This includes our energy strategy, which focuses on purchasing renewable energy and enhancing energy efficiency by installing LED lighting, switching off heating and cooling systems in the evenings and at weekends, putting computers into sleep mode when not in use, as well as digitalising our operations, reducing waste and increasing recycling.
2. Actively managing our footprint (started)	This includes managing travel-related emissions through our travel policy, raising awareness among employees about the impact of their flight-related emissions and encouraging sustainable commuting solutions. We also finance high-quality carbon avoidance and removal projects to offset our remaining carbon footprint. Our carbon footprint target is broken down by branch.
3. Optimising our building footprint (started)	This includes renovating our own buildings and moving to more energy-efficient buildings when leases expire.
4. Eliminating our residual emissions (medium to long term)	Beyond 2025, we will strive to achieve net zero emissions by 2050.

Financed emissions

UBP Asset Management (Europe) S.A., our Luxembourg-based fund management company, signed up to the Net Zero Asset Managers (NZAM) Initiative at the end of 2021, thus agreeing to halve the carbon emissions of its portfolio by 2030 and to take it to net zero by 2050 or sooner by encouraging investments in climate solutions. We published our net zero targets in early 2023 (see TCFD report for more details).

UBP's Asset Management division also monitors the carbon footprint of its long-only internally managed funds domiciled in Luxembourg, France and Switzerland, and of its institutional long-only internally managed mandates.

Climate change is also a core topic in our bilateral and collaborative engagement with investee companies through which we help those companies improve their disclosure and target-setting.

On the wealth management side, we track the Weighted Average Carbon Intensity (WACI) of the discretionary portfolio management (DPM) business and advisory portfolios – based on Scope 1 and 2 emissions – on a monthly basis.

Regarding our own balance sheet, our Treasury & Trading Department tracks Scope 1 and 2 emissions in relation to its investments in corporate and sovereign bonds. It has also set a target allocation of CHF 1.5 billion for green bonds and CHF 1 billion for investments in corporates that have submitted a plan to the Science Based Targets initiative (SBTi) for 2023.

Our progress

In 2023, UBP's total energy consumption decreased by 6% compared with 2022 thanks to several energy-saving measures and despite the addition of new offices and a higher headcount. Overall, GHG emissions increased slightly (+3% vs. 2022) as UBP's continued growth curbed some of the impact of our carbon reduction measures. The overall carbon emissions remained 34% lower than the restated baseline year figure of 2019.

In 2023, our carbon emissions were primarily caused by the use of conventional heating and Scope 3 emissions from sources such as business travel, employee commuting and purchased goods and services. Although our Scope 1 emissions were 24% lower in 2023 than our baseline emissions in 2019, they were 21% higher than in 2022. This was largely a result of routine maintenance on several of our cooling systems, which drove a significantly higher-than-normal increases in coolant refill. Our Scope 2 emissions were down 93% compared with the previous year as we continued to switch to renewable electricity and purchase renewable energy certificates (RECs) for locations where it is not available.

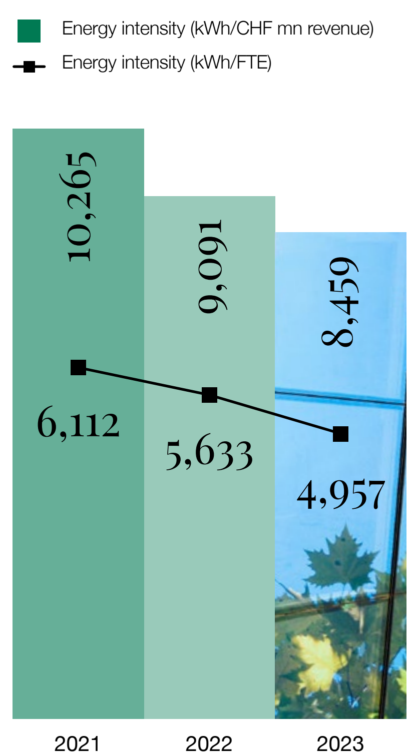
Our Scope 3 emissions increased by 17% from the previous year, largely driven by the post-Covid resumption of business travel and commuting in Asia as well as overall growth. However, the total remained 27% below the restated 2019 value.

While we strive to achieve an ongoing reduction in our carbon footprint, we have been offsetting our remaining emissions at Group level since 2020. Last year, we continued to upgrade our offsetting portfolio to align it more closely with our strategic priorities. Specifically, we increased the proportion of Swiss projects from 10% to 20% and added a Chinese project to strengthen the geographic links between our offsetting portfolio and operations. We also introduced a Swiss carbon removal project to our offsetting portfolio.

For further details concerning our environmental data, please refer to the Appendix.

Tackling energy-related emissions

Improving the energy efficiency of our offices is a key part of our climate strategy. In Geneva, we continued with our 10-year renovation programme: we made good progress with the refurbishment of our office building in Rue d'Italie and several teams moved in during the summer.



Energy intensity
in kWh

To reduce electricity consumption across our offices worldwide, we continued with the roll-out of LED lighting, for example in Zurich. We also improved the thermal insulation of the windows in our Lugano office and installed new timers in our Basel office, which enabled us to use five hours less of lighting per day. Similarly, new timers in our Bermuda office led to a reduction in the running time of air conditioning systems.

To mitigate the impact of its electricity consumption, UBP seeks to purchase energy from renewable sources worldwide. Electricity used at all of our sites in Switzerland, as well as our offices in Luxembourg and Monaco, comes entirely from renewable sources. Where renewable energy is not available, we aim to purchase RECs and last year we managed to cover almost all remaining sites. In 2023, the proportion of electricity coming from renewable sources climbed 10 points to 99% and the overall proportion of renewable energy rose to 70%, an increase of 7 points from the previous year.

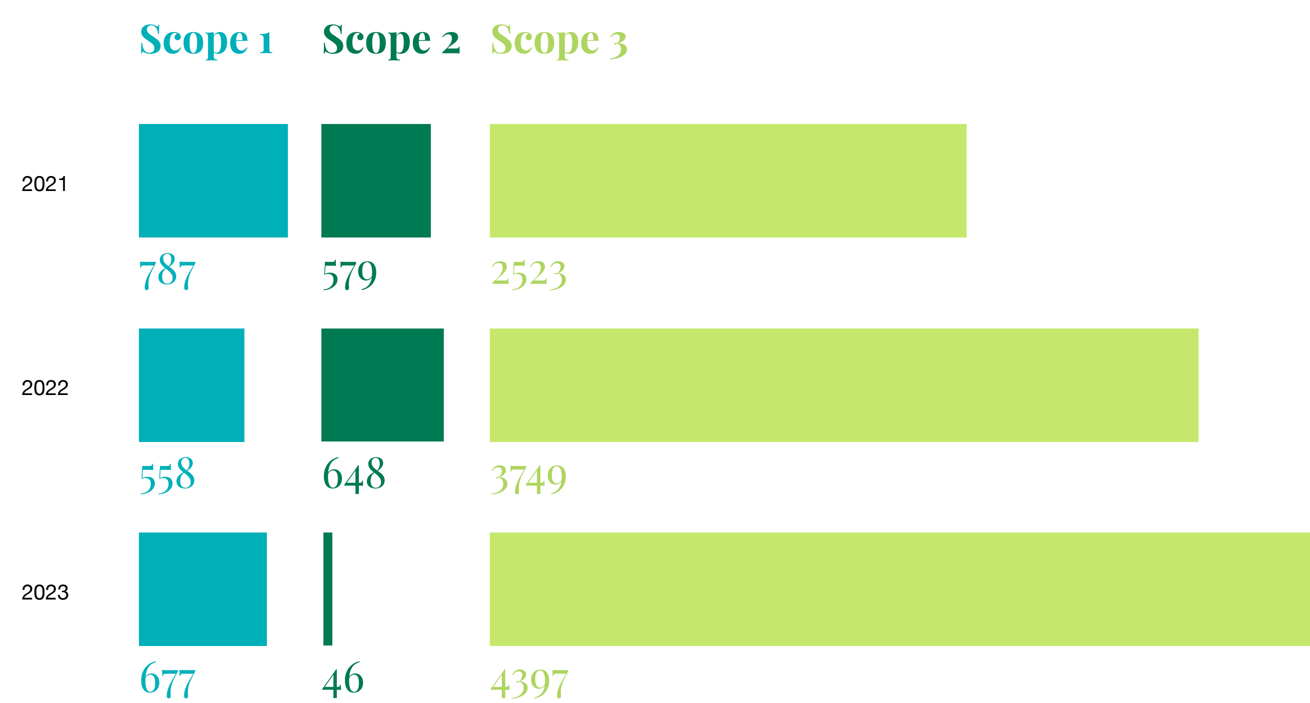
UBP's Singapore office, which has long been at the forefront of good environmental management practices, was rewarded for its efforts with the Champion award as part of the Singapore Environment Council's Eco-Office certification programme (see case study for more details).

Managing our operational Scope 3 emissions

Our operational Scope 3 emissions – which result mainly from business travel, employee commuting and purchased goods and services – accounted for 86% of our total carbon footprint in 2023.

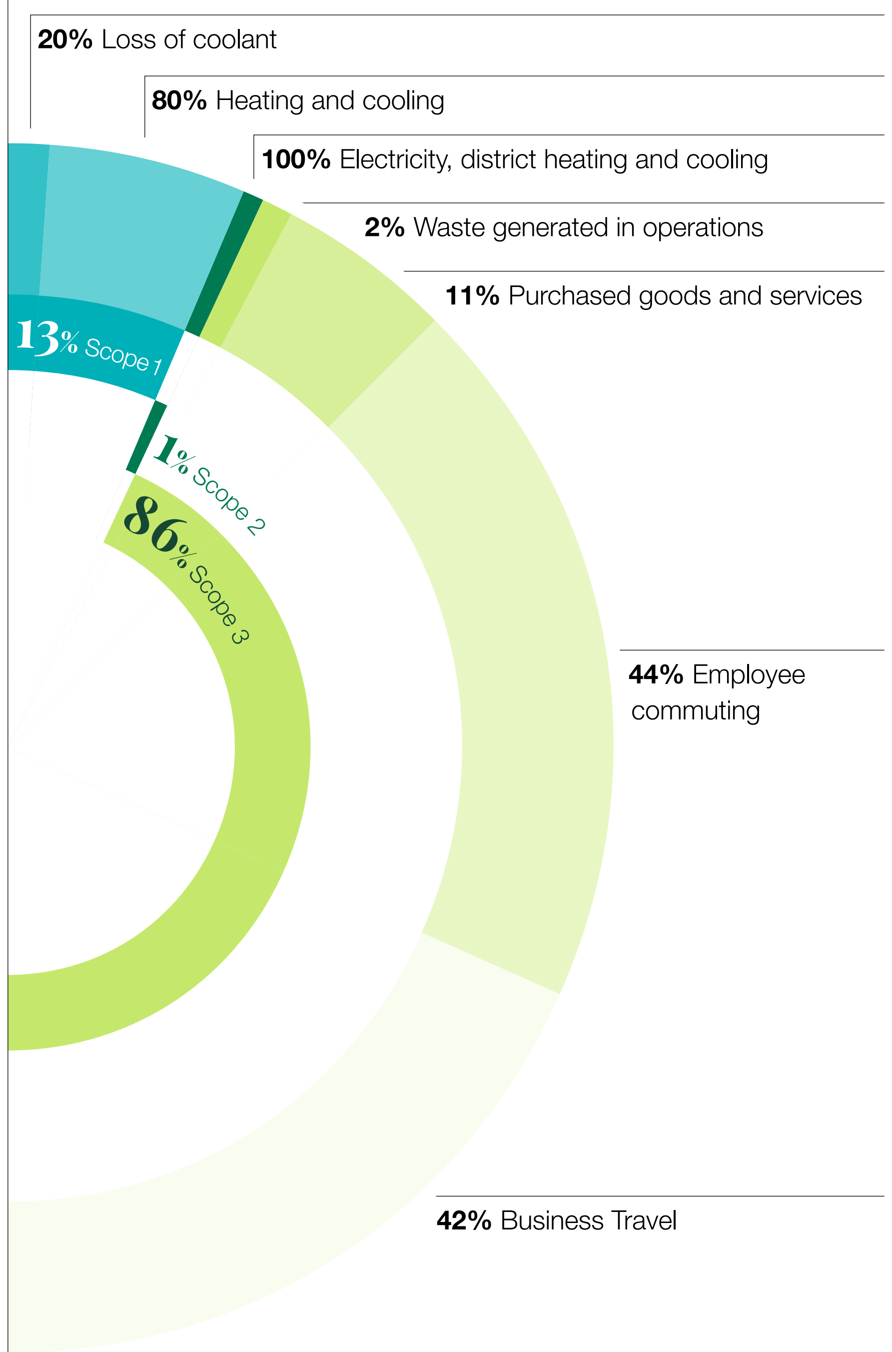
99%
share of renewable electricity
(including RECs where renewable energy is not available)

70%
share of renewable energy



Emissions by scope
in tonnes of CO_2e

Share of GHG emissions
by scope and source



Scope 1

Direct emissions from company facilities and fugitive emissions of sites owned or controlled by UBP

Scope 2

Indirect emissions from purchased electricity, district heating and cooling

Scope 3

Indirect emissions from other activities (purchased goods and services, business travel, employee commuting, waste generated in operations)

Emissions from business travel increased by 34% compared with 2022, although they remained far below pre-Covid levels (1,866 tCO_2e in 2023 vs. 4,063 tCO_2e in 2019). The increase relative to 2022 was driven by UBP's growth and the resumption of travel in Asia following the lifting of Covid restrictions. In 2023, business travel was responsible for 42% of our Scope 3 emissions and 36% of our overall emissions.

To raise awareness about the impact of air travel and to help tackle the related emissions, we introduced a travel dashboard on employees' intranet profiles to show them and their managers their flight-related emissions.

Commuting is one of the key drivers of our operational carbon emissions. In 2023, it accounted for 44% of our Scope 3 emissions and for 38% of UBP's total emissions. As with business travel, emissions from commuting rose last year because of a larger number of employees and the lifting of Covid restrictions in Asia at the beginning of the year. Our annual commuting survey showed high levels of car use in several locations. We are looking into solutions to raise our employees' awareness of sustainable mobility solutions. In Monaco and Paris, soft mobility packages have been in place since 2022. We also hosted bike maintenance sessions to promote cycling last year in Basel, Geneva, London and Zurich: employees brought in their bikes to have them serviced. Meanwhile, our Luxembourg office participated in the "leave your car at home initiative", a three-month challenge to use soft mobility options instead of their cars.

Finally, we continued our efforts to use less paper. In Hong Kong, for example, the digitalisation of staff onboarding and periodic review processes allowed us to reduce printing by around 1,000 pages per month. Jersey halved the quantity of paper it purchased by switching to electronic documents, while Bermuda implemented a paperless office model. We also significantly reduced the printing of client documentation and brochures across all locations and purchased recycled paper where possible.

Financed emissions

On the asset management side, we continued to reduce the carbon footprint and weighted average carbon intensity (WACI) of our funds and mandates invested in equities and corporate bonds, particularly by increasing allocations to low carbon equity strategies. The estimated temperature score remained stable in 2023 for our funds and continued to trend down for our mandates. The carbon intensity of our sovereign holdings also came down during the period.

With regard to our own balance sheet, we reached our target allocation for green bonds (CHF 1.5 billion) and investments in corporates that have made commitments to adopt plans aligned with the SBTi (CHF 1 billion).

For a detailed overview of our financed emissions in 2023, please see our TCFD report.

Outlook

In 2024, we will continue to work on identifying additional reduction measures to help us reach our emissions reduction target, given UBP's growth since the target was set.

As regards energy consumption, we are striving to make our buildings more efficient through the ongoing renovation programme and by moving to more energy-efficient buildings, as well as by purchasing renewable electricity for all remaining sites, or RECs where renewable electricity is not available. Additionally, we plan to intensify our collaboration with branches and subsidiaries to support their environmental initiatives.

As required by Swiss regulations, we will also work on defining a transition plan to achieve net zero by 2050 and subsequently on putting it into place.

Additionally, we will complete the Paris Agreement Capital Transition Assessment (PACTA) in 2024. The PACTA is a climate compatibility test aimed measuring the climate alignment of the financial sector.

CASE STUDY

UBP Singapore shows the way in eco-office practices

"This award is the result of everyone's commitment to creating a more sustainable office and reducing our environmental footprint. We hope to continue this journey by further increasing our office's environmental sustainability efforts."

Jérôme Thuillier,
COO & Deputy Chief Executive Singapore

For many years, our colleagues in Singapore – our largest office in Asia – have shown great dedication and creativity when it comes to improving environmental practices.

In 2023, UBP Singapore's hard work was officially recognised when it received the Champion Award as part of the Singapore Environment Council's Eco-Office certification programme.

Launched in December 2018, the Eco-Office programme aims to encourage companies to implement environmentally friendly practices in their offices so as to reduce paper, water and electricity use.

When applying to the programme, offices get access to tools and guidance helping them to begin their certification journey, with a focus on change management and the adoption of new behaviours.

The programme has four tiers, certification is awarded for a two-year period, and companies are encouraged to improve their status over time.

UBP Singapore is proud to have been achieved the second-highest tier for its first certification.

Championing environmentally friendly practices

UBP Singapore is the first office within the UBP group to gain eco-office certification. This is testament to its leadership, innovation and commitment in environmental management, which has driven numerous initiatives and improvements over the past few years across areas such as energy consumption, water management, paper usage and office facility management.

UBP Singapore has been successful in developing an "eco-mindset" among employees by encouraging positive changes in people's behaviour over time. Together with numerous initiatives initiated both by office management and individual colleagues, this has been a major factor in driving the success of environmentally friendly practices.

The office has been working hard over the last few years to implement a range of eco-friendly measures. This includes installing LED lighting, cutting down on single-use plastics, reducing its use of paper, increasing digitalisation by using QR codes, and providing recycling bins and a food waste composting machine, to give just a few examples.

Contributing to UBP's carbon reduction goal

Managing all of UBP's office space in a more environmentally friendly way is crucial for helping us reach our goal of reducing our carbon emissions by 25% between 2019 and 2025.

Commenting on the award, Nikolett Kovacs, Head of CSR at UBP, said: "we hope that the Singapore office's Eco-Office certification award encourages employees in other locations to adopt the good practices championed by our colleagues in Singapore. Every effort counts as we approach the 2025 deadline."

We strive to be an employer of choice by offering attractive working conditions and development opportunities as well as a fair and empowering environment.

4

Inspiring our people

Talent Management and Employer of Choice

UBP is a people-driven business and our workforce is key to our continued success. As a result, being an employer of choice and investing in talent management are major priorities for UBP.

We strive to provide an attractive work environment as well as continuous opportunities for learning and development. UBP is committed to ensuring fairness, equal opportunities and equal rights for all our people, and we condemn every form of discrimination.

This approach is key for setting a good example in the marketplace and helps us attract and retain well qualified and highly motivated employees.

