

# UK Stewardship Code 2024

UBP Asset Management



UBP

UNION BANCAIRE PRIVÉE

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# INTRODUCTION

Thank you for taking the time to read UBP's fourth UK Stewardship Code. This report highlights our stewardship efforts, progress, and the steps we've taken over the past year to align our practices with our long-term vision for responsible investment.

Over the years, we have made meaningful progress in embedding sustainability across our business, from refining our investment strategies to enhancing operational practices, which we believe is fundamental to achieve lasting success.

We have further strengthened our sustainability governance structure and expanded our sustainability teams across various departments (see *Principle 2*). We have continued to collaborate with industry associations to support well-functioning markets (see *Principle 4*). We have further integrated ESG considerations into the investment process of teams (see *Principle 7*). And we have advanced in our stewardship role by engaging with companies (see *Principle 9*), collaborating with other investors and organisations (see *Principle 10*), and continuing to use proxy voting as a tool for stewardship (see *Principle 12*).

The sustainable finance landscape has much evolved since our inaugural report, nevertheless we remain steadfast in our commitment to resilience, innovation, and adaptability, as expressed by UBP's Group CEO, Guy de Picciotto, in our [2024 Sustainability Report](#):

*The evolving landscape of sustainable finance presents both challenges and opportunities, and we are ready to navigate them with resilience and innovation.*

We look forward to the journey ahead and the possibilities it holds for advancing responsible investment.

The report concerns those assets managed by UBP's Asset Management division.

This report has been reviewed by a member of UBP's Executive Committee (ExCo). It is signed by Nicolas Faller, member of UBP S.A. Executive Committee and Co-CEO of UBP's Asset Management division, and by Andrew Banks, Head of Compliance for UBP's London Branch.








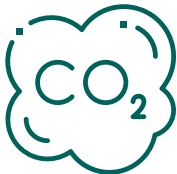

**Nicolas Faller**

Co-CEO of UBP's Asset Management division  
Member of the Executive Committee



Head of Compliance  
UBP's London Branch

# 2024 KEY HIGHLIGHTS – UBP Asset Management

 <p>CHF <b>24.2</b> bn responsibly managed assets* at Group level compared with CHF 22.4bn in 2023</p> <p><small>* For our definition of responsibly managed assets, please refer to page 15 of the <a href="#">2024 Sustainability Report</a></small></p>	 <p>ESG Investing Awards: UBP's Biodiversity strategy won the Natural Capital category</p>	<p>41% women employees*</p>  <p><small>*At UBP Group level, excluding temporary and external employees</small></p>
<p>Participant in the 2024 CDP Non-Disclosure campaign</p>	 <p>Strengthening ESG resources at Group level</p>	<p>Article 8 and 9 funds accounted for 71.2% of AuM in our funds domiciled in Luxembourg, Ireland, and France</p>
 <p>Rollout of centralised in- house ESG database</p>	 <p>Asset Management published <b>net-zero</b> <b>progress report</b> under NZAM</p>	 <p>Publication of <b>Engagement &amp; Escalation Policy</b></p>

# PURPOSE AND GOVERNANCE

## 1. PURPOSE, STRATEGY AND CULTURE

Principle 1: Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.

### Overview of response to Principle 1

#### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>• Since signing the UN PRI in 2012, our sustainability approach has evolved and is driven by our conviction that, to best serve our clients in the context of the transition to a sustainable economy, environmental and social considerations must be increasingly integrated into our decisions and actions.</li><li>• Our four core values – dedication, conviction, agility, and responsibility – govern our client relationships and guide us in our behaviour as a corporate actor and steward of our clients' assets.</li></ul>
<b>Activity</b>	<ul style="list-style-type: none"><li>• In 2024, UBP continued with the rollout of a centralised ESG data tool to meet evolving market demands and regulatory requirements.</li><li>• UBP engages with companies to promote responsible practices and collaborates with industry peers to support well-functioning markets.</li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>• In the Asset Management division around 57% of AuM (CHF 18.4 billion – up from 53% and CHF 17.3 billion in 2023) is classified as responsibly managed, of which CHF 428 million falls into the sustainable category.</li><li>• UBP has received two awards for its responsible investment funds, highlighting its commitment to responsible investment and effective stewardship.</li></ul>

### Context

#### Mission and Purpose

#### Background on Union Bancaire Privée

Headquartered in Geneva, Switzerland, UBP (here after “the Bank” or “the Group”) is present in 25 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. 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. UBP offers a diversified range of long-only, alternative and private market products, encompassing both absolute and relative return strategies, which aim to grow client assets while applying a rigorous and disciplined risk management approach.

At UBP, we have 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. The policy has since been regularly expanded and enhanced to reflect our growing commitment in this field. To respect our fiduciary duty, we combine traditional investment management approaches with responsible investment approaches.

## History

UBP's roots trace back to 1969, when Edgar de Picciotto established the Compagnie de Banque et d'Investissements (CBI) in Geneva. In its over fifty-year history, the Bank has maintained its independence - being fully owned by the de Picciotto family - and has achieved remarkable growth, organically as well as through targeted acquisitions of several major players in wealth management, both in Switzerland and abroad. From the 1980s onwards, the largest of these was that of TDB-American Express Bank in 1990, which led to the creation of the current entity, Union Bancaire Privée. Another significant acquisition was that of Discount Bank and Trust Company in 2002. In more recent years, UBP has acquired ABN AMRO Bank (Switzerland) AG in 2011, the international private banking activities of Lloyds Banking Group in 2013 and the Royal Bank of Scotland's International Private Banking and Wealth Management business (Coutts) in 2016. In late 2018, UBP acquired ACPI Investments Limited (ACPI) and the activities of ACPI IM Limited in Jersey, followed by the acquisition of Banque Carnegie Luxembourg S.A. (BCL) in early 2019. In 2021, we announced two new acquisitions: Millennium Banque Privée, finalised in November 2021, and Danske Bank International, completed in January 2022. In 2024, we took a significant stride forward in broadening our footprint through the acquisition of Societe Generale's Swiss private banking activities and its UK, Channel Islands, and Gibraltar wealth management arm.

The vision of offering investors a high-quality and innovative wealth and asset management service has been our guiding principle.

## Culture and Values

As a family-owned bank, our core values underpin everything we do and have been key in driving our success. Our four core values – dedication, conviction, agility and responsibility – govern our client relationships and guide us in our behaviour as a corporate actor. To help us remain on this path, environmental and social factors have become important considerations across our business.

1. **Dedication:** UBP and its employees work with open minds and a can-do approach to satisfy every detail of our clients' needs. This allows us to respond to impacts of social and environmental factors on the investment landscape and meet the growing demand for responsible investment solutions.
2. **Conviction:** Thanks to our long-term vision, we make choices based on strong convictions. For us, sustainability is not a short-term trend but a long-term strategic shift that we must respond to through our investments and operations to best serve our clients.
3. **Agility:** Thanks to our size and structure, we are flexible and able to make decisions quickly. Our flexibility allows us to respond effectively to emerging ESG trends, such as the transition to a low-carbon economy, regulatory changes, and shifting societal expectations.
4. **Responsibility:** Integrity, ethics and fairness take precedence in everything we do. It therefore makes sense that sustainability is a natural extension of our responsibility as a corporate actor to meet the expectation of clients, employees, regulators and communities on social and environmental matters.

The global economic transition and evolving regulations demand companies and investors to adapt. As both a financial intermediary and a business, UBP recognizes its impact and role in facilitating this shift. UBP's sustainability strategy focuses on two pillars: responsible investment and corporate social responsibility (CSR), with five strategic action themes outlined below.



Source: 2024 UBP Sustainability Report.











As investors, we must adapt our decisions and offerings to serve clients' best interests. Environmental and societal changes, along with evolving regulations, are reshaping business models and profitability. Our role is to identify companies driving or adapting to the transition while addressing risks. The inclusion of ESG integration in our investment processes is described further down in *Principle 7*.

In 2024, we further strengthened in-house sustainability expertise and resources and continued the rollout of our centralised ESG database.

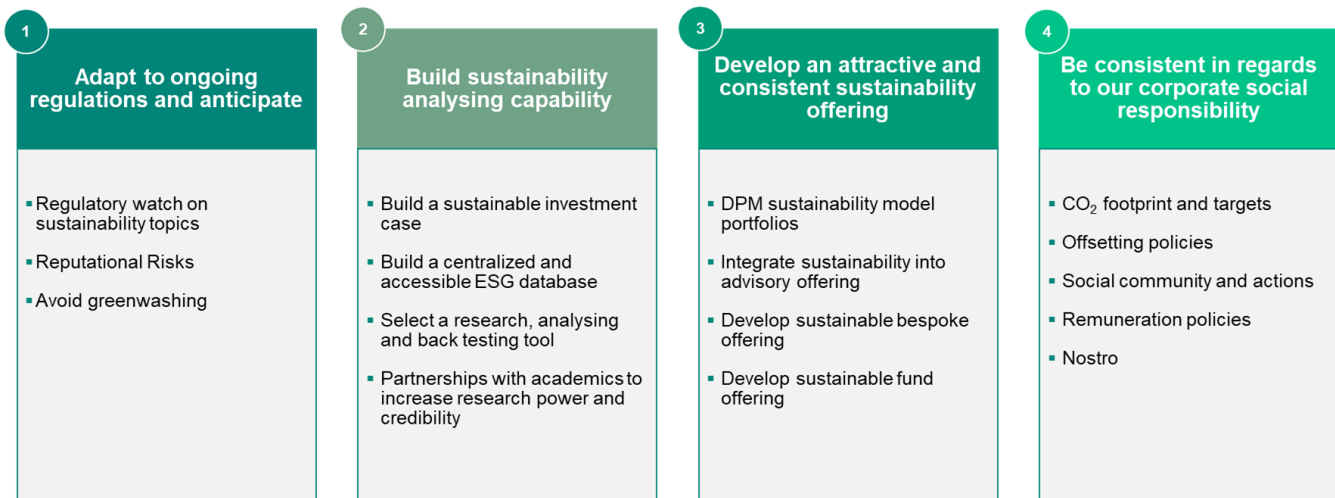
UBP's commitment to sustainability can be witnessed through different actions:

- 1) UBP had adopted 10 sustainability objectives to guide its actions in terms of both its investments and its own operations between 2021 and 2025. As we have continued to develop our sustainability roadmap and carried out a new materiality assessment, we are now reviewing these objectives with the aim of aligning them with our evolving sustainability strategy. For the 2024 reporting year, we reported on progress against the original objectives in our Sustainability report. These sustainability objectives are listed below and the progress towards these objectives is covered in the [2024 UBP Sustainability Report](#):

Source: 2024 UBP Sustainability 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

2) UBP's Group Head of Sustainability had develop a roadmap for UBP's sustainability strategy in 2022/2023, outlining UBP's ambition and the resources, tools and systems needed to deliver it. The implementation of this roadmap, which covers four focus areas as described below, has been ongoing since.



The Group Head of Sustainability gives updates on the roll-out of our sustainability strategy to the ExCo on a quarterly basis. He also attends RICO and CSRCO meetings, which helps to ensure consistency between our sustainability efforts on the investment and the operational sides. (Additional details in *Principle 2*). A reflection on the progress made since 2022, written by UBP's Head of Sustainability, [is available online](#).

## Activity

### Asset Management at UBP

UBP's Asset Management division provides investors with answers to increasingly challenging financial markets, in line with our culture and values, prioritising effective stewardship. The focus is on creating new solutions for our clients' evolving investment needs and offering best-in-class products that take a differentiated approach, underlining our dedication towards our clients' interests.

Investment teams draw upon UBP's robust infrastructure while being autonomous in their investment views and decision-making processes.

Most of the strategies are managed internally, such as global and emerging fixed income; global, European, Swiss, emerging market and impact equities; convertible bonds; multi-asset strategies; overlay solutions; long-only fund of funds and alternative strategies that include, but are not limited to, funds of hedge funds, private equities, private debt, infrastructure, and real estate. External portfolio managers and partnerships are selected when they show unmatched long-term qualities.

In 2024, we

- Strengthened our Sustainability governance, which is further described in *Principle 2*
- Collaborated on industry wide initiatives to support well-functioning markets as shown in *Principle 4*
- Continued to integrate ESG considerations into our investment process as shown in *Principle 7*
- Advanced in our role of stewardship and engaged with companies as shown in *Principle 9*
- Worked together with other investors and organisations on collaborative engagement as shown in *Principle 10*

## Business positioning

In an industry where there is a clear trend towards polarisation between pure passive and pure active managers, UBP is committed to be, and will continue to be, an active manager. This is in line with our company value of Responsibility and our commitment as a financial actor to play our role in tackling environmental and social challenges by engaging with companies through effective stewardship. We offer conviction-based, tailored solutions with an onus on superior service levels and combine this with the agility and nimbleness to adapt to an evolving environment, whether that be in the financial markets, the regulatory landscape or in responding to client preferences.

To this end, the Asset Management division of UBP has identified five themes that encapsulate our institutional clients' demands which are further explained in *Principle 6*.



We address these demands across our five business lines:

- Long-Only Platform
- Alternative Investment Solutions
- Private Market Group
- Partnerships
- Asset Allocation and Discretionary Portfolio Management (DPM)

We look at our size as a key advantage, offering an institutional structure while maintaining an entrepreneurial mindset of a boutique operator by empowering seasoned portfolio managers to be fully accountable for their investment decisions, while applying responsible investment principles across the board. We strive to be creative and agile to generate long-term value for the whole spectrum of clients, in addition to fulfilling our stewardship responsibilities for the economy, environment and broader society.

## Responsible Investing at UBP

### Commitments

UBP's commitment to responsible investment was manifested by becoming a signatory to the United Nations Principles for Responsible Investment (UN PRI) in March 2012 and the subsequent launch of our first sustainable strategy, a European convertible bond fund. Following a period of research, development, and implementation, we formalised our approach in our first Responsible Investment Policy (RI Policy), introduced in 2014, and enhanced it in both practice and scope in 2018.

UBP is also committed to participating in the fight against climate change and contributing to the Paris Agreement's objective to keep global warming well within 2°C above pre-industrial levels. With this in mind, UBP has decided to follow the recommendations made by the Task Force on Climate-Related Financial Disclosures (TCFD). Furthermore, our primary Fund Management Company, Luxembourg-domiciled UBP Asset Management (Europe) S.A. and its subsidiary UBP Asset Management (France), have signed the [Net Zero Asset Managers initiative \(NZAM\)](#), an international group of asset managers committed to supporting the goal of net-zero greenhouse gas emissions by 2050 or sooner, and published its net-zero targets in January 2023.

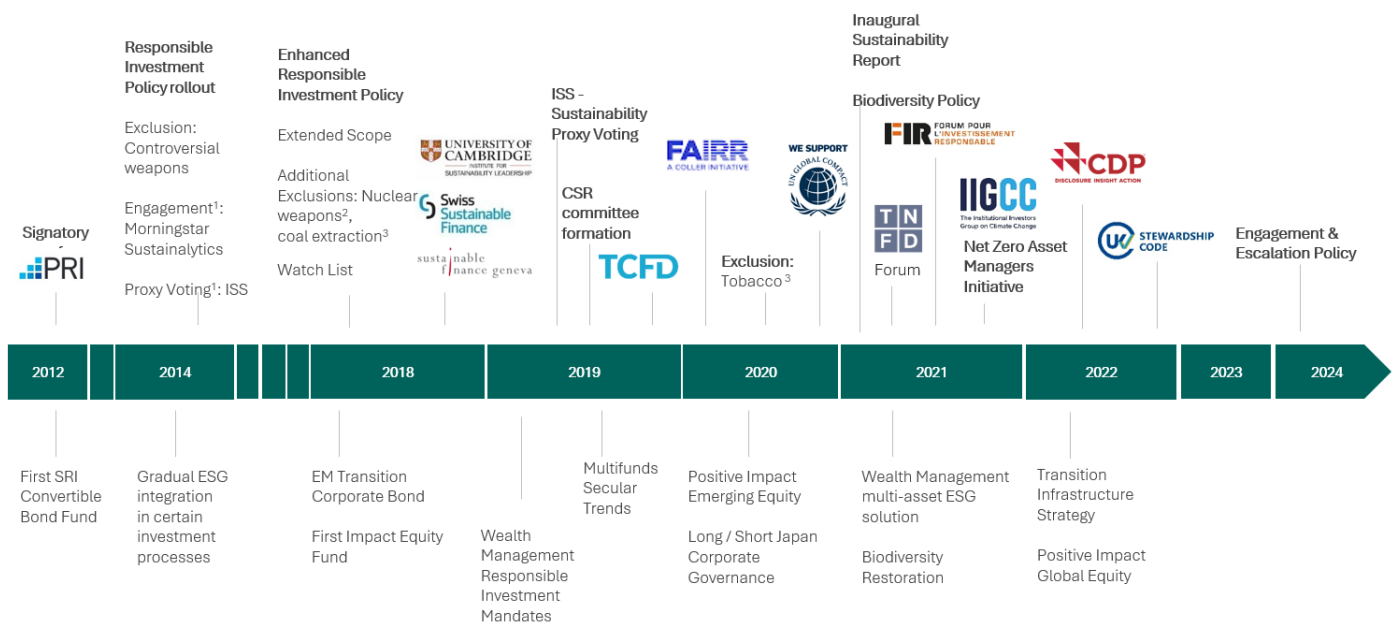
UBP aims both to learn from and increase awareness of clients whenever possible and is committed to sharing knowledge with peers in the industry. To achieve this, UBP has entered a number of partnerships and initiatives such as the Cambridge Institute for Sustainability Leadership (CISL) Investment Leaders Group (ILG) and the CDP (formerly Carbon Disclosure Project), while supporting the work of the Task Force on Nature-Related Financial Disclosures (TNFD) Forum.

## Principles

Responsible investment is an approach to investing that aims to incorporate ESG factors into investment decisions to better manage risk and generate sustainable, long-term returns.<sup>1</sup> UBP believes that investable companies with an appropriate management structure and the capability to manage and mitigate environmental and social risks, as well as to seize environmental and social opportunities, are ultimately more likely to deliver long-term performance. ESG analysis and considerations, including active ownership, are therefore incorporated throughout our investment processes.

To substantiate our belief, we have committed to the UN's six Principles for Responsible Investment.

## UBP's Historical Engagements and Initiatives



<sup>1</sup> For UBP funds. Client holdings upon request. <sup>2</sup> Exclusion of countries outside of the Non-Proliferation Treaty. <sup>3</sup> Revenue thresholds apply.

Over the years, notable advancements have been made in responsible investment and sustainability. Starting in 2012 with the signing of the PRI and the launch of the first SRI Convertible Bond Fund, ESG integration gradually expanded by 2014. Key milestones include the rollout of the Responsible Investment Policy in 2014, enhanced over the years with broader exclusions and a watch list. From 2020 onwards, initiatives were introduced like the Net Zero Asset Managers Initiative, while funds like the biodiversity restoration, and positive impact funds were launched, showcasing a deepened commitment to sustainability. By 2024, further emphasis was placed on active engagement with the introduction of the Engagement & Escalation Policy.

## Effectiveness in serving the best interests of our clients

UBP's mission is to add value and long-term performance to our clients' asset management activities. We firmly believe that long-term risk-adjusted returns can be enhanced through ESG integration, stewardship (engagement and voting) and a focus on the impact our investments make. As such, an assessment of the effectiveness in serving the best interests of our clients is to measure whether we achieve this mission. Two indicators that we believe illustrate UBP's continual success are industry recognition and evolution of assets under management.

UBP strives to provide adequate, clear, and transparent information about our products, services, and operations, including about sustainability. We believe that this will help clients and other stakeholders understand the associated risks and opportunities, inform

<sup>1</sup> For further information please refer to <https://www.unpri.org/about/what-is-responsible-investment>

choices, and foster fair competition across the market. Enhanced non-financial disclosure has become a major focus in response to concerns among clients, regulators, and the media about greenwashing.

## Industry Recognition

UBP, its portfolio managers and its funds have regularly received awards from independent research institutes. These awards not only recognise UBP's drive to innovate, its quest for performance, its agility and flexibility but also its ability to respond to the waves of changes that are affecting both markets and the industry.

With a focus on 2024, UBP's Asset Management division was recognised and lauded across regions, products and time horizons, including, for example:

- **Belgian “Towards Sustainability” (Febelfin) Label:** We maintained the label for two of our equity funds (down from three mid-year following a fund merger).
- **French ISR Label:** An audited label that is given to socially responsible investments. UBP has four funds with this label as at 31.12.2024, however, we decided not to seek renewal in 2025 after new rules came into force.
- **ESG Investing Awards 2024:** The UBAM – Biodiversity Restoration fund has been named winner in the “Best ESG Investment Fund: Natural Capital” category.

## Financial strength and evolution of assets under management

UBP's total assets under management (AuM) have grown from approximately CHF 72 billion as at the end of 2011 to CHF 154.4 billion as of December 2024. To assess our responsibly managed AuM, we only consider those assets that are actively managed or advised, so assets held in execution-only accounts are considered out of scope as we have no direct influence over them. The remaining assets are split between our AM division and our WM division's discretionary portfolio management (DPM) and Advisory services.

At the end of 2024, responsibly managed assets amounted to CHF 24.2 billion compared with CHF 22.4 billion in 2023 and our baseline of CHF 7.5 billion in 2020. Of this, CHF 677 million is classified as sustainably managed, compared to CHF 850 million in 2023.

In the AM division, responsibly managed assets (at least SFDR article 8 or equivalent) accounted for around 57% of AuM, reaching CHF 18.8 billion at the end of 2024, up from CHF 17.3 billion in 2023. Of those, CHF 428 million were classified into the sustainable category (SFDR Article 9 or equivalent). The number of our funds compliant with the EU SFDR are 45 Article 8 funds and three Article 9 funds.

## 2. GOVERNANCE, RESOURCES AND INCENTIVES

Principle 2: Signatories' governance, resources and incentives support stewardship.