While competition for talent eased in 2023 compared with the previous year, the jobs market remained dynamic and we are constantly reviewing and adapting to developments in the labour market and employee expectations. We understand that the potential for career and skills development, work-life balance and a company's culture, values and management style – including its commitment to sustainability – are increasingly important for existing and potential employees.

Further, to navigate the transition successfully, we must attract employees who have the right qualifications and experience, and who share our values and vision. Equipping our workforce with the highest level of know-how and skills, including with regard to responsible investing and sustainability in general, is also vital in order to remain competitive in a fast-moving sector like banking.

Our approach

UBP's Human Resources (HR) Department is responsible for all employment-related matters and regularly updates the ExCo on them. The HR Committee, composed of three Board members, convenes three times per year to determine and assess our remuneration policy, discuss HR-related matters and validate policies. In addition, HR topics are discussed during the monthly meetings of the CSRCO, whose members include an HR representative.

The main aspects of our HR approach are employee recruitment and retention, learning and development, efforts to increase our sustainability expertise, investments in the next generation, and diversity, equity and inclusion (DEI). We are guided by several policies and practices, which we adjust regularly to reflect ESG standards as well as to meet evolving employee expectations and industry practices.

Developing talent

We are committed to investing in the learning and development of our people, so as to equip them with the best knowledge and skills and support their career development. Through our mandatory annual appraisals and objective-setting process, managers are responsible for talent management within their teams, while our Learning and Development team provides customised training solutions. In addition, we have adopted some centralised initiatives through the UBP talent process and the Leadership Development Programme (LDP).

The LDP is an executive learning programme delivered in collaboration with IMD Business School in Lausanne as part of our commitment to enhancing the change-management and leadership skills of UBP's senior managers. The talent process, which runs every two years, forms the backbone of UBP's succession plan, providing employees showing high development potential with customised training and development programmes.

To develop our employees' talent, knowledge and skillsets, we strive to offer high-quality internal and external training opportunities. This is vital in terms of meeting our employees' expectations for professional development and ensuring that our workforce is well equipped to respond to rapidly evolving requirements, particularly in the areas of sustainability, regulation and security. We monitor training-related KPIs throughout the year and liaise with the various departments to ensure that employees receive appropriate training. In particular, we track the completion of mandatory training modules.

In addition to the range of internal e-learning programmes on topics like compliance, regulation, security, management skills and sustainability, we support employees in completing external courses. UBP contributes to the cost of external courses and allows for flexibility in staff members' schedules. The HR Department measures the quality and effectiveness of courses by gathering feedback and conducting surveys, which allows us to continuously enhance our offering and adapt our programmes.

We are also committed to training the younger generation. Our Graduate Programme gives university graduates the opportunity to discover our business by rotating through different teams. The HR Department and business units work together to select and place graduates according to UBP's needs and candidates' skills. We also have a long tradition of training apprentices, and we offer opportunities for interns to discover various roles within UBP.

Finally, we help to prepare employees for retirement, offering financial backing for specific training sessions and providing advice in Switzerland. We also give financial assistance for outplacement guidance to employees whose contracts have been terminated.

Diversity, Equity and Inclusion

At UBP, we are guided by a culture of meritocracy and are dedicated to creating an inclusive and equitable workplace that embraces diversity in all its forms so that employees feel valued, respected and empowered to reach their full potential.

We aim to provide all employees with equal employment and advancement opportunities regardless of their ethnicity, nationality, gender, gender identity, sexual orientation, religion, age, marital or family status, or any other status protected by applicable local laws, including pregnancy and disability.

We therefore strive to ensure fair and equal treatment throughout our HR process, avoiding positive or negative discrimination at all stages from recruitment to promotions and pay reviews. We specifically monitor the gender composition of the Graduate Programme as well as of the LDP and talent process. We regularly verify the gender distribution and age structure of our workforce, and conduct benchmarking exercises to promote diversity and inclusion in all our HR processes.

Equal pay is ensured through benchmarking and assessments, while promotions, pay reviews and selection for executive development programmes are based strictly on performance.

The Bank's staff handbooks, which set out the rights and obligations of our employees, contain diversity and anti-discrimination clauses that all employees are expected to uphold. In addition, we have developed more specific DEI guidelines.

To respond appropriately to any incidents that may arise, we have a clear process in place for reporting, reviewing and managing any potential case of discrimination, sexual harassment or bullying, including the possibility of involving a neutral party from outside UBP.

Our progress

In 2023, we saw an improvement in staff retention. As a proportion of the workforce at the start of the year, voluntary departures dropped from 9% to 7%, while new hires rose to 18%. This was partly driven by the replacement of departing employees as well as robust recruitment efforts in Asia. To help us embed sustainability further across our investment processes and operations, we strengthened our sustainability team by hiring several dedicated experts.

To improve the process of onboarding our new hires, we reorganised our induction programmes. We switched from a digital to an in-person format, welcoming new joiners from Switzerland and Europe for an immersive induction programme at our headquarters. In addition, we updated and relaunched our wealth management induction programme, which had been stopped during Covid, allowing relationship managers to discover UBP's activities as well as its product and service offering during a two-day event in Geneva. Local sessions are also held at various UBP locations.

Developing talent

To support employees throughout their careers with UBP, we conduct annual performance reviews that help us identify and meet their needs. In 2023, 93% of all staff received an annual review.

To equip our managers for the challenges posed by a rapidly evolving working environment, which include managing hybrid teams and remote working, we hosted workshops to allow them to discuss how these changes impact their roles as team leaders. We also ran four sessions of our management essentials programme, with almost 40 employees taking part. The programme is designed to equip managers with the core skills and techniques needed to manage their teams effectively.

In addition, 24 professionals from eight different locations completed the LDP programme in early 2023. In the autumn, we launched a new cycle of UBP's talent process, this time focusing specifically on female talent.

In line with evolving regulatory requirements and the need to increase sustainability awareness and knowledge among our employees, we developed and delivered a customised training programme for front-office and support teams to help them understand how to assess and meet clients' sustainability preferences (see Sustainability Awareness chapter), as requested by the Swiss Bankers Association.

In total, we logged 27,860 hours of training in 2023, an average of 12.83 hours per staff member (data at Group level for permanent employees only).

Since the continuing development of all employees is essential to a bank's success in the fast-paced and rapidly evolving industry environment, we also launched a Group-wide Learning and Development campaign in autumn 2023, providing an overview of the various programmes, courses, and personal development opportunities available at UBP.

In line with our ambition to foster young talent, we hired and onboarded 11 new graduates from some of the world's leading universities, whilst offering nine graduates from the previous cycle permanent positions. We welcomed four people in Switzerland on three-year apprenticeships leading to a federal Vocational Education and Training Diploma in banking, as well as 88 interns worldwide. We also started to work on an internal mentoring programme to enhance the professional growth potential of younger employees.

Diversity, Equity and Inclusion

With a presence in over 20 locations around the world, we consider diversity a key asset that helps us to drive progress and innovation. We have built a truly heterogeneous workforce, as evidenced by the 68 nationalities present within it.

To give more guidance on DEI matters and meet institutional investors' growing demands in this area, we have developed DEI guidelines, which were approved by the ExCo at the end of 2023. This document outlines our commitment to DEI and provides guidance for promoting a UBP culture that embraces these principles in our daily operations. It contains a number of KPIs in areas such as equal employment opportunities, recruitment and hiring, equal pay and promotions, which are tracked using specific data points.

Last year, female employees made up 41% of UBP's workforce, with 27% of UBP's senior management positions held by women. Female representation at the executive level remained at 12%; however, the proportion of women on the Board of Directors stood at 37.5%.

Recognising the challenges we face in increasing female representation at the senior management level, we decided to focus our efforts in this area for the coming years. One important step was to run the 2023 talent process with a special focus on female employees, and we will monitor progress on female representation in the next few years to evaluate the effectiveness of this project.

UBP's gender pay gap, last calculated in 2020 in line with Swiss requirements, is 6.9%, slightly above the 5% statistical significance threshold but below the 8.6% gap for the Swiss private sector as a whole and below the 10.2% figure for the Swiss financial and insurance sector.

Outlook

In 2024, we will conduct a new gender pay gap analysis in Switzerland, in line with the Swiss Gender Equality Act, and perform an analysis for some other locations as well. We will also put in place KPIs to implement our new DEI guidelines. To rebalance our age distribution and position ourselves as an attractive and dynamic employer, we will intensify our efforts to attract and foster young talent. Finally, we plan to put more emphasis on employee well-being by organising internal talks on the key topics of physical and emotional wellness.

68 nationalities

DEI guidelines finalised

13 hours of training per employee on average*

*data at Group level for permanent employees only.

37.5% Women on the Board of Directors

Diversity by gender

CASE STUDY

UBP's Graduate Programme: training the Bank's future generation

"UBP's Graduate Programme represents a unique opportunity, both for the Bank to recruit and train talented university graduates, thus bringing fresh energy and ideas into UBP, and for young professionals to discover UBP and the many different roles it offers."

Christian Scherrer,
Group Head of Human Resources

Training the younger generation is a key priority for UBP. We have a solid tradition of training apprentices and we developed our activities further in this area by launching a dedicated graduate programme.

Since its launch in 2021, UBP's Graduate Programme has welcomed 24 university graduates across various locations, including Geneva, Zurich, London, Luxembourg, Hong Kong and Singapore, giving them the opportunity to start their career in a dynamic, multifaceted and stimulating environment.

To date, 11 out of 13 graduates who have completed the programme have continued their career within UBP, which is testament to its success. They have taken up roles across departments such as Wealth Management, Asset Management, Private Markets Group, Compliance and Audit, for example.

Attracting young talent

Young professionals are key to the Bank's continued success: they bring new energy and ideas for the present and form an important part of our talent pool for the future. Investing in their early career development is therefore a cornerstone of our HR strategy.

The Graduate Programme was a natural evolution for UBP, allowing us to target young graduates who have already completed their university education and are looking for a way to jump-start their career in the banking sector.

Discovering UBP

The programme gives young people the opportunity to get to know the banking industry as they rotate through several teams during their year at UBP. This approach allows them to discover a range of departments and roles and to learn from people with different backgrounds, experiences and points of view. The different roles also allow graduates to acquire knowledge and skills across various areas, allowing them to hit the ground running when taking up a role at the end of the programme.

The Graduate Programme is very hands-on and allows for constant learning on the job: graduates are fully integrated into their teams and entrusted with real tasks and projects. This is a crucial step in transitioning away from academia, which is often very abstract, and into a real working environment.

A successful programme

The programme's success has encouraged us to continue it, and we will be delighted to welcome 10 new graduates across Europe and Asia in September 2024.

Community engagement has a long tradition at UBP, reflecting our desire to have a positive impact on our communities and mobilise colleagues for a common purpose.

5

Engaging with our communities

Community engagement

Community engagement helps us to build and maintain strong relationships with our local communities, while fostering a sense of belonging and purpose among employees. We see it as our responsibility to bring positive value to our local communities and place great importance on being a valuable partner.

UBP's values of dedication, conviction, agility and responsibility not only guide us in our daily work, but also shape our relationships with our local communities.

We have a long tradition of supporting cultural, educational, research and social projects in the locations in which we operate. Our thematic focus keeps us from spreading our efforts too thinly and enables us to achieve greater impact through the projects we choose to sponsor. However, we also hold fundraisers in response to global events. To help us increase our impact further, we focus on building long-term partnerships with local organisations.

For our employees, we organise recurring environmental and social initiatives. Besides the positive external impact these projects have, they are also important opportunities for employees to share a common purpose and connect with colleagues.

Since our operations do not have any significant negative impacts on local communities to our knowledge, we do not carry out impact assessments with respect to our community engagement programmes, although we do reflect on the needs of our local communities when preparing our Group-level and local CSR engagement plans.

Our approach

We strive to be a trusted and reliable partner to the organisations we work with, and aim to continuously increase our staff members' engagement in social and environmental projects by offering a wide a variety of activities throughout the year. We actively consider employee suggestions and feedback when planning activities, to make sure we address their interests. To help our employees get involved in activities, we offer them one day of paid leave per year for charity work.

The CSRCO oversees our community engagement activities. Group-wide initiatives are managed by the Communications department, while local activities are co-ordinated by local CSR teams. These teams are instrumental in driving initiatives that are tailored to local circumstances and that resonate with employees in each location.

We have clear sponsorship guidelines that specify which types of charities and institutions are eligible for financial support, and we have developed an efficient and clear approval process for sponsorship requests.

Throughout the year, we track the number of participants in our community engagement activities as well as the amount of donations we make.

CHF
46,000
raised for victims of the Turkey and Syria earthquakes

Our progress

Throughout 2023, we continued to engage our employees successfully in community activities.

On the environmental side, we organised tree-planting activities in Geneva, Bermuda and Jersey. In Geneva alone, 40 employees planted over 250 trees with the Almighty tree charity. Also in Geneva, 40 colleagues rolled up their sleeves to trim hedges, remove poisonous plants and cut back shrubs in a local nature reserve in partnership with Pro Natura.

Throughout the year, our colleagues showed outstanding commitment to environmental and social causes, both within and outside of UBP. We received numerous nominations for our internal CSR Awards - an initiative launched in 2022 with the aim to recognise employee engagement. The CSRCO, which selects the winners, gave out two team awards and 6 individual awards. The initiatives for which employees received awards cover a range of topics such as digitalisation, waste management, energy efficiency, reforestation and ocean clean-up, to name just a few.

In response to the earthquakes in Turkey and Syria, colleagues raised over CHF 23,000 for victims – an amount matched by UBP, resulting in a total donation of CHF 46,000. During the year, colleagues in Dubai, Geneva, Taipei, Tokyo and Zurich also donated items such as clothes, toys, hygiene articles and food to local charities in order to support people in need.

During the holiday season, we invited 50 beneficiaries of Swiss charity Secours Suisse d'Hiver to UBP's annual private viewing of the Geneva Christmas Circus, donated surplus food to charity, asked our employees' children to make drawings for hospitalised children in Geneva, and donated toys to three charities to be given as Christmas gifts to local children.

We also encouraged employees to get active by paying their entry fees for running races in Bermuda, Geneva, Hong Kong, London, Singapore and Zurich.

In terms of sponsorships, we continued our long-term support for the Grand Théâtre de Genève and the Camerata Venia orchestra in Geneva, as well as our cultural partnership with the Comédie de Genève theatre.

40
colleagues planted over
250
trees in Geneva

Outlook

After a six-year partnership with the workplace purpose platform Alaya, we decided not to continue our collaboration from 2024 onwards. This will allow us to have greater control and a larger budget for activities organised internally.

In 2024, we will continue successful activities and look to add new ones to our repertoire. We also plan to increase external communication about our community engagement and sponsorship activities.

31

At UBP, our business conduct is guided by ethical and sustainability principles so as to maintain the trust of our clients, prospects and society more broadly.

6

Doing business responsibly

Business Ethics and Compliance

Strong business ethics and regulatory compliance are key for building trust with clients, and for minimising reputational and financial risks. This ultimately contributes to revenue generation and the protection of shareholder value.

Moreover, as a financial institution, we have a social responsibility to conduct business responsibly, not only to maintain our own reputation and success, but also that of our sector as a whole.

The financial sector is a highly regulated environment and is undergoing a great deal of regulatory change. In addition, there are a growing number of voluntary and mandatory sustainability-related initiatives. These come with a range of obligations, from implementing strategic change to providing transparent reporting.

Accordingly, we must monitor these developments closely and align our processes, products and services with the resulting requirements. Compliance with regulations, and ethical behaviour in general, are vital if we want to continue doing business. Non-compliance would risk undermining trust, which could negatively impact our ability to attract and retain both clients and employees, and expose us to significant penalties such as fines, restrictions and even the loss of our licence to operate.

We strive to ensure appropriate conduct towards our clients, counterparties and the financial system at all times, so as to maintain our outstanding reputation, ensure client satisfaction and avoid enforcement measures.

Our approach

The Compliance Department is responsible for establishing policies, implementing the necessary processes to support them, and monitoring compliance so as to ensure ethical business conduct throughout UBP. The team is dedicated to ensuring compliance with all national regulations in the countries in which we operate, as well as the global frameworks and initiatives to which we are a signatory.

Our Compliance Department also plays an important role in advising and supporting other teams on how to set up their frameworks and systems to comply with the various regulations, and trains staff members where required. With the rise of sustainability regulations, the Compliance team collaborates closely with UBP's sustainability specialists and is represented on the Sustainability Steering Committee.

Policies and commitments

To give practical guidance to our employees, we translate applicable laws, regulations, frameworks and commitments into specific directives, guidelines and procedures. All global policy commitments as well as internal directives are signed off by the Directives Committee and are then communicated through internal or public documents, announcements and, where appropriate, training modules.

At UBP, several directives guide our day-to-day HR, business and control processes. They include directives on combating money laundering and the financing of terrorism, conflicts of interest and bribery and corruption, along with our Code of Conduct and Ethical Behaviour. All directives can be easily accessed by employees on our intranet. Although we do have an anti-bribery directive as well as processes such as risk assessments, due diligence and monitoring in place, bribery risk is low in our business model as we mostly deal with professional institutional investors and end-clients directly.

Our conflict of interest directive sets out the roles of unit heads, the Compliance Department and the ExCo in preventing, detecting and mitigating such conflicts, as well as the related processes. Where necessary, the Board and/or its committees take part in those processes.

As a signatory to the UN PRI and in line with our commitment to responsible investment (RI), our publicly available RI policy describes our approach in this area. It outlines our RI commitments, practices (including due diligence) and offering. Finally, as a signatory to the UNGC, we are committed to its ten principles in the areas of human rights, labour, environment and anti-corruption.

Key directives and policies

- Combating money laundering and the financing of terrorism directive
- Conflict of interest directive
- Anti-bribery and corruption directive
- Procurement policy
- Supplier Code of Conduct
- Responsible Investment policy
- Code of Conduct and Ethical Behaviour
- Remuneration policy

Promoting business ethics and compliance

Upon joining UBP, employees must complete a range of mandatory e-learning modules on the Bank's business culture, as well as on our core security principles and practices. We check that employees successfully complete all modules. New joiners also receive our internal guide "Cultivating our differences", which gives guidance on how to live up to UBP's four values (dedication, conviction, agility and responsibility), as well as our internal Code of Conduct and Ethical Behaviour and our "Combating money laundering and the financing of terrorism" policy. In addition, all joiners receive our country-specific staff handbooks, which cover all key aspects relating to their rights and obligations, along with specific guidelines and instructions to ensure compliance, including escalation procedures in the event of breaches.

To meet legal and regulatory requirements, all relationship managers and relevant back-office employees must complete our Compliance Awareness programme, which covers topics such as market abuse, anti-money laundering (AML), international sanctions, the US Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS).

UBP has a clear framework for ensuring that conduct and culture are considered when determining the annual performance and variable remuneration of UBP staff, in accordance with regulatory requirements, policies and procedures as outlined in the Bank's Remuneration Policy. The Conduct & Culture Committee issues recommendations to senior management and the Human Resources Committee regarding behaviour and potential implications for variable remuneration.

Monitoring and escalation channels

As we place the utmost importance on compliance with all existing and upcoming regulations, the Compliance Department has a robust regulatory watch process and co-ordinates with the business units in charge of implementing it. This includes liaising with the relevant regulatory bodies where appropriate. Robust internal controls are in place to monitor business conduct and take action if required. To identify and mitigate risks in relation to financial crime (AML), terrorist financing and sanctions, we have dedicated internal tools and controls in place to generate and analyse alerts.

We also conduct annual self-assessments to ensure we comply with all applicable laws and regulations, and identify and mitigate potential conflicts of interest. The results of those self-assessments are reported to the ExCo, which updates the Board of Directors annually about critical concerns. The Board is also informed about critical matters through the Risk Committee and the Audit Committee, which receive independent information from the second and third lines of defence respectively. Identified risks and decisions taken by the Board Committees are recorded and disclosed to senior management.

As a wealth and asset manager with limited lending activities, we do not directly finance projects that adversely impact vulnerable people and that we are not directly exposed to human rights risks. Our grievance mechanisms are therefore limited to staff, suppliers and clients.

Internally, UBP's staff handbooks address conflict management, covering bullying, sexual harassment, whistleblowing, ethical guidelines and escalation processes. Externally, clients can submit complaints according to the Group's Complaint Directive. Depending on the nature of the complaint, the Compliance, Risk Management and Legal Departments may get involved.

Procurement practices

As a buyer of a wide range of products and services, UBP has a responsibility to uphold environmental and social standards throughout its supply chain. We select our suppliers through competitive bidding, which includes a due diligence process that we use to screen potential suppliers according to a number of elements, including environmental and social factors.

We expect our suppliers to uphold ethical guidelines based on UBP's core values, as well as applicable laws and regulations, as reflected in our Supplier Code of Conduct. As part of the due diligence process, the Supplier Code of Conduct is shared prior to engagement and we ask potential suppliers about their adherence to the Code. The Code is also published on the website when updated.

If UBP discovers that the actions of a supplier lead to a breach of our Supplier Code of Conduct, appropriate action will be taken in a timely manner. Such action may include notifying the breach to regulators and law enforcement agencies, engaging with the relevant parties to promote good practice, and avoiding or exiting the business relationship. Our framework contract with suppliers includes clauses with regard to dispute settlement in the event that conflicts arise.

In addition to the Supplier Code of Conduct, UBP's employees are required to follow the guidelines defined in UBP's procurement policy and its specific provisions on CSR and sustainability. These include an expectation that suppliers will comply with the ten universally accepted principles mentioned in the UNGC in the areas of human rights, labour, environment and anti-corruption.

Our progress

In 2023, the Compliance Department was reorganised to make it more efficient, align it closer with our business units and further strengthen the team. As part of the reorganisation, we also bolstered the first line of defence in the Wealth Management front office. We hired additional business risk managers and put in place a review team that will take over periodic reviews of normal-, medium-, and high-risk clients. In this way, the three lines of defence ensure proactive risk management across all lines.

With the aim of ensuring correct disclosure of conflicts of interest and better reporting, we made important improvements to the way in which we handle conflicts of interest within UBP. We updated the conflict-of-interest directive by enlarging the scope of declarations required by employees and set up a dedicated webpage containing the key aspects and relevant directives, to ensure that employees can access them more easily. We deployed internal communication tools to improve employee awareness, and we reviewed the conflict-of-interest control framework to improve effectiveness and robustness.

We also rolled out a new anti-money laundering tool to review transactions and calculate risk scores for our clients, to further improve our controls in this area. The new tool has been deployed in Europe, Middle East, and Africa (EMEA), with plans to give our offices in Asia access to the same tool, in order to improve consistency and unify the operational model across UBP in 2024. Its modern architecture gives us enhanced flexibility to adapt our monitoring framework to changing requirements.

Another important project was the streamlining and automation of our regulatory risk reporting. Our local offices and other departments are asked to disclose any regulatory risk that they see by entering it into a tool, which aggregates the disclosures into automated reports for Compliance to follow up on.

Sanctions around the world are changing rapidly, and this requires us to constantly assess sanctions adopted in various jurisdictions and assess how they apply to UBP's business. To address this challenge, we have further strengthened our sanctions-related framework and have built a dedicated sanctions team by hiring additional staff members.

To help us navigate the constantly evolving regulatory landscape, UBP engages closely with internal and external audit teams, our business lines, as well as external advisors. We have also joined the Swiss Risk Association, Circle of Banks (BAICC) to collaborate with peers in this area.

UBP did not incur any sanctions or fines for breaches in 2023, and did not record any incidents of corruption.

In terms of procurement, we amended our Supplier Code of Conduct to add more specific rules with regard to the prohibition of child labour. To ensure compliance with the amended Supplier Code of Conduct, we carried out an extensive assessment of UBP's supplier database to determine where we could potentially find risks relating to child labour within our suppliers' products and services.

We took both a bottom-up and a top-down approach, with a special focus on suppliers in countries with "enhanced" or "heightened" risk, as defined by the UNICEF Children's Rights in the Workplace Index. Our assessment showed that there is no reasonable risk of child labour among UBP's suppliers. In addition, after updating the Supplier Code of Conduct, we also started to work on aligning UBP's procurement policy.

Outlook

In 2024, we will continue to roll out our new AML tool with the aim of using the same tool for risk scoring and client risk category scoring across the whole of UBP. Moreover, we will continue the compliance transformation programme that we started at the end of 2023. The intention of this programme is to automate our compliance processes through investment in IT systems so as to enhance efficiency, effectiveness and transparency.

With regard to our procurement practices, we will continue to develop best practice and review our due diligence and supplier conduct processes as needed to comply with changing non-financial reporting obligations. We will also introduce a new regulatory watch process for non-financial regulations.

Finally, we will further monitor the changing regulations around non-financial disclosures, such as the EU's Corporate Sustainability Reporting Directive (CSRD) and adapt our policies accordingly.

Transparent and Fair Information

Ensuring transparency and fair information with regard to our products, services and operations is a key requisite for building and maintaining trust with clients and other stakeholders, and for fostering fair competition in the market.

Driven by our core value of responsibility, UBP therefore strives to provide adequate, clear, and transparent information across all our activities, including with regard to sustainability.

We also believe that this will help clients and other stakeholders understand the associated risks and opportunities and thus make well-informed choices. Indeed, as a client-centric business, transparency and fair advice are key to our relationships with clients, playing a central role in ensuring satisfaction among existing clients and attracting new ones.

In recent years, we have seen a proliferation of sustainability-related disclosure requirements across different jurisdictions in response to concerns among clients, regulators and the media about greenwashing. As a financial institution, we have a responsibility to comply with these reporting obligations to build trust in our sector, and to avoid reputational and regulatory risks. UBP therefore aims to be transparent about the sustainability credentials of its investments.

Our approach

UBP's Compliance Department sets product communication standards in line with local regulations and fair marketing procedures. These are embodied in our marketing directives for asset management and wealth management, which stipulate, among other things, that existing and prospective clients must be given clear and non-misleading information.

Our Compliance Department also reviews marketing documents prior to publication or external use, to ensure that they contain accurate and balanced information with respect to our products, investment process, objectives and performance, that they avoid greenwashing, and comply with regulatory requirements in terms of transparent and comprehensive disclosures. Internal Audit also reviews documents, adding an important layer of control.

In response to the rise in sustainability-related disclosure requirements, our public website (ubp.com) has dedicated pages on sustainability and responsible investment with links to our sustainability and TCFD reports, RI and voting policies, our Biodiversity policy, as well as our engagement report and voting report.

Our responsible and sustainable investment products, which are mainly domiciled in the EU, are classified according to the SFDR. Pre-contractual disclosures and periodic disclosures in line with the SFDR describe how sustainability risks are taken into account and managed, and ESG and carbon metrics are reported monthly. Additionally, in compliance with the SFDR, a "sustainability-related disclosure" section has been added to the web pages of each Article 8 and 9 fund, displaying sustainability-related information such as the environmental or social characteristics promoted by the fund, along with its sustainable investment objective, methodologies, data sources and engagement policy.

Since the end of 2021, we have also included ESG information and ratings in account portfolio statements for wealth management clients. These ratings provide an indication of how resilient portfolios' aggregated holdings are to long-term ESG risks, contributing to greater transparency and investor protection.

Our progress

With SFDR Level 2, transparency and disclosure requirements increased significantly last year for all Article 8 and 9 funds. We published our first SFDR periodic reports in 2023, providing a review of ESG and sustainability performance for the year 2022. In addition, UBP Asset Management (Europe) S.A. published its first PAI (principal adverse impact) statement, consolidated with its subsidiary UBP Asset Management (France).

We also disclosed information under a range of voluntary initiatives, such as progress data points for our net zero targets under the Net Zero Asset Managers initiative, and information regarding our stewardship efforts with investee companies through our latest UK Stewardship Code report.

In 2023, we had no incidents of non-compliance with regulations or voluntary codes linked to product and service information and labelling. With regard to marketing communications – including advertising, promotion and sponsorship – we recorded one incident resulting in warning, which was immediately corrected, and no incidents resulting in a fine or penalty. Neither did we record any incidents of non-compliance with voluntary codes.

Outlook

We will continue to follow our well-established processes and internal controls to ensure we provide adequate, clear and transparent information with regard to our products, services and operations. In 2024, we will review and work on improving our internal processes to ensure compliance with the new Swiss greenwashing guidelines.

As sustainability-related disclosure requirements continue to evolve rapidly, we will focus on monitoring these developments and implementing any necessary changes. In the near future, this particularly concerns non-financial reporting obligations, such as mandatory climate reporting in Switzerland and the preparation of CSRD-compliant reports for the EU entities concerned. Given our global reach, we will also continue to monitor disclosure requirements outside the EU and Switzerland.

Find out more about

Consult UBP's Responsible Investment Policy

Consult UBP's voting policy

Consult UBP's Approach to Biodiversity

Consult UBP's engagement report

Consult UBP's voting report

Data Privacy

For a private bank, handling data safely and sensibly is essential. Not only is it crucial for maintaining a strong reputation and relationships of trust, but it is also vital to protect clients, employees and counterparties from criminal activities.

In a rapidly evolving environment where cyberthreats are becoming more sophisticated and regulations more stringent, we must continuously enhance our policies, practices and awareness regarding data security and privacy, so as to meet the highest standards.

Banks handle some highly sensitive data and are a key target for cybercriminals. Breaches can cause significant reputational and financial damage as well as legal consequences for us and our stakeholders. Robust policies, processes, practices and awareness are therefore key, in order to minimise the risk of potential security and data breaches and mitigate their impact should they occur.

We must constantly anticipate new threats, adjust to new challenges such as remote working and technological innovation, and keep up with new regulatory developments across the various jurisdictions in which we operate. Most recently, the rise of artificial intelligence (AI) tools, especially generative AI, has led to new challenges and risks. Whilst such tools can offer a range of benefits, they require stringent governance and usage controls to ensure data security and protection.

Our approach

Reflecting the cross-discipline nature of the topic, UBP's Group Security, Data Governance and Group Data Protection Departments work closely together to ensure that data is handled responsibly and protected appropriately. In doing so, they strive to make UBP ever more resilient to cyberattacks and to raise user awareness of critical data and processing issues. Progress is measured through several relevant KPIs such as data leakage alerts and incidents, phishing simulation results and e-learning completion.

Our Group Data Policy defines the overall governance framework for managing data, while our Group Data Privacy Policy outlines our rules on data protection as well as legal requirements in relation to processing personal information. We publish privacy notices for clients, prospects, employees, candidates and counterparties on our corporate websites.

To help our employees, consultants and contractors follow our strict policies and practices in the data security and privacy field, they must complete a series of mandatory e-learning programmes covering topics like security basics, business continuity, incident response, remote working, physical security and data handling. In addition, they can find a comprehensive set of data privacy and security directives, as well as data-handling procedures, best practices and guidelines, on the UBP Intranet.

We are aware of the importance of managing potential breaches in a timely manner. We therefore have strong management, reporting and escalation processes in place, including communicating with the individuals affected and notifying the relevant authorities if required.

Our progress

In 2023, to adapt to increasingly sophisticated forms of attack and to comply with new regulations in various countries, we continued to work on further enhancing the security and integrity of our secure communication platforms. We tested and investigated several solutions aimed at protecting our data even more effectively against unauthorised access.

We also worked on implementing the new FINMA directive on operational risk with regard to data. As data constitutes an important asset for us, we must ensure its confidentiality, integrity and availability. Accordingly, we launched a programme to compile an inventory of critical data.

In response to the rise in AI, we set up an AI community working group to ensure that such tools are used safely. Following the surge in global cloud computing usage in 2023, we must efficiently handle cloud resources, secure our data and protect it against unauthorised access as well as data breaches. As a first step, we set up a cloud committee comprising members from various departments such as legal, compliance, security, and IT. We are also a member of the Enterprise Authority to Operate working group within the Cloud Security Alliance: the group aims to deliver a robust control matrix and enable small and mid-sized vendors and service providers to achieve and maintain certification in order to be accepted by larger corporate clients.

As cyber risks continue to pose the most significant threats, we are working on increasing our resilience by continuously assessing and testing our incident response plan. In 2023, we conducted cyber incident simulation exercises with members of the Crisis Management Team and Cyber Incident Response Team to help us assess our organisation's readiness to manage a major incident and to comply with regulatory requirements.

As in previous years, we ran several phishing simulations to test our employees' vigilance, and organised a disaster recovery test to ensure business continuity in the event of an attack. UBP collaborated with external providers to simulate attacks through penetration tests and to address potential vulnerabilities.

While we had to adapt our defence strategy to deal with new attack patterns, we were able to maintain operations in the face of all cyberthreats, with all our services, production systems and applications remaining available to business lines and clients. Once again, there were no data or security breaches of systemic relevance – i.e. incidents that could affect UBP's smooth running or services provided to clients – last year. We did not receive any complaints from individuals or authorities in relation to data privacy or security.

Outlook

After working on an inventory and labelling programme for critical data, we are now updating the data classification system and enhancing our data protection measures to ensure the confidentiality, integrity, availability and resilience of our critical assets.

ESG Data Management

Data is central to our ability to assess, analyse and manage the environmental and social credentials of both our investments and our own operations, as well as their impact.

However, as data availability increases, it is important to understand and check the relevance and accuracy of the data, and to find efficient and reliable ways to collect, process, store, analyse and use it.

Having a clear picture of a company's sustainability risks and the sustainability of its business model in a transitioning economy is vital in making well-informed investment decisions. Our ability to offer first-class investment products and services therefore relies on being able to access quality data and having internal tools that allow us to use that data effectively. While in recent years there has been a great deal of noise about inconsistencies between different ESG data providers, we nevertheless see them as essential sources for our database. However, it is important to select data providers carefully and engage with them, as well as having robust internal methodologies and modelling tools.

Moreover, as non-financial reporting obligations increase in several of the locations in which we operate – including a move from voluntary to mandatory reporting in Switzerland – we must also collect and disclose an increasing number of internal data points. These cover a range of topics like human resources, environmental and compliance-related indicators. Increasing external assurance requirements relating to this data means that having robust processes, tools and controls in place is becoming vital.

Our approach

With regard to our investments, UBP currently uses an array of external ESG data providers (see our RI Policy). We understand that there are many challenges when it comes to ESG data providers, which is why we use their data with caution. Our view is that ESG data from third-party providers is a way to enhance our own research rather than a substitute for it. We therefore monitor the quality of the sustainability and ESG information we receive from providers.

To use ESG data more consistently across the Bank, we decided in 2022 to work on building a centralised internal data system. We onboarded a dedicated ESG data manager to execute the project, responsible for collecting, storing and checking all data acquired from third-party providers, processing the data to build relevant indicators and feeding the data into our internal systems.

Our internal sustainability indicators are collected from all UBP locations under the supervision of the CSR team. To ensure sound processes for the collection of audited KPIs, we have put in place a sustainability reporting protocol, which is regularly updated and shared with all relevant stakeholders.

Our progress

To improve the quality and consistency of the ESG data that underpins our investment advice and decisions, we worked on a Group-wide centralised ESG database in 2023, with the launch scheduled for early 2024.

This state-of-the-art tool is connected to several ESG sources and aims to provide inputs for our internal systems: this will enable our investment management teams to select, review and model ESG information in order to provide clients with high-quality expertise and data-supported investment advice. That way, all ESG data will be synchronised and consistent across all users.

Creation of a centralised in-house ESG database

UBP achieved limited assurance on a selection of sustainability KPIs for its 2022 reporting. While our audit preparation work was successful, we have since taken additional steps to further improve our internal data collection and management process. Our sustainability reporting protocol was updated in 2023 to factor in governance changes, improvements in control processes, and the standardisation of data collection.

These changes should help further reduce the risk of errors, improve transparency and facilitate the reporting process.

Outlook

Following the development of our internal ESG database, we have created tools to make ESG data available in a user friendly way and rolled this out over the course of the year to the wealth management front office for advisory and DPM services.

In terms of our internal sustainability indicators, we believe that efficient and reliable data management will play an important role in helping us meet our growing non-financial reporting obligations, including future external assurance requirements. We therefore plan to review and further strengthen our systems, processes and tools for collecting, processing, storing, analysing and controlling sustainability data.

With our fourth TCFD report, we continue to disclose how we address climate risks and opportunities across our asset management and wealth management business, as well as with regard to our own investments and operations.

7

TCFD Report 2023

Over the past few years, UBP has developed a clear governance structure, ensuring that climate-related risks and opportunities are overseen and managed by the Board of Directors and senior management.

UBP's Board of Directors determines UBP's overall risk-management strategy. The Board's Risk Committee (BRC) sets the framework for the risk management strategy and oversees its implementation. This encompasses the determination of the risk tolerance and risk appetite, as well as the strategy for managing sustainability risks, including those related to climate at both Group and business-unit levels.

It oversees the implementation of UBP's risk policies, compliance with defined risk tolerance and regulatory requirements, and actions taken by the Executive Committee (ExCo) to identify, assess, limit, monitor and report risks.

The BRC is composed of five Board members and has executive-level permanent guests, including the CEO and the heads of the COO, Treasury & Trading and Risks & Compliance divisions. It receives regular reports from the ExCo and the Group Risk Committee on any significant risk exposures.

The Group Risk Committee – a management committee composed of several ExCo members and senior managers from the COO, Treasury & Trading, Risks & Compliance, Asset Management and Wealth Management divisions – reviews the Bank's risk profile and sustainability risk reports monthly, specifically focusing on the climate impacts of UBP's Asset Management funds and mandates, Lombard lending and balance sheet. It is also informed annually on progress towards UBP's operational emissions-reduction target, validates ESG-related policies and shares ESG disclosures with the Board of Directors.