### Overview of response to Principle 2

#### Key Statements

<b>Governance</b>	<ul style="list-style-type: none"><li>• UBP's governance framework includes a Board of Directors including independent members, with responsibilities defined by internal regulations approved by FINMA. This structure ensures effective oversight of sustainability and climate-related risks.</li><li>• Sustainability is implemented both within our investment processes as well as in our own operations. Reflecting the two pillars of our sustainability approach, the establishment of the Responsible Investing Committee (RICO) and the Corporate Social Responsibility Committee (CSRCO) allows for focused governance on responsible investment and CSR initiatives, reporting to the respective Sustainability Steering Committees (STC Investments and STC Operations).</li><li>• Regular updates on sustainability matters are provided to the Board of Directors and the Executive Committee (ExCo), ensuring top-level support and oversight of sustainability initiatives across the organisation.</li></ul>
<b>Resources</b>	<ul style="list-style-type: none"><li>• UBP employs functional committees that oversee the roll-out of sustainability initiatives, ensuring well-defined responsibilities and timely action across all business areas.</li><li>• The RICO monitors the integration of sustainability into investment processes, establishes responsible investment principles, and supports investment teams in aligning with ESG standards.</li><li>• UBP's investment teams are responsible for the day-to-day implementation of the RI Policy, as well as for integrating ESG considerations into their investment processes within UBP's common investment framework.</li><li>• The rollout of our centralised ESG database have enabled the establishment of shared in-house methodologies, enhancing consistency and effectiveness in sustainability practices across all business lines.</li></ul>
<b>Incentives</b>	<ul style="list-style-type: none"><li>• UBP's Executive Committee has set a series of sustainability objectives, which aim to promote responsible investment and corporate social responsibility</li></ul>

### Governance

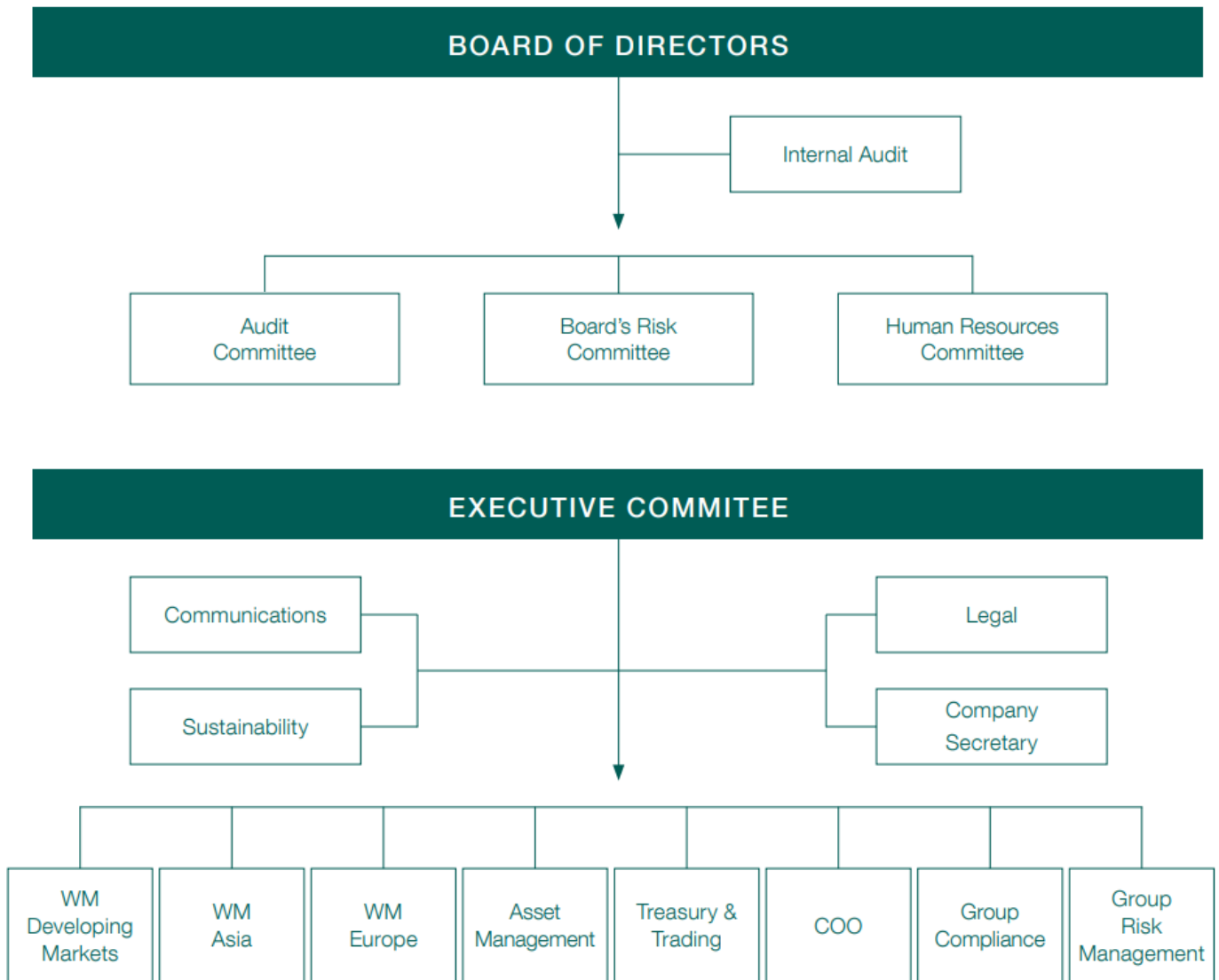
#### UBP corporate governance structure

UBP's organisational structure is based on recognised corporate governance standards. The Board of Directors and committees consist mostly of independent directors. The duties and powers of the Board of Directors, UBP's committees and the Executive Committee (ExCo) are defined by UBP's Internal Regulations, which are approved by the Swiss regulator FINMA. Next to committees on a Group level, local committees exist as needed and in line with relevant local regulatory requirements.

UBP's management structure consists of the Board of Directors, several committees, including the Board's Risk Committee which monitors sustainability and climate-related risks, and the Executive Committee. As regards its organisational structure, the Bank is organised into the divisions of Asset Management, Wealth Management (with regional coverage), Group Treasury & Trading, Group COO and Group Risk Management as well as Group Compliance.

The Board of Directors is updated about sustainability matters on a quarterly basis, while the Board's Risk Committee reviews the Bank's sustainability risk reports every month.

## Organisational structure



Source: UBP, as at 31.12.2024.

## Sustainability Governance Structure

Our sustainability approach is anchored in dedicated governance structure. This increases our credibility and accountability in this area while also fostering strategic decision-making.

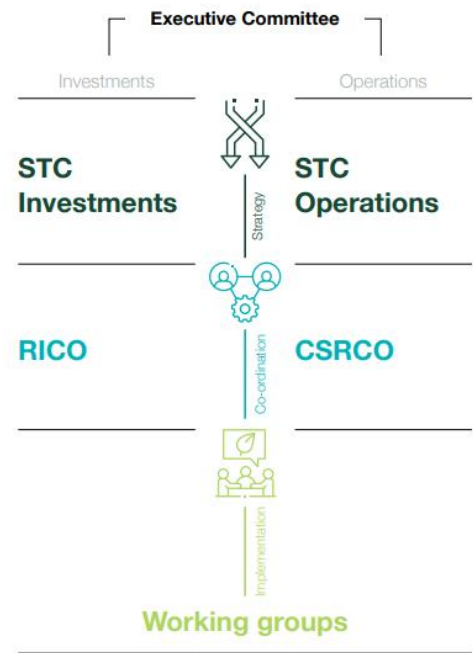
Our clear organisational structure and sound approach ensure robust management and oversight of sustainability topics and are a prerequisite for their successful integration across the entire UBP group. The day-to-day roll-out of our sustainability strategy involves functional committees that cover all aspects of our business and have well-defined responsibilities. By having committees that convene regularly and include the relevant stakeholders, we can maintain a good flow of information and take well-informed actions in a timely manner.

At the same time, having a clear process for involving the Executive Committee (ExCo) and the Board of Directors ensures that sustainability initiatives have the support of UBP's leadership and benefit from top-level oversight.

In 2024 we strengthened our set-up further to ensure that it serves our mission as effectively as possible as we increasingly integrate sustainability across the Group. Our new governance framework has a three-tier structure: strategy, co-ordination and implementation. Each tier has dedicated committees or working groups for investments and operations. The committees and groups have well-defined responsibilities and bring together representatives from the relevant business lines. This structure ensures a good flow of information, well-informed decision-making and consistent, timely implementation.

The practical implementation of the sustainability strategy is managed by the Group Head of Sustainability, supported by a team of sustainability experts.

The roles, responsibilities and key members of each management and committee involved in UBP's Sustainability governance are detailed below.



### UBP's Board of Directors

UBP's Board, composed entirely of non-executive members, is appointed by UBP's shareholders in its Annual General Meeting, with the consent of FINMA. When selecting Board 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.

As at 31/12/24, the Board of Directors comprised 7 members, of which 2 are females (28.6%). Further details on the Board of Directors are included further down in the Diversity & Inclusion section. Their experience is described below:

#### Daniel de Picciotto, Chairman of the Board of Directors

Daniel de Picciotto has been Chairman of UBP's Board since 2016. He has been a member of the Board since 2010, before which he spent ten years on the Executive Committee. He joined the Bank in 1985 as Head of the Private Banking division's Research Department, before becoming Head of Private Banking in 1990 and then Head of Asset Management in 1996.

#### Marcel Rohner, Vice-Chairman to the Board of Directors

Marcel Rohner has been a member of UBP's Board since 2010 and its Vice-Chairman since 2016. His knowledge of sustainability stems notably from his role as Chairman of the Swiss Bankers Association (SBA), which recognises the importance of sustainable finance and supports measures for the disclosure of climate risks, while at the same time advocating a principles and risk-based, proportionate approach. The SBA is also opposed to all forms of greenwashing, taking steps to preserve the Swiss financial centre's credibility.

Marcel Rohner has a wealth of experience in the fields of banking, finance and risk management. He worked for almost 20 years at UBS AG, holding roles including Chairman and CEO of Global Wealth Management & Business Banking in 2005, Member of the Executive Committee from 2002 to 2009 and CEO of UBS Group from 2007 to 2009. Marcel Rohner has a PhD in economics from the University of Zurich.

### **Anne Rotman de Picciotto, Member of the Board of Directors**

Anne Rotman de Picciotto has been a member of UBP's Board since 2006. She is also a member of the Bank's Audit Committee and Human Resources Committee, and chairs UBP's Impact Advisory Board (for more details refer to *Principle 4*). After spending several years in Goldman Sachs' Asset Management division, she joined UBP's London branch management team in 2002, where she was responsible for business development with a focus on high-net-worth individuals and institutional relationships. Anne Rotman de Picciotto holds a bachelor's in economics from HEC in Lausanne, as well as an MBA from the INSEAD business school.

### **Patricia Biemann, Member of the Board of Directors**

Patricia Biemann was appointed a member of UBP's Board of Directors and the Board's Risk Committee and Chairwoman of the Audit Committee in March 2022. With a career spanning 25 years in financial service and treasury & trading audit and consulting, Patricia Biemann has held several senior roles, the most recent being Head of Financial Service Accounting Advisory and Audit Partner for international listed groups at KPMG. She specialises in corporate governance and compliance as well as growth strategy, including M&A and business development. She holds a master's in Business Administration from the University of Fribourg and is a certified public accountant both in Switzerland and in the US.

### **David Blumer, Member of the Board of Directors**

David Blumer joined UBP's Board of Directors in March 2021. His career in financial services spans nearly three decades, in a variety of senior roles. He started in Zurich, at Credit Suisse, where he rose through the ranks to Head Trading and Sales and progressed to the role of CEO Asset Management. This was followed by a stint as CIO at Swiss Re, after which he moved to London as Head of EMEA with BlackRock before being appointed as their Head of Alternatives. David Blumer is an economics graduate of the University of Zurich.

### **Nicolas Brunschwig, Member of the Board of Directors**

Nicolas Brunschwig has been a member of UBP's Board since 1998. He is a partner of the Brunschwig Holding group, which owns retailer Bongénie Grieder. Having joined that company in 1981, he is now in charge of central services and partnerships. Between 1989 and 2001, he was a member of the Geneva cantonal parliament, where his roles included chairing the Finance and Tax Committees. He was also chairman of the Fédération des Entreprises Romandes (employers' association for companies in French-speaking Switzerland) for seven years. Nicolas Brunschwig graduated with a diploma in Economics from the University of Geneva.

### **François Pauly, Member of the Board of Directors**

François Pauly was elected to UBP's Board of Directors in 2024. His career spans 35 years in the finance sector, predominantly in private banking. Having started with Dexia and risen to its senior ranks, among other roles he has also been an executive and board member at Sal. Oppenheim and then at Banque Internationale à Luxembourg. Most recently, he was the CEO of Banque Edmond de Rothschild. He is a graduate of the EAP School of Management, Oxford, Berlin (now ESCP Europe).

### **UBP's Executive Committee (ExCo)**

As at 31/12/24, the Executive Committee comprised 8 members, of which 1 is female. Their experience is described below:

### **Guy de Picciotto, CEO and Chairman of the Executive Committee**

Guy de Picciotto has been UBP's CEO and Chairman of the Group's Executive Committee since 1998. He began his career as a management consultant in Switzerland and Belgium, before focusing on the banking sector with roles at UBS, Morgan Stanley, Bear Stearns and Sanyo Securities in Tokyo and New York. He joined the Bank in 1988, where he occupied various executive roles before being appointed Chairman of the Executive Committee. He holds a degree in economics and business management and has completed advanced Executive Management courses at IMD in Lausanne and INSEAD in Fontainebleau.

### **Philip Adler, Head of Treasury & Trading, Executive Managing Director**

Philip Adler has been UBP's Head of Treasury & Trading since 2016 and a member of its Executive Committee since 2017. Before joining UBP, he had been a member of the Executive Committee and Head of Capital Markets at Crédit Agricole Indosuez

(Switzerland) SA since 2008. He previously worked at UBS SA, Commerzbank AG and the Crédit Agricole group. Philip Adler has more than 30 years of experience in banking.

### **Michael Blake, CEO Asia and Head Wealth Management Asia, Executive Managing Director**

Michael Blake is Head of Wealth Management Asia, a post he holds alongside his role as CEO Asia. He became a member of the Executive Committee in 2019. Prior to joining the Bank in 2016, he was Chief Executive of Coutts International, and before that, Head of Asia Pacific Management Office at UBS. He has lived and worked in Asia, Switzerland and London over the past fifteen years and is active in various international affairs forums. Michael Blake read Philosophy, Politics and Economics at Oxford University.

### **Ian Cramb, Group COO, Executive Managing Director**

Ian Cramb has been UBP's Chief Operating Officer and a member of its Executive Committee since 2009. He has a very close role in managing, monitoring and reporting on stewardship, with the oversight of the CSR goals (climate, energy, buildings management) of the firm. In 2024, he was directly involved in UBP's Sustainability Governance as a member of the Corporate Social Responsibility Steering Committee (STC Operations). Ian had also been overseeing the functions of Group Head of Risk ad interim in 2024.

Before joining UBP, he was EMEA Consumer Chief Operating Officer at Citigroup, where he had previously held other high-level roles, including those of Risk Manager, Head of HR, Chief of Staff and COO. He holds a modern languages degree from Durham University.

### **Nicolas Faller, co-CEO Asset Management and Head of Institutional Clients, Executive Managing Director**

Nicolas Faller has been Co-CEO of UBP's Asset Management division and a member of its Executive Committee since 2015. In 2024, he was directly involved in UBP's Sustainability Governance as a member of the Sustainability Investment Steering Committee (STC Investments), and he represented UBP as senior sponsor of the Cambridge Institute for Sustainability Leadership Investment Leaders Group.

Nicolas Faller joined UBP in 2010 as Head of Sales Europe and was appointed Head of Global Sales in 2011, then Head of Institutional Clients in 2013. Before joining UBP, he was Global Head of Distribution at BNP Paribas Investment Partners, after holding several high-level roles at Fortis Investments. Nicolas Faller is a graduate of the University of Mulhouse and France's Ecole Supérieure de Gestion.

### **Christophe Galimard, Group Head of Compliance, Executive Managing Director**

Christophe Galimard joined UBP in 2024 as Group Head of Compliance and is based in Geneva. In 2024, he was directly involved in UBP's Sustainability Governance as a member of the Corporate Social Responsibility Steering Committee (STC Operations). He has over 20 years of professional experience, having spent most of his career within the BNP Paribas Group, which he joined in 2006. His previous roles include Head of Compliance at BNP Paribas-Fortis in Belgium, Head of Compliance, Germany and Austria, Global Head of Financial Security for the Investment Businesses Division, and Head of Compliance Monaco. Christophe started his finance career with Crédit Agricole Indosuez Luxembourg, and he also worked in Internal Corporate Audit.

Christophe holds degrees in Ancient Greek & Latin and Philosophy, a Master degree in History from the Sorbonne University and is a graduate of the Geneva Graduate Institute.

### **Nadège Lesueur-Pène, Head of Wealth Management Developing Markets, Executive Managing Director**

Nadège Lesueur-Pène is Head of Wealth Management Developing Markets. She has been a member of the Executive Committee since 2019. In 2024, she was directly involved in UBP's Sustainability Governance as a member of the Sustainability Investment Steering Committee (STC Investments). Before joining UBP in 2015 she was Head of Emerging Markets within Wealth Management at BNP Paribas (Switzerland). She has also held high-level investment banking roles at HSBC in Paris and Paribas in Moscow. Nadège Lesueur-Pène holds master's degrees in Russian philology from Langues'O and international management from ESCP, and studied political science at Sciences Po.

### **Michaël Lok, co-CEO Asset Management and Group CIO, Executive Managing Director**

Michaël Lok has been Co-CEO of UBP's Asset Management division since 2015 and a member of its Executive Committee since 2016. In 2024, he was directly involved in UBP's Sustainability Governance as a member of the Sustainability Investment Steering Committee (STC Investments), in charge of investment teams.

Before joining UBP, Michaël Lok worked at Indosuez Wealth Management (Crédit Agricole group) as Global Head of Asset Management, after holding roles as Head of Investment and Head of Risk & Quantitative Portfolio Management. Before that, he was a portfolio and fund manager at Banque Martin Maurel and HSBC France. Michaël Lok holds two master's degrees, one in Finance (DESS) and one in Banking and Finance (DEA), from the University of Aix-en-Provence.

Company Secretary:

### **Claudio Rollini, Company Secretary, Senior Managing Director**

Claudio Rollini has been UBP's Company Secretary since 2013. He joined the Bank after holding various high-level roles at companies including British American Tobacco in Lausanne and London, and at the Geneva based Fédération des Entreprises Romandes (employers' association for companies in French speaking Switzerland). He has more than 25 years of professional experience in corporate governance and communication, devising strategies for negotiation, institutional relations and regulatory affairs. Claudio Rollini holds a master's degree in law from the University of Geneva.

Permanent guest to the ExCo:

### **Bernard Schuster, Group Head of Communications, Senior Managing Director**

Bernard Schuster has extensive experience in banking, having spent 25 years in an international financial environment. In 2024, he was directly involved in UBP's Sustainability Governance as a member of the Sustainability Investments Steering Committee (STC Investments).

Before joining UBP in 2011, he held senior roles at CIC, Citigroup and BNP Paribas, including Head of Sales and Marketing for Citi IPB and Group Head of Business Development at BNP Paribas Wealth Management.

At UBP, he served as Global Head of Products & Solutions, leading strategic projects related to regulatory and tax suitability, and since 2015, he has been Group Head of Communications, overseeing global corporate communications and PR..

He holds a bachelor's degree in Financial Analysis from ITB Paris and a Master in Banking Strategy, Marketing and Asset Management from CNAM/CESB, Paris.

### **Strategic committees (STC)**

Our previous Sustainability Steering Committee (STC) has now been split into two, and its membership has been reshaped. The **STC Investments** is responsible for setting guidelines for UBP's sustainability-related investment strategy in line with the ExCo's views. It meets quarterly and is chaired by the Group Head of Sustainability. The **STC Operations** is responsible for defining and monitoring UBP's CSR strategy, setting corporate environmental and social commitments and for overseeing mandatory corporate reporting. It meets quarterly and is chaired by UBP's Head of CSR.

Several members of the ExCo are represented in the STC Investments and STC Operations.

### **Robert de Guigné, Group Head of Sustainability, Managing Director**

Robert de Guigné is UBP's Group Head of Sustainability and Chair of the STC Investments. He joined in August 2022 from his previous position as Head of ESG Solutions at Lombard Odier Group, where he worked for 15 years.

Over his career, Robert has worked for over 35 years in the asset and wealth management industry in large organisations such as AXA, Credit Agricole, and State Street but also in smaller firms, including Meeschaert. His roles have ranged from financial advisor and portfolio manager to head of research and finally, head of sustainability.

Robert is an engineer and holds an MBA. He is also a graduate of the French financial analyst program and is a certified actuary.

The Group Head of Sustainability updates:

- the ExCo on a quarterly basis on how implementation is going on and potential strategic decisions to be taken
- the Group's Risk Committee monthly on Sustainability compliance concerns
- the Board's Risk Committee once a year

## Responsible Investment Committee (RICO)

The Responsible Investment Committee (RICO) is responsible for implementing and monitoring STC Investment guidelines, overseeing and monitoring the quality of UBP's ESG information systems, and monitoring the extent to which sustainability is integrated into the investment strategies across the Bank. It meets monthly and is co-chaired by the Head of Sustainability Solutions for Wealth Management and the Head of Sustainability Solutions for Asset Management.

The two Heads of Sustainability Solutions are supported by dedicated sustainability solutions teams. These teams help their division with ESG integration and the promotion of sustainable investment strategies and work closely together to support the RICO in its cross-divisional activities. The RICO convenes monthly.

The experience of the co-chair of the RICO is described below:

### **Karine Jesiolowski, Head of Responsible Investment for Asset Management, Managing Director**

Karine Jesiolowski has 30 years of experience. She had been Head of Responsible Investment for Asset Management since 2018. Karine was a member of the Product Platform Committee and a board member of UBP Asset Management (Europe), UBP's Luxembourg-based fund management company since 2022.

Karine joined UBP in 2014 as Investment Specialist for Emerging Markets Fixed Income. Prior to joining UBP, she worked in roles as EM Strategist and EM Portfolio Manager at CPR AM and Rothschild AM. Karine then held positions as Investment Specialist and as Sales and Marketing manager at Fortis Investments and BNP Paribas Investment Partners. Karine holds an M.A. in Banking, Finance, and Insurance from the University of Paris IX – Dauphine and a Certificate of Advanced Studies (CAS) in Sustainable Finance from the University of Zürich.

Following the departure of Karine Jesiolowski in February 2025, Robert Wibberley joined the committee in April 2025, marking a seamless transition in the committee's leadership.

### **Robert Wibberley, Head of Sustainability Solutions – Asset Management, Director**

Robert Wibberley has been the Head of Sustainability Solutions for UBP's Asset Management division since April 2025. He joined UBP in 2011, with roles including RFP Specialist focusing on ESG, Group Corporate and Investment Communications Manager, as well as Secretary to UBP's Impact Advisory Board. Prior to UBP, Robert worked for BPSS in Paris and started his career with Deutsche Asset Management in London.

Robert holds an MBA from the University of Geneva and a Master's in European Economics from the College of Europe, Bruges.

### **Nicolas Barben, Head of Sustainability Solutions – Wealth Management, Managing Director**

Nicolas Barben is UBP's Global Head of ESG Solutions, in charge of the ESG and sustainable investment offering for the Group's Wealth Management division.

He joined in 2023 from his previous position as Head of Sustainability Regulatory & Strategy at Lombard Odier Group. With over ten years of experience in ESG integration in investment strategies, Nicolas has developed strong skills to navigate the ESG landscape, data, modelling, and regulations.

Nicolas holds a master's in economics and a bachelor's in geography from the University of Fribourg, including two years of exchange with Bonn University and the Chinese University of Hong Kong.

## Corporate Social Responsibility Committee (CSRCO)

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

- Definition and implementation of UBP's Corporate Social Responsibility regarding its:
  - Environmental footprint



# 23

Sustainability Committee  
meetings in 2024

- The STC Investments
- The STC Operations
- The RICO
- The CSRCO

- Recruitment and working conditions
- Social & community engagement
- Manage/arrange UBP's mandatory sustainability (non-financial) reporting

### **Nikolett Kovacs, Head of CSR, Director**

Nikolett Kovacs is UBP's Head of Corporate Social Responsibility (CSR). She joined UBP in 2021 as CSR Manager before taking on her current role in 2023. Prior to this, she held research positions at the University of Applied Sciences and Arts of Southern Switzerland (SUPSI), working on sustainability, environmental management, and CSR for six years.

Nikolett holds a bachelor's and a master's degree in Sociology from the Corvinus University of Budapest, as well as a Certificate of Advanced Studies (CAS) in Corporate Social Responsibility, and International Development and Cooperation from SUPSI.

### **Sustainability teams**

UBP's sustainability committees are supported by dedicated teams across various areas. Our Sustainability Solutions teams, one for Asset Management (AM) and one for Wealth Management (WM), focus on integrating responsible investment considerations into investment strategies and developing sustainability solutions. The Corporate Social Responsibility (CSR) team drives environmental and social initiatives on the operational front, while the Data & Methodology team ensures seamless integration of sustainability-related data. Additionally, our Sustainability Communications team manages communications related to our sustainability efforts, ensuring transparency and engagement with stakeholders.

### **Investment teams**

UBP's investment teams are responsible for the day-to-day implementation of the RI Policy, as well as for integrating ESG considerations into their investment processes within UBP's common investment framework. Each team develops its own approach, which best fits its asset class and strategy objectives, ranging from research to portfolio construction and direct engagement, while applying the minimum ESG standards as defined by the RICO. Each investment team has at least one member with a focus on ESG/Sustainability, and some of our investment teams only manage sustainable products, such as the Impact Investment team.

### **Sustainability Risk Management**

A Risk Committee is responsible for managing sustainability risks at both Group and business unit levels. It performs the oversight of all risks by reviewing and analysing the Bank's risk profile, including sustainability risks, monthly. The Group Risk division monitors and analyses specific sustainability KPIs across the Group in line with UBP's sustainability risk framework. Its implementation started with the Bank's Asset Management division and has now been extended to all our activities. The risk management framework includes an ongoing review of sustainability risk exposures, including climate risks, and an analysis of potential breaches. If these cannot be resolved, they are submitted to the ExCo. The various ESG reports are consolidated monthly and forwarded to the Executive Committee.

## **Incentives**

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 practices. Portfolio managers and analysts have additional sustainability objectives as part of their performance evaluations. The variable remuneration of ExCo members is also linked to sustainability criteria.

## **Training**

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.

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. To develop our employees' talent, knowledge, and skill sets, we strive to offer high-quality internal and external training opportunities. This is key, both to meet our employees' expectations for professional development and to ensure 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 different departments to ensure that employees receive appropriate training. We track the completion of mandatory training modules to ensure that employees have the necessary skills and

know-how. 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.

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

In line with our commitment to enhancing the change management and leadership skills of UBP's senior managers, we have designed the Leadership Development Programme (LDP), an executive learning programme delivered in collaboration with a leading training provider.

The talent process, which runs every two years, is another key element. It forms the backbone of UBP's succession plan by providing employees showing high development potential with customised training and development programmes. As training the younger generation is a priority for the Group, we launched a Graduate Programme in 2021, giving 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. In 2024, 10 new graduates were onboarded, whilst ten graduates from the previous cycle were offered a permanent position. We also have a long tradition of training apprentices, and we offer opportunities for interns to discover various roles within the Bank. In 2024, we welcomed four people in Switzerland on three-year apprenticeships leading to a federal Vocational Education and Training Diploma in banking, as well as 105 interns worldwide.

To support employees throughout their careers with UBP, we conduct annual performance reviews that help us identify and meet their needs. In 2024, 93% of all staff received an annual review. Last year, we recorded almost 37,480 hours of training: an average of 17 hours per staff member (data at Group level for permanent employees only).

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.

Regarding Responsible Investment, all investment staff are kept aware of UBP's RI Policy and are regularly updated on developments, for example, changes to the Exclusion List, either directly or via each investment team's RI point-person. The RI Policy is available on both internet and intranet alongside internal presentations. Webinars and presentations occur throughout the year and are available for all employees.

To help us enhance sustainability convictions and knowledge among UBP's staff, we also set up a Sustainability Ambassador programme, bringing together Ambassadors for collaboration on specific assignments. Over the course of the year, we reviewed and adapted the program for its relaunch in 2025.

## Diversity and inclusion

At UBP, we are guided by a culture of meritocracy, aiming to provide all employees with equal employment and advancement opportunities regardless of their ethnicity, nationality, sex, gender identity, sexual orientation, religion, age and marital or family status. We therefore strive to ensure fair and equal treatment, avoiding positive or negative discrimination, throughout our HR process from recruitment to promotions and pay reviews.

Equal pay is ensured through benchmarking and assessments, while promotions, pay reviews and selection for executive development programmes are strictly based on performance. Nevertheless, we regularly verify the gender distribution and age structure of our workforce and conduct benchmarking exercises to promote diversity and inclusion in all of our HR processes, such as the graduate programme, Leadership Development Programme (LDP) and the talent process.

The Bank's staff handbooks contain diversity and antidiscrimination clauses that all employees are expected to uphold. In addition, we address adequately any incidents that arise and have a clear process in place to report, review and manage any potential case of discrimination, sexual harassment, and bullying, including the possibility of involving a neutral external person.

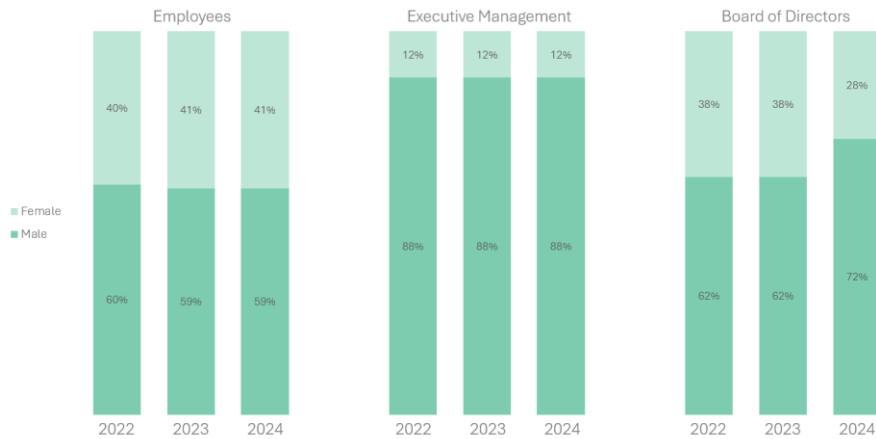
One of the measures taken to guarantee the principle of diversity/non-discrimination within the Group was to enshrine it in the Personnel Guidelines, in chapter I. Work environment, as follows:

*"The UBP Group believes in fair and equitable treatment of its employees and is committed to ensuring equal employment opportunities regardless of ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, marital or family status, pregnancy, disability or any other status protected by applicable local law."*

With a presence in 25 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 63 nationalities present within it. To give more guidance on Diversity, Equity, and Inclusion (DEI) matters and meet the growing demands in this area coming from institutional investors requesting information about UBP's DEI approach and practices, we have developed a set of DEI principles, which were approved by the ExCo

at the end of 2023. These guidelines outline 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.

In 2024, female employees made up 41% of UBP’s workforce, in line with the previous years, with 28% of UBP’s senior management positions held by women. Female representation at the executive level remained at 12%; while the proportion of women on the Board of Directors stood at 28%.



Source: UBP Sustainability Reports 2022-24.

There are also local initiatives taking place to support diversity, inclusion, and employee well-being across the Group. In 2024, the bank focused on employee well-being and wellness, launching a 12-month trial of a mental health app and hosting well-being talks in Switzerland, alongside wellness days and health seminars in other locations. In Hong Kong, the CSR Team introduced a “[Summer of Wellness](#)” programme, reinforcing UBP’s commitment to fostering a culture of health and well-being both within the organisation and the local community (see also p. 25 in our [2024 Sustainability Report](#)).

For [International Women’s Day](#), UBP celebrated diversity by facilitating intergenerational dialogues between senior and junior female colleagues, highlighting the mutual learning opportunities that enrich the workplace. Additionally, the bank spotlighted [women in tech](#), showcasing their perspectives on the evolution of the tech sector and its future, further underlining UBP’s dedication to empowering women in traditionally underrepresented fields.

Going forward, to support the roll-out of our sustainability roadmap, we further plan to support more employees in obtaining external sustainability certifications.

### Effectiveness

The strengthening of our Sustainability governance over the last few years has successfully helped in enhancing our stewardship activities. In particular, the Sustainability Steering Committees helped accelerate the decision-making process with regards to responsible investment and CSR.

At Group level, Responsible Investment and CSR were strengthened through new hires and gained coordination with the arrival of the Group Head of Sustainability in 2022, a dedicated responsible investment team on the Wealth Management side in 2023, and in 2024 we expanded our CSR team with a new hire.

The rollout of our centralised ESG database has started in 2024 and has already facilitated the establishment of in-house ESG methodologies shared across all business lines.

### 3. CONFLICTS OF INTEREST

Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

#### Overview of response to Principle 3

##### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>• Strong business ethics and regulatory compliance are essential for building client trust and minimising reputational and financial risks, contributing to revenue generation and shareholder value protection.</li><li>• The financial sector is highly regulated, with ongoing changes related to sustainable finance and numerous voluntary initiatives requiring transparency and strategic alignment in operations.</li></ul>
<b>Activity</b>	<ul style="list-style-type: none"><li>• UBP has established a comprehensive conflicts of interest (COI) policy that outlines conduct rules, escalation procedures, and measures to manage potential conflicts, ensuring client interests are prioritised.</li><li>• The bank employs various safeguards, including information barriers, confidentiality protocols, and separation of supervision &amp; functions, to detect and manage conflicts of interest effectively.</li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>• In 2023, UBP enhanced its mapping of conflict-of-interest scenarios related to greenwashing, leading to the revision and creation of internal directives, with continued efforts planned for 2024.</li><li>• The Group is exploring tools to better manage gifts, external mandates, and personal account dealings to enhance compliance and transparency.</li><li>• Over the past three years, UBP has not identified any material business-driven conflicts of interest in its Asset Management activities that were not managed appropriately, demonstrating effective governance and oversight.</li></ul>

##### Context

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 actor, we have a social responsibility to conduct business responsibly, not only to maintain our own reputation and success, but also that of the sector. The financial sector is a highly regulated environment and is undergoing a great deal of regulatory change, especially regarding sustainable finance. In addition, there is a growing number of voluntary international and national initiatives addressing sustainability in general and sustainable finance more specifically. These come with a range of obligations, from implementing strategic change to providing transparent reporting. Accordingly, we must closely monitor both regulatory developments and voluntary initiatives, and align our processes, products, and services with the requirements they bring with them. The objective is to ensure appropriate conduct towards our clients, counterparties, and the financial system, to maintain our outstanding reputation and ensure client satisfaction.

The national regulations of the countries in which we operate, as well as the global frameworks and initiatives to which we are a signatory, most notably the UN PRI and the TCFD, represent the foundations of our business conduct. All global policy commitments as well as internal policies are signed off by the ExCo.

##### Conflict of Interest

UBP has put in place a conflicts of interest (COI) policy which establishes the rules of conduct to be followed and escalated in situations where conflicts of interest may arise. As a principle, UBP manages conflicts of interest related to stewardship according to the same policies and processes as other COI. This approach encapsulates UBP's commitment to transparency, fairness, and ensuring that client interests are always prioritised.

From UBP's perspective, a conflict of interest is any situation where the interests concerned (UBP, UBP employees, third parties) are in competition with the interests of UBP's clients. A conflict of interest may arise where:

- the Bank serves clients with different interests
- the Bank is required to defend various interests on behalf of different parties (its own interests, client interests, market interests)
- the Bank uses a service provider or another entity of the Group to serve its clients
- a Bank staff member favours the interests of a client over those of the Bank

The Group takes appropriate organisational measures to detect, prevent, and manage conflicts of interest that could arise during the provision of financial services, in market activities, and in connection with its banking operations in general. In addition, an escalation process is in place to ensure that UBP employees report any conflicts of interest, and this also includes, where appropriate, the use of the whistleblowing framework set out in our staff handbook.

In particular, the following provisions and procedures are intended to prevent conflicts of interest:

- Legal separation where relevant
- Physical and logical segregation
- Hierarchical and decision-making segregation
- Information flow management
- Chinese walls/information barriers
- Watch list
- Product Committee and Risk Committee
- Clients' complaints and incident procedures
- Remuneration policies
- Inducement policies
- Conduct and culture committee
- Ad hoc corpus of policies
- Code of conduct
- Regular employee training

Some of these provisions directly enable effective stewardship, such as:

- **Information Barriers (Chinese walls):** mechanisms to control the flow of privileged information across departments or divisions. This includes physical and digital segregations, distinct reporting lines, and controlled staff movement to avoid conflicts of interest from arising.
- **Confidentiality Protocols:** UBP places a premium on maintaining client confidentiality. Any external sharing of such information is strictly per legal or contractual obligations. Furthermore, employees are instructed to not use price-sensitive information in private transactions.
- **Separation of Supervision & Functions:** Potential conflicts arising from overlapping departmental functions are managed by ensuring distinct senior supervisory staff. This is especially for departments serving clients with divergent interests or when the firm's interests might diverge from those of the clients.
- **Transparency & Client-Centric Actions:** If potential conflicts can't be managed internally, UBP will transparently communicate the nature of the conflict to the affected client, providing them with ample details. Should these measures prove inadequate, UBP might opt against acting on the client's behalf.

Senior Management and department heads are responsible for ensuring that these measures are correctly applied.

The Compliance department is responsible for:

- Maintaining the register of proven conflicts of interest
- Recommending immediate safeguarding measures to line management in response to specific situations involving risks inherent in conflicts of interest
- Approving, or imposing where necessary, the creation of new confidentiality zones
- Mapping conflicts of interest and submitting such details to the Executive Committee
- Carrying out checks

Updates to the conflicts of interest map and register are presented to the Bank's Executive Committee for its approval on an annual basis. Further details on UBP's Conflicts of Interest policy are accessible [here](#).

### Examples of safeguards to prevent conflicts of interest:

The following mechanisms and processes are in place to prevent and mitigate potential conflicts:

**Voting process:** UBP uses Institutional Shareholder Services (ISS) as its proxy voting agent, and votes cast, in the large majority of cases, are in line with their Sustainability policy recommendations. Still, an investment manager may propose an override of an ISS recommendation. To avoid any potential conflicts of interest (e.g. a potential risk of collusion between a manager and an investee company), as well as to ensure that our key voting principles are respected, such override needs to be justified with a detailed rationale and approved by at least one of the two co-CEOs of the Asset Management division and by the UBP Asset Management division's

Head of Sustainability Solutions – AM or one of his representatives. UBP will check if the overrides are in line with the above-mentioned guiding principles and the main voting principles below. If not or in case of doubt, a voting committee will be convened to rule on the request for change.

**Double heading** in governance bodies of our Fund Management Companies: the risk of conflicts of interest is mitigated by the existence of independent Board members, the role of Conducting Officers and the requirement that all decisions be approved by committees (quorum) rather than by an individual person.

### Activity/Outcome

In 2024, the personal account dealing tool (PAD Tool) was developed and came into effect in January 2025. The annual conflict of interest campaign managed by the human resources department has been carried out and some cases have been reviewed by Group Compliance.

**Outcome:** In 2024, for our Asset Management activities, we have not identified any material business-driven conflict of interest over the last three years that was not managed appropriately.

## 4. PROMOTING WELL-FUNCTIONING MARKETS

Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

### Overview of response to Principle 4

#### Key Statements

##### Context

- At UBP, risk management is integral to corporate culture, emphasising the anticipation, analysis, and monitoring of risks at all organisational levels to protect client interests and uphold the bank's reputation.
- UBP has established a comprehensive Sustainability Risk Framework to identify and manage sustainability risks across all activities, classifying them into environmental, social, and governance categories.
- UBP adheres to evolving regulations and voluntary initiatives related to sustainable finance to maintain responsible business conduct.

##### Activity

- Sustainability risk monitoring is organised around three themes:
  - Specific issuer lists (Exclusion and Watch Lists)
  - Portfolio sustainability risk scores
  - Carbon emissions to measure climate exposure
- Each investment team identifies key market and ESG trends, supported by the Risk team, to manage risks through diversification, stress testing, and adherence to defined limits on positions and exposures.
- UBP has implemented a cybersecurity strategy for 2023-2025, focusing on strengthening capabilities, conducting regular security assessments, and ensuring compliance with data protection regulations.

##### Outcomes

- The bank has not experienced any significant data breaches or complaints related to data privacy, indicating effective cybersecurity measures and employee training.
- UBP actively participates in industry associations and initiatives to promote sustainable finance, enhancing its role in fostering a well-functioning financial system and addressing systemic risks related to sustainability.

## Risk

### General

Risk management at UBP goes beyond the requirements that arise from being a bank – it is part of our corporate culture and has been since UBP was founded. At all levels of the UBP Group, we regard anticipating, analysing, managing, and monitoring risk as fundamental activities, and our governing bodies have always paid the closest attention to them. The aim is to look out for our clients, ensure the development and long-term future of our business in a controlled manner, and maintain our reputation.

UBP's approach to risk management is that it should be independent, rigorous and an integral part of all our processes. Accordingly, we achieve effective risk management by examining and assessing risks and by providing appropriate supervision and control resources. Other key aspects are communication and training for employees at all levels, enabling each of them to play an active role in ensuring that risk management is consistent across the Group. This rigorous approach has been adopted by all our staff, and it is a key factor underpinning our success.

### Sustainability Risk Framework

Since 2020, we have put into place frameworks, tools and processes to identify sustainability risks. Specifically, we categorise sustainability risk management and control activities from three perspectives: the impact of ESG risks on our clients' assets, the impact on the Bank's assets, and the impact on the Bank's operations.

Our sustainability risk framework includes metrics such as carbon intensity and ESG scores covering all our activities (Treasury & Trading, Asset Management and Wealth Management), thereby ensuring comprehensive risk coverage. Climate risk is assessed according to three risk metrics: portfolio temperature, transition risk and physical risk. We also have exclusion lists in order to avoid investing in controversial sectors and businesses, and apply pre-trade checks.

Every month, the Group Risk Committee, made up of executive and senior directors, and the Board's Risk Committee analyse sustainability risk reports, which contain an overview of the identified sustainability risk metrics

Sustainability risks are classified according to three categories: environmental, social and governance. We aim to measure UBP's exposure to those three categories and mitigate them.

Sustainability risk monitoring is organised around five main axes:

1. Exclusion lists
  - a. Exclusion list: This defines the list of companies excluded by UBP as they are considered harmful from an ESG perspective. The current list contains the names of companies involved in controversial activities such as tobacco production, thermal coal extraction, landmines, and cluster munitions. Specific revenue thresholds may apply (see also Principle 7).
2. Portfolio's sustainability scores
  - a. The aim is to compute and monitor a sustainability score for each portfolio. The sustainability score for a given portfolio is the weighted average of individual sustainability scores based on the market value of each position. Minimum thresholds may apply, depending on the strategy.
3. Carbon Emissions
  - a. We measure the carbon footprint of our investments by their weighted average carbon intensity (WACI). The WACI is defined as the market-weighted average of total carbon emissions in tons of CO<sub>2</sub> divided by total revenues. This measure appears as the most appropriate across all asset classes, not only for equities but also fixed income and mixed assets.
  - b. Carbon intensity: total carbon emissions in tons divided by USD million sales. Only Scope 1 and 2 emissions are considered.
4. Climate risk
  - a. Transition risk
  - b. Physical risk
5. Client's sustainability preferences

A full review of the Sustainability Risk Framework is being conducted in 2024 and 2025, which will be published on the UBP website.

### Market risk

As an asset manager, we place a strong emphasis on identifying, managing, and controlling risk. Still, since UBP's Asset Management division is organised around independent investment teams per asset class (e.g., Global Fixed Income, Impact Equities, Convertible Bonds), the initial responsibility to identify key risks lies with investment teams, while our Quant Analysis and Risk teams will provide and monitor key risk metrics for each portfolio.