Several other committees play an important role in co-ordinating and integrating climate-related issues into the Bank's investment activities and day-to-day operations.

The Responsible Investing Committee (RICO), which meets at least three times per year, designs responsible investment principles and policies, and drives the integration of climate and other sustainability criteria into our investment processes.

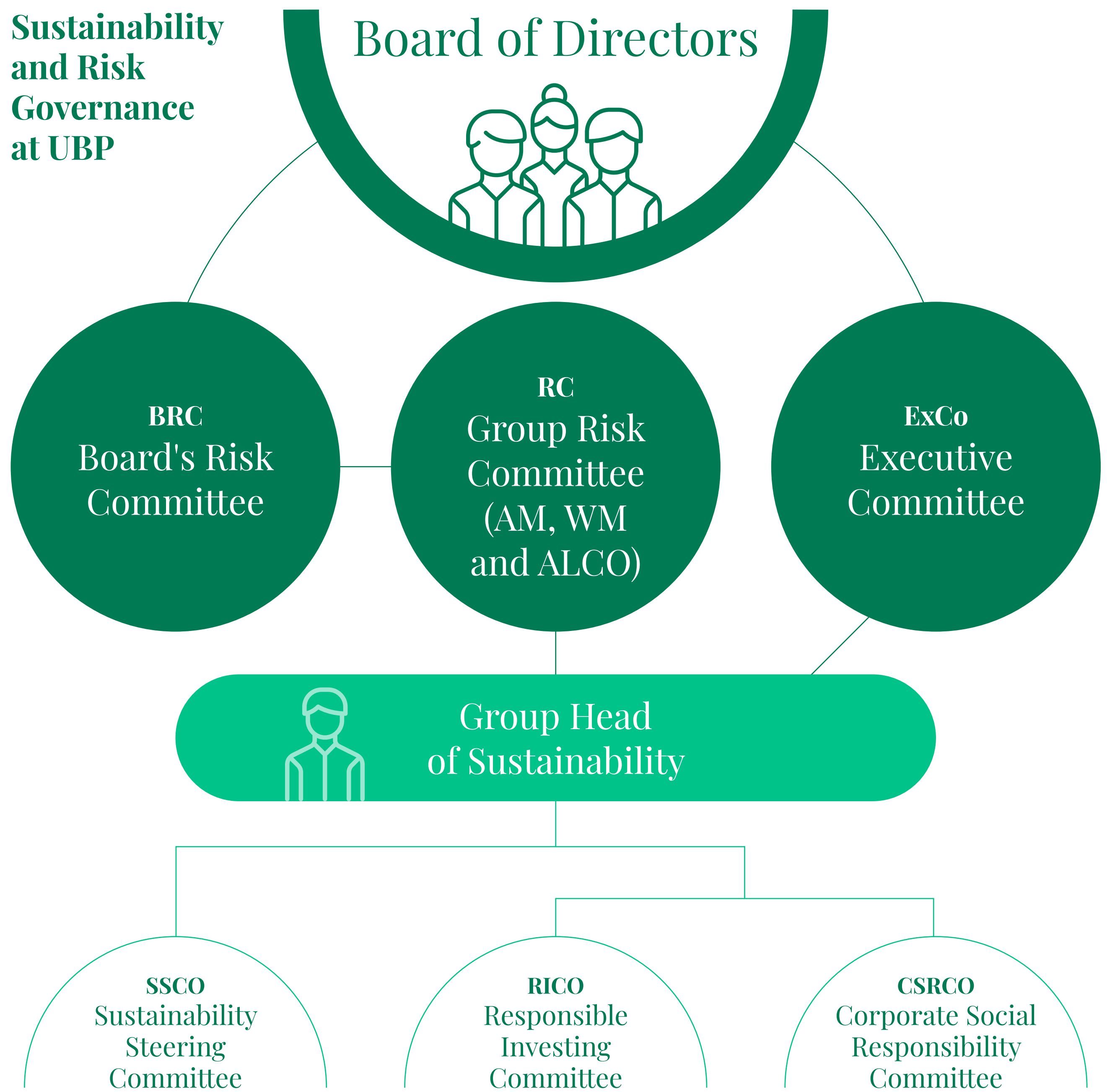
The Corporate Social Responsibility Committee (CSRCO) convenes monthly to define, co-ordinate and monitor the implementation of our Group's CSR-related measures, including with regard to the environment.

Both committees report regularly to the Sustainability Steering Committee (SSCO), which meets every month. Chaired by the Group Head of Sustainability, the SSCO brings together representatives of the main business lines and support functions that are relevant to the implementation of our sustainability strategy. It oversees the execution of sustainability projects, manages related budgets, takes decisions on matters that have been raised by the RICO and the CSRCO and, where necessary, escalates them to the ExCo for decision-making.

Finally, the Asset and Liability Committee (ALCO) is an executive-level committee that is responsible, among other things, for supervising the implementation of the Bank's responsible investment policy with regard to the management of the balance sheet. It meets monthly and informs management about climate-related issues. The regular documentation submitted to the ALCO includes information on portfolio ESG scores and allocations. The ALCO takes climate-related elements into consideration by monitoring the weighted-average carbon intensity of the proprietary book relative to the relevant investment universes, and determines and monitors target allocations for green bonds and private-market impact investments.

UBP's Group Head of Sustainability leads the development and implementation of the Bank's sustainability roadmap, which includes climate-related matters with regard to both investments and operations. He attends both RICO and the CSRCO meetings and updates the ExCo regularly on the rollout of the sustainability roadmap, escalating matters for the ExCo to take decisions where necessary. (read more about the sustainability governance in the 2023 Sustainability Report)

Sustainability and Risk Governance at UBP



Strategy

Climate change is transforming the playing field for investors. Driven by our fiduciary duty to act in our clients' best interest, we are increasingly factoring in climate issues into our investments to mitigate risks and seize new opportunities.

As a wealth and asset manager, we strive to provide our clients with expertise in responsible investing. To achieve that, we have built an in-house ESG data system, and we are continually enhancing our risk-management framework and expanding our sustainability offering.

At the same time, as a business ourselves, we deal with some direct, albeit limited, climate risks and opportunities of our own, and have a responsibility to help tackle climate change through our own actions. Our climate strategy therefore guides us in lowering our carbon footprint across both our investments and our own operations.

Identifying climate-related risks and their impact

According to the TCFD framework, there are two dimensions of climate-related risks: transition risks and physical risks. Both types of risk can have a direct or indirect impact on our financial results, business activities and reputation.

We assess our climate risks according to three categories: our client's assets, our own assets and our operations.

UBP's business is focused on wealth and asset management. We do not provide investment banking services and no corporate lending activities. This means that UBP is less affected by climate change on a short-term (0-3 years) timescale than more diversified financial institutions such as large universal banks. The risks mostly concern non-compliance with climate-related regulations as well as reputational damage from any failure to address climate issues properly through our investment decisions and operational activities. In the medium (3-10 years) to long term (beyond 10 years), climate change presents a more significant challenge for our clients' investments because of the inherent physical and transition risks it brings. Due to the nature of our business, we do not face significant operational risks related to climate change, although some minor risks remain. The physical and transition risks for our balance sheet are low as we are mostly invested in high-quality government bonds and our corporate bond investments have a short duration, which means that those investments are not exposed to the medium- and long-term impacts of climate change.

List of climate-related risks:

	Risk description	Impact on clients' assets	Impact on operations
Physical risks	▪ Extreme weather events: cyclones, floods, wildfires, heat stress and droughts ▪ Chronic changes in weather: higher temperatures, changing precipitation patterns, rising sea levels, and ocean acidification	▪ Changes in the valuation of investee companies caused by damage to property/production assets, lost or lower output, production/supply-chain disruptions, higher operating costs, lower labour productivity and rising insurance premiums (medium to long term)	▪ Damage to office buildings in exposed locations (short, medium and long term) ▪ Business travel disruptions (short, medium and long term)
Transition risks	▪ Policy/regulatory action, technological advances and market changes to transition the economy away from fossil fuels and towards net-zero energy	▪ Threat to the future viability of investee companies due to stranded assets, loss of operating licences or excessive operating costs (medium to long term) ▪ Changes in the valuation of investee companies due to higher operating costs (e.g. related to input prices, compliance costs, fines) and changing consumer demand (medium to long term) ▪ Sanctions and reputational damage related to non-compliance with climate-related regulations and societal expectations (short, medium and long term)	▪ Energy insecurity (medium to long term) ▪ Rising energy costs (medium to long term) ▪ Increased travel costs (medium to long term) ▪ Carbon pricing (medium to long term) ▪ Sanctions and reputational damage related to non-compliance with climate-related regulations and societal expectations (short, medium and long term)

Identification and impact of climate-related opportunities

Climate change also offers opportunities for the Bank and its clients.

The ExCo has identified the provision of responsible investment products and solutions as a core element of the Bank's strategy and an important opportunity for future growth. Since 2020, we have therefore increased our efforts to develop opportunities to invest in products and services that contribute to climate-change mitigation and adaptation, including:

- A transition infrastructure strategy, which supports energy and environmental transition, digital transition and new forms of mobility.
- Three impact funds, in which climate resilience is one of the six investment themes (see Responsible Investment chapter of the 2023 Sustainability Report) and that aim to invest in companies including those that contribute positively to SDG 7 ("Affordable and clean energy") and SDG 13 ("Climate action"). A fourth fund focusing on biodiversity protection and restoration also indirectly contributes to climate mitigation.
- A greater allocation to green bonds.

In 2023, we continued to capture preferences for sustainable investments from our wealth management clients that are subject to MiFID II investor protection rules with a standardised questionnaire. This will enable us to address client needs more systematically with suitable solutions, while giving clients opportunities to invest in the transition to a low-carbon economy.

List of climate-related opportunities

	Description	Impact
Investment-related	▪ Investments in climate mitigation and adaptation solution providers ▪ Investments in companies that are transitioning to a low-carbon business model ▪ Investments in companies that are transitioning to climate-resilient business practices	▪ Seize new investment opportunities (medium to long term) ▪ Protect and grow client wealth (medium to long term) ▪ Increase share-of-wallet with existing clients and attract new ones (short, medium and long term)
Operational	▪ Switch to renewable energy ▪ Energy efficiency measures ▪ Less/more efficient business travel ▪ More environmentally-friendly commuting ▪ Supplier Code of Conduct	▪ Increased resilience (medium to long term) ▪ Lower operating costs (short to medium term)

Resilience to climate-related risks and opportunities

Climate risk is embedded in our firm-wide risk management framework and in our own operations. The Bank has an inherently strong position in this respect, given its limited exposure to corporate lending and lack of investment banking activities. Moreover, our business is geographically diversified, which reduces physical and transition risks and results in limited exposure to clients and sectors where climate-related risks are greater. We are constantly working to refine our climate risk framework further, for example through forward-looking scenarios. By doing so, we intend to further enhance our resilience.

For our investment activities, we evaluate both transition and physical risks using third-party data from ISS ESG as well as internal assessments. The information used for assessments includes greenhouse gas (GHG) emissions, the breakdown of revenues by business and the distribution of companies' assets. For every company, we isolate each entity's revenues and exposure in terms of geographical location. Climate stress tests are run by ISS ESG and we estimate loss of revenue by location using different scenarios, as explained on p.41.

Risk Management

Climate-related risks are monitored via the sustainability risk management framework.

This framework is supervised by the Group Risk Committee, which also considers regulatory risks in relation to climate change. A dedicated sustainability risk report is published every month.

Identifying and assessing climate-related risks

To evaluate how resilient and adaptable our investments are to climate change, we have put in place a robust monitoring framework with key climate metrics covering physical and transition risks. We are rolling this framework out across our organisation.

More specifically, we have continued our efforts to address medium- to long-term investment risk by obtaining a better view of our current exposure. We have improved our climate and ESG risk management framework by expanding coverage beyond our Asset Management franchise. We also measure ESG risks in our discretionary and advisory Wealth Management service, in which clients delegate their investment decisions to UBP.

Similarly, we measure the ESG risks, including those related to climate, of investments held on our own balance sheet. However, for many asset classes, especially alternative assets, data is still scarce and common standards are only now emerging, so significant coverage gaps remain.

Last year, we extended the coverage to analyse our mortgage book in terms of physical risks. The outcome of this analysis shows that the physical risk of our current mortgage book is negligible and well manageable.

Going forward, we will work further on closing such gaps, as well as defining risk limits for key risk indicators and continuing to enhance forward-looking scenarios. This will allow the Bank to address medium- and long-term risk more effectively and stay ahead of regulatory developments.

For now, we are applying forward-looking climate scenarios to treasury investments and our Lombard loans on a monthly basis, to Wealth Management (WM) Asian discretionary mandate portfolios every six months, and to Asset Management (AM) portfolios on an annual basis, in order to measure and address transition and physical risks. Where relevant, we compare a portfolio's strategy with its benchmark. The main outliers are analysed to draw conclusions regarding the extent of the climate risk. In addition, we compute the carbon intensity of all our WM discretionary portfolios on a monthly basis and we compare the data from month to month.

The risk assessment is done qualitatively as we believe that the metrics are not yet stable enough, given the low correlation between data providers.

When evaluating climate risk, we produce three types of outputs: transition risks, physical risks and portfolio temperature scores.

Transition risks

When considering future emissions, we need to address both the demand side (e.g. utilities burning fossil fuels) and the supply side (e.g. fossil reserves). For utilities, it matters whether the power generated today and future planned capacity rely on renewable or fossil sources. For companies that own fossil fuel reserves, potential future GHG emissions might indicate a stranded asset risk.

In terms of how companies are dealing with transition risks, we are now able to highlight laggards and outperformers, allowing us to identify potential investment risks and opportunities. We use ISS ESG data to calculate how dependent a company's revenue is on carbon emissions.

The ISS ESG calculation engine gives us an estimated portfolio loss due to transition risk according to the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario.

For each company, changes in demand (for brown and green activities) and carbon costs are assessed on a geographical basis.

Consequently, the company's future cash flows and the impact on its valuation are estimated.

In the case of green companies, the transition risk figure may be negative, which enables us to identify potential opportunities.

Physical risks

We consider physical climate risks that may arise from permanent changes in the weather or acute weather events, such as tropical cyclones, river floods, wildfires, heat stress and droughts. These may damage property and other production assets, destroy or lower outputs, and cause production or supply-chain disruptions, thereby lowering a company's value and affecting an investment portfolio.

For each company, the ISS ESG calculation engine provides an estimated loss for two Representative Concentration Pathways (RCP): the most likely (RCP4.5) and the worst case (RCP8.5). Please refer to the metrics and targets section for an explanation of these scenarios (p. 43).

As the publication of the sixth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) led to the development of new climate scenarios – the Shared Socio-economic Pathways (SSPs) – a key priority for the near future is to integrate these latest scenarios into our risk analysis. For 2023, however, we continued to use the same scenarios as in previous years.

The computed figures consider both operational risk (business interruption and repair costs) and market risk (country-level impact on GDP, increased production costs).

Company asset geolocations are mined from public sources at the subsidiary level and mapped back to the parent company. Potential damage to facilities and business interruption costs are assessed at asset level, based on geographical co-ordinates and estimated asset values.

Portfolio temperature

A portfolio's temperature score (on a 2050 time horizon) is computed by ISS ESG in several stages. For each company:

- Carbon emissions are extrapolated from the last five years to determine the trajectory up to 2050.
- The revenue trajectory up to 2050 is extrapolated based on global GDP forecasts and the company's objectives, depending on whether they have set a science-based target and whether this target has been validated by the Science Based Targets initiative (SBTi).
- The carbon emissions intensity trajectory is then estimated.

The resulting temperature score factors in the relationship between rising emissions and temperatures, as provided by the IEA World Energy Outlook.

The IEA has defined multiple climate scenarios, which each imply a different carbon budget. ISS ESG uses the Sustainable Development Scenario (SDS) to calculate the temperature increase by 2050. This scenario is aligned with the Paris Agreement, which aims to limit the rise in global temperatures to "well below 2°C […] while pursuing efforts to limit [it] to 1.5°C" and meets the objectives of the Sustainable Development Goals (SDGs) to achieve universal access to clean and affordable energy (SDG 7), reduce the severe health impacts of air pollution (part of SDG 3) and tackle climate change (SDG 13).

The climate scenario alignment approach is inspired by the emission reduction methodology of the Sectoral Decarbonization Approach (SDA) developed by SBTi around the IEA scenarios. For each sector, the approach allocates a carbon budget that defines how much carbon can be emitted to remain within the given scenario. A carbon budget specifies the amount of carbon that can be emitted worldwide to remain below a certain temperature.

While these are not the most recent scenarios, we kept them for 2023 as they are the scenarios our data provider used. However, we entered into discussions with our data provider and understand that the scenarios will soon be updated, which will allow us to use the most recent scenarios.

For each company, we estimate the carbon emissions trajectory up to 2050, based on reported data and considerations of a company's climate strategy and sector. We then compare the portfolio temperature score with the benchmark (where relevant).

For now, climate risks are regarded as low compared to traditional risk categories such as market risk or credit risk, especially as regards UBP's own assets.

Managing climate risks

UBP's responsible investment practices ensure that climate risks, and more broadly ESG risks, are included in the analysis of the companies in which we invest:

- Negative screening: we have a list of controversial businesses that we exclude from our portfolios. In the context of climate change, all our UBP-branded public funds and certificates exclude coal extraction (revenue thresholds apply), and we apply stricter criteria to sectors such as coal-powered electricity generation and unconventional oil and gas for our SFDR (Sustainable Finance Disclosure Regulation) Article 8 and 9 funds.
- ESG integration: UBP's investment teams are encouraged to assess ESG issues, including climate considerations, as part of their research and stock selection processes.
- Active ownership: investment teams are also encouraged to engage, directly or collaboratively (e.g. via the CDP: see our 2023 Sustainability Report), with company management on relevant matters such as the climate. This is based on the conviction that divesting from controversial companies is sometimes not the best way of bringing about change within those companies.
- Impact investing: our impact range aims to help finance the SDGs by investing in companies that have a measurable positive impact on society and/or the environment.

In addition, we manage the implications of physical climate effects through appropriate measures, aiming to improve the resilience of the proprietary book and Lombard loans. UBP identifies each portfolio's riskiest holdings, and evaluates each company's exposure to and management of physical risks (broken down by sub-risk such as flooding, droughts etc.). Any outliers are discussed in the monthly risk committee for further decision-making.

Climate risks within UBP's overall risk management

We believe that climate-related risks are not a new or separate risk class, but need to be included in the conventional classes commonly used in banking risk management, such as operational, market, credit and reputational risks. While operational risk reports have always factored in the physical risk component of our own operations (Business Continuity Management, Disaster Recovery Plan), climate risk is yet to be integrated within traditional risk metrics such as market risk and credit risk.

Metrics and Targets

Building on the extended scope in last year's report, our 2023 report covers both our Wealth Management business and the Bank's own balance sheet in addition to our Asset Management business and operations.