At Group level, the Global Investment Committee (GIC) formulates on a monthly basis the overall asset allocation strategy for the Group's managed accounts for its private clients and communicates asset allocation and recommendations internally within UBP and externally to clients. It furthermore ensures consistency across risk profiles for private clients' accounts.

Each investment team is then responsible for identifying key market and ESG trends, risks and opportunities that may affect their asset class. They conduct relevant macroeconomic research, as well as credit/equity or ESG analysis, to assess current trends and future developments, using internal and external sources, such as, but not limited to, sovereign government and central bank data, international agencies (e.g., IMF, World Bank, OECD), think tanks, company reports/meetings, rating agencies, sell-side research, ESG data providers.

Each team has its own process and may use proprietary tools they have developed to identify key market risks. Still, the main KPIs and methodologies are being harmonised. And to ensure that information is shared, ad hoc meetings take place between teams to exchange views on market dynamics, trends, and themes.

Management of market risks inherent in investment management activities involves setting limits in terms of positions, sensitivity, value at risk (VaR), maximum losses, primary market exposure, issuers and countries. These approaches are supplemented by stress scenario simulations and risk-adjusted performance measurements, including VaR back testing. Specific and daily reports are produced by our Quant Analysis and Risk teams to allow detailed management of these risks.

In addition, across asset classes, diversification plays a major role in terms of risk reduction, and our portfolios have investment guidelines which cover diversification of underlying assets, geographical and sector exposure, or other criteria relevant to each investment strategy. Certain investment teams may set relative limits for securities, countries, sectors and tracking error ranges while others manage strategies fully independently from any benchmark.

## Efficiency in managing market risks

In 2024, the financial markets were distinctly divided into two phases: before and after the U.S. presidential elections. The first part of the year, from January to October, was characterised by sustained global economic growth, supported by resilient consumer spending and robust corporate activity. Inflationary pressures moderated, allowing central banks, particularly the Federal Reserve, to adopt a more dovish stance. This led to a series of rate cuts, which bolstered investor confidence and provided strong support for fixed-income markets. However, the landscape shifted following the U.S. presidential elections in November, which saw the re-election of Donald Trump. Market sentiment turned as investors began to focus on the inflationary implications of Trump's agenda, which included tax cuts and tariffs. Against this backdrop of shifting economic and political dynamics, we now turn to a closer examination of how these developments impacted various asset classes and regions, including fixed income, equities, developed markets, and emerging markets.

## Fixed Income

In the first half of 2024, fixed-income markets benefited from a series of rate cuts by central banks, including the Federal Reserve and the Swiss National Bank, which began its cutting cycle in June. Credit markets, including corporate bonds and high-yield debt, performed particularly well, supported by improving economic fundamentals and a favourable interest rate environment. The post-election period introduced heightened volatility in equity markets, while fixed-income markets faced headwinds as investors reassessed the inflationary and fiscal outlook.

## Equities

Equity markets in 2024 were driven by narrow leadership, with U.S. mega-cap tech stocks dominating performance. The AI boom, fuelled by initiatives like the \$500 billion "Stargate Initiative," propelled companies such as Nvidia and other "Magnificent 7" to new highs. U.S. equity indices, including the S&P 500 and Nasdaq, reached record levels, while European markets showed mixed results, with Germany's DAX outperforming and France's CAC 40 lagging due to political instability.

The post-election period, however, brought heightened volatility. Concerns over inflation and fiscal policy led to a rotation out of high-growth sectors into defensive stocks.

## Developed Markets

Developed market equities were driven by two distinct phases. In the first half of the year, rate cuts and easing monetary policies supported a broad-based equity rally, particularly in tech and rate-sensitive sectors. However, the post-election period saw heightened volatility as investors reassessed the inflationary and fiscal outlook under the new U.S. administration. The narrow market leadership of mega-cap tech stocks continued, with the "Magnificent 7" driving the majority of returns.

In Europe, divergences emerged, with Germany outperforming due to strong industrial activity, while France struggled with political instability.

## Emerging Markets

Emerging markets faced a complex environment in 2024. While structural growth drivers in healthcare and education remained intact, geopolitical tensions, including the ongoing wars in Ukraine and the Middle East, created pockets of risk. Additionally, the U.S.-China rivalry continued to weigh on investor sentiment, particularly in Asia.

## Systemic risks

Sustainability challenges are having an increasing impact on us as a business, especially on the investment side, where social and environmental factors are creating risks and opportunities that we must consider.





In 2024, UBP conducted a Double Materiality Assessment (DMA) in accordance with the European Sustainability Reporting Standards (ESRS). In doing so, we considered impact and financial materiality, which means we looked at the impact of UBP's business activities on non-financial aspects (i.e. the environment and society) as well as the financial risks or opportunities that non-financial factors might create for UBP.

The results of the DMA, presented in the matrix to the side, largely confirm the material topics identified in the previous materiality assessment. This helps to ensure continuity in our sustainability efforts. Since the DMA was based on the ESRS, certain topics fell outside the scope of the assessment as they do not constitute common standalone material topics under the ESRS:

- Sustainability awareness, ESG data management and transparent and fair information: covered under responsible investing.
- Responsible corporate governance: covered for transparency and GRI purposes.

Additionally, some topics were not identified as material during the evaluation process:

- Community engagement: not material according to the IRO evaluation given the differing definition of this topic under ESRS compared with our definition in the past. However, we are continuing to report on our efforts in the areas of volunteering and sponsorship, which are a key element of our CSR strategy.

		Double materiality results	
		Own operations	Downstream
<b>E1 Environmental</b>			
E1-1	Climate change adaptation		<input checked="" type="checkbox"/>
E1-2	Climate change mitigation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
E1-3	Energy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>S1 Social</b>			
S1-1	Working conditions	<input checked="" type="checkbox"/>	
S1-2	Equality / Non-discrimination	<input checked="" type="checkbox"/>	
S1-3	Other work-related rights	<input checked="" type="checkbox"/>	
<b>G1 Governance</b>			
G1-1	Culture of business conduct	<input checked="" type="checkbox"/>	
<b>X1 Company-specific</b>			
X1-1	Data & Cyber Security	<input checked="" type="checkbox"/>	
X1-2	Responsible Investing		<input checked="" type="checkbox"/>

'Responsible investing' emerged again as a paramount material topic at the Group level, underscoring the significant potential of our activities to harness sustainability risks and opportunities. This mirrors previous years' emphasis on 'sustainable and impact investing'.

A strategic decision was to encapsulate investment-linked issues, especially climate and biodiversity, under the broader 'responsible investment' umbrella. This integration is in line with UBP's responsible investment policy, where both climate and biodiversity have been distinctly identified as areas presenting both risks and opportunities. We firmly believe in integrating these issues into our investment processes, not only for the direct benefit of our clients but also due to their impact on the environment and society at large.

Compared to previous materiality assessments, 'climate change' remained as material in the assessment, while 'biodiversity' doesn't appear anymore. This differentiation is rooted in our understanding that while our operations can have some bearing on climate aspects, primarily through business travel, they have a limited impact on biodiversity. Stakeholders in this materiality assessment also recognised that our limited operational impact on biodiversity was a consequence of our on-going efforts to reduce plastic use and paper consumption, in line with our CSR policy.

In line with previous assessments, data & cyber security also remain as material.

Below we provide more details on Climate Change and Data & Cyber Security, which were both identified as major systemic risks.

### 1. Climate

Managing climate risks and opportunities across our investments and our direct operations has been a priority for UBP in recent years.

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 GHG emissions, the breakdown of revenues by business and the distribution of companies' assets. Climate stress tests are run by ISS ESG, providing estimates of loss of revenue by location using different scenarios.

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.

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

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.

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, as well as future planned capacity, relies on renewable or fossil sources. Companies that own fossil fuel reserves might face stranded assets risks.

In terms of how companies are dealing with transition risks, we are now able to highlight laggards and outperformers, which enables 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 estimate of portfolio losses 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 chronic changes (permanent changes in the weather) and acute changes, i.e. 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 likely scenario (RCP4.5) and the worst case (RCP8.5). Please refer to the Strategy section in our [2024 Sustainability Report](#) for an explanation of these scenarios. We continued to use these scenarios for 2024 as these were being used by our data provider; however, they will be replaced with the Shared Socio-economic Pathways (SSPs) in due course. The computed figures consider both operational risk (business interruption and repair costs) and market risk (impact on a country's 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 the asset level, based on geographical co-ordinates and estimated asset values.

## Portfolio temperature

In 2024, our data provider ISS ESG made significant methodological enhancements to its climate scenario alignment process. The enhancements constitute a change in the breadth and depth of the scenario alignment, following market initiatives to standardise scenario alignment assessments. A portfolio's temperature score (on a 2050 time horizon) is computed by ISS ESG in several stages. The process involves:

- Translating science-based carbon budgets into benchmarks for an issuer or portfolio. Carbon budgets are allocated to companies according to their sector and geographical footprint, based on a "fair-share" basis (as defined by GFANZ). The "fair share" approach compares the current emission intensity of a company with the sector average intensity and allocates a carbon budget, which is recalibrated each year based on newly available emissions data.
- Projecting companies' emissions up to 2050, using one of three approaches, i.e. historical, benchmark or target. This means that for each company, the user can differentiate on the basis of:
  - Past trends in historical emissions (historical),
  - A forward-looking view of the sector's emissions (benchmark), or
  - Any potential GHG reduction targets (target)
- Alignment measurement: comparing future emissions with scenario budgets on a cumulative basis. The alignment of a company depends on the scenario selected and the projection methodology used to forecast the company's future emissions (i.e. historical, benchmark or target).

The resulting temperature score factors in the relationship between rising emissions and temperatures, as provided by the IEA World Energy Outlook. To ensure comparability with scenarios that will be discontinued by ISS ESG, the IEA Net Zero by 2050 Scenario

was selected as it is deemed most similar to the previously used Sustainable Development Scenarios (SDS). For each company, we use ISS ESG's estimates of its carbon emissions trajectory up to 2050, based on reported data and considerations of the company's climate strategy and sector. We then compare the portfolio temperature score with the benchmark where relevant.

## 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 (more details see *Principle 7*):

- **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 Art. 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.
- **Stewardship:** Investment teams are also encouraged to engage, directly or collaboratively with company management on relevant matters such as 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.
- **Climate solutions and Impact investing:** We aim to develop further climate-friendly investments (e.g. taxonomy-aligned investments, green bonds, transition infrastructure...). In particular, our impact range aims to help finance the SDGs, including climate-related SDG 7 and SDG 13, by investing in companies that have a measurable positive impact on society and/or the environment.

## Outlook

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 – via Business Continuity Management and the Disaster Recovery Plan – climate risk is yet to be integrated within traditional risk metrics such as market risk and credit risk.

## 2. Data & Cyber Security

### Our approach

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. Banks handle highly sensitive data and are a key target for cybercriminals. Breaches can cause significant reputational and financial damage as well as legal consequences. Strong policies, processes, practices and awareness are therefore key to minimising the risk of potential security and data breaches and mitigating their impact should they occur. We must constantly anticipate new threats, adjust to new challenges such as artificial intelligence (AI) tools, and keep up with new regulatory developments across the various jurisdictions in which we operate.

Reflecting the cross-disciplinary 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. Our Group Data Policy defines the overall governance framework for managing data, while our Group Data Privacy Policy outlines our rules on data protection and legal requirements in relation to processing personal information. Progress is measured through several relevant KPIs relating to aspects such as data leakage alerts and incidents, phishing simulation results and e-learning completion.

### Our progress in 2024

Cyber-attacks have been rising significantly in recent years, with hackers targeting individuals, corporates, or government institutions. As a wealth and asset manager, handling data sensitively is thus essential to UBP for building and maintaining trust among our clients, employees, and counterparties. We have strong transparency and data protection structures in place, which allow us to establish and sustain strong relationships with our clients.

The Bank has defined a cyber security strategy for 2023-2025 to reduce risk and promote resilience in its operations. The objectives are to strengthen our cyber team and capabilities to enable secure and innovative operations and reduce the impact of cyber security breaches. The cyber security strategy is defined by relying on two main governing elements:

- **Cyber Security Framework:** The Bank Cyber Security Framework is based on the Standard of Good Practice for Information Security from the ISF with further categorization based on 7 key cyber domains. Best practices from recognised standard ensure exhaustive coverage of the security management practices.
- **Risk register:** Any identified risk is reported in the risk register and is evaluated on defined criteria, including continuous review of threat intelligence information and attack surface exposure. Evaluated risks are regularly reviewed by assigned committee for treatment decision and prioritization. Risk register dashboard is used to provide risk oversight.

To ensure that data is handled responsibly and protected appropriately, our employees, consultants and contractors must complete mandatory training sessions.

In 2024, we conducted cyber incident simulation exercises with members of the Crisis Management Team to help us assess our organisation's readiness to manage a major incident and to comply with regulatory requirements. We also successfully performed annual tests of our business continuity plan and disaster recovery plan for entities with a banking licence.

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.

**E-LEARNING**

- Spot the phishing game
- Security Awareness Foundations
- Remote working
- Internet Security and You
- How to deal with security incidents
- Data protection
- Business continuity management
- The basics of physical security



The Security Training continues to hold 8 mandatory e-learning modules covering the key areas of data security and privacy. Quizzes are used to validate that the key elements of each module are well understood. These 8 modules are mandatory for all UBP employees and must be completed by all new employees within three months of their arrival.

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: all our services, production systems and applications remained available to business lines and clients. In 2024, there were once again no data or security breaches of systemic relevance, i.e. incidents that could affect UBP's smooth running or services provided to clients. We did not receive any substantiated complaints from individuals or authorities in relation to data privacy or security.

## Outlook

To ensure consistency across the Group and remain up to date with industry and regulatory developments, we will be amending our data privacy policy, a process that started in 2024. Once completed, the new Group data privacy policy will replace the European and local policies.

We will also be working on implementing a new strategy for keeping records of personal data processing activities as required under applicable laws. The aim is to increase efficiency and consistency while making it easier to gather information by centralising the process at our head office.

Our AI community working group will continue to work on establishing robust governance and ethical guidelines for the responsible use of AI tools, prioritising data protection and ethical use.

## Effectiveness in managing market and systemic risks

The effectiveness of our investment teams and processes in identifying and responding to market-wide and systemic risks is assessed by Management as part of their regular performance assessment. Formal performance reviews are conducted monthly by both the Board and the Executive Committee.

## Promotion of well-functioning markets

### Industry associations

UBP believes that market participants should collaborate to help promote a well-functioning financial system, seeing it as a way to temper market and systemic risks. As such, UBP is a member of an array of trade associations such as the Swiss Bankers Association, the Asset Management Association Switzerland (AMAS) and the Alternative Investment Council, which encourage exchange,

collaboration, and the setting of industry standards (including “self-regulation”). Throughout the year, UBP is involved in roundtables, consultations and surveys, examples of which are described below.

### Building Bridges - Geneva

To promote the sharing of knowledge among investment professionals, we took part in the 2024 Building Bridges – Switzerland’s leading sustainable finance conference. UBP co-hosted an interactive event with J. Safra Sarasin and Ernst & Young entitled, ‘Financing the net-zero path to sustainable supply chains’. Panellists from UBP, J. Safra Sarasin, Ernst & Young, Siemens and the EU Platform on Sustainable Finance explored the challenges for mobilising private finance to decarbonise supply chains and what is needed to overcome these hurdles.

More information is available [here](#).

### Swiss Sustainable Finance – Market Study

As in previous years, we participated in the market study organised by Swiss Sustainable Finance (SSF), contributing to the insights presented in the SSF Market Study 2024.

The report highlights that sustainability-related investments in Switzerland returned to a growth trajectory, increasing by 3% from CHF 1,610 billion in 2022 to CHF 1,660 billion in 2023, following a prior decline. This modest growth reflects the refinement of methodologies by market participants, who now focus on more robust sustainable investment approaches. Equities, corporate bonds, sovereign bonds, and real estate remain dominant, collectively representing 77% of the total volume of sustainability-related investments.

The full report as well as an Executive Summary are available on [SSF’s website](#).

## Sustainable associations and initiatives

Beyond industry associations, and to identify systemic risks and tackle the world’s biggest challenges, governments, investors, the corporate world, and the financial sector must work together. Our commitments, memberships and partnerships help us to embed sustainability at UBP and to contribute to a more sustainable financial system. UBP has therefore partnered with, is a signatory to, or supports, several initiatives, associations and academic endeavours detailed further below.

## Global initiatives

- **United Nations Principles for Responsible Investment (UN PRI):** UBP has been a signatory of the UNPRI since 2012 and is committed to its six principles.
- **Net Zero Asset Managers Initiative (NZAM):** UBP Asset Management (Europe) S.A. and its subsidiary UBP Asset Management (France) joined the initiative in 2021. Its members are committed to supporting the goal of net zero emissions by 2050 and driving net zero-aligned investing. The initiative is undergoing a review process of its commitment and activities: we are monitoring how the situation develops.
- **CDP:** In 2022, UBP became a signatory of the CDP, a global non-profit organisation that runs the world’s leading environmental disclosure platform. In 2024, UBP participated in the CDP Non-Disclosure Campaign (see *Principle 10* and case study #12).
- **Institutional Investors Group on Climate Change (IIGCC):** In 2021, UBP Asset Management division became a member of the Institutional Investor group on climate change. It has over 400 members with USD 65 trillion in assets under management.
- **Taskforce on Nature-Related Financial Disclosures (TNFD) – Forum:** UBP supports the TNFD Initiative since 2021 and has attended several workshops which provided guidance to assess the impact of nature-related risks and opportunities on a company’s business as well as increasing the resilience of companies’ strategies to these risks.
- **Task Force on Climate-Related Financial Disclosures (TCFD):** In 2020, UBP started to support the TCFD, an initiative to improve climate-related financial risk disclosures. UBP’s 2024 TCFD report can be found [here](#).
- **FAIRR Initiative:** In 2020, UBP joined the member network of the FAIRR initiative. FAIRR provides research on risk factors linked to intensive animal production within the broader food system and provides the opportunity for investors to engage collaboratively.

- **University of Cambridge Institute for Sustainability Leadership (CISL) Investment Leaders Group (ILG):** Since 2018, UBP is part of CISL's Investment Leaders Group (ILG) to collaborate on advancing responsible investment practices with the objectives of decarbonising the global economy, protecting nature, and supporting inclusive and resilient societies. In 2024, UBP's Asset Management division's co-CEO, Nicolas Faller, was appointed as Senior Sponsor co-Chair for CISL's Investment Leaders Group. (See also *Principle 10* and case study #8)
- **Finance for Biodiversity Pledge:** Late 2022, UBP Asset Management division became a signatory of the Pledge, which encourages investors to commit to protecting and restoring biodiversity through their financial activities and investments.

## Local initiatives

- **Swiss Climate Foundation** in 2022, UBP became a member of the **Swiss Climate Foundation**, with our Head of Corporate and Social Responsibility sitting on the Foundation's Advisory Board.
- **Forum pour l'Investissement Responsable (FIR):** Created in 2001, FIR, a member of Eurosif, is a multi-stakeholder association whose corporate purpose is to promote and develop responsible investment and its best practices. In 2024, UBP participated in the Written Questions to CAC40 companies, initiated by FIR (see *Principle 10* and case study #11).
- **Dutch Climate Commitment:** In 2021, the UBP Group became a signatory to the Dutch Climate Commitment of the Financial Sector, a Dutch initiative designed to provide information on the role of the financial sector in climate change, the sector's efforts to reduce its impact and the evolution of its carbon footprint. This initiative leads us to share best practices with our peers on how to measure emissions, set meaningful decarbonisation targets as well as to report yearly in line with the Commitment requirements.
- **Swiss Sustainable Finance (SSF):** In 2018, UBP Group became a member of Swiss Sustainable Finance. SSF's mission is to strengthen Switzerland's position in the global sustainable finance market by informing, educating and promoting growth. SSF is a member of Eurosif, the leading pan-European association promoting sustainable finance.
- **Sustainable Finance Geneva (SFG):** Since 2018, the UBP Group has been a member of Sustainable Finance Geneva, an association recognised as a key platform for sustainable finance in French-speaking Switzerland. SFG enables all stakeholders to engage and dialogue with each other and is committed to promoting Geneva as a financial centre. Sustainable Finance Geneva is a partner of the Swiss Sustainable Finance network.

As part of these partnerships and initiatives, UBP has been involved in several collaborative engagements of which case studies are presented under *Principle 10*.

## Collaboration with external experts

Outside of these established partnerships and initiatives listed above, and as part of UBP's Impact Platform, UBP has also developed its own committees with external sustainable experts from NGOs and academia, as presented in the following case study:

### Impact Advisory Board

UBP's Impact Platform is overseen by the Impact Advisory Board. At the end of 2024, the Board was chaired by Anne Rotman de Picciotto, a member of UBP's Board of Directors, and was composed of five independent, external sustainability experts from NGOs and academia. Its role is to take thought leadership drawn from external experts in fields outside of investment management such as biodiversity, impact investing and sustainable development, and embed it into the Bank's Impact Platform.

2024 welcomed some new faces to the board and bid farewell to two long-serving members. The board met three times and, as ever, provided insight and challenges to the investment team. [Minutes of the meetings](#) are available online.

One of the key roles of the Advisory Board is to provide thinking and guidance on broad issues within impact. At each meeting 3-5 investment cases and their IMAP scores are reviewed in depth. These cases are independently selected by Simon Pickard, Chairman of the Impact Investment Committee, to ensure a variety of profiles in which the Board's insight could prove valuable.

The principal topics of discussion and action taken by the fund managers after the Board's advice are listed in the [2024 Impact Report](#).

The following topics, among others, were discussed during the year:

### **April Board Meeting**

- Review of holdings for ‘impact authenticity’ – recommendation to ensure a sustainable balance between ‘deeply impactful companies’ and those which can drive financial performance.
- Review of the work of the Biodiversity Committee in light of the UN’s Global Biodiversity Framework – recommendations to undertake more extensive mapping of the food producers’ supply chain with a view to discovering potential investments for the UBAM Biodiversity Restoration fund.
- Review of key engagement projects undertaken by the funds.
- Discussion on the current, more challenging political landscape for sustainability – recommendations for communication with clients and the market, and potential areas of collaboration with other organisations.
- Four companies’ IMAP scores were reviewed and remained unchanged following the review.

### **July Board Meeting**

- Review of UBP’s decision to merge Positive Impact Equity and Global Positive Impact Equity funds.
- Review of current engagement policies – recommendations around ensuring that portfolio holdings’ commitment to advocacy and collective action is addressed with companies in the portfolios through the Impact Engagement Framework.
- Discussion on the impact of the technology sector – recommendations on how to determine whether a technology company is eligible for inclusion in a positive impact fund, concentrating not on technological outcomes but on intentionality, as expressed by corporate purpose and targets.

Three companies’ IMAP scores were reviewed. While all three were confirmed, on one of them it was requested that more details on the engagement were provided.

### **November Board Meeting**

- Discussion about the global political outlook and the implications for fund strategy, including long-term commercial signals, regulatory developments and shifts in public discourse.
- Review of the recent UBP Biodiversity Committee meeting hosted by the Cambridge Conservation Initiative, emphasising the engagement with Cambridge academics on the food system’s impact on biodiversity – recommendation to consider how UBP could drive adoption of standardised metrics around biodiversity.
- Four companies’ IMAP scores were reviewed, while two scores remained unchanged, two were recommended to be increased.

More details on changes to IMAP scores triggered by the Impact Advisory Board 2024 meetings are available in Appendix 2.

### **Effectiveness**

The independence and expertise of the members have proven effective in fostering knowledge sharing and in challenging the investment team to ensure a non-biased assessment of the level of impact of investee companies, to the benefit of our clients.

## 5. REVIEW AND ASSURANCE

Principle 5: Signatories review their policies, assure their processes, and assess the effectiveness of their activities.

### Overview of response to Principle 5

#### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>• UBP recognises its duty to conduct business responsibly, not only to protect its reputation but also to uphold the integrity of the financial sector amidst evolving regulations, particularly in sustainable finance.</li><li>• The financial sector is subject to stringent regulations and a growing number of voluntary initiatives that require transparency and strategic alignment in operations related to sustainability.</li><li>• UBP implements a “three lines of defence” model for internal controls, involving business line management, independent risk and compliance functions, and internal audits.</li></ul>
<b>Activity/ Outcomes</b>	<ul style="list-style-type: none"><li>• A comprehensive Operational Risk Management Framework has been developed to manage operational risks across the organisation, supported by dedicated risk management teams.</li><li>• Internal and external audits assess the effectiveness of stewardship practices and provide areas for improvement.</li><li>• The implementation of the Maanch Engagement Tracker has improved tracking and reporting of stewardship activities, enhancing collaboration and compliance.</li></ul>

#### General

As a financial actor, we have a social responsibility to conduct business responsibly, not only to maintain our own reputation and success, but also that of the sector as a whole. The financial sector is a highly regulated environment and is undergoing a great deal of regulatory change, especially regarding sustainable finance. In addition, there is a growing number of voluntary international and national initiatives addressing sustainability in general and sustainable finance more specifically. These come with a range of obligations, from implementing strategic change to providing transparent reporting. Accordingly, we must closely monitor both regulatory developments and voluntary initiatives, and align our processes, products, and services with the requirements they bring with them. The objective is to ensure appropriate conduct towards our clients, counterparties, and the financial system, to maintain our outstanding reputation, guarantee client satisfaction and avoid financial penalties.

#### Internal Controls – Three Lines of Defence Model

UBP applies the relevant FINMA guidelines and directions as outlined in their circular 2017/1 on internal controls. In more detail, this circular provides directions on the set-up and responsibilities related to the Board of Directors, the Audit Committee, Internal Audit, Compliance and Risk Control. A “three lines of defence” model is implemented accordingly. The below functions, as well as permanent first level controls, which are operated by business line managers, compose the Internal Control environment.

- **1st level:** Four-eye principle, supervised by an employee’s respective line manager and business heads. Additional technical controls are implemented in the relevant processes.
- **2nd level:** Independent controls by risk management / compliance functions:
  - **Risk Management** develops and maintains tools and methods to measure, monitor and control risks with respect to investments. Risk management covers permanent controls of investment related restrictions (prospectuses, IMA etc.), including with regards to sustainability risks (such as the respect of exclusion lists, or of a fund’s ESG objectives).
  - **Compliance** anticipates and manages regulatory risks in the interests of the Bank and the Group. Compliance covers permanent controls of regulatory restrictions or requirements such as best execution, best selection, monitoring of conflicts of interest, personal account dealings, cross-border activities, etc. This includes oversight of changing sustainability regulations to ensure compliance with sustainable finance regulations.
- **3rd level:** Internal and external audit:

- **Internal Audit** determines whether the Bank's and Group's governance, processes, systems, and control environments are effectively in place.



Source: UBP.

### Operational risk management framework

To facilitate the management, in a consistent manner, of all types of operational risk on the business lines as well as management oversight and accountability, the Bank has developed an all-embracing, single Operational Risk Management Framework for the entire Group which comprises five key elements:

- Risk responsibilities
- Risk identification and evaluation
- Risk monitoring, controlling, and reporting
- Supporting controlling environment
- Risk transfer / hedge / insurance programs

The **first level of defence** lies with the business line management, which has the primary responsibility for managing operational risks. Business line management is required to identify, assess, monitor, report and manage operational risks arising within their respective business areas, as part of day-to-day activities, with monitoring on a continuous basis to limit operational risk exposures in line with the business line's risk appetite.

For the **second level of defence**, which is independent from business management, UBP has a dedicated operational risk management team embedded within UBP's Risk Management Group, which is further supported by each Group entity's local risk managers. The Operational Risk Management team provides the operational risk management framework and approaches to be implemented in the first line of defence as well as supports in the identification, assessment, management, measurement, monitoring and reporting of risks to senior management (via risk self-assessment, change risk assessment, key risk indicators approach), and as part of the internal control framework.

Next to Group Risk & Compliance division, the following units operate in this second line of defence: Compliance, Legal, Financial Controls & Credits, Security, Insurance Management and Business Continuity Management.

A **third level of defence** is provided by the Internal Audit which provides independent assurance on the effectiveness of the first and second levels of defence.

The framework is based on internal rules of UBP, the Principles for the Sound Management of Operational Risk of the Basle Committee on Banking Supervision (June 2011), the updated Circulars on operational risk (March 2014), FINMA Circular 2017/01 on corporate governance, risk management and internal controls at banks and BIS on “Principles for effective risk data aggregation and risk report”.

Operational Risk Management Framework						
Risk Identification & Responsibilities			Organisational Structure, Oversight	Supporting Operational Risk Control	Supervisory & Regulatory Environment	
Definition of Operational Risk and Risk Classes						
Operational Risk Responsibilities			Policies & Procedures			
Qualitative and Quantitative Risk Measurement			IT Technical Infrastructure			
Inherent Risk Indicators Subjective losses estimates	Operational Loss Distribution VaR / Stress Scenarios					
Risk Monitoring, Controlling and Reporting			People / Human Capital			
Risk Warning Flags / Standard Criteria		Reporting				Monitoring
Self Risk Assessment	Top-Down Risk Ranking		Quality Management			
Hedge Value / Insurance						

Source: UBP.

In addition, we regularly review our processes and policies to make sure they are assessed regularly.

### Internal Regulatory Framework

The Group Directive on Managing the Internal Regulatory Framework, which entered into force in 2012, sets out the Bank’s framework of regulations and the approval process designed to ensure texts/directives are consistent with internal regulations. The Directives Committee oversees approving Group-wide and Business-specific directives, in addition to the executive committee in cases required by regulations. The Committee comprises the Group Chief Operating Officer, the Head of Risk, the Head of Compliance, the Chief Group Legal Officer.

All Directives are formally and regularly reviewed. The Group Head of Regulatory Services must:

- Submit to the sponsors any required updates

In 2022, the review cycle was revised: All sensitive directives older than one year (rather than three years previously) have to be submitted to the Compliance Department and/or their sponsor to obtain their opinion on whether the directive needs to be updated. Where necessary, the new version will then be submitted to the Directives Committee as part of the approval process.

After the addition of the ESG Data Policy as an annex to the Data Directive in 2021, UBP continued to revise its internal directive to reflect sustainability considerations. Some of the recent updates include:

- The Supplier Code of Conduct was amended and more specific rules regarding the prohibition of child labour were added. An extensive assessment of UBP’s suppliers was carried out to determine where potential risks relating to child labour could be identified. The assessment showed that there is no reasonable risk of child labour among UBP’s suppliers.
- The Lux Manco Conflicts of Interest Policy was updated to include a definition of greenwashing and its relevance to conflicts of interest linked to the integration of sustainability risks. The update addresses conflicts arising from remuneration, personal transactions of relevant persons, as well as those related to greenwashing or misrepresentation of investment strategies. Greenwashing is defined as the practice of making sustainability-related statements, declarations, or communications that do not accurately reflect the underlying sustainability profile of an entity, financial product, or service, potentially misleading consumers, investors, or market participants.
- The FinSA Framework for Asset Management Business was revised to incorporate the SBA guidelines for ESG investment solutions offered to Professional Clients. The update emphasises the integration of ESG preferences and risks into investment advice and portfolio management. For Professional Clients, who have expressed ESG preferences, general

information on the available ESG investment solutions, including their associated risks, to ensure a clear understanding of the ESG characteristics of these investments is provided.

## Stewardship policies

UBP has put in place a range of stewardship-related policies, which are reviewed at least annually to make sure they are revised and improved when necessary. We believe that the sustainability governance structure as laid out under *Principle 2*, supported by the Compliance department including Regulatory Services, means that UBP's stewardship policies and processes remain effective and address developments in clients' preferences, industry practices and regulations in a fair, balanced, and understandable manner. These policies include but are not limited to:

- **Responsible Investment Policy:** An overarching policy that codifies UBP's commitments to responsible investment and details the scope, governance, and practices. The policy is available [here](#). Revision of the policy is under the responsibility of the Responsible Investment Committee (RICO). In the case of major changes, these also have to be validated by the Sustainability Steering Committee.
- **Voting Rights Policy:** The policy details the general principles of how UBP exercises voting rights actively, independently, and exclusively in the interest of investors, including the integration of ESG into decisions, through the choice of the Sustainability Voting Policy of our Proxy Voting partner. It is then applied at the level of each fund management company. The policy is available [here](#) (see also *Principle 12*).
- **Engagement and Escalation Policy:** This policy outlines how UBP's Asset Management division engages directly or collaboratively with stakeholders to promote sustainability and details the processes for escalating issues when necessary. The policy is available [here](#) (see also *Principles 9 and 11*).
- **Biodiversity Approach:** This [document](#) states our commitment at Bank-level to actively contribute to the fight for biodiversity. It includes key elements on the state of the issue, the main biodiversity-related initiatives we are involved in, how we raise awareness among our investment teams by identifying leading and lagging companies, and how we encourage them to work with investee companies, particularly those deemed laggards. (See also *Principle 4* on how we addressed the systemic risk resulting from biodiversity loss).
- **Remuneration Policy:** Lays out how the concept of Sustainability is integrated into UBP's staff [remuneration policy](#). (See also section on Incentives in *Principle 2*).



## Engagement Tracking and Reporting

Our decentralised approach empowers our investment teams to select engagement topics tailored to the specific challenges faced by the companies within their portfolios. However, we acknowledged early on that balancing this autonomy with the imperative to thoroughly document and disseminate engagement cases across teams can be challenging. To address this challenge, we established a partnership with Maanch, a certified B-Corp and a leading technology entity, as outlined in our prior iteration of the UK Stewardship Code (FY2021). This collaboration led to the development and successful rollout of the Maanch Engagement Tracker in 2022.

Maanch Engagement Tracker is a cloud-based solution to track, report and analyse all portfolio engagements for improved collaboration, transparency, and compliance with global regulations. This tool has significantly enhanced our processes by automating the continuous collection of data and analysis related to our engagements with portfolio companies. Additionally, it serves as a central platform for monitoring escalation activities and facilitating seamless communication among our teams. This collaborative partnership with Maanch has proven instrumental in tailoring the tool to our precise needs, evolving iteratively through ongoing feedback.

In 2024, we hosted one workshop in collaboration with Maanch and all UBP users to train them on the new features in the tool and best practices of how to track engagements. Furthermore, the reporting features were enhanced, allowing us to use reports directly from the tool for specific teams or funds. The integration of our voting activity has been implemented in 2024 and new reporting features, such as the tracking of collaborative engagements has been added as well. (see also *Principle 9*).

In 2024, we continued to work on our second challenge, which revolved around the utilisation of diverse data systems throughout the Group. With the appointment of our Global Head of Sustainability, a decision was reached to adopt a unified ESG data management system within the company. This system will serve as the central repository for all ESG data acquired from various third-party providers. Its implementation not only enhances data governance but also facilitates robust cross-verification of data, enabling us to achieve the highest data quality standards. Furthermore, this unified system will empower us to automate the computation of select ESG metrics directly within our IT and PMS systems. This strategic implementation will not only enhance the process of generating "internal scores," enabling seamless distribution across our business lines and teams, but also contribute to the streamlining of ESG reporting across

the entire group. In 2024 the rollout of the tool started and it has been used for automated calculations as well as reporting (see also *Principle 8*).

## Assurance

To ensure UBP's approach to stewardship is suitable and effective, we undertake both internal and external audits of our activities to identify areas for improvement. In addition to the reviews undertaken by the RICO and the Compliance department, assurance on UBP's Responsible Investment practices and the assessment of their effectiveness arise from:

### Internally:

- **The UK Stewardship Code 2024** report has been drafted by the Sustainability Solutions - AM team, based on the proven input of different teams and departments (e.g. investment teams, risk, compliance). It was then reviewed by UBP's Group Head of Sustainability and by Compliance and was finally approved by one of the co-CEOs of UBP's Asset Management division, by the Head of Asset Management London and by the Head of Compliance for UBP's London Branch.
- The **Internal Audit** team periodically reviews ESG Compliance. The last review took place in 2024 and the following one is planned for 2026.

In 2024, the scope included, but was not limited to, the following areas:

- ESG Governance (roles and responsibilities, internal committees, and terms of reference, etc.)
- ESG data management
- SBA Guidelines
- CSSF Circulars
- Sustainability Reporting (i.e., UBP Annual Report, Group Sustainability Report)
- Follow-up of previous audit recommendations

In conclusion, based on the work performed and taking into consideration the audit findings, a "Satisfactory Medium" rating was assigned to this report. This means that at the time of fieldwork, the system of internal controls provided adequate mitigation of financial, reputational, and regulatory risks.

### Externally:

- UBP releases its Sustainability Report following the GRI Standards, the globally recognised framework for sustainability communication. This structured approach allows for a thorough presentation of material issues and corresponding performance indicators. Included within this is our TCFD report. In 2024, both our Sustainability and TCFD reports received endorsement from UBP's Executive Committee and Board of Directors. A selection of sustainability indicators presented in the report was assured externally (limited assurance). This verification encompassed several GRI KPIs at the Group level and carbon emissions data pertaining to UBP AM funds and mandates (see page 57 of our [2024 Sustainability Report](#)). To achieve this limited assurance, we enhanced our data gathering processes and provided a comprehensive breakdown of all metrics and KPIs in the "Basis for Reporting" section, annexed to the report. This portion clarifies metric definitions, computations, scopes, exclusions, and any estimation methodology deployed.
- As part of the evaluation process to obtain the French ISR Label, some of our funds are audited annually with regards to their responsible investment policies by Ernst & Young.
- We conducted an external audit for the SFDR periodic reporting, ensuring compliance and transparency in line with regulatory requirements.

To further enhance sustainability reporting in line with growing regulation across Europe (e.g. CSRD) and Switzerland (e.g. Swiss Ordinance on Climate Disclosures), we had a series of workshops in collaboration with external consultants, notably to update our dual materiality matrix and start working on a climate transition plan at Group level. Meeting these reporting obligations necessitates a thorough enhancement of our processes, policies, and group-wide data collection efforts. Moreover, some of these mandates may require external assurance to ensure that our disclosure practices remain transparent and impartial, providing accurate and reliable information. Our commitment to these endeavours underscores our dedication to maintaining fairness and balance in our reporting practices.

# INVESTMENT APPROACH

## 6. CLIENT AND BENEFICIARY NEEDS

**Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.**

### Overview of response to Principle 6

#### Key Statements

##### Context

- As of December 31, 2024, UBP managed CHF 154.4 billion in total assets, with over CHF 32.5 billion attributed to the Asset Management division.
- UBP serves a diverse range of institutional clients, including corporates, pension funds, insurance companies, and family offices, while also engaging with distributors like banks and financial advisors.
- We are committed to fostering enduring partnerships with our clients through suitable investment strategies, dedicated portfolio management, and strong client service. Our investment approaches and stewardship principles are geared towards achieving consistent long-term performance.

##### Activity

- UBP focuses on long-term performance by structuring investment strategies and compensation to align with clients' investment horizons and sustainability objectives.
- UBP engages clients through various channels, including regular meetings, events, and digital campaigns, ensuring robust communication and education on investment strategies and sustainability.

##### Outcomes

- Client relationships have strengthened due to a structured approach to understanding and responding to diverse client needs, resulting in retained investments even during periods of underperformance.
- The integration of feedback mechanisms has led to adjustments in investment strategies, such as merging funds based on client demand and enhancing financial performance alongside impact goals.
- UBP's commitment to transparency is reflected in comprehensive reporting practices, including monthly and quarterly updates on fund performance, ESG metrics, and sustainability initiatives, fostering trust and informed decision-making among clients, in addition to the annual Sustainability and TCFD Report, with a broader scope of the group.

### Client base

The Asset Management division of UBP strives to serve the whole spectrum of both local and global institutional clients and we distinguish between such investing in their own balance sheet and those which act as distributors. We maintain a good equilibrium between corporates, pension funds, insurance companies, banks, central banks, and family offices. We apply a dedicated approach to distributors which include other banks, private banks, and independent financial advisors on both a global and regional level.

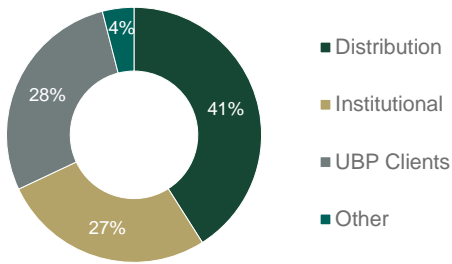
As consultants play an important role in the institutional field, we put a special emphasis on our approach to these, being proactive and providing a high level of transparency in our offering and investment approach. Global consultants are covered by our sales team in the UK, complemented by regular exchanges with other local sales teams which directly follow their field consultants.

As of 31.12.2024, UBP had total assets under management of CHF 154.4 billion, of which the Asset Management division was responsible for managing over CHF 32.5 billion.

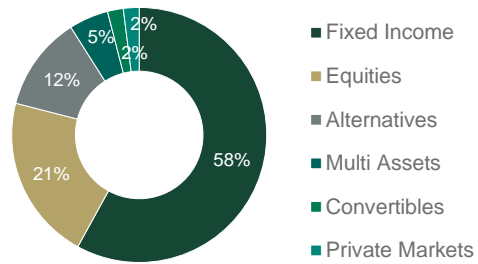
## Asset Management division's AUM split as at 31.12.2024

### Client type and product

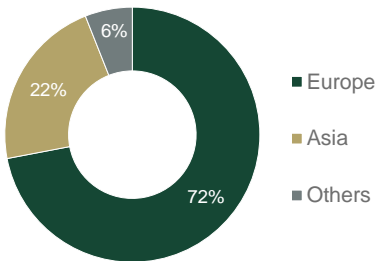
CLIENT TYPE



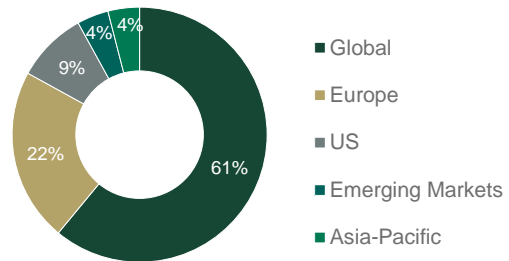
ASSET CLASSES



CLIENT REGION

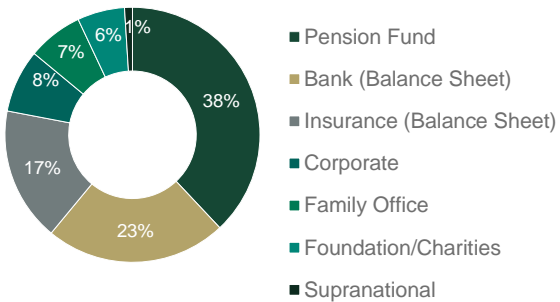


INVESTMENT REGION

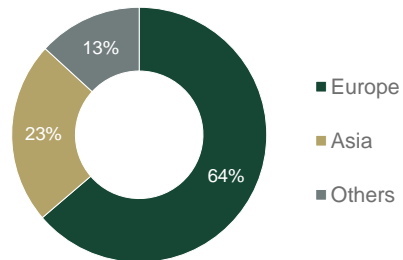


### Institutional client

INSTITUTIONAL CLIENT BREAKDOWN



ASSET CLASSES



Source: UBP

### Investment horizon

UBP's focus is on delivering long-term performance and our investment strategies and stewardship practices are structured as such. For our public offering, we ensure that the minimum recommended investment horizon is included in the legal documentation. As for segregated mandates, as part of the tender and on-boarding process, the investment horizon and objectives of the client are always determined.

UBP's compensation structure is designed, in part, to encourage the long-term performance of our products and services. To guarantee greater stability within the Group and to align short-term and long-term performance benefits, the remuneration policy defers

payment of a portion of the variable component for some staff members. Please refer to Incentives in *Principle 2* for more information on UBP's remuneration structure.

UBP has defined standard investment horizons per asset class, dependent on their volatility and liquidity risk profiles. Examples are indicated in the table below:

Asset Class	Standard Investment Horizon
Money Market	Below 1 year
Absolute Return Fixed Income Low Volatility	1-2 years
Global fixed Income	At least 3 years
Multi-assets	3-5 years
Alternatives UCITS	3-5 years
Global Equities	At least 5 years
Private Equities/Infrastructure/Real Estate	Longer term

## Understanding client needs and communication

### Client coverage and relationships

At UBP, we aim to build a long-term relationship with our clients by providing them with appropriate investment solutions, high-conviction portfolio management and strong client service.