This section first reports separately on the two strands of the UBP's Asset Management division's business i.e. funds and mandates. The strategy implemented within mandates depends primarily on investor choice while, as an asset manager, we have more discretion on the management of our funds.

We then disclose metrics on our discretionary portfolio management and advisory portfolios, having extended the scope of our TCFD reporting to our Wealth Management (WM) business in 2022.

We also include data on our own investments (balance sheet) and continue to report on our own operations. More historical data is available in the Appendix.

Asset management

UBP's Asset Management division (UBP AM) covers the Group's asset management activities, which are primarily conducted for institutional clients around the world.

As of 31 December 2023, UBP had CHF 35.1 billion in assets under management across open-ended funds as well as dedicated funds and mandates for institutional clients.

UBP AM reports on the carbon footprint of long-only internally managed funds (including CHF 2.5 billion in funds managed by its Investment Services teams for WM clients) domiciled in Luxembourg, France, and Switzerland, and of its institutional long-only internally managed mandates. This represents a total of CHF 19 billion.

We report on direct investments in listed equities, corporate bonds and sovereign bonds. This approach is inspired by the latest developments in climate accounting standards, such as those of the Partnership for Carbon Accounting Financials (PCAF) and based on the availability of data. Investments in ETFs, index funds or funds invested in listed equities, corporate bonds or sovereign bonds are not considered at this stage due to the lack of look-through.

The analysis does not cover

- Alternative investments, due to their extensive use of derivatives and the lack of consensus on how to address such derivatives and the netting of positions;
- Funds of funds, funds of hedge funds and mandates invested in funds, due to the lack of look-through data;
- Private markets, due to the lack of consensus on methodologies and data;
- Externally managed funds and mandates, which are distributed by UBP AM but neither managed nor advised by UBP.

Our Asset Management division is committed to extending its disclosure to other asset classes over time, as and when data and methodology standards become more readily available.

We report the following data as of 29 December 2023. UBP AM's open-ended funds domiciled in Luxembourg, France, and Switzerland (the "Funds") have AuM of CHF 17.7 billion.

Equities and bonds (corporate and sovereign) amount to CHF 14.7 billion (83%) of the Funds' AuM. The remaining assets are invested primarily in other funds, ETFs, and cash, which are excluded from the analysis below (notably due to the lack of look-through on the holdings of investee funds). As an asset manager, we have discretion regarding the management of our Funds. Accordingly, our most ambitious climate efforts relate to our Funds.

UBP AM's institutional mandates and dedicated funds (hereafter "Mandates") had AuM of CHF 6 billion as of 29 December 2023. Equities and bonds (corporate and sovereign) amounted to CHF 4.3 billion, i.e. 72% of the Mandates' AuM. The remaining assets were invested primarily in funds, ETFs and cash, which are excluded from the analysis below.

The management of institutional mandates is primarily driven by guidelines and investment approaches selected by investors. We have started to engage with a select number of clients and have already seen some of these mandates adopt tighter ESG guidelines, including on climate. We are looking to increase engagement over time to encourage investors to adopt more stringent climate guidelines.

For equities and corporate bonds, carbon emissions are reported using an allocation based on Enterprise Value Including Cash Allocation (EVIC), as recommended by PCAF. Carbon emissions for sovereign bonds are reported using an allocation based on nominal GDP.

Equities and corporate bonds

For corporate issuers, we use ESG data from ISS ESG for all climate metrics. ISS ESG primarily uses information published by companies, for example emissions data disclosed in their Sustainability/TCFD reports or through the CDP. Where information is not available, ISS ESG will estimate emissions. Information on the ISS ESG methodology is available in the Appendix.

Carbon emissions

Throughout the year, we observed a significant reduction in carbon emissions across the equity and corporate bond holdings of our funds and mandates (see table 1). Scope 1 and 2 emissions decreased by 21%, dropping to 605,930 tonnes of CO_2 from 762,292 tonnes in 2022. When including Scope 3 emissions, total emissions also fell, from 6,221,527 tonnes in 2022 to 6,190,604 tonnes in 2023. This slight decrease reflects an uptick in Scope 3 emissions within our corporate bond holdings, while all other categories saw reductions in their total emissions.

Notably, since the end of 2021, the combined Scope 1 and 2 emissions of our funds' and mandates' equity and bond holdings have been reduced by 45%. Overall, Scope 1, 2 and 3 emissions have decreased by 23%, underscoring our ongoing efforts to mitigate the climate impact of our investments.

Table 1: Carbon emissions

Asset class	CHF mn	Coverage[1]	Disclosing holdings[2] (weighting)	Scope 1+2 (tonnes of CO_2e)	Scope 1+2+3 (tonnes of CO_2e)	Carbon footprint[2] tCO_2e/CHF mn invested
Funds – listed equity holdings	4,915	97.2%	72%	77,984	1,718,776	16.3
Funds – corporate bond holdings	4,228	95.6%	82%	276,068	2,298,224	68.3
Mandates – listed equity holdings	1,115	98.2%	91%	33,612	385,436	30.7
Mandates – corporate bond holdings	2,422	95.4%	93%	218,266	1,788,168	94.5

Source: ISS ESG as of 29.12.2023.

1 Coverage: percentage of the fund (or "covered assets") for which carbon emission data are available (either reported or estimated).

2 Disclosing holdings: percentage of covered assets that report their carbon emissions. For the other holdings, carbon emissions are estimated by ISS ESG.

Carbon Intensity

Despite these improvements, we recognise the continuing challenges of accurately measuring Scope 3 emissions. These challenges stem largely from the reliance on estimates – because of incomplete disclosures by many companies – and the risk of double counting.

Consequently, our strategy for now is to monitor and manage our Funds' Weighted Average Carbon Intensity (WACI) based on Scope 1 and 2 emissions only, with the aim of keeping it below that of the investment universe and reducing it over time.

Table 2, based on ISS ESG data, confirms that the WACI for our equity and corporate bond holdings did indeed continue to decrease throughout the year, remaining significantly lower than that of the global benchmarks for both equities and corporate bonds.

As in previous years, the predominant factor behind the significantly lower carbon intensity of our equity investments compared to global equity markets is their large share of low-carbon strategies. This approach is also increasingly reflected in our dedicated funds and mandates, which have experienced a 40% reduction in carbon intensity over the year. The noticeable shift of institutional investors towards more climate-conscious strategies is also evident in the 30% decrease in the WACI of our corporate bond mandates. This reduction is also partly due to their reduced allocation to emerging market corporate bonds in favour of developed market ones.

Table 2: Carbon intensity

Asset class	WACI (tCO_2e/CHF mn revenue)	WACI – investment universe*
Funds – listed equity holdings	49.8	120.4
Funds – corporate bond holdings	125.3	179.7
Mandates – listed equity holdings	57.1	120.4
Mandates – corporate bond holdings	144.2	179.7

Source: ISS ESG, based on Scope 1 and 2 only, as of 29.12.2023.

*Global equities as measured by the MSCI All Countries World Index and global corporate bonds as measured by the Barclays Global Aggregate Corporate Bond Index.

Exposure to companies heavily involved in coal or unconventional oil and gas[3]

Our equity holdings maintain minimal exposure to companies heavily involved in the coal and unconventional oil and gas sectors (see table 3). Similarly, in our fixed income segment, exposure to firms primarily involved in thermal coal extraction is negligible, and we are continuing to reduce our involvement with coal-powered utilities. On the other hand, while exposure to unconventional oil and gas is negligible in our mandates, it increased slightly in our fund holdings in 2023, although it remains very low at 0.08%

Table 3: Exposure to companies heavily involved in coal or unconventional oil and gas

Exposure	CHF mn	Thermal coal: Extraction	Thermal coal: Coal-powered electricity	Unconventional oil and gas
Funds – listed equity holdings	4,915	0%	0%	0%
Funds – corporate bond holdings	4,228	0%	0.13%	0.08%
Mandates – listed equity holdings	1,115	0%	0%	0%
Mandates – corporate bond holdings	2,422	0%	0.28%	0%

Source: MSCI ESG Research – as of 29.12.2023.

Climate Transition Assessment

Within the equity holdings of our funds and mandates, we have further increased the proportion of companies that have committed to or received approval for science-based carbon emission reduction targets. That proportion is now nearly two thirds (see table 4).

As regards corporate bond investments, the proportion of these companies in our mandates has grown to 50%. However, in our funds, the proportion has reverted to its 2021 level and currently stands at just below 40%.

Table 4: Companies with committed and approved SBT

Asset class	
Funds – listed equity holdings	70%
Funds – corporate bond holdings	39%
Mandates – listed equity holdings	76%
Mandates – corporate bond holdings	50%

Source: ISS ESG as of 29.12.2023.

Looking ahead: temperature trajectory

To determine the potential warming associated with a portfolio, ISS ESG uses scenario alignment analysis, which compares current and future portfolio GHG emissions with the carbon budgets for the IEA Sustainable Development Scenario (SDS) as described in the Risk Management section of this report.

Based on this scenario analysis, as of 31 December 2023:

- Our Funds' equity holdings represented a potential temperature increase of 1.5°C by 2050, whereas global equities (as measured by the MSCI All Countries World Index) represented a potential temperature increase of 2.8°C. This reflects the large percentage of low-carbon and impact strategies in our equity fund offering.
- Our Funds' corporate bond holdings represented a potential temperature increase of 2.7°C by 2050 (unchanged from 2022), in line with the global corporate bond market (as measured by the Barclays Global Aggregate Corporate Bond Index).

We saw positive developments in our Mandates in 2023:

- Our Mandates' equity holdings represented a potential temperature increase of 2.0°C by 2050 (down from 2.2°C at the end of 2022).
- Our Mandates' corporate bond holdings represented a potential temperature increase of 2.6°C by 2050 (down from 2.9°C at the end of 2022).

3 Thermal coal extraction: percentage of equity or bond holdings invested in companies whose revenues derived from the mining of thermal coal, or its sales to external parties, are more than or equal to 20%. Thermal coal includes lignite, bituminous, anthracite and steam coal. This excludes revenues from metallurgical coal, coal mined for internal power generation, intra-company sales of mined thermal coal and revenues from coal trading. Revenues may be either reported or estimated by MSCI ESG Research.

Coal-powered electricity: percentage of equity or bond holdings invested in companies whose revenues derived from thermal coal-based power generation are more than or equal to 20%. Revenues may be either reported or estimated by MSCI ESG Research.

Unconventional oil & gas: percentage of equity or bond holdings invested in companies whose revenues derived from unconventional oil and gas are more than or equal to 10%. This includes revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore production. Revenues may be either reported or estimated by MSCI ESG Research.

Looking ahead: climate-related Value at Risk

We use ISS ESG data for scenario analysis and have started to monitor the potential financial loss (or Value at Risk) that may result from both climate-related transition and physical risks:

- **Climate Transition VaR** measures the expected change in portfolio value[4] as a result of the transition to a net-zero economy. The change may be caused by factors including policy, regulation, technology and customer preferences. The method takes a bottom-up, granular approach to measuring the effect that changes in the global economy (driven by climate change mitigation) will have on a company's valuation. It is based on the IEA Net Zero Emissions by 2050 (NZE2050) scenario.
- **Climate Physical VaR** measures the expected change in portfolio value as a result of the portfolio's exposure to climate-related physical risks (both acute and chronic risks), based on companies' geographical footprint and the nature of their business activities. ISS ESG calculates the physical VaR for two climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC): the RCP4.5 (or "Likely scenario") and the RCP8.5 (or "Worst-case scenario"). RCP4.5 and RCP8.5 are two of four Representative Concentration Pathways (RCPs) developed by IPCC[5] to model future GHG concentrations, climate change, and its potential impacts on the planet. The four RCPs represent different levels of future GHG emissions and the resulting radiative forcing (i.e. the amount of energy trapped in the Earth's atmosphere).
  - RCP4.5 assumes that radiative forcing will stabilise at 4.5 watts per square metre (W/m^2) by 2100, which is considered to be consistent with a 50% chance of limiting global warming to 2°C above pre-industrial levels. The scenario assumes a combination of policies and technologies that result in a transition to low-carbon energy sources, including renewables, nuclear, and carbon capture and storage (CCS) technologies.
  - RCP8.5 is a high-emissions scenario that assumes GHG emissions increasing throughout the 21st century. This scenario leads to a radiative forcing of 8.5 W/m^2 by 2100, resulting in a global temperature increase of more than 4°C above pre-industrial levels by the end of the century. The scenario assumes a continued reliance on fossil fuels and limited deployment of low-carbon energy technologies.

Table 5: Climate-related Value at Risk

	AuM CHF mn	Transition VaR (net zero 2050 scenario) CHF mn	Physical VaR (Likely scenario) CHF mn	Physical VaR (Worst-case scenario) CHF mn
Funds – listed equity holdings	4,915.3	114.3	24.4	37.0
*Expected loss vs. investment universe**		*-2.4% vs. -5.4%*	*-0.5% vs. -0.7%*	*-0.8% vs. -1.1%*
Funds – corporate bond holdings	4,227.8	212.9	29.7	46.1
*Expected loss vs. investment universe**		*-5.3% vs. -7.6%*	*-0.7% vs. -0.7%*	*-1.1% vs. -1.1%*
Mandates – listed equity holdings	1,114.9	26.5	4.3	6.6
*Expected loss vs. investment universe**		*2.4% vs. -5.4%*	*-0.4% vs. -0.7%*	*-0.6% vs. -1.1%*
Mandates – corporate bond holdings	2,421.6	167.8	23.8	37.0
*Expected loss vs. investment universe**		*-7.3% vs. -7.6%*	*-1% vs. -0.7%*	*-1.6% vs. -1.1%*

Source: ISS ESG as of 29.12.2023.

*Global equities as measured by the MSCI All Countries World Index and global corporate bonds as measured by the Barclays Global Aggregate Corporate Bond Index.

4 These VaR calculations follow an equity-based analysis. They should not be interpreted as the potential change in price of a bond. Nevertheless, VaR remains a useful metric for fixed income as it is a holistic indicator of the issuer's exposure to physical or transition risks, even if not directly material to the bond price itself.

5 IPCC, 2014 "Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change" [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland.

Asset Management Net-zero targets published under NZAM

As the publication of the IPCC's sixth Assessment Report led to the development of new climate scenarios – the Shared Socio-economic Pathways (SSPs) – a key priority for the near future is to integrate these latest scenarios into our risk analysis. For 2023, however, we continued to use the same scenarios as in previous years.

Sovereign bonds

The Funds' sovereign bond holdings amount to CHF 5.59 billion and have a weighted average GHG intensity of 263.9 tonnes of CO_2e/USD million GDP nominal, down from 269.2 tonnes of CO_2e/USD million GDP nominal in 2022.[6]

For Mandates, sovereign bond holdings amount to CHF 1.43 billion and have a weighted average GHG intensity of 273.7 tonnes of CO_2/USD million GDP nominal, down from 281.2 tonnes of CO_2/USD million GDP nominal in 2022.

Targets

UBP Asset Management (Europe) S.A., our Luxembourg-based asset management company and parent company of UBP Asset Management (France), signed up to the Net Zero Asset Managers (NZAM) Initiative at the end of 2021, thus agreeing to halve the carbon emissions of its portfolios by 2030 and to take it to net zero by 2050 or sooner by encouraging investments in climate solutions. We published our net zero targets in early 2023, including our emissions reduction targets, based on the Paris Aligned Investment Initiative's Net Zero Investment Framework. At Group level, UBP will be working on an overall transition plan, which is also one of the requirements of the Swiss non-financial disclosure regulations that have come into force in 2024.

Our targets follow the recommendations of NZAM and the Net Zero Investment Framework and were published in January 2023 on the NZAM website.

Proportion of AuM covered by net zero targets

The initial proportion of AuM to be managed in line with net zero targets includes corporate bond and equity direct holdings in the open-ended funds managed by UBP Asset Management (Europe) S.A. and its wholly owned subsidiary UBP Asset Management (France) S.A.. This covers 54% of total AuM. We aim to include mandates and dedicated funds upon client approval.

Due to methodological and technical limitations, the proportion of AuM covered by net zero targets does not include other asset classes and indirect holdings. We are committed to gradually increasing the proportion of AuM managed in line with net zero to 100% as data and methodologies become available.

GHG scopes included:

Our decarbonisation target is based on Scope 1 and 2 GHG emissions. We intend to include Scope 3 emissions once data of sufficient quality becomes available.

Target 1: Portfolio Decarbonisation Reference Target

- Reduce the weighted average carbon intensity of our investee companies by 50% by 2030 and reach net zero emissions by 2050. This is in line with a science-based emissions reduction pathway (P2 emission pathway of the IPCC special report on global warming of 1.5°C).
- 2019 baseline: WACI = 144.56 tonnes CO_2e/USD million.

Target 2: Portfolio Coverage Target

- 100% of AuM in material sectors should be net zero or aligned to net zero by 2040.
- 2021 baseline: proportion of companies aligned, aligning or committed in High Impact Sectors = 19%.

We are also working on setting internal targets to increase AuM in climate solutions (e.g. green bonds, investments aligned with the EU Taxonomy) and to engage with issuers in the most material sectors to encourage them to adopt strategies aligned with a net-zero economy. We also plan to engage clients invested in dedicated funds and mandates to promote investment strategies aligned with a net zero objective.

UBP Asset Management (Europe) S.A. reports regularly on its progress towards net zero targets through the Group level PRI report.

6 Source: MSCI ESG Research. Tonnes of CO_2e emissions per USD million GDP of the country. National territorial emissions are sourced from EDGAR. Nominal GDP figures are sourced from WDI. Currency conversion of nominal GDP to USD uses the average annual nominal exchange rate.

Wealth Management

For our Wealth Management discretionary portfolio management (DPM) business and advisory portfolios, we track the WACI based on Scope 1 and 2 emissions monthly.

At this stage, we do not consider Scope 3 data sufficiently reliable and do not track WACI against benchmarks.

The WACIs of the DPM business and advisory portfolios were as follows[7]:

Constituents	WACI (tCO_2e/ USD mn of sales)	Coverage
DPM	110.5	62.8%
Advisory	159.9	42.3%

7 Only portfolios with AuM > CHF 100,000 are considered.
All accounts have been grouped by type of mandate.

Source: MSCI ESG Research as of 29.12.2023. Based on Scope 1 and 2 emissions.

Proprietary Book

As part of its treasury operations, UBP invests its liquidity primarily in corporate and sovereign bonds, on which we track Scope 1 and 2 emissions based on MSCI ESG Research data. Scope 3 data is not currently considered reliable. Due to the nature and composition of the investment portfolio, its climate and transition risks are regarded as low. The portfolio's overall exposure to fossil fuels, meaning companies that have any ties with this industry, stood at CHF 401.75 million, 2.13%, of the overall proprietary book at the end of 2023.

As part of our strategy, we set target allocations for green bonds every year. In 2023, we held CHF 1.5 billion in green bonds. We also set annual target allocations for investments in corporates that have committed to a SBTi-aligned plan, and in 2023 we reached our target of CHF 1 billion. In addition, we make some impact and transition investments in private markets. Finally, our annual review of country limits incorporates climate factors.