In 2023, we enhanced the governance of the client-facing team of the Asset Management division to ensure greater client-focus, by splitting it in two: Distribution and Institutional Sales, with two dedicated heads which report to the Co-CEO of the division. This is aimed at facilitating more regular and meaningful feedback, which is then more easily analysed and acted upon. Also, client engagement strategies are tailored by client type, which allows for a deeper understanding of diverse client needs and challenges.

The approach is segmented by regional coverage and maintains a consistent focus on markets and client needs. Indeed, we believe our clients are best served by locally based relationship management teams. To this end, we operate through local sales offices across our active regions to act as a conduit between our clients and their investments with us. Through this set-up, we offer a local one-stop point of contact for our clients. Each client has a relationship manager who is responsible for business development as well as providing high-level client service. Client relationship managers maintain a dialogue with clients and provide regular updates on market developments, research, products and other areas of interest. Our client-focused approach in combination with local coverage supports the creation of strong relationships between us and our clients.

The role of client relationship managers has a high emphasis on understanding clients' needs in a changing environment (regulatory frameworks, markets), and as such, a large part of their role is to coordinate client needs by liaising with the requisite UBP investment team as well as other professionals, sitting within the Asset Management division, who are experts in their respective fields, such as a climate or stewardship.

For example, when marketing one of our public products, our client relationship managers must determine whether the fund may be offered to a client depending on the status of the fund (e.g., registered or not), the status of the investor (e.g., professional, or qualified investor, retail investor, etc.), and on the suitability of the fund for the investor (e.g., investment horizon), etc. The Compliance department organises second-level spot checks in compliance with the above-mentioned rules.

Our staff includes experts who cover marketing-related aspects (providing comprehensive written material on our products and markets), investment specialists with responsibility for asset classes, a central team which handles requests for proposals (RFPs) and due diligence across UBP's offering, a product development and management team including funds legal experts which coordinates all requests pertinent to a product's lifecycle, as well as a market intelligence function which looks into peer analysis, market flows, etc. Our Sustainability Solutions - AM team is also available for client meetings or calls to explain UBP's responsible investment principles and approaches.

Procedures are in place to ensure that any complaints from clients are dealt with swiftly and appropriately.

With regards to responsible investment, stewardship, and sustainability, UBP engages with our clients to determine their needs and to educate them about our approach (see below). By default, UBP's Responsible Investment Policy applies to all new segregated mandates, unless the client chooses to opt-out. This ensures that a dialogue concerning responsible investing always occurs with our clients.

UBP has a process for integrating and processing client requirements centrally, so the firm has an aggregated view and can spot trends in client requirements to ensure efficiencies in meeting client needs.

Effective communication is central to fostering strong relationships between our funds, our sales and clients. We recognise the importance of enhanced communication strategies, which improve the availability and responsiveness of senior management and fund management teams.

Regular client meetings are integral to our communication strategy. We aim to maintain a robust schedule of engagements, including roadshows and events such as lunches, webinars and presentations.

For instance, our UK sales team has a target of ten events each semester. An example of this was a significant client event that was organised in previous years focused on the theme of Biodiversity preservation and restoration and specifically TNFD (see also *Principle 4*). There were 115 attendees, providing an excellent opportunity for direct interaction and feedback. Clients, prospects and journalists from the UK but also from other European countries could listen to presentations from academics, companies, farmers, and fund managers. The feedback was excellent, and people recognised the quality of this full day event.

Client interaction and market data are also gathered through RFPs and due diligence requests. In 2024, the RFP team responded to over 215 requests, with approximately 70 focused on ESG-related strategies, including 37 on impact products and 40 on other ESG-labelled funds. This data highlights the focus on these specific themes. It also allows us to capture the concerns and interests of both clients and prospects.

Feedback mechanisms extend beyond formal meetings, as we also consider client interactions on social media platforms, particularly LinkedIn, to assess sentiment regarding sustainability initiatives. UBP's active presence across seven social media channels – LinkedIn, Twitter, Instagram, WeChat, Facebook, YouTube, and Spotify – facilitates comprehensive communication on a wide range of topics, including corporate news, investment insights, and sustainability efforts.

### **Aligning Asset Management with Clients' Needs**

In 2024, UBP restructured the governance of its UK-based investment teams, to strengthen oversight within the organisation. As a result, both the Impact and EM fixed income investment teams now report directly to the UK Head of Asset Management in London. This change has improved proximity to senior management, facilitating more direct communication and enabling more effective decision-making and risk management processes.

Additionally, we enhanced collaboration across teams by establishing a working group. This group, which includes the UK Head of Asset Management, the Head of Fund Selection, risk teams, and fund managers, aims to improve fund performance outcomes through closer coordination and the sharing of insights.

A clear evolution in clients' demand has been an increased focus on financial performance even for dual mandate strategies. Recognising that clients were not willing to sacrifice short-term performance for impact, our impact investment team has slightly adjusted its approach. The team now seeks opportunity not only within impactful companies but also places a greater emphasis on financial performance and manages risk metrics, such as distance to benchmark and tracking error.

### **Effectiveness of taking our Clients' views into account:**

We regularly interact and engage with our clients, both in one-to-one meetings and at our interactive events, which provide clients with full access to fund managers. Through this communication, we have been able to retain client investments during periods of relative underperformance, particularly in our Impact funds, which have faced challenges over the past year, along with many other Impact and Sustainable funds.

When clients expressed concerns over the relative underperformance of our Impact funds, fund managers responded by reducing the funds' tracking error. This was achieved by increasing the average market cap of holdings and reducing the funds' growth bias by adding more value stocks. Furthermore, when clients indicated a lack of demand for a European Impact strategy, we responded by merging our European Impact fund into our Global Impact fund, where demand was stronger.

## Access to investment professionals

Clients have access to investment and non-investment staff who can provide, among other services, information on their portfolio, market insights, bespoke risk management and tailor-made account structures. Investment specialists dedicated to their asset class are also available for client meetings and requests. They prepare written communication for our clients detailing our investment teams' views if there is a development of interest in the markets, produce White Papers on subjects that are likely to be of interest and publish Flash Updates – all made available to our investors.

## Insights, White Papers and Media Interviews

UBP's experts regularly produce Insights, White Papers and undertake media interviews on an array of markets, investing and sustainable topics to keep current and prospective clients well informed. Notable publications in 2024 included:

- [COP29: Will AI be mentioned in the final text?](#) - Overview of the key takeaways following the COP29 and AI's impact on climate, energy demand and emissions
- [Measuring biodiversity net gain](#) – Insight piece on biodiversity measurement and data on nature
- [Impact investing: Looking for diversification in emerging markets](#) – Exploring regional trends, thematic opportunities, and strategies in emerging market equities for impact-focused investors
- [Shareholder voting on remuneration \(White Paper\)](#)
- To raise awareness on the international Women's day, UBP launched two campaigns: [Celebrating Women's Day: The feminine touch in tech](#) and [International Women's Day: The natural way to diversity is meritocracy](#)

Further insights are included in UBP's [newsroom](#).

Also, our clients, prospects and partners can sign up to one or several newsletters on our corporate website, <https://www.ubp.com/en/newsletter>. By subscribing, they receive a digest of the Bank's latest news and investment insights by e-mail.

## Client communication and education

We believe that education is essential to raising awareness, and as such, UBP has produced short videos and launched digital campaigns outlining key concepts such as value creation through responsible investment and on impact investing. UBP organises investment summits and aligns with our enhanced offering, and UBP is increasingly participating in roadshows dedicated to ESG. UBP's experts also regularly appear in the media. In addition, initiatives such as Swiss Sustainable Finance (SSF), of which UBP is a partner, have as a mission the objective of strengthening the position of Switzerland in the global marketplace for sustainable finance by informing, educating, and catalysing growth.

Additionally, UBP is active on seven social media platforms: LinkedIn, Twitter, Instagram, WeChat, Facebook, YouTube, and Spotify. We communicate about various topics, including corporate news, investment views, sustainability, and our investment expertise. The Instagram account has a strong focus on sustainability and impact investing and features educational content on these themes.

In 2024, we published 47 sustainability-related posts on social media and our public website, including 4 videos.

To better serve our diverse client base, we offer tailored presentations/marketing documents for either private or institutional clients. Also, while English remains our language of choice, we provide translated marketing communications in several European and Asian languages, when required.

## The Big Exchange

UBP is a founding member of The Big Exchange (<https://www.bigexchange.com>), a UK platform which aims to make financial services more inclusive, to allow all to make our society and planet better through their personal finances. To help the end investor, The Big Exchange has been developing a Controversy Forum where we are sharing White Papers and insights when dealing with some of these areas of controversy. In addition, our Impact funds have been selected to be on the platform for their impact credentials. In 2024, all our impact funds available on the [Big Exchange platform](#) maintained their gold medal ratings.

## Reporting

UBP strives to provide adequate, clear, and transparent information about our products, services, and operations, including with regard to sustainability. We believe that this will help clients and other stakeholders understand the associated risks and opportunities, inform choices, and foster fair competition across the market. Enhanced non-financial disclosure has become a major focus in response to concerns among clients, regulators, and the media about greenwashing.

UBP has developed granular reporting generated on a monthly, quarterly, and annual basis in order to communicate our stewardship and investment activities. For all our fund structures, we provide reporting as required by the relevant regulations. This obligatory reporting is complemented by additional reporting, which is made available to our investors, for example:

- Monthly fact sheet (per share class of each fund / sub-fund) that includes portfolio characteristics, performance statistics and other quantitative measures (varying across asset classes). Specific ESG data is included for our impact and sustainable strategies.
- Monthly institutional report (for the main institutional share class of each fund / sub-fund). This contains more extensive quantitative data than the retail factsheet, including risk metrics (such as volatility, tracking error, information ratio), holding breakdowns, for instance per geography, sector, ratings as appropriate for the strategy. Specific ESG data is included for our impact and sustainable strategies.



- Quarterly report with a qualitative focus, including market commentary, performance review, portfolio activity and outlook. Specific ESG information may be included for our impact and sustainable strategies.
- Regular performance attributions / contributions.
- Engagement activity is publicly available here (see also *Principle 9*).
- Voting report and voting record are available here. The latter provides rationales for votes deemed significant, such as votes against our policy, against management, on shareholder proposals, withheld, or abstained (see also *Principle 12*).
- [Annual Impact report](#). This report contains an overview of our Impact team activity over the year, including highlights of the Impact Advisory Board, engagement cases examples and an overview of impact KPIs across our Impact fund range.

For mandates, we offer customised financial and ESG reporting on demand, tailored to meet clients' specific needs.

UBP also publishes annually a [Sustainability and TCFD Report](#), which sets out the way we are contributing to the shift towards a sustainable economy, and reflects our willingness to consider sustainability not as a stand-alone topic but as an integral part of our day-to-day business and strategy.



## 7. STEWARDSHIP, INVESTMENT AND ESG INTEGRATION

Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

### Overview of response to Principle 7

#### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>• UBP is an active manager focusing on maximising returns across various asset classes through tailored investment strategies. The investment processes are specific to the individual teams, their asset classes, and their strategies.</li><li>• Our offering is embodied across four investment approaches:<ul style="list-style-type: none"><li>○ RI Policy Compliance</li><li>○ ESG Integration</li><li>○ Sustainability Focus</li><li>○ Impact Strategies</li></ul></li></ul>
<b>Activity</b>	<ul style="list-style-type: none"><li>• As part of our Responsible Investment Policy, UBP excludes a list of controversial businesses from our portfolios. Specifically, regarding climate change, all UBP-branded public funds and certificates do not include coal extraction (subject to revenue thresholds), and we impose more rigorous standards for sectors like coal-based electricity generation and unconventional oil and gas in our SFDR Art. 8 and 9 funds.</li><li>• Being a signatory to the UN PRI, we exercise vigilance when it comes to companies that have violated global standards and principles. Consequently, these firms will be placed on a watchlist and engaged with, in the aim of improving their ESG practices.</li><li>• Investment teams independently conduct research, security selection, and engagement with companies, ensuring ESG factors are incorporated throughout their processes. Investment teams generally favour conducting their independent ESG assessments, often complemented by services from external providers.</li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>• We provide a comprehensive presentation of the structure and setup of our three investment approaches, which are established on the foundation of six key practices.</li><li>• Case studies are presented detailing the different ESG integration processes applied by investment teams, the actions taken by the teams while engaging with specific companies, as well as the outcomes of those engagements.</li></ul>

### Integrating stewardship and investment

At UBP, we actively manage investments, leveraging the best return opportunities across asset classes. Our approach combines bottom-up, top-down, or blended strategies for fixed income and equity portfolios, while multi-asset portfolios rely on strategic and tactical decisions. For fund of funds, we focus on manager selection and asset allocation.

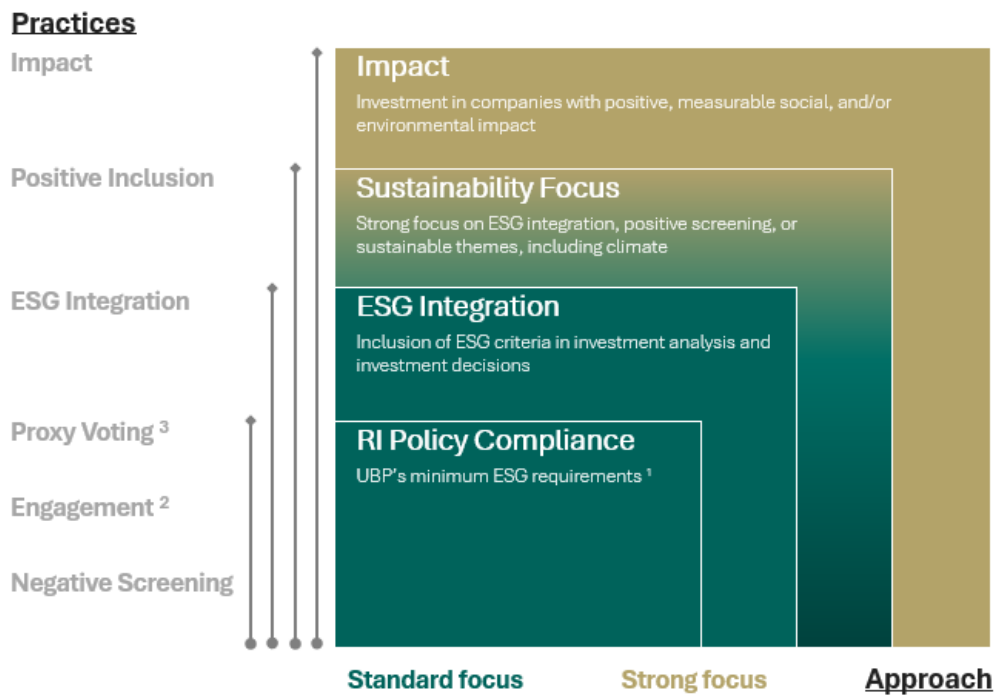
Each of our investment teams relies on its own research and models, tailoring their approach to the specific asset class. While the teams may share data, inputs, and views, they remain independent in their security selection. Investment processes are specific to the individual teams, their asset classes, and their strategies. For instance, even if two equity teams both employ a bottom-up approach, they might have different objectives. One team may focus on identifying companies that generate a positive impact, while another may look for those with the best ESG practices.

Moreover, as a signatory to UN PRI (see also *Principle 1*), we believe that companies with an appropriate management structure and the capability to manage and mitigate environmental and social risks are ultimately more likely to deliver long-term performance. As a result, ESG analysis and considerations, including active ownership, are assessed and incorporated throughout all our investment processes, with different degrees of integration.

Our offering is embodied across four investment approaches, each reflecting an increasing commitment to responsible and sustainable practices. The approaches range from:

- Basic “RI Policy compliance” (application of the standard exclusion list plus proxy voting and systematic engagement in international norms),
- ESG Integration (consideration of ESG criteria alongside financial criteria in the selection process),
- Sustainability Focus (focusing on selecting companies with best ESG practices),
- Impact strategies (seeking to invest only in companies that contribute positively to the environment and/or society).

As described in the chart below, all these approaches integrate one or more of the six practices, with different levels of intensiveness.



For illustration purposes only.

<sup>1</sup> Applies to all UBPA mutual funds as well dedicated funds and mandates (subject to clients' approval).

<sup>2</sup> At minima, systematic engagement is carried out in case of identified international norms violation. This is applicable to all mutual funds, as well as to Institutional dedicated funds and mandates, with client's approval. Additional collaborative or direct engagement can occur depending on the approach and investment strategy.

<sup>3</sup> At minima, voting according to sustainability guidelines is applicable to all equity funds above EUR 15 mn.

## Description of the practices

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 Art. 8 and 9 funds.

- **Exclusion List:**

In alignment with our core values and our commitment to global conventions, UBP maintains an Exclusion List that applies to various business lines, including our public funds, wealth management discretionary mandates, advisory services, and UBP's own treasury portfolio. Additionally, this list may be applicable to dedicated funds and mandates, subject to client agreement.

To ensure compliance, the Exclusion List is integrated into UBP Asset Management's portfolio management systems. A second layer of oversight includes post-trade checks conducted by our Risk Management team and external Fund Administrators.

As indicated in the table below, the minimum set of exclusions varies depending on the sustainability profile of the product, with more stringent criteria and a broader range of exclusions applied to funds with an environmental or social emphasis, specifically Art. 8 and Art. 9 as per SFDR.

These minimum criteria establish the baseline level of exposure that UBP is willing to have to certain sectors/activities considered controversial and/or harmful. Additional exclusions or stricter thresholds may be applied in accordance with the investment policy of each financial product. Finally, for other potentially controversial sectors/activities, UBP relies on ESG analysis, engagement, and stewardship to effectively improve poor ESG practices.

Sectors	Minimum exclusions	Funds that promote E/S charac. (Art. 8 SFDR)	Sustainable & Impact funds (incl. Art. 9 SFDR)
<b>Controversial weapons<sup>2</sup></b>	0%	0%	0%
<b>Nuclear weapons</b>	NPT*	NPT*	0%
<b>Other weapons<sup>3</sup></b>	Due diligence	Due diligence	10%
<b>Tobacco production</b>	0%	0%	0%
<b>Tobacco - Others</b>	10%	5%	5%
<b>Coal extraction</b>	20%	20%	10%
<b>Coal-powered utilities</b>	-	20%	10% DM / 20% EM
<b>Unconventional oil and gas<sup>4</sup></b>	-	10%	10%
<b>Adult entertainment production</b>	-	0%	0%
<b>Adult entertainment – Others</b>	-	5%	5%
<b>UN Global Compact breach</b>	Watch list	Excluded	Excluded
<b>FATF High Risk Countries</b>	Excluded	Excluded	Excluded
<b>FATF Other Monitored Jurisdictions</b>	-	Due diligence	Due diligence

\*Treaty of Non-Proliferation of Nuclear Weapons

In certain cases, for Article 8 and Article 9 dedicated funds and mandates, UBPAM and institutional clients may agree to different exclusion lists/criteria, subject to specific minimum standards defined by UBPAM.

- **Watch List:**

UBP aims to take proactive steps when research indicates that companies have violated international norms, which could pose a potential threat to their long-term forecasts.

The Watch List comprises companies that have been flagged by MSCI's ESG Research LLC due to their involvement in very severe controversies, including non-compliance with international norms and principles such as the UN Global Compact (UN GC), the OECD Guidelines for Multinational Enterprises, or International Labour Organization (ILO) conventions. Additionally, companies found to be in breach of the UN GC and the OECD Guidelines for Multinational Enterprises, as assessed by Morningstar Sustainalytics, are also included in the Watch List.

The Watch List is not an exclusion list. Investment teams are required to justify the inclusion of these issuers in their portfolios and, if possible, demonstrate their engagement with the company to enhance its ESG practices. Also, UBP has partnered with Morningstar Sustainalytics to systematically engage with companies it identifies as in breach of international norms, on our behalf.

Importantly, in our Art. 8 and 9 funds, issuers in violation of the UN GC are automatically excluded, as indicated in the section “exclusion list” above.

### Stewardship (Engagement & Proxy Voting):

Investment teams are encouraged to engage, directly or collaboratively, 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.

The level of engagement, which differs across asset classes, can be a key component of the investment process. For instance, our impact team aims to engage with all its investee companies at least once a year through the Impact Engagement Framework (IEF). This is used to better understand companies' sustainability practices as well as to define engagement priorities (see *Principle 9*).

<sup>2</sup> See definition above.

<sup>3</sup> Other weapons include conventional weapons and support systems.

<sup>4</sup> Unconventional oil and gas include oil sands, oil shale, shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore.

To act in the best financial interests of our clients in the long term, UBP exercises the voting rights attached to investments whenever possible. UBP has adopted voting principles aimed at promoting business practices mindful of environmental, social and corporate governance issues, in line with the UN PRI Principle 2 “We will be active owners and incorporate ESG issues into our ownership policies and practices” (see *Principle 12*).

### ESG Integration:

UBP’s investment teams are encouraged to assess ESG issues, including climate considerations, as part of their research and stock selection processes. On a day-to-day basis, each investment team follows its own ESG integration approach as deemed most appropriate to the strategies it manages, undertaking its own ESG research, complemented by third-party ESG data. The investment teams work within a common framework as laid out in the RI Policy and are overseen by the RICO (see *Principle 2*) and UBP’s Group Risk Management and Group Compliance divisions.

For UBP funds to be classified as SFDR Article 8 or 9, the process and disclosures must be reviewed and approved by the Product Platform Committee (PPC), of which the Group Head Sustainability and the Head of Sustainability Solutions for Asset Management are members.

#### Example of ESG Integration Process #1: Global Fixed Income

UBP’s *Global and Absolute Return Fixed Income* team’s traditional credit risk assessment is complemented by ESG considerations, which combine screening, ESG integration and thematic approaches.