The WACI of the bond portfolio is presented in the table below.

Constituents	WACI (tCO_2e/CHF mn of sales or GDP)	Coverage	WACI investment universe
Corporates	26.9	35.2%	92.3
Sovereigns	197.5	51.6%	341.2

Source: MSCI ESG Research as of 29.12.2023. Based on Scope 1 and 2 emissions.
The investment universes are the Bloomberg Global Aggregate 1-10Y indices for corporate and sovereign bonds respectively.

Green bonds

The only bonds we consider green are those selected by Bloomberg and marked as such with the green leaf symbol.

According to Bloomberg, this requires: the issuer to comply with a green bond framework, including any relevant disclosures or reporting requirement; the issuer to clearly outline that the net bond proceeds will be entirely designated for market accepted green activities (projects or activities that promote climate change mitigation or adaptation, or other environmental sustainability purposes); and a second party opinion for validation.

Our own operations

We are working towards a 25% reduction in our operational Scope 1, 2 and 3 emissions by 2025 compared with 2019. Even though UBP is growing and necessary business travel has resumed, we are striving to achieve our reduction goal through a four-phase approach (see Sustainability Report for more details).

In 2023, UBP's total energy consumption decreased by 6% compared with 2022 thanks to several energy-saving measures and despite the addition of new offices and a higher headcount. Overall, GHG emissions increased slightly (+3% vs. 2022), although they remained 34% below the restated 2019 levels.

Our Scope 1 emissions increased by 21%. This was largely a result of routine maintenance on several of our cooling systems, which drove significantly higher-than-normal coolant refill. However, our Scope 1 emissions remained 24% lower than our baseline emissions in 2019. Scope 2 emissions were down 93% compared with the previous year as we continued to switch to renewable electricity and purchase renewable energy certificates (RECs) for locations where it is not available.

Scope 3 emissions account for the bulk of our total carbon footprint and are responsible for 86% of UBP's overall operational carbon emissions. Business travel and commuting are the main drivers of our carbon footprint and we are continuously working on tackling these through a range of measures. In 2023, Business travel was responsible for 42% of our Scope 3 emissions and 36% of our overall emissions. They rose 34% year-on-year in 2023 due to UBP's growth and resumption of travel in Asia following the lifting of Covid restrictions. Meanwhile, commuting accounted for 44% of our Scope 3 emissions and for 38% of UBP's total emissions.

In 2023, we continued to upgrade our offsetting portfolio to align it more closely with our strategic priorities. Specifically, we increased the proportion of Swiss projects from 10% to 20% and added a Chinese project to strengthen the geographic links between our offsetting portfolio and operations. We also introduced a Swiss carbon removal project to the portfolio.

For more information about our operational emissions and the progress we made in 2023, please refer to the climate chapter of our 2023 Sustainability Report.

In line with our commitment to transparent reporting, we have created UBP's 2023 Sustainability Report in accordance with GRI and sought limited external assurance for a selection of sustainability indicators.

8 About this report

About this Report

UBP is publishing its fourth Sustainability Report according to the GRI Standards, the world's most widely used framework for sustainability reporting. The Standards offer a structured format for communicating about material issues and related performance metrics in a consistent and comprehensive way.

The report has been prepared in accordance with the GRI Universal Standards 2021. The reporting principles for defining material topics and ensuring quality have been applied throughout the information and report development process.

UBP reports on material topics identified as part of a comprehensive materiality assessment process conducted in 2022, based on the double materiality concept.

This report has also been prepared according to Article 964a-c of the Swiss Code of Obligations.

As with our financial reporting, the reporting period is the 2023 calendar year. UBP is committed to an annual reporting process, and the previous Sustainability Report was published on 27 June 2023.

This report contains restatements related to: employees at the beginning of the year; new employee hires and employee turnover; return to work of employees that took parental leave; average hours of training per year per employee; and carbon intensity of our proprietary book.

The reporting scope comprises all our locations unless otherwise specified for a specific disclosure.

The list of all our offices is available in UBP's Annual Report 2023 (available on www.ubp.com), p. 45-48.

During the reporting period, UBP acquired Angel Asset Management Japan, which is therefore included in the reporting.

This report has been approved by UBP's Executive Committee, by its Board of Directors and by its shareholders in its AGM.

A selection of sustainability indicators presented in this report has been assured externally (limited assurance).

If you have any questions regarding this report, please contact sustainability@ubp.ch.

GRI Content Index

Statement of use	Union Bancaire Privée (UBP) has reported in accordance with the GRI Standards for the period January 1st 2023 - December 31st 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	n/a

Disclosure	Location (page)	Omission		
		Requirement(s) omitted	Reason	Explanation
General disclosures				
GRI 2: General Disclosures 2021				
2-1 Organisational details	Front cover, p. 6 & p. 47			
2-2 Entities included in the organisation's sustainability reporting	p. 47			
2-3 Reporting period, frequency and contact point	p. 47			
2-4 Restatements of information	p. 47			
2-5 External assurance	p. 60			
2-6 Activities, value chain and other business relationships	p. 6			
2-7 Employees	p. 52 - 54			
2-8 Workers who are not employees	p. 52 - 54			
2-9 Governance structure and composition	p. 10. See also UBP Annual Report 2023			
2-10 Nomination and selection of the highest governance body	p. 10. See also UBP Annual Report 2023			
2-11 Chair of the highest governance body	See UBP Annual Report 2023			
2-12 Role of the highest governance body in overseeing the management of impacts	p. 10. Also TCFD Report 2023 p. 38-46. See also UBP Annual Report 2023			
2-13 Delegation of responsibility for managing impacts	p. 10			
2-14 Role of the highest governance body in sustainability reporting	p. 47			
2-15 Conflicts of interest	See UBP Annual Report 2023			
2-16 Communication of critical concerns	p. 36			
2-17 Collective knowledge of the highest governance body	p. 10. See also UBP Annual Report 2023			
2-18 Evaluation of the performance of the highest governance body	p. 10			
2-19 Remuneration policies	p. 10. See UBP Annual Report 2023			
2-20 Process to determine remuneration	p. 10			
2-21 Annual total compensation ratio	p. 54			
2-22 Statement on sustainable development strategy	p. 2			
2-23 Policy commitments	p. 32 - 33			
2-24 Embedding policy commitments	p. 32 - 33			
2-25 Processes to remediate negative impacts	p. 32 - 33			

GRI Content Index

Disclosure	Location (page)	Omission		
		Requirement(s) omitted	Reason	Explanation
2-26 Mechanisms for seeking advice and raising concerns	p. 32 - 33			
2-27 Compliance with laws and regulations	p. 32 - 33, Zero instances			
2-28 Membership associations	p. 12			
2-29 Approach to stakeholder engagement	p. 11			
2-30 Collective bargaining agreements		Yes	Not applicable	Not relevant in private banking industry
Material topics				
GRI 3: Material Topics 2021				
3-1 Process to determine material topics	p. 9			
3-2 List of material topics	p. 9			
Anti-corruption				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 32-33: Business ethics and compliance			
GRI 205: Anti-corruption 2016				
205-1 Operations assessed for risks related to corruption		Yes	Not applicable	UBP focuses on tools and controls to identify and mitigate corruption risks in relation to financial crime, terrorist financing and sanctions. These are applied at the Group level.
205-2 Communication and training about anti-corruption policies and procedures	p. 32			
205-3 Confirmed incidents of corruption and actions taken		Yes	Confidentiality constraints	Sensitive information for us operating in a highly confidential and competitive sector.
Energy				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 21-23			
GRI 302: Energy 2016				
302-1 Energy consumption within the organisation	p. 51			
302-2 Energy consumption outside of the organisation		Yes	Not applicable	Only report on GHG emissions over which we have operational control
302-3 Energy intensity	p. 51			
302-4 Reduction of energy consumption	p. 51			
302-5 Reductions in energy requirements of products and services		Yes	Not applicable	Not relevant in financial industry as no direct impact.

Disclosure	Location (page)	Omission		
		Requirement(s) omitted	Reason	Explanation
Emissions				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 21-23			
GRI 305: Emissions 2016				
305-1 Direct (Scope 1) GHG emissions	p. 51			
305-2 Energy indirect (Scope 2) GHG emissions	p. 51			
305-3 Other indirect (Scope 3) GHG emissions	p. 51			
305-4 GHG emissions intensity	p. 51			
305-5 Reduction of GHG emissions	p. 51			
305-6 Emissions of ozone-depleting substances (ODS)		Yes	Not applicable	Not relevant in financial industry as no direct impact.
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Yes	Not applicable	Not relevant in financial industry as no direct impact.
Employment				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 26-27			
GRI 401: Employment 2016				
401-1 New employee hires and employee turnover	p. 53			
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 54			
401-3 Parental leave	p. 51 - 53			
Training and education				
GRI 3: Material Topics 2021				
3-3 Management of material topics (relevant for sustainability awareness as well as general training)	p. 13, 16, 17, 26, 27			
GRI 404: Training and Education 2016				
404-1 Average hours of training per year per employee	p. 54			
404-2 Programs for upgrading employee skills and transition assistance programs	p. 54			
404-3 Percentage of employees receiving regular performance and career development reviews	p. 54			

GRI Content Index

Disclosure	Location (page)	Omission		
		Requirement(s) omitted	Reason	Explanation
Diversity and equal opportunity				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 26, 27			
GRI 405: Diversity and Equal Opportunity 2016				
405-1 Diversity of governance bodies and employees	p. 53			
405-2 Ratio of basic salary and remuneration of women to men	p. 53			
Non-discrimination				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 26, 27			
GRI 406: Non-discrimination 2016				
406-1 Incidents of discrimination and corrective actions taken	p. 53			
Local communities				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 30			
GRI 413: Local Communities 2016				
413-1 Operations with local community engagement, impact assessments, and development programs		Partial	Not applicable	As a bank operational impact is minimal
413-2 Operations with significant actual and potential negative impacts on local communities		Yes	Not applicable	As a bank operational impact is minimal
Marketing and labeling				
GRI 3: Material Topics 2021				
3-3 Management of material topics (relevant in responsible investing, which includes transparent and fair information)	p. 34. See also UBP's 2022 UK Stewardship Code			
GRI 417: Marketing and Labeling 2016				
417-1 Requirements for product and service information and labeling	p. 34	Partial	Not applicable	Not all are relevant for banking products and services
417-2 Incidents of non-compliance concerning product and service information and labeling	Zero incidents			
417-3 Incidents of non-compliance concerning marketing communications	1 incident			
Customer privacy				
GRI 3: Material Topics 2021				
3-3 Management of material topics	p. 35			
GRI 418: Customer Privacy 2016				
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 35			

Statutory Non-Financial Matter Report Index

Statutory Non-Financial Matter Report Index (Article 964b CO)

Information required pursuant to article 964b CO	Reference in the sustainability or annual report	Page	GRI reference (see index)
General aspects			
Description of the business model	About UBP	6	2-1 - 2-28
	About This Report	47	
	Governance	9	
Significant risks to business and those business may cause	Risk Management & Materiality	9	3
	Governance	10	2-12, 2-13
Environmental matters			
Risks, approach, policies and actions	Responsible Investing	15-17	
	Climate	21-24	302, 305
	Community Engagement	30	413 (partial)
Key performance indicators	Environmental KPIs	51	302, 305
	Financed Emissions KPIs	55, 56	
Social matters			
Risks, approach, policies and actions Key performance indicators	Data Privacy	35	418
	Responsible Investing	15-17	
	Community Engagement	30	413 (partial)
Employee matters			
Risks, approach, policies and actions	Talent Management & Employer of Choice	26-27	401, 404, 405, 406
	Responsible Investing	15-17	
Key performance indicators	HR Data Table	52-54	401, 404, 405, 406
Human rights			
Risks, approach, policies and actions	Talent Management & Employer of Choice (Diversity, Equity & Inclusion)	26-27	405, 406
	Responsible investing	15-17	
Key performance indicators	HR Data Table	52-54	405, 406
Corruption			
Risks, approach, policies and actions Key performance indicators	Business Ethics and Compliance	32-33	205

9

Appendix

Environmental key performance indicators

	2021	2022	2023	2023 vs 2022
Energy consumption within the organisation (GRI 302-1)				
Total energy consumption GJ	**41,905**	**39,701**	**37,366**	**-5.9%**
Total energy consumption MWh	**11,640**	**11,028**	**10,379**	**-5.9%**
From non-renewable sources (in GJ)	19,197	14,706	11,143	-24.2%
From renewable sources (in GJ)	22,708	24,995	26,223	+4.9%
Electricity (in GJ)	**28,154**	**27,897**	**26,383**	**-5.4%**
Electricity (in kWh)	**7,820,606**	**7,749,134**	**7,328,543**	**-5.4%**
Renewable electricity (in kWh)	6,254,729	6,850,168	7,228,487	+5.5%
Conventional electricity (in kWh)	1,565,877	898,966	100,057	-88.9%
Share of renewable electricity	80.0%	88.4%	98.6%	+10.2%
Heating and cooling (in GJ)	**13,751**	**11,804**	**10,983**	**-7.0%**
Heating and cooling (in kWh)	**3,819,606**	**3,278,821**	**3,050,825**	**-7.0%**
From non-renewable sources (in GJ)	**13,559**	**11,469**	**10,782**	**-6.0%**
From non-renewable sources (in kWh)	**3,766,506**	**3,185,935**	**2,995,104**	**-6.0%**
Heating oil (in kWh)	0	99,680	108,978	+9.3%
Natural gas[1] (in kWh)	3,766,506	2,597,071	2,615,559	+0.7%
District heating (in kWh)	n/a	8,559	16,038	+87.4%
District cooling (in kWh)	n/a	480,625	254,528	-47.0%
From renewable sources (in GJ)	**191**	**334**	**201**	**-40.0%**
From renewable sources (in kWh)	**53,101**	**92,886**	**55,721**	**-40.0%**
Biogas[1] (in kWh)	53,101	92,886	55,721	-40.0%
Share of renewable heating	1.4%	2.8%	1.8%	-1.0%
Energy intensity (GRI 302-3)				
Energy intensity (in kWh/CHF mn revenues)	10,265	9,091	8,459	-7.0%
Energy intensity (in kWh/FTE)	6,112	5,633	4,957	-12.0%

	2019	2021	2022	2023	2023 vs 2022
Total GHG emissions in tonnes CO_2e					
Total	7,717	3,889	4,955	5,120	+3.3%
Direct (Scope 1) GHG emissions (GRI 305-1) in tonnes CO_2e					
Total	894	787	558	677	+21.3%
Heating and cooling	850	774	535	542	+1.1%
Loss of coolant	44	13	23	136	+496.0%
Indirect (Scope 2) GHG emissions (GRI 305-2) in tonnes CO_2e					
Scope 2 (location-based)	1,521	1,439	1,453	878	-39.6%
Scope 2 (market-based)	771	579	648	46	-92.9%
Other indirect (Scope 3) GHG emissions (GRI 305-3) in tonnes CO_2e					
Total	6,052	2,523	3,749	4,397	+17.3%
Purchased goods and services	317	397	610	496	-18.6%
Waste generated in operations	65	46	88	103	+16.3%
Business travel	4,063	855	1,399	1,866	+33.5%
Employee commuting	1,606	1,225	1,653	1,932	+16.9%
GHG emissions intensity (GRI 305-4)					
Scope 1 + 2 GHG emissions intensity (in tCO_2e/CHF mn revenues)	1.6	1.2	1.0	0.6	-40.7%
Scope 3 GHG emissions intensity (in tCO_2e/CHF mn revenues)	5.7	2.2	3.1	3.6	+15.9%
Scope 1 + 2 GHG emissions intensity (in tCO_2e/FTE)	1.0	0.7	0.6	0.3	-43.9%
Scope 3 GHG emissions intensity (in tCO_2e/FTE)	3.5	1.3	1.9	2.1	+9.7%

1 The typology of the heating mix for one site with immaterial consumptions as well as carbon emissions was captured incorrectly in the previous years and corrected for 2023.

Human resource key performance indicators

	2021	2022	2023
Information on employees (GRI 2-7)[1]			
Employees at the beginning of the year[2]			
Total number of employees (excluding temporary and external staff members) in FTE	1,798.6	1,960.1[3]	1,946.2
Total number of employees (excluding temporary and external staff members) in Headcount	1,864	1,957	2,003
Female	783	797	806
Male	1,081	1,160	1,197
Employees at the end of the year			
Total number of employees in FTE	1,904.4	1,959.8	2093.7
Total number of employees (excluding temporary and external staff members) in FTE	1,899.4	1,948.8	2087.7
Total number of employees (excluding temporary and external staff members) in Headcount	1,957	2,008	2171
Female	798	808	900
Male	1,159	1,200	1271
Total number of employees by region (excluding temporary and external staff members) in FTE, 31.12.2023	**1899.4**	**1,948.8**	**2,087.7**
Switzerland	-	1,176.5	1,220.7
Europe (excl. Switzerland)	-	350.0	397.2
Americas	-	10.8	5.8
MEA	-	48.0	50.0
Asia	-	363.5	414.0
Employees by working time category and gender (excluding temporary and external staff members) in Headcount, 31.12.2023			
Female	**798**	**808**	**900**
Full-time	667	668	752
Part-time	131	140	148
Non-guaranteed hours	n/a	n/a	n/a
Male	**1159**	**1200**	**1271**
Full-time	1131	1166	1221
Part-time	28	34	50
Non-guaranteed hours	n/a	n/a	n/a
Employees by working time category and region (excluding temporary and external staff members) in Headcount, 31.12.2023			
Switzerland	**-**	**1221**	**1287**
Full-time	-	1072	1117
Part-time	-	149	170
Non-guaranteed hours	-	n/a	n/a

1 Graduates are considered full-time equivalent starting from reporting year 2023 (included in related indicators).
2 "Beginning of the year" is as of 1 January of a given year (previously 31 January).
3 0.5 FTE from one temporary employee included in 2022, excluded for 2023.