In 2021, the team strengthened its approach with the creation of its own ESG Committee and the adoption of a systematic approach to ESG integration that is independent and forward looking. It incorporates the Sustainability Accounting Standards Board’s (SASB) framework into internal research with a separation between the credit analysis and ESG analysis feeding into a scoring matrix:

		Credit View		
		Improving	Stable	Deteriorating
ESG View	Strong	Overweight 9%	Overweight 15%	Underweight 1%
	Average	Overweight 12%	Neutral 53%	Underweight 7%
	Weak	Neutral 1%	Underweight 3%	Underweight 0%

Example: 9% of the names the Global Fixed Income Team covers have a “Strong” ESG view and an “Improving” Credit view. Those names have an “Overweight” bottom-up score.

#### Case Study #1: ESG Integration – Global Fixed Income

**Region:** Europe

**Industry:** Automotive

**Asset Class:** Fixed Income

**Theme:** ESG Integration & Engagement

#### Background

The company is a leading Automotive manufacturer with a global presence, predominantly in Europe. Our objective was to conduct a detailed ESG analysis to determine the ESG view which is then integrated with our credit view for the overall investment view of the Fixed Income team. Following the ESG view being formed we proceeded to engage with the company on areas in which it was lacking peers.

#### Action/Analysis

The analysis focused on the material factors for the Automotive Sector which are:

- Product Safety – this is the main area of weakness for the company as in this critical area of overall ESG view, the company has very weak disclosure compared to peers. Management does not disclose any NCAP star ratings across its fleet despite the being industry standard. The company also has a very high level of recalls compared to similarly sized peers.

- Materials Sourcing – the company also compares poorly vs. peers for waste management and recycling with only a 71% recycling rate which compares to >90% for large European peers. Waste generated last year was +10% y/y showing a further deterioration in this already weak metric.
- Fuel Economy – The company has an average performance on fuel economy and fleet emissions compared to its peers. 104g CO2/km in the EU is in line with other large European manufacturers.
- Labour Practices – this is the area of outperformance for the company with 90% of its workforce covered by collective bargaining agreements. The company also had a very low number of work stoppages and idle days.
- Governance – the company has a Governance score of 6.9, ranking in line versus peers. It is strongest on accounting, with the weakest factor being Board Independence.

### Outcome

As a result of the above analysis, the company's ESG view was set as "Weak". This combined with a fundamental credit view of "Deteriorating" resulted in an overall view of "Underweight". Following the "Weak" view being assigned the company was engaged with in an attempt to lead to improved disclosures on key ESG metrics discussed above. To date, the company still has weak disclosure and remains on "Weak" view.

### Case Study #2: ESG Integration – Global Fixed Income

**Region:** US

**Industry:** Food Products

**Asset Class:** Fixed Income

**Theme:** ESG Integration & Engagement

### Background

The company is a leading producer, distributor, and marketer of fresh and processed meat products, with a dominant position in the US market, as well as a global presence. Our objective was to conduct a detailed ESG analysis to determine the ESG view which is then integrated with our credit view for the overall investment view of the Fixed Income team. Following the ESG view being formed we proceeded to engage with the company on areas of concern, most notably in this case, governance issues relating to family ownership.

### Action/Analysis

The analysis focused on the material factors for the Meat, Poultry & Dairy Sector which are:

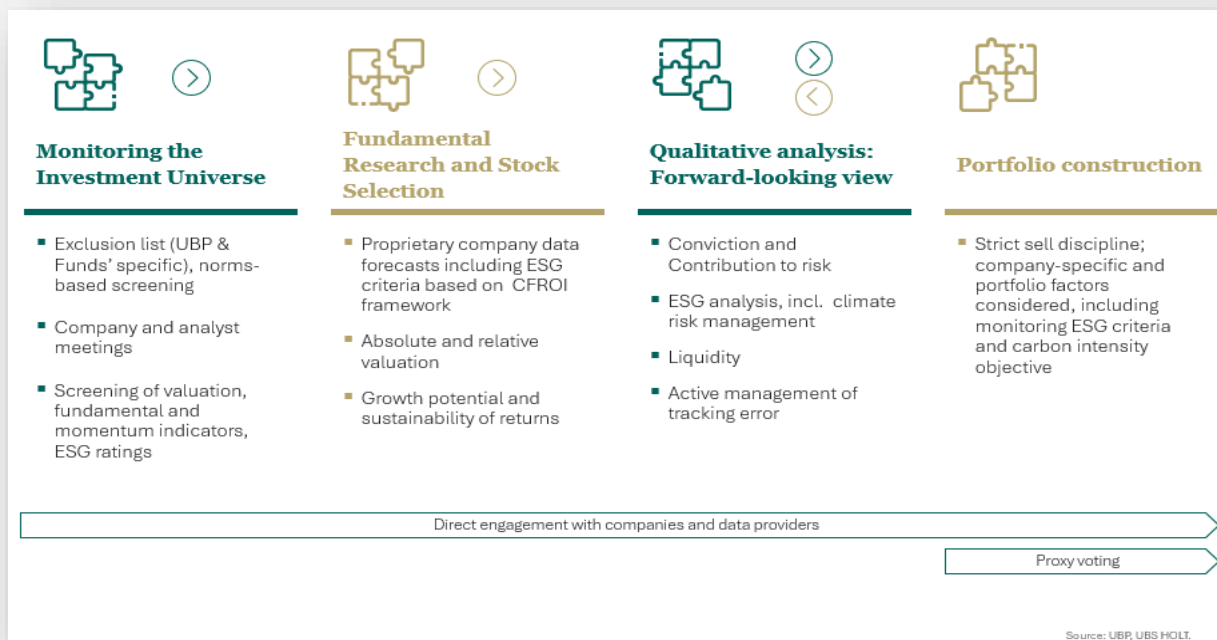
- Greenhouse gas emissions – While the company has recently recorded a reduction in emissions, carbon intensity has been little changed over the past few years at a level that is higher than average for the peer group.
- Energy & Water Management – Energy consumption from renewable sources remains below peer averages and not a prioritisation for the company, with only 1.3% generated from renewable sources. Similarly, water management is sub-par, with YoY increases in water withdrawal, 19.6% exposure to areas of high water stress, and 54 recorded incidents of non-compliance with regards to water quality permits in the year.
- Food Safety – The company has a strong food safety record with no product recalls in the year and 98% of suppliers GFSI certified.
- Workforce Health & Safety – mixed results in the most recent period, TRIR improved slightly YoY from 2.7 to 2.6, however recorded fatalities increased from 2 to 6.
- Animal Welfare – Better than average performance on animal care/welfare, recording 99.43% of birds raised without the use of medically important antibiotics & 100% of supplier facilities verified to meet animal welfare standards.
- Governance – This is the main area of weakness for the company, with a governance score of 4.5. Poor governance driven by dual share class structure giving majority voting power to the founding family, one of which also serves as Chair, increasing the risk of an entrenched board and a disregard of sustainability matters voiced by the broader cohort of shareholders. Additionally, several controversies relating to alleged price fixing and accusations of child employment also raise further governance concerns.

### Outcome

As a result of the above analysis, the company's ESG view was set as "Weak". This, combined with a fundamental credit view of "Improving", resulted in an overall view of "Neutral". Following the "Weak" view being assigned the company was engaged with in an attempt to address some of the governance concerns discussed above. To date, the company has refused to elaborate on mitigating steps taken to alleviate such concerns and remains on "Weak" view.

## Example of ESG Integration Process #2: Swiss & Global Equities

Respecting ESG considerations is an important driver for risks or opportunities associated with an investment and for maintaining or improving CFROIs® (Cash Flow Returns on Investment, Source: CFROI® UBS HOLT) of a company. As such, ESG criteria are an integral and necessary part of UBP's *Swiss & Global Equity* team's investment process and fundamental stock selection. ESG related information (quantitative and qualitative) is entered directly into the proprietary Discounted Cash Flow models of all companies. The team conducts direct engagement with companies as part of its ESG assessment process as well as to encourage improvements in ESG practices.



## ESG Integration throughout the Investment Process

Ongoing development of framework and data sources

### UBP Framework



#### Screening

- MSCI ESG research
  - External ESG database (screening of the investment universe, evaluation of companies).
- UBP Exclusion List
  - Controversial & illegal weapons, thermal coal, tobacco.\*
- Watch List
  - Companies «red - flagged» by MSCI ESG Research for controversies.

#### Engagement

- Directly by the team during company meetings or in conjunction with other investors.
- Supported by globally leading Engagement Manager Morningstar Sustainalytics

#### Proxy Voting

- Via Institutional Shareholder Services (ISS – Ethic Sustainable Policy) and based on the team's recommendations.
- Acting as responsible shareholders.

### Swiss & Global Equity strategies

SFDR Art. 8

#### Additional exclusion policy:

- Norms-based screening, conventional weapons, unconventional oil & gas, conventional oil & gas, power generation based on fossil fuels and nuclear sources, adult entertainment.\*

#### KPI targets relative to benchmark:

- Lower Carbon Footprint
- 100% ESG data coverage

#### SFDR Article 8 classification:

- Integration of sustainability risks into the investment decision making process
- Promotes environmental and social characteristics
- Ensures good governance practices
- Inclusion of sustainable investments\*\*
- Consideration of Principal Adverse Impacts

\*According to the applicable revenue thresholds. \*\*According to applicable minimum thresholds. For more detailed information on the funds' SFDR characteristics, please refer to SFDR Annex in the prospectus or UBP website.

### Case Study #3: ESG Integration – Swiss & Global Equities

**Region:** Europe

**Industry:** Electrical Equipment

**Asset Class:** Listed Equities

**Theme:** ESG rating and clean energy

#### **Background:**

The Company is a global leader in high-power turbocharging solutions, providing advanced systems and services that improve the efficiency, performance, and sustainability of engines in marine, energy, rail, and off-highway applications. Headquartered in Switzerland and operating in more than 50 countries, it supports over 40,000 customers worldwide with a fleet of more than 180,000 turbochargers in service. Through its technology, the Company enables significant reductions in fuel consumption and emissions, helping industries transition toward decarbonisation. Today, it is one of the world's largest dedicated providers of turbocharging systems, with strong positions across Europe, Asia, and the Americas.

Furthermore, the company has consistently improved its overall MSCI ESG rating, from CCC\* in January 2023 to A\* in March 2025 thanks to better disclosures and increasing revenue associated with clean technology solutions. Its overall MSCI ESG score stands at 6.0\* vs 5.3\* as industry-average, highlighting strong governance (score of 7.0\* vs 5.4\* as industry average) and social (5.7\* vs 4.9\* as industry average) practices.

#### **Result:**

The Investment Team built an overweight position in the Company. Beyond solid financial fundamentals and near-term earnings support, the Company's technology is strategically aligned with the global push for cleaner shipping, as its turbocharging and optimisation solutions help the maritime industry meet International Maritime Organization (IMO) sustainability regulations. This dual advantage of resilient profitability, combined with exposure to structural growth in decarbonisation reinforces the Investment Team's conviction. Looking ahead, the Company's portfolio of efficiency-enhancing solutions may open further opportunities in the broader cleantech space, providing both defensive characteristics and long-term growth potential.

*\*Source: MSCI ESG Research LLC, data as of 21 August 2025 (last report update).*

### Case Study #4: ESG Integration – Swiss & Global Equities

**Region:** US

**Industry:** Interactive Media & Services

**Asset Class:** Listed Equities

**Theme:** ESG rating

#### **Background:**

The Company is a global leader in social technologies and digital advertising, providing a family of communication, media, and commerce applications that enable people to connect, create, and transact across mobile and emerging spatial-computing devices. Headquartered in the United States and operating worldwide, it reaches billions of people monthly and supports millions of businesses with tools for discovery, messaging, and performance marketing. Through advanced AI systems, including widely used open models, the Company personalises content, and equips developers and enterprises to build on its technology. Beyond its core apps, it designs and sells hardware such as mixed-reality headsets and smart glasses, advancing on-device AI and immersive computing.

Despite the strong management practices to address carbon emissions relative to peers, including investments in clean energy, MSCI rates the Company B\* with an ESG Rating Score of 3.1/10\*. This result is mainly driven by Social and Governance factors, where the Company scores low (3.2\* and 2.3\* respectively) and remains associated with moderate to severe controversies.

#### **Result:**

Despite its attractive fundamentals, The Investment Team did not invest because its MSCI ESG profile sits materially below the strategy's quality threshold. Until external ratings and controversy trajectories improve and converge with the Investment Team view, the Company remains outside the investable universe.

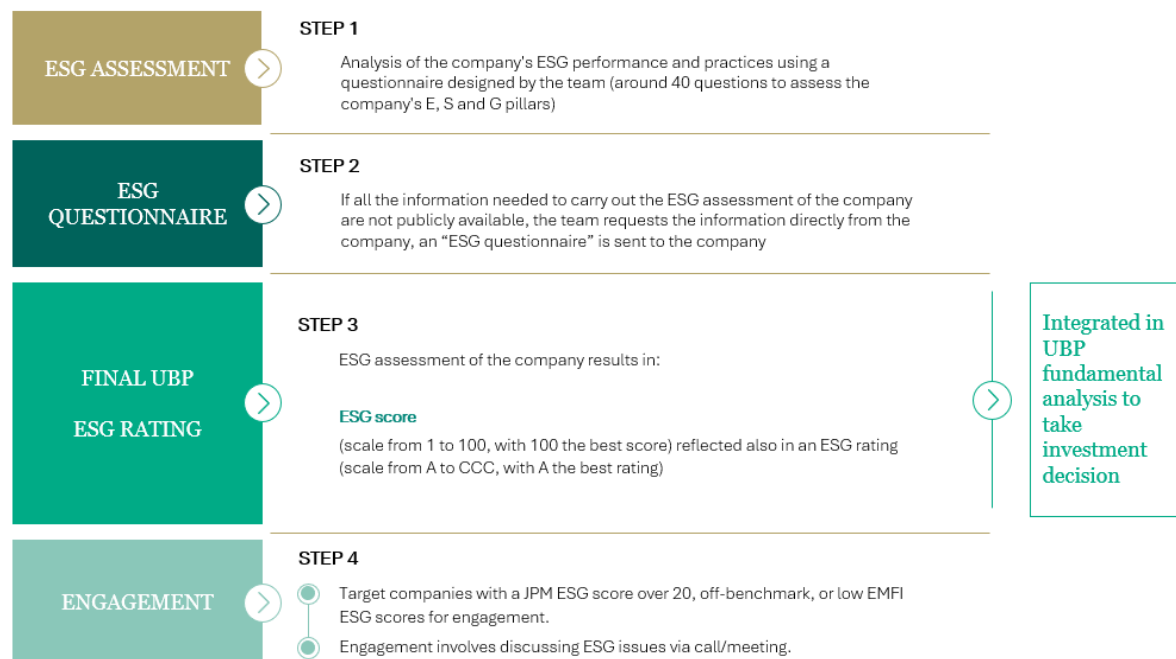
*\*Source: MSCI ESG Research LLC, data as of 21 August 2025 (last report update).*

### Example of ESG Integration Process #3: Emerging Fixed Income

The team integrates ESG considerations into its investment process through a structured framework. This includes an in-house ESG assessment that evaluates issuers using a proprietary ESG rating system (A-E) and a scoring scale from 1 to 100, where 100 represents the best ESG performance. The process involves a detailed ESG questionnaire with approximately 40 questions covering environmental, social, and governance pillars. If sufficient information is unavailable, the team directly engages with companies by sending the questionnaire to gather additional data. The results are integrated into the fundamental analysis to inform investment decisions.

## Qualitative Analysis ( ESG & Indenture)

In-house ESG framework



# ESG Framework

## Corporate Questionnaire

Assessing ESG factors into an actionable & forward-looking ESG score supporting investment decisions.

Indicators	Assessment	Score by Pillar (example)
<b>Environmental</b>		
Climate Impact Natural Resources Pollution & Waste Environmental Opportunities	Carbon reduction targets, GHG emission intensity trends, Energy consumption trends, Pollution incidents, Alignment with SDG goals	35
<b>Social</b>		
Human Capital Product Liability Social Opportunities	Health & Safety controversies, Child labour involvement, Employee turnover trends, Human rights issues, Alignment with SDG goals	75
<b>Governance</b>		
Business Ethics Bribery, Corruption Quality & Access to Financial Information Ownership & Quality of Management	Involvement in corruption or fraud, Financial disclosure practices, Management stability, Board independence, Third-party ESG validation	72
<b>Total weighted ESG</b>		<b>72</b>
<b>Invest rating ESG</b>		<b>A</b>

### Article 8 Screening

Controversial Sectors exposure, absence from UBP exclusions List and Watch List and adherence to UNGC & OECD guidelines.

### External ESG Data, Involvement and News

To complement the assessment, we use data from MSCI, RepRisk, JP Morgan and Bloomberg

## Case Study #5: ESG Integration – Emerging Markets Fixed Income

**Region:** Latin America

**Industry:** Metals & Mining

**Asset Class:** Fixed Income

**Theme:** ESG Integration

### Background

The company is one of the world's top 10 copper producers, operating four assets in Chile with a combined capacity of 660–700k tons of copper. Given the significant environmental and social impact of mining, we conducted a detailed ESG analysis to inform our overall investment view, integrating ESG considerations into our credit assessment.

### Action/Analysis

We assessed the company across the three key ESG pillars - environmental, social, and governance - with a particular focus on the environmental and social aspects, which are especially material for mining companies. Mining is a carbon- and water-intensive industry, often associated with significant risks related to pollution, natural disasters, and community relations, due to its reliance on large land areas, natural resources, and chemical processes. Our analysis focused on the following areas:

- **GHG Emissions & Intensity:** At the time of the analysis, the company had just introduced a revised target to reduce Scope 1 and 2 greenhouse gas emissions by 50% by 2035, using 2020 as the baseline. We viewed this commitment positively, as few peers had committed to similarly ambitious targets. We were also encouraged by the company's delivery on its climate commitments - CO<sub>2</sub> emissions intensity (Scope 1 & 2 per unit of revenue) had declined for five consecutive years and remained below industry peers.
- **Use of Clean Energy:** Scope 2 emissions had decreased significantly and were nearly zero by 2023. The company had transitioned fully to renewable energy contracts for its mining operations in April 2022, and the remaining emissions were minimal in our opinion, primarily related to its headquarters in Santiago, Chile.
- **Pollution & Waste:** No pollution-related controversies had been reported over the prior three years. Mining waste increased by only 1% in 2023, below the 2% growth in copper output. In the same year, the company launched a Circular Economy Strategy aimed at reducing resource use and improving recycling. Recycling of industrial waste had increased by 46% in 2023.
- **Health & Safety:** There had been no fatalities among the company's employees over the previous three years, and we found no evidence of broader health and safety controversies during that period. The company reduced its Total

Recordable Injury Frequency Rate from 3.4 in 2021 to 1.9 in 2023, demonstrating strong safety performance (also compared to peers).

- **Human Rights & Community Relations:** No human rights violations had been identified since 2021. The company appeared committed to supporting local communities - in 2023, over 1,300 students benefited from its education programs, and we found evidence of support for small local businesses, both directly and indirectly through supplier relationships.
- **Governance:** The company demonstrated strong governance practices, with over 25% of its board being independent and reasonable board tenure. Reporting standards were high, and we found no recent evidence of bribery or corruption controversies.

#### **Outcome**

The above analysis led to a strong ESG assessment of the company. Combined with a positive fundamental credit view, this supported our decision to purchase Antofagasta bonds and have an overweight position in the credit versus the benchmark.

#### **Impact strategies:**

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.

We believe that companies which help to solve acute societal and environmental challenges are uniquely exposed to a clear growth path over the coming decades.

Our impact strategies use a thematic approach developed in collaboration with the Cambridge Institute for Sustainability Leadership (CISL) by distilling the first 15 SDGs into 6 investment themes:

- 3 societal: Basic Needs, Health & Well-being, Inclusive & Fair Economies
- 3 environmental: Healthy Ecosystems, Climate Stability, Sustainable Communities

SDG 16 – Peace, Justice and Strong Institutions is addressed through an annual donation to a cluster of charities which aim to address such aspects.

The intensity of impact is measured through the team's proprietary "IMAP" scoring system: each company is reviewed against four measures: Intentionality – Materiality – Additionality – Potential.

## 8. MONITORING MANAGERS AND SERVICE PROVIDERS

Principle 8: Signatories monitor and hold to account managers and/or service providers.

### Overview of response to Principle 8

#### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>• UBP collaborates with various service providers, including custodians, auditors, and ESG data suppliers.</li><li>• The Sustainability Solutions teams lead the selection of ESG-related providers and integrate their data into internal systems.</li><li>• The procurement process is guided by a Supplier Code of Conduct and involves due diligence on financial and security aspects.</li></ul>
<b>Activity</b>	<ul style="list-style-type: none"><li>• When establishing collaborations with service providers, we ensure that the policies and procedures of each service provider are in accordance with our specified criteria. We also define and identify the service providers that we have partnerships with.</li><li>• Overall, our service providers enable us to have more access to data, ensure consistency, and enable us to lead effective engagements.</li><li>• Ongoing monitoring of ESG data quality includes regular reviews, cross-referencing, and engagement with providers to address discrepancies.</li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>• A unified ESG data management system has been in development to improve data analysis and consistency, set for full rollout in 2024-2025.</li></ul>

#### General

UBP works with a broad range of service providers, covering, for instance:

- Custodians, administrators, auditors, and consultants
- Portfolio management systems, trading, and middle-office tools
- IT and security architecture
- Research providers
- Proxy voting and engagement service providers

In all cases, UBP has policies for procurement and supplier management in place, such as a Supplier Code of Conduct. The process for selecting suppliers is based on due diligence that covers different areas such as financial and security assessment. It clearly defines roles and responsibilities for review and management oversight over supplier and outsourcing relationships. UBP's Sustainability Solution teams lead the selection process of ESG-related providers and are closely involved in the integration of the data into our IT system, and in the training of other teams in the use of these data sets.

In general, to ensure the services we seek will be delivered to meet our needs, the procurement process can be simplified as follows:

- The request is initiated by one of our business units.
- The business unit suggests providers, and the procurement team examines potential synergies with providers we have already partnered with, or other providers the business unit may not have proposed.
- Bilateral meetings are held with all providers and a testing phase is initiated.
- The business unit challenges the data received and the methodologies, and a shortlist of providers is established.
- The procurement team negotiates all aspects of the offer with the shortlisted providers, such as the price, coverage, data security and storage and frequency of deliveries.
- An ad hoc project committee, created specifically for the request and composed of members from management, business, IT and procurement, makes the final decision on the basis of scorecards completed by its members.