	2021	2022	2023
Europe (excl. Switzerland)	**-**	**357**	**406**
Full-time	-	337	384
Part-time	-	20	22
Non-guaranteed hours	-	n/a	n/a
Americas	**-**	**11**	**6**
Full-time	-	10	5
Part-time	-	1	1
Non-guaranteed hours	-	n/a	n/a
MEA	**-**	**50**	**52**
Full-time	-	50	52
Part-time	-	0	0
Non-guaranteed hours	-	n/a	n/a
Asia	**-**	**369**	**420**
Full-time	-	365	415
Part-time	-	4	5
Non-guaranteed hours	-	n/a	n/a
Employees by contract type and gender, in Headcount, 31.12.2023			
Female	**903**	**920**	**1028**
Permanent	798	808	900
Temporary (fixed-term)	99	102	123
Apprentices	6	10	5
Male	**1486**	**1516**	**1683**
Permanent	1159	1200	1271
Temporary (fixed-term)	320	304	405
Apprentices	7	12	7
Employees by contract type and region, in Headcount, 31.12.2023			
Switzerland	**-**	**1531**	**1669**
Permanent	-	1221	1287
Temporary (fixed-term)	-	310	371
Apprentices	-	-	11
Europe (excl. Switzerland)	**-**	**404**	**451**
Permanent	-	357	406
Temporary (fixed-term)	-	47	44
Apprentices	-	-	1
Americas	**-**	**11**	**6**
Permanent	-	11	6
Temporary (fixed-term)	-	0	0
Apprentices	-	-	0
MEA	**-**	**52**	**53**
Permanent	-	50	52
Temporary (fixed-term)	-	2	1
Apprentices	-	-	0
Asia	**-**	**394**	**532**
Permanent	-	369	420
Temporary (fixed-term)	-	25	112
Apprentices	-	-	0

Human resource KPIs

	2021	2022	2023
Workers who are not employees (GRI 2-8) in Headcount, 31.12.2023			
Total number of workers who are not employees and whose work is controlled by UBP	419	406	540
Total number of workers who are not employees and whose work is not controlled by UBP	-	252	167

	2021	2022	2023
Collective bargaining agreements (GRI 2-30) in %, 31.12.2023			
Percentage of total employees covered by collective bargaining agreements	0	0	0

New employee hires and employee turnover (GRI 401-1)[4] (excluding temporary and external staff members), total number (FTE) and percentage

	2021 FTE	2021 %	2022 FTE	2022 %	2023 FTE	2023 %
New employees (401-a)	**303.0**		**329.0**		**366.4**	
Rate of new employee hires		16.0%		16.6%		18.2%
New employees by gender						
Female	122.1	40.3%	132.8	40.4%	187.4	51.1%
Male	181.0	59.7%	196.2	59.6%	179.0	48.9%
New employees by age category						
Age under 30 years	38.3	12.6%	63.5	19.3%	63.8	17.4%
Age 30-50 Years	202.4	66.8%	201.7	61.3%	225.4	61.5%
Age over 50 years	62.4	20.6%	63.9	19.4%	77.3	21.1%
New employees by region						
Switzerland	174.5	57.6%	132.7	40.3%	150.3	41.0%
Europe (excl. Switzerland)	45.0	14.9%	120.3	36.6%	102.6	28.0%
Americas	2.0	0.7%	1.0	0.3%	1.0	0.3%
MEA	4.0	1.3%	14.0	4.3%	6.0	1.6%
Asia	77.5	25.6%	61.0	18.5%	106.5	29.1%
Employees leaving the company (401-b)	**208.8**		**270.6**		**234.7**	
Rate of turnover (voluntary + involuntary departures)		11.6%		13.7%		11.6%
Rate of turnover (voluntary departures)		6.6%		8.7%		7.2%
Employees leaving the company by gender						
Female	103.0	49.3%	118.4	43.7%	106.1	45.2%
Male	105.8	50.7%	152.2	56.3%	128.6	54.8%
Employees leaving the company by age category						
Age under 30 years	9.1	4.4%	18.5	6.8%	18.8	8.0%
Age 30-50 years	129.7	62.1%	178.9	66.1%	142.7	60.8%
Age over 50 years	70.0	33.5%	73.2	27.0%	73.2	31.2%
Employees leaving the company by region						
Switzerland	97.0	46.5%	127.4	47.1%	111.3	47.4%
Europe (excl. Switzerland)	49.8	23.8%	65.5	24.2%	60.4	25.7%
Americas	4.0	1.9%	10.0	3.7%	5.0	2.1%
MEA	2.0	1.0%	11.5	4.3%	6.0	2.6%
Asia	56.0	26.8%	56.3	20.8%	52.0	22.2%

4 Change from headcount to FTE metric for absolute values, percentages remained unchanged as they had already been calculated based on FTE.

	2021	2022	2023
Parental leave (GRI 401-3)[5] - Switzerland only, in total number (headcount), 31.12.2023			
Employees entitled to parental leave, by gender	**35**	**55**	**40**
Female	16	18	16
Male	19	37	24
Employees who took parental leave, by gender	**35**	**55**	**30**
Female	16	18	16
Male	19	37	14
Employees who returned to work in the reporting period after parental leave ended, by gender	**33**	**44**	**26**
Female	14	14	12
Male	19	30	14
Return to work of employees who took parental leave			
Return to work rate of female employees that took parental leave	87.5%	77.8%	75.0%
Return to work rate of male employees that took parental leave	100%	81.1%	100%
Employees who returned to work after parental leave ended and who were still employed 12 months after their return to work, by gender			
Female	11	8	13
Male		16	26
Employees who returned from parental leave in the prior reporting period(s)			
Female	-	14	14
Male	-	19	30
Retention rate (after 12 months) of employees who took parental leave			
Retention rate (after 12 months) of female employees that took parental leave	-	57.1%	92.9%
Retention rate (after 12 months) of male employees that took parental leave	-	84.2%	86.7%

	2021	2022	2023
Average hours of training per year per employee (GRI 404-1)[6,7] - 31.12.2023			
Overall	**14.2**	**12.6**	**12.8**
Male	14.0	13.4	14.1
Female	14.3	11.9	11.1
Employees with management function	15.6	10.7	11.3
Employees without management function	13.7	13.5	13.3
Percentage of employees who have completed sustainability training with external providers	**-**	**1.2%**	**0.4%**

5 Correction of retention rate calculation and inclusion of additional historic data.

6 Correction of calculation.

7 At Group level for permanent employees only.

Human resource KPIs

	2021	2022	2023
Percentage of employees receiving regular performance and career development reviews (GRI 404-3), 31.12.2023			
Overall of	**91%**	**92%**	**93%**
Male	90%	93%	93%
Female	92%	90%	94%
Of employees with management function	86%	92%	89%
Of employees without management function	92%	92%	94%

	2021	2022	2023
Diversity (GRI 405-1)[7] in Headcount, 31.12.2023			
Employees by gender (excluding temporary and external staff members)			
Female	39.9%	39.5%	41.5%
Male	60.1%	60.5%	58.5%
Employees by age group (excluding temporary and external staff members)			
Age under 30 years	6.3%	7.4%	7.3%
Age 30-50 years	57.9%	56.0%	55.0%
Age over 50 years	35.8%	36.6%	37.6%
General staff by gender (excluding temporary and external staff members)			
Female	-	-	55.0%
Male	-	-	45.0%
General staff by age category (excluding temporary and external staff members)			
Age under 30 years	-	-	17.1%
Age 30-50 years	-	-	55.8%
Age over 50 years	-	-	27.1%
Middle management employees by gender			
Female	-	-	37.2%
Male	-	-	62.8%
Middle management employees by age category			
Age under 30 years	-	-	0.8%
Age 30-50 years	-	-	64.0%
Age over 50 years	-	-	35.2%
Senior management employees by gender			
Female	-	-	26.9%
Male	-	-	73.1%
Senior management employees by age category			
Age under 30 years	-	-	0.0%
Age 30-50 years	-	-	46.5%
Age over 50 years	-	-	53.5%
Executive management by gender			
Female	12.0%	12.5%	12.5%
Male	87.5%	87.5%	87.5%
Executive management by age category			
Age under 30 years	0.0%	0.0%	0.0%
Age 30-50 years	25.0%	25.0%	25.0%
Age over 50 years	75.0%	75.0%	75.0%
Board of Directors by gender			
Female	22.2%	37.5%	37.5%
Male	77.8%	62.5%	62.5%
Board of Directors by age category			
Age under 30 years	0.0%	0.0%	0.0%
Age 30-50 years	11.1%	12.5%	12.5%
Age over 50 years	88.9%	87.5%	87.5%
Front Office employees by gender			
Female	-	-	41.7%
Male	-	-	58.3%
Front office employees by age category			
Age under 30 years	-	-	7.4%
Age 30-50 years	-	-	53.9%
Age over 50 years	-	-	38.7%
Back Office employees by gender			
Female	-	-	41.1%
Male	-	-	58.9%
Back office employees by age category			
Age under 30 years	-	-	7.2%
Age 30-50 years	-	-	56.8%
Age over 50 years	-	-	36.0%
Percentage of senior managers who are women	**24.3%**	**25.2%**	**26.9%**
Average age of all employees	**45.1**	**45.3**	**45.6**

7 Addition of new categories to include senior management and middle management, to provide more transparency and align with GRI requirements.

	2021	2022	2023
Ratio of basic salary and remuneration of women to men (GRI 405-2), 31.12.2023			
Overall	-6.9%	-6.9%	-6.9%

	2021	2022	2023
Incidents of discrimination and corrective actions taken (GRI 406-1), 31.12.2023			
Overall			
Total number of incidents of discrimination during the reporting period	-	2	0

	2021	2022	2023
Annual total compensation ratio (GRI 2-21)[8]			
Annual total compensation ratio		**1926%**	**2144%**
Change in the annual total compensation ratio		**137.3%**	**714.2%**

8 Change in disclosed information to align with GRI requirements.

Employee benefits

Benefits which are standard for full-time employees of the organisation but which are not provided to temporary or part-time employees, by significant locations of operation (Geneva and Zurich):

Health care: temporary employees only benefit from the participation to the health insurance premium if the mission lasts more than 6 months.

Disability and invalidity coverage: temporary employees are covered for a maximum of 180 days if mission lasts up to 3 months, otherwise full coverage of 730 days.

Retirement provision: temporary employees are only insured if their employment lasts more than 3 months.

Life insurance: No life insurance is offered to UBP employees, irrespective of employment status.

Stock ownership: None

Parental leave: All employees are entitled to the same parental leave irrespective of work pensum or contract type (16 weeks for mothers, 10 days for fathers)

Financed emissions - AM key performance indicators

	2021	2022	2023
Carbon emissions[1]			
Funds – listed equity holdings			
CHF mn	7,231	4,701	4,915
Coverage[2]	95.0%	98.7%	97.2%
Disclosing holdings[3]	82.0%	87.0%	72.0%
Scope 1+2 (tonnes of CO_2e)	116,094	85,961	77,984
Scope 1+2+3 (tonnes of CO_2e)	2,890,839	1,720,853	1,718,776
Carbon footprint (1+2) (tonnes of CO_2e/CHF mn invested)	16.9	18.5	16.3
Funds – corporate bond holdings			
CHF mn	7,533	4,736	4,228
Coverage	93.9%	94.0%	95.6%
Disclosing holdings	91.0%	96.0%	82.0%
Scope 1+2 (tonnes of CO_2e)	709,184	333,829	276,068
Scope 1+2+3 (tonnes CO_2e)	3,440,166	2,036,383	2,298,224
Carbon footprint (1+2) (tonnes of CO_2e/CHF mn)	100.3	75.0	68.3
Mandates – listed equity holdings			
CHF mn	1,566	1,041	1,115
Coverage	94.6%	98.7%	98.2%
Disclosing holdings	89.0%	88.0%	91.0%
Scope 1+2 (tonnes of CO_2e)	39,154	48,516	33,612
Scope 1+2+3 (tonnes of CO_2e)	412,602	455,224	385,436
Carbon footprint (1+2) (tonnes of CO_2e/CHF mn)	26.5	47.2	30.7
Mandates – corporate bond holdings			
CHF mn	1,748	2,860	2,422
Coverage	90.4%	92.1%	95.4%
Disclosing holdings	90.0%	95.0%	93.0%
Scope 1+2 (tonnes of CO_2e)	241,227	293,986	218,266
Scope 1+2+3 (tonne of CO_2e)	1,248,480	2,009,067	1,788,168
Carbon footprint (1+2) (tonnes of CO_2e/CHF mn)	152.6	111.6	94.5
Carbon intensity[4]			
Funds – listed equity holdings			
WACI – tCO_2e/CHF mn revenue	71.8	59.5	49.8
WACI – investment universe[5]	163.8	166.9	120.4
Funds – corporate bond holdings			
WACI – tCO_2e/CHF mn revenue	213.8	142.8	125.3
WACI – investment universe[5]	217.6	214.8	179.7

1 Source: ISS ESG as of 29.12.2023.

2 Coverage: percentage of the fund (or "covered assets") for which carbon emission data are available (either reported or estimated).

3 Disclosing holdings: percentage of covered assets that report their carbon emissions. For the other holdings, carbon emissions are estimated by ISS ESG.

4 ISS ESG, based on Scope 1 and 2 only, as of 29.12.2023.

5 Global equities as measured by the MSCI All Countries World Index and global corporate bonds as measured by the Barclays Global Aggregate Corporate Bond Index.

	2021	2022	2023
Mandates – listed equity holdings			
WACI – tCO_2e/CHF mn revenue	74.4	95.6	57.1
WACI – investment universe[5]	163.8	166.9	120.4
Mandates – corporate bond holdings			
WACI – tCO_2e/CHF mn revenue	318.0	207.5	144.2
WACI – investment universe[5]	217.6	214.8	179.7
Exposure to companies heavily involved in coal or unconventional oil and gas[6,7]			
Funds – listed equity holdings			
CHF mn	7,231	4,701	4,915
Thermal coal			
Extraction	0.0%	0.0%	0.0%
Coal-powered electricity	0.0%	0.02%	0.0%
Unconventional oil & gas	0.0%	0.0%	0.0%
Funds – corporate bond holdings			
CHF mn	7,533	4,736	4,228
Thermal coal			
Extraction	0.0%	0.0%	0.0%
Coal-powered electricity	0.0%	0.15%	0.13%
Unconventional oil & gas	0.30%	0.02%	0.08%
Mandates – listed equity holdings			
CHF mn	1,566	1,041	1,115
Thermal coal			
Extraction	0.0%	0.0%	0.0%
Coal-powered electricity	0.0%	0.09%	0.0%
Unconventional oil & gas	0.0%	0.02%	0.0%
Mandates - corporate bond holdings			
CHF mn	1,748	2,860	2,422
Thermal coal			
Extraction	0.0%	0.0%	0.0%
Coal-powered electricity	1.20%	0.35%	0.28%
Unconventional oil & gas	0.30%	0.27%	0.0%

6 Source: MSCI ESG Research – as of 29.12.2023.

7 Thermal coal extraction: percentage of equity or bond holdings invested in companies whose revenues derived from the mining of thermal coal, or its sales to external parties, are more than or equal to 20%. Thermal coal includes lignite, bituminous, anthracite and steam coal. This excludes revenues from metallurgical coal, coal mined for internal power generation, intra-company sales of mined thermal coal and revenues from coal trading. Revenues may be either reported or estimated by MSCI ESG Research.
Coal-powered electricity: percentage of equity or bond holdings invested in companies whose revenues derived from thermal coal-based power generation are more than or equal to 20%. Revenues may be either reported or estimated by MSCI ESG Research.
Unconventional oil & gas: percentage of equity or bond holdings invested in companies whose revenues derived from unconventional oil and gas are more than or equal to 10%. This includes revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore production. Revenues may be either reported or estimated by MSCI ESG Research.

Financed emissions KPIs

	2021	2022	2023
Companies with committed and approved SBT[8]			
Funds – listed equity holdings	47.0%	62.0%	70.0%
Funds – corporate bond holdings	38.0%	43.0%	39.0%
Mandates – listed equity holdings	49.0%	71.0%	76.0%
Mandates – corporate bond holdings	33.0%	47.0%	50.0%
Temperature score (°C)[8]			
Funds – listed equity holdings	1.5	1.5	1.5
Funds – corporate bond holdings	2.9	2.7	2.7
Mandates – listed equity holdings	2.3	2.2	2.0
Mandates – corporate bond holdings	3.3	2.9	2.6
MSCI ACWI	2.9	2.7	2.8
Barclays Global Aggregate	2.9	2.7	2.7
Climate-related value at risk			
Funds – listed equity holdings[8]			
AuM CHF mn		4,701.0	4,915.3
Transition VaR (net zero 2050 scenario, CHF mn)	-	127.2	114.3
Expected loss vs. investment universe[9]	-	-2.7% vs. -6.0%	-2.4% vs. -5.4%
Physical VaR (likely scenario, CHF mn)	-	41.5	24.4
Expected loss vs. investment universe[9]	-	-0.9% vs. -0.9%	-0.5% vs. -0.7%
Physical VaR (worst-case scenario, CHF mn)	-	63.1	37.0
Expected loss vs. investment universe[9]	-	-1.3% vs. -1.3%	-0.8% vs. -1.1%
Funds – corporate bond holdings[8]			
AuM CHF mn		4,736.0	4,227.8
Transition VaR (net zero 2050 scenario, CHF mn)	-	185.9	212.9
Expected loss vs. investment universe[9]	-	-3.9% vs. -6.0%	-5.3% vs. -7.6%
Physical VaR (likely scenario, CHF mn)	-	25.9	29.7
Expected loss vs. investment universe[9]	-	-0.5% vs. -0.5%	-0.7% vs. -0.7%
Physical VaR (worst-case scenario, CHF mn)	-	39.7	46.1
Expected loss vs. investment universe[9]	-	-0.8% vs. -0.8%	-1.1% vs. -1.1%
Mandates – listed equity holdings[8]			
AuM CHF mn		1,041.0	1,114.9
Transition VaR (net zero 2050 scenario, CHF mn)	-	32.8	26.5
Expected loss vs. investment universe[9]	-	-3.0% vs. -6.0%	-2.4% vs. -5.4%
Physical VaR (likely scenario, CHF mn)	-	6.1	4.3
Expected loss vs. investment universe[9]	-	-0.6% vs. – 0.9%	-0.4% vs. -0.7%
Physical VaR (worst-case scenario, CHF mn)	-	9.2	6.6
Expected loss vs. investment universe[9]	-	-0.9% vs. -1.3%	-0.6% vs. -1.1%
Mandates – corporate bond holdings[8]			
AuM CHF mn		2,860.0	2,421.6
Transition VaR (net zero 2050 scenario, CHF mn)	-	161.3	167.8
Expected loss vs. investment universe[9]	-	-5.6% vs. -6.0%	-7.3% vs. -7.6%
Physical VaR (likely scenario, CHF mn)	-	24.1	23.8
Expected loss vs. investment universe[9]	-	-0.8% vs. -0.5%	-1% vs. -0.7%
Physical VaR (worst-case scenario, CHF mn)	-	36.8	37.0
Expected loss vs. investment universe[9]	-	-1.2% vs. -0.8%	-1.6% vs. -1.1%

8 Source: ISS ESG as of 29.12.2023.

9 Global equities as measured by the MSCI All Countries World Index and global corporate bonds as measured by the Barclays Global Aggregate Corporate Bond Index.

	2021	2022	2023
Sovereign bonds[10]			
Funds – sovereign bond holdings			
AUM (CHF bn)	5.35	3.96	5.59
GHG intensity (tonnes CO_2/GDP mn)	309.9	269.2	263.9
Mandates – sovereign bond holdings			
AUM (CHF bn)	1.54	1.39	1.43
GHG intensity (tonnes CO_2/GDP mn)	312.3	281.2	273.7

Financed emissions - WM key performance indicators

	2022	2023	2023 vs. 2022
The WACIs of the WM DPM and advisory portfolios[11]			
DPM			
WACI (tCO_2e/USD mn of sales)	144.7	110.5	-23.6%
Coverage	59.9%	62.8%	+2.9%
Advisory			
WACI (tCO_2e/USD mn of sales)	221.3	159.9	-27.7%
Coverage	42.5%	42.3%	-0.2%

Financed emissions - own investments

	2022	2023	2023 vs. 2022
The WACI of the proprietary bond portfolio[12]			
Corporates			
WACI (tCO_2e/CHF mn of sales)	45.7	26.9	-41.1%
Coverage	36.8%	35.2%	-1.6%
WACI Investment universe	187.1	92.3	-50.7%
Sovereigns			
WACI (tCO_2e/CHF mn of GDP)	242.8	197.5	-18.7%
Coverage	41.9%	51.6%	+9.7%
WACI Investment universe	404.5	341.2	-15.6%

10 Source: MSCI ESG Research

11 Only portfolios with AuM > CHF 100,000 are considered. All accounts have been grouped by type of mandate. Source: MSCI ESG research as of 29.12.2023. Based on Scope 1 and 2 emissions.

12 Source: MSCI ESG research as of 29.12.2023. Based on Scope 1 and 2 emissions. The investment universes are the Bloomberg Global Aggregate 1-10Y indices for corporate and sovereign bonds respectively. The 2022 data was restated due to a mistake in the currency used.

Climate-related methodologies: our own operations

Calculation standard

Union Bancaire Privée, UBP SA has prepared its greenhouse gas (GHG) reporting in accordance with key concepts and requirements stated in the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (WRI & WBCSD 2004).

Other applicable standards:

- GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Corporate Standard (WRI & WBCSD 2015)
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard – Supplement to the GHG Protocol Corporate Accounting and Reporting Standard (WRI & WBCSD 2011)
- Technical Guidance for Calculating Scope 3 Emissions – Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard (WRI & WBCSD 2013)

System boundary

UBP reports on its GHG emissions at group level, including its branches, representative offices and entities over which it has operational control (38 sites in total). The list of consolidated subsidiaries is available in the latest Annual Report published on the UBP website. For seven of the 38 offices, no activity data was available, so their emission sources were entirely modelled. All of the data collected relates to the period from 1 January to 31 December 2023.

Scope

The following activities have been included:

- Direct emissions: fuel[1] (heating and diesel generators), loss of coolant
- Indirect emissions: purchased electricity (including internal data centers), district heating and cooling
- Other indirect emissions
  - Purchased goods and services: office materials (paper, toner), coffee and tap water
  - Capital goods: IT hardware (captured in "Purchased goods and services")
  - Waste generated through operations: waste to incineration, recycling waste, wastewater
  - Business travel: air travel, overnight stays in hotels, car rentals, train travel within Switzerland and between Switzerland and France
  - Employee commuting: car journeys, public transport, working from home

Based on the GHG protocol Scope 2 guidance and Scope 3 standard, activities that are not material for UBP or over which we do not have operational control are not included in our reporting, in line with the approach followed in previous years:

- Other emissions related to fuel and energy consumption (not included in Scope 1 or Scope 2)
- Upstream transportation and distribution
- Upstream leased assets
- Downstream transportation and distribution
- Processing of sold products
- Use of sold products
- End-of-life treatment of sold products
- Downstream leased assets
- Franchises

Investments are not included in GHG emissions from our own operations. The TCFD report covers a defined portion of investments separately.

Calculation methodology

Data collection and assessment regarding GHG emissions have been carried out using a standardised tool provided by our third-party service provider.

Intensity ratios were calculated independently of the calculation tool, in line with the requirement of the GRI standards:

- The denominators used for the energy and GHG intensity ratios are the number of full-time equivalent employees (FTE) and revenues (CHF mn).
- The energy intensity ratio is based on energy consumption within the organisation including fuel, electricity, heating and cooling (steam is not used at UBP). To calculate the ratio, absolute energy consumption is divided by FTE and revenue figures (CHF mn).
- GHG emissions intensity includes direct (Scope 1) emissions, energy indirect (Scope 2) emissions and other indirect (Scope 3) emissions. To calculate the ratio, absolute GHG emissions are divided by FTE and revenue figures (in CHF mn). The intensity ratio for Scope 3 emissions is reported separately from the intensity ratios for Scope 1 and Scope 2 emissions combined.
- The units of the energy intensity ratio are kWh / FTE and kWh / CHF mn, and for the GHG intensity ratios they are tonnes of carbon dioxide equivalents (tCO_2e) / FTE and tCO_2e / CHF mn

Emission factors

GHG emission figures include six of the seven GHGs covered by the Kyoto Protocol (source: IPCC, 2013): carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). There are no perfluorocarbon (PFCs) emissions to report on. The figures are expressed in tonnes of carbon dioxide equivalents (tCO_2e).

We determined the GHG emissions associated with UBP's activities based on measured or estimated energy and fuel use, multiplied by the relevant GHG emission factors. Where possible, fuel or energy use is based on direct measurement or purchase invoices.

Specific activity data are multiplied by the corresponding conversion and emission factors within the tool provided by the third-party service provider. Emission factors express the amount of GHG emissions generated by a specific activity, e.g. tonnes of CO_2e per kWh of electricity. For the environmental impact assessment, emission factors from the recognised ecoinvent v.3.6 and v.3.9 life cycle assessment database (Ecoinventory Database Versions 3.6 of ecoinvent, 2019 and Ecoinventory Database Versions 3.9 of ecoinvent, 2023) are used and supplemented, if necessary, by further literature. The ecoinvent v.3.6 is used for all activities defined in UBP's scope above, with exception of Scope 2, Electricity, which uses v.3.9, starting from 2023. No direct emission measurements were made. Conversion factors may be applied to specific activity data, for example to convert fuel consumption in litres (e.g. diesel) to energy consumption in kilowatt-hours.

Some emission sources were modelled to fill gaps, using key indicators such as full-time equivalent staff numbers (FTEs) or the energy reference area.

Reporting on biogenic CO_2 emissions is not relevant for UBP.

Base year

The GHG base year was set as 2019, as that was the first year for which UBP reported GHG emissions. The appropriateness of the base year is reviewed on an annual basis.

Human Resources KPIs

New hires and departures

New hires and departures are reported at Group level, excluding temporary and external staff members.

The data is reported as full-time equivalent staff members (FTE) and by:

- Age category (under 30, 30-50, over 50)
- Gender (male and female)
- Region (Switzerland, Europe, Americas, Middle East and Africa, and Asia-Pacific)

Rate of new employee hires:

Calculated as arrivals in FTE / average FTE

Rate of employee turnover:

Calculated as departures in FTE (voluntary[2]+ involuntary[3]) / average FTE

Average FTE is calculated as the average of the FTEs at the end of each month of the year.

Exclusions

- Temporary staff members[4] (apprentices, interns and trainees)
- External staff members and consultants
- Increase in working hours of existing staff members (excluded from rate of new employee hires)
- Reduction in working hours of existing staff members (excluded from rate of employee turnover)

Changes from 2022:

- All entries and departures are stated in FTE.
- We have included the rate of employee turnover considering only voluntary departures for context.
- Percentage breakdown for each category.

Restatement of information

Starting reporting year 2023, the breakdowns by age, gender and region of employee entries and departures in GRI 401-1 are reported in FTE instead of Headcount. This restatement excludes the rate of turnover and rate of new employee entries since they were already computed in FTE. Prior data from years 2022 and 2021 has also been restated.

The change in measurement was done to adhere to UBP reporting rules and improve consistency and comparability of the breakdown with the rate of turnover and rate of new employee hires calculations. Moreover, we consider FTE to be a more accurate measurement for our workforce, especially for Switzerland where part-time work is common.

The modification being only a unit of measurement change, there are no significant differences to report.

1 The company cars category was removed from data collection in 2023, as scoping decisions in previous years resulted in its exclusion and the decision was taken to maintain consistency with previous years.

2 Voluntary departures include resignations and early retirements requested by employees.

3 Involuntary departures include dismissals, retirements, end of contracts and death in service.

4 Temporary staff member: staff member with a contract for a limited period (i.e. a fixed-term contract) that ends when the specified time period expires, or when the specific task or event that has a related time estimate is completed (e.g. when a project ends or when temporarily absent employees return).

Climate-related KPIs of our Asset Management division

Metrics and definitions

Financed GHG emissions – Scope 1 (tonnes of CO_2 equivalent)

Financed emissions refer to the greenhouse gas (GHG) emissions associated with the investment portfolio. Scope 1 represents emissions from sources that are controlled or owned by a company. ISS ESG prioritises disclosed emission data published by companies via, for example, their sustainability or TCFD reports or via the CDP. When emissions are not disclosed, or when disclosed data are deemed to be insufficient or inadequate by ISS ESG, they use estimates (see additional information in the "Estimation methodology" column).

Financed GHG emissions – Scope 2 (tonnes of CO_2 equivalent)

Scope 2 represents indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling.

Financed GHG emissions – Scope 3 (tonnes of CO_2 equivalent)

Scope 3 emissions result from a company's value chain or product use (see below).

These emissions are all indirect emissions not covered in Scope 2. They are generated from sources outside of a company's direct control but related to the use of its products and to its supply chain. This includes both upstream and downstream supply chains, such as the extraction and production of purchased materials and fuels, flight emissions, waste disposal and investments. There are 15 categories of Scope 3 emissions.

Scope 3 data consists of self-reported data (where the data meets the ISS ESG quality standard) and approximate data for non-reporting companies.

Corporate Carbon Footprint (tCO_2eq/amount invested in CHF)

Portfolio's financed GHG emissions (Scope 1+2) divided by AuM

Corporate Weighted Average Carbon Intensity (WACI) (tCO_2eq/revenues in CHF mn)

Portfolio's exposure to carbon-intensive companies

Calculations

Financed GHG emissions - Scopes 1, 2, 3

Corporate GHG emissions are aggregated at portfolio level.

- For listed companies, ISS ESG uses Enterprise Value Including Cash (EVIC) as the Allocation Factor as per the PCAF guidelines set out in "The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition".
- For non-listed companies, the Allocation Factor is total equity + total debt. Where data on equity is not readily available, ISS ESG uses total debt as the Allocation Factor.

For each scope (1, 2 or 3) we can calculate the emissions at portfolio level by adding together, for all the companies in the portfolio, the amount invested in the company multiplied by total Scope 1, 2 and 3 emissions and divided by the Allocation Factor defined above.

For corporate emissions, we report Scope 1+2 and Scope 1+2+3 figures.

Listed companies

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{enterprise value including cash}_i} \times \text{investee company's Scope (x) GHG emissions}_i\right)$$

Unlisted Companies

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{total debt}_i + \text{total equity}_i} \times \text{investee company's Scope (x) GHG emissions}_i\right)$$

Where ISS ESG cannot estimate total equity – which is the case for some unlisted companies – only total debt is used in the denominator.

Corporate Carbon Footprint

This is equal to total GHG emissions (Scope 1+2) for a portfolio normalised by EVIC (or equity + debt for unlisted companies) expressed in tonnes of CO_2e/CHF mn invested.

$$\frac{\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{enterprise value including cash}_i} \times \text{investee company's Scope (1+2) GHG emissions}_i\right)}{\text{current value of all investment}}$$

Corporate Weighted Average Carbon Intensity

This is equal to the weighted average of investee companies' Scope 1+2 GHG emissions divided by the companies' revenues (in CHF mn).

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current value of all investments}_i} \times \frac{\text{investee company's Scope (1+2) GHG emissions}_i}{\text{investee company's revenue}_i}\right)$$

Scope and exclusions

GHG emissions (Scopes 1, 2 and 3), Corporate Carbon Footprint, Corporate WACI

In scope:

Direct holdings of listed equities and corporate bonds, held in long-only institutional mandates and long-only funds domiciled in Luxembourg, France and Switzerland. These instruments are within our reporting scope, because their climate reporting methodologies are well defined. We use ISS ESG methodologies, which are consistent with the PCAF guidelines.

Out of scope:

- Corporate bonds/equities held in ETFs, index funds or investee funds, because of the lack of look-through
- Sovereign bonds (see below)
- Other holdings held in long-only funds and mandates (e.g. derivatives) due to a lack of data or consensus on methodology

The following are also not considered

- Alternative investments (hedge funds and funds of hedge funds): lack of consensus on how to deal with short positions, extensive use of derivatives, absence of look-through
- Funds of funds: absence of look through
- Private markets (e.g. private equity, infrastructure, private debt)
- Externally managed funds and mandates

We report separately for:

- Fund[5] holdings in equities
- Fund[5] holdings in corporate bonds
- Mandate[6] holdings in equities
- Mandate[6] holdings in corporate bonds

The data used for emissions and EVIC is the latest available from our third-party data provider.

Estimation methodology

GHG emissions (Scopes 1, 2 and 3), Corporate Carbon Footprint, Corporate WACI

ISS ESG has developed specific methodologies for Scope 1, 2 and 3 emissions, based on clear estimation and modelling rules to ensure that results are based on reasonable assumptions with medium to high certainty. This proprietary approximation system for estimating emissions includes over 800 climate-relevant sector and subsector-specific models. The modelling system was developed in partnership with the Swiss Federal Institute of Technology (ETH Zurich).

For Scope 3 emissions, several methodologies are combined to estimate upstream and downstream emissions:

A unified upstream approach is used while there are three downstream approaches that vary based on the type of sector and data availability. The order of preference for the downstream approach is based on accuracy and proximity in terms of representing the operations and emissions profile of the underlying company.

- Upstream emissions are estimated by ISS ESG using an Environmentally Extended Input Output (EEIO) model. Purchased goods and services (Category 1) account for a significant proportion of the upstream Scope 3 emissions in most sectors. The EEIO approach is expected to estimate emissions from Category 1 (purchased goods and services), Category 2 (capital goods), Category 3 (fuel- and energy-related activities) and Category 4 (transportation and distribution) with a high degree of coverage. The EEIO model also captures upstream emissions from Category 6 (business travel) but to a lesser extent. Upstream Scope 3 emissions are calculated on the basis of emission multipliers derived from the EEIO model.
- Downstream, bottom-up approach: production output or a proxy (e.g. revenues) based on standardised emission factors. This is used for the oil and gas extraction, coal mining and automotive manufacturing sectors for example.
- Downstream, product profile top-down approach: downstream emission ratios from Environmental Product Declarations and Life Cycle Analysis used for a standardised product profile. This is used for the manufacturing, cement, electronics and electricals sectors for example.
- Downstream, peer top-down approach: emission profile of representative peers with high-quality disclosure for diversified or low-impact sectors. This is used for the chemicals, services, wholesale and retail and real estate sectors for example.

5 Fund = open-ended funds domiciled in Luxembourg, France and Switzerland

6 Mandates = dedicated funds and mandates for institutional clients

Metrics and definitions

Sovereign Weighted Average Carbon Intensity (WACI) (tCO_2eq/nominal GDP in USD mn)

Sovereign GHG Intensity is equal to a country's GHG emissions divided by its nominal GDP.

Six of the seven GHGs under the Kyoto Protocol are considered in this metric. These gases are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. There are no nitrogen trifluoride (NF3) emissions to report on.

GDP is in nominal terms.

Calculations

Sovereign Weighted Average Carbon Intensity

We use MSCI ESG Research to compute the weighted average carbon intensity at portfolio level, which is equal to the weighted average of countries' emissions divided by their nominal GDP in millions of USD.

Sovereign emissions data is sourced by MSCI ESG Research from EDGAR.

Nominal GDP figures are sourced by MSCI ESG Research from the World Bank's World Development Indicators (WDI) and expressed in USD mn.

$$\sum_{n}^{i} \left(\frac{\text{current value of investment}_i}{\text{current value of all investments}_i} \times \frac{\text{country's GHG emissions}_i}{\text{nominal GDP}_i} \right)$$

Scope and exclusions

Sovereign Weighted Average Carbon Intensity

In scope:

Direct holdings of sovereign bonds held in long-only institutional mandates and long-only funds domiciled in Luxembourg, France and Switzerland.

Out of scope:

- Sovereign bonds held in ETFs, index funds or investee funds because of the lack of look-through
- Corporate bonds/equities (see above)
- Other holdings held in long-only funds and mandates (e.g. derivatives) due to a lack of data or consensus on methodology

The following are also not considered:

- Alternatives (hedge funds and funds of hedge funds): lack of consensus on how to deal with short positions, extensive use of derivatives, absence of look-through
- Funds of funds: absence of look through
- Private markets (e.g. private equity, infrastructure, private debt)
- Externally managed funds and mandates

We report separately for:

- Fund[7] holdings in sovereign bonds
- Mandate[8] holdings in sovereign bonds

The data used for emissions and GDP is the latest available from our third-party data provider

7 Fund = open-ended funds domiciled in Luxembourg, France and Switzerland

8 Mandates = dedicated funds and mandates for institutional clients

To the Management of
Union Bancaire Privée, UBP SA, Geneva

Geneva, 21 June 2024

Independent Assurance Report on selected metrics in the Sustainability Report of Union Bancaire Privée, UBP SA

We have been engaged to perform a limited assurance engagement (the engagement) on the following metrics (the KPIs) disclosed in UBP SA's and its consolidated subsidiaries' (the Group's) Sustainability Report (the report) for the reporting period from 1 January 2023 to 31 December 2023:

- GRI 302-1 "Energy consumption within the organization" – pages 51, 57
- GRI 302-3 "Energy intensity"- pages 51, 57
- GRI 305-1 "Direct (Scope 1) GHG emissions" – pages 51, 57
- GRI 305-2 "Energy indirect (Scope 2) GHG emissions" – pages 51, 57
- GRI 305-3 "Other indirect (Scope 3) GHG emissions" – pages 51, 57
- GRI 305-4 "GHG emissions intensity" – pages 51, 57
- GRI 401-1 "New employee hires and employee turnover" – pages 53, 57
- Carbon emissions of UBP Asset Management funds and mandates:
  - Carbon emissions for listed equity and corporate bonds (Scope 1+2) – page 55
  - Carbon emissions for listed equity and corporate bonds (Scope 1+2+3) – page 55
  - Listed equity and corporate bonds carbon footprint – page 55
  - Weighted Average Carbon Intensity of the UBP AM funds and mandates in scope – page 55

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

Applicable criteria

The Group defined as applicable criteria (applicable criteria):

- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)
- Definitions and methods as defined in the UBP Sustainability Report Appendix (page 58 for Carbon emissions of UBP Asset Management funds and mandates).

A summary of the standards is presented on the GRI homepage. We believe that these criteria are a suitable basis for our limited assurance engagement.

Responsibility of the Management

The Management is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Group's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Cyril Motte
(Qualified Signature)
Partner
(Executive in Charge)

Lucile Langrenay
(Qualified Signature)
Manager

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