#### Service providers

When partnering with service providers to facilitate our responsible investment and stewardship practices, UBP ensures that each service provider's policies and processes are aligned with our requirements.

UBP has recourse to the following external service providers to facilitate UBP's Responsible Investment process, among others:

- **MSCI ESG Research LLC:** A leading ESG research provider offering comprehensive insights, including ESG ratings, business involvement screening, controversy screening, and sustainable impact metrics. Their web-based tool includes a robust reporting module.
- **Morningstar Sustainalytics:** A leading ESG and global engagement service provider. We rely on them to assess alignment to the EU Taxonomy, Principal Adverse Impacts and for systematic engagement with companies in breach of international norms.
- **Institutional Shareholder Services (ISS):** An industry-leading, third-party voting service and ESG data provider. We use ISS for their climate research/data as well as for proxy voting solutions.
- **RepRisk AG:** A specialist in ESG and business-conduct risk research via quantitative solutions which are deployed to provide risk assurance (business involvement) and flag potential controversies. Their model identifies rising 'noise' levels around corporate ESG issues, serving as an early indicator of meaningful controversies for integration into financial analysis and portfolio maintenance.
- **LGX - Luxembourg Stock Exchange (LuxSE):** Visibility and transparency for green, social, and sustainable bonds, ensuring that they meet specific criteria and standards

#### **MAANCH:**

Since 2021, UBP has been using MAANCH as their Engagement Tracker. The Engagement Tracker enables asset managers and investors to automate data capture, analysis, and reporting of all engagements with their portfolio companies. The tool was rolled out to investment teams in late 2021 and has been continuously enhanced since to best fit our needs and enhance transparency in engagement reporting capabilities.

#### **ESG Data and Research providers**

As a responsible fund manager, monitoring the quality of data and the methodologies employed by our ESG data providers is of paramount importance. Ensuring data quality is vital because our investment decisions hinge upon this information and accurate and robust data may drive both our financial returns and the realization of positive societal impacts. We thus review the data provided by our ESG data providers, which includes spot checks, regularly reviewing and understanding their methodologies, and cross-referencing with other sources. When discrepancies arise, our actions range from collaborative dialogues to, if necessary, reconsidering our relationship with the provider.

Our responsible investment approach is underpinned by access to quality data. While in recent years there has been a great deal of noise about inconsistencies between different ESG ratings, we nevertheless see ESG data providers as essential. UBP currently uses an array of data providers across our various teams.

However, our view is that ESG data from third-party providers is a way to support our own research rather than a substitute for it. We therefore monitor the quality of the sustainability and ESG information received from providers.

As active managers, research is paramount to executing our investment edge. Our investment teams have access to various sources to collect information from the companies they are analysing (including companies' due diligence reports, management meeting minutes, annual and sustainability reports), brokers, rating agencies and data vendors, supplemented by the information provided by our third-party specialist ESG research providers.

This approach offers the advantage of enabling our investment teams to cross-check information from multiple sources for consistency. Any discrepancy leads to further research and engagement, either with the company itself, or with the data vendors.

We regularly review the service provided by ESG data providers and engage with them when needed to address potential issues, better understand the methodologies used or increase data coverage. This process is managed collaboratively by the Data & Methodology Working Group, which includes the Sustainability Solutions team, and the Market Data team. Together, they oversee the selection, monitoring, and management of data providers to ensure alignment with business and regulatory needs as described below:

## **1. Ensuring Reliable ESG Data**

High-quality ESG data is essential for our investment decisions. To ensure reliability, UBP actively monitors the market to maintain access to high-quality information. This is critical to ensuring that our data analysis remains investment-relevant, accurate, and robust, driving both strong financial returns and meaningful positive societal impacts. The Data & Methodology working group identifies the types of data required, sets quality standards, and ensures compliance with internal and regulatory requirements. The group also identifies and evaluates new data providers if needed to meet evolving requirements.

## **2. Selecting and Validating Providers**

The group plays a key role in identifying the most suitable ESG data providers based on pre-defined needs. When a requirement for a new data provider arises, the group initiates the selection process. It includes developing a shortlist of potential providers and conducting a due diligence check, which involves sector and geographic coverage, researcher expertise, assessing the robustness, clarity and transparency of the methodology, and evaluating the usability and granularity of the data. Sample ESG data are also statistically verified internally at high level to ensure their consistency. Trial runs and feedback loops are conducted to validate data quality, ESG indicators, and integration suitability before final selection. Additionally, the group actively engages with providers, challenging their methodologies to ensure alignment with our standards. The final decision is then based on the outcomes of this comprehensive due diligence process. Once a provider is selected, the methodologies and findings are documented and submitted to the relevant committees for approval. Cost and licensing terms are also considered, with additional criteria evaluated as needed to meet specific business requirements. Hence, the Market Data team negotiates and finalises licensing agreements with the chosen provider.

## **3. Integration into UBP's ESG Data System**

All ESG and financial information is consolidated within our centralised ESG data infrastructure. It is designed to collect, clean, and organise data from any source, ensuring seamless integration and usability. With established connectors to major ESG data providers and the ability to easily incorporate new datasets, our infrastructure is both robust and adaptable. This centralised platform is not only where we transform raw data into proprietary ESG models but also the hub from which we distribute insights and information across various teams within the bank. The Data & Methodology working group continuously monitors the performance of data providers through user feedback, consistency, timeliness, and responsiveness. When we notice shortcomings to our data suppliers, we contact their technical and research teams to alert them. If we do not get an immediate and satisfactory response, or if a solution cannot be found quickly, the Data & Methodology team implement corrective measures in our data management system.

## **4. Monitoring and Continuous Improvement**

UBP conducts review of its main ESG data providers and their offerings on a regular basis. We also have calls and meetings with these providers to keep up to date with the latest methodological developments and to provide feedback on their services and data, including any potential shortcomings. In addition to monitoring current data providers, UBP maintains an active dialogue with competing ones to stay informed about new services, products under development, and their potential alignment with our data needs. Regular scoping of both new entrants and existing providers ensures that we remain at the forefront of ESG data innovation and quality.

# ENGAGEMENT

## 9. ENGAGEMENT

Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.

### Overview of response to Principle 9

#### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>At UBP, we integrate stewardship into our investment process, viewing engagement as essential for enhancing corporate value.</li><li>Stewardship is conducted through direct engagement, collaboration, systematic engagement, and proxy voting.</li><li>UBP believes that collective investor action can amplify influence on corporate behaviour and transparency.</li></ul>
<b>Activity</b>	<ul style="list-style-type: none"><li>Engagement methods include direct calls, meetings, and the use of an Impact Engagement Framework for systematic annual engagements.</li><li>UBP collaborates with Morningstar Sustainalytics for enhanced engagement, focusing on companies flagged for non-compliance with international standards.</li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>In 2024, UBP engaged in 250 direct interactions with 166 entities, focusing on environmental (36%), governance (33%), and social issues (12%).</li><li>UBP's engagement efforts led to targeted discussions on climate strategies, sustainability metrics, and governance improvements.</li></ul>

Being an active investor, stewardship is part of UBP's fundamental approach to the investment process. UBP sees engagement as a tool for a long-term stewardship process based on the assumption that changes in business drive positive changes in corporate value. Stewardship is undertaken at UBP via four channels: 1) Direct engagement, 2) Collaborative engagement, 3) Systematic engagement with an engagement partner, 4) Proxy voting (see *Principle 12*). UBP believes that combining forces with other investors will increase its impact in influencing behaviour or increasing disclosure of such companies (described separately in *Principle 10*).

### Direct Engagement

Investment teams initiate direct engagement when deemed appropriate as part of their research process. This forms part of their investment and ESG integration process as detailed in *Principles 4 and 7*. Our investment teams act independently from one another with each having a specific process and style tailored to their asset class and investment purposes (see also *Principle 7*). They can decide on which topic to engage in based on their bottom-up analysis which helps identify specific/material company gaps in terms of ESG practices.

As highlighted in *Principle 1* in our sustainability approach, across teams, prioritised topics on which engagement is conducted cover:

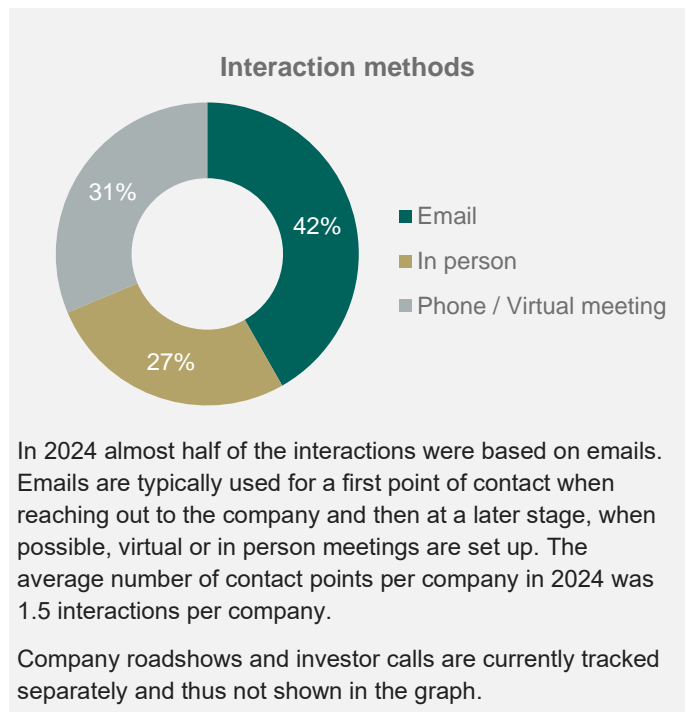
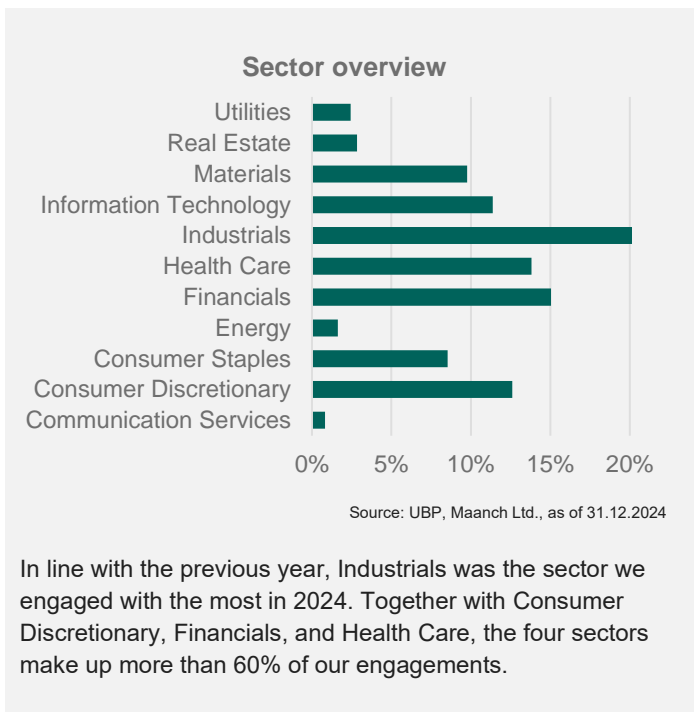
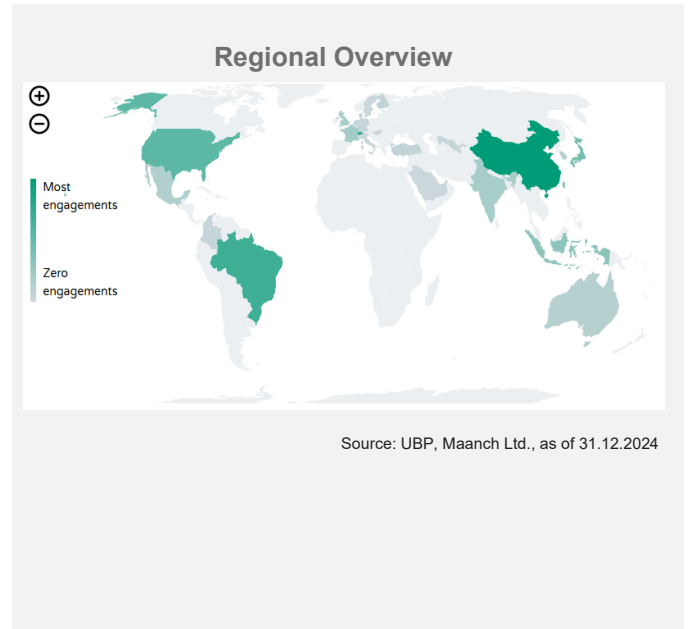
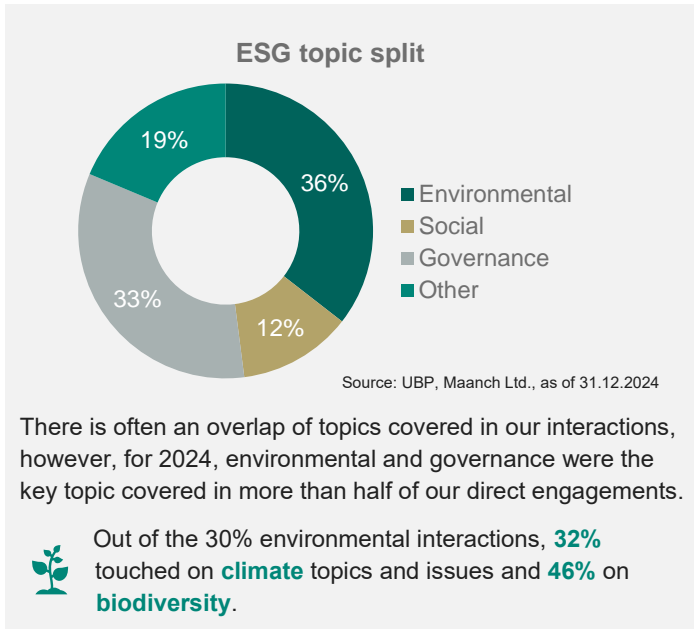
- the need to deepen knowledge of companies' ESG practices
- the promotion of sustainability/climate data disclosure
- the adoption of ambitious climate strategy
- Governance issues

Other issues may be addressed on a case-by-case basis, reflecting material issues identified for a given company. Means of engagement vary but can include the sending of a standard ESG questionnaire or direct calls/meetings with the companies.

Before engaging, teams deeply analyse the company, looking at its sustainability metrics and strategy, alongside other factors such as industry dynamics or potential financial impact. Based on this, they work to find common ground with the companies, setting clear and, when possible, measurable goals in areas like governance, social responsibility, and environmental impact. We keep in touch with companies throughout the engagement to ensure progress aligns with our expectations.

In 2024, we continued with our engagement and stewardship efforts, recording a total of 250 direct interactions with 166 entities across 67 issues (compared to 295 interactions with 158 companies in 2023).

The main topics addressed were environmental (36%, with 32% of these discussions focusing on climate-related topics and issues and 46% on biodiversity), governance (33%), and social (12%). The remaining 19% covered other topics such as non-financial disclosure or cyber security. The majority of our engagements occurred in Europe and Asia, which together accounted for over 70% of our interactions. This was followed by North America at 14%, Latin America at 10% and Central & Eastern Europe, Middle East, and Africa at 3% (see table below). In many of our engagements, we interacted with multiple individuals and teams; however, the primary contact was typically from the investor relations team, accounting for 68% of these interactions. The CEO and Head of ESG were the next most common points of contact, comprising 21% of interactions.



Different teams may emphasise engagement differently. For instance, while some teams engage on an ad-hoc basis, others have it as a fixed part of their investment process. For our Impact strategies, almost all companies are engaged with systematically at least once a year, using the Impact Engagement Framework (IEF). This is used to better understand companies' sustainability practices as well as to define engagement priorities (more details are included in the [annual impact report](#)).

**Impact Engagement:** Engagement is a key feature of our Impact initiative. Engaging with companies is the most effective way to understand their true “intentionality”, encourages deeper and broader measurement and disclosure of non-financial KPIs and helps them progress on their sustainability journey. As a result, engagement is fully embedded in our Impact investment progress and takes several routes: from the systematic, annual, Impact Investment Framework is detailed below to targeted engagements when a specific issue has been identified, through to group campaigns with platforms like CDP as expanded on in *Principle 10*.

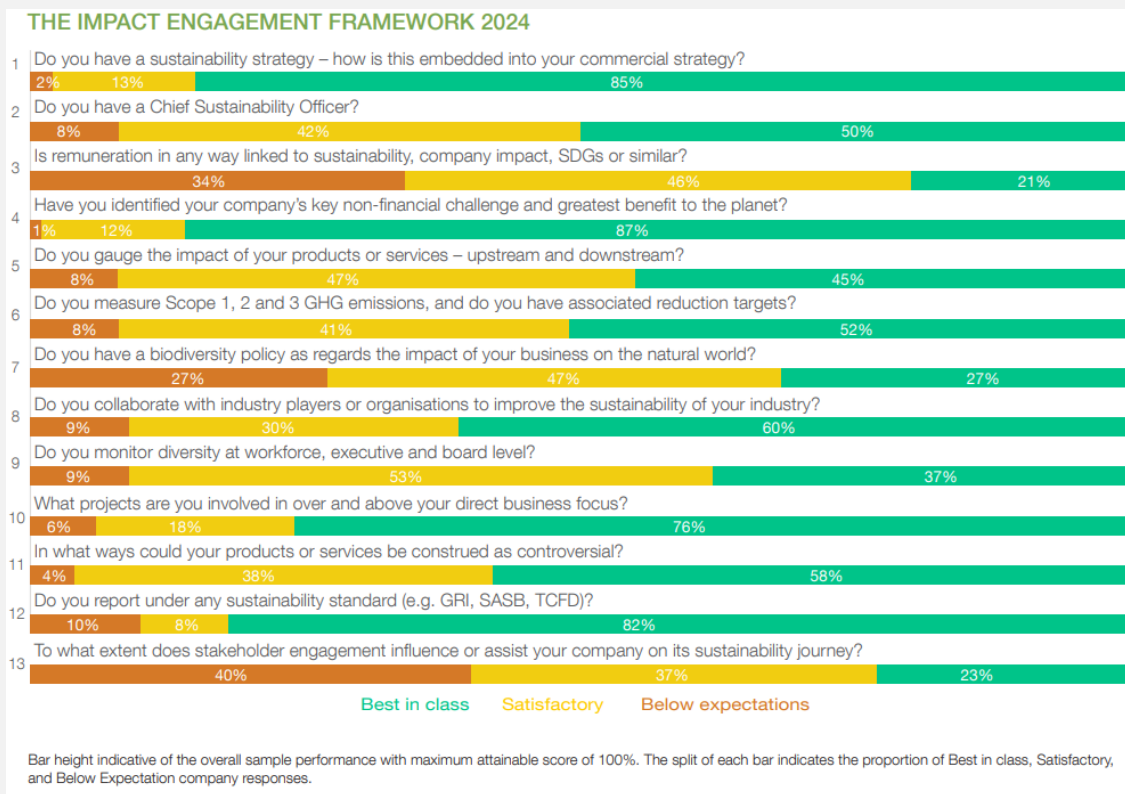
### Impact Engagement Framework (IEF)

The Impact investment team assesses all the portfolio holdings in line with the IEF ahead of the annual engagement meetings. The pre-filled questionnaire is sent via email to the companies and an engagement call is set up where feasible. Engagement calls give the opportunity to follow-up on certain questions and get more details where needed. During the annual engagement meetings, the full questionnaire is reviewed together with the company and additional inputs are added to the evaluation.

The IEF aids as a great tool to compare companies based on the 13 questions and gives an overview where engagement is needed based on the topics/questions where a lower score is given. These engagement meetings also aid in reviewing and monitoring the improvement of certain activities that have been put on following previous engagements.

### Outcome

In 2024, we completed the sixth annual cycle of the IEF. This milestone now allows us to identify patterns across sectors and themes, in addition to tracking the progress of individual companies. The results of the 2024 IEF cycle reflect a maturing ESG landscape. While companies continue to advance on materiality and climate alignment, some areas – such as workforce and industry collaboration – saw a modest decline, shaped in part by shifting global sentiment and increased scrutiny. A recalibration of our scoring approach also contributed to the more measured results, reflecting our increasingly stringent expectations over time.



More details and the key highlights are reported in the [2024 UBP Impact Report](#).

## Climate: A clear stewardship focus across investment teams

As a signatory of the Net Zero Asset Manager Initiative and in line with our net-zero targets set for UBP Asset Management (Europe) S.A., climate is one of the priority engagement topics. Out of the 250 interactions, 37 touched on climate topics specifically, out of which 27 were with companies in “High Climate Impact” sectors according to the NACE classification. Furthermore, 52 out of the 250 interactions covered biodiversity topics.





Key environmental topics covered included:

- Engaging with companies on their net-zero targets, such as an exchange with a Swiss company in the chemical industry on climate transparency and target setting. After initial outreach yielded limited response, we escalated the engagement by including the company in the 2024/2025 CDP non-disclosure campaign. This led to the company publicly confirming its evaluation of near-term Science-Based Targets (SBTi) for Scope 1, 2, and 3 emissions and outlining plans to develop transition strategies.
- Addressing potential environmental-related risks and controversies, where we reach out to companies to gain more insights into their approach to sustainability and the measures, they have put in place to reduce potential climate and other potential ESG-related risks.

Simultaneously, we participated in voting on 129 resolutions addressing environmental and social topics, with 30 of these resolutions being exclusively focused on environmental issues. Among the total, 21 resolutions were directly related to climate change. More details on our voting activities are listed in *Principle 12*.

## Interaction Methods of Engagement

As part of our engagement strategies, we primarily leverage four interaction methods to communicate and engage with companies.

	<b>Email</b>	Email correspondence is one of the main interaction channels for dialogues with our investment companies, offering efficiency and ease of documentation.
	<b>In person</b>	In-person meetings facilitate direct exchanges and detailed analyses of the case with clearer discussions around the outcomes and challenges.
	<b>Phone / Virtual Meeting</b>	Phone/virtual meetings bridge the gap between different locations, providing a seamless connection between stakeholders.
	<b>Roadshows / Investor Calls</b>	Roadshows and investor calls serve as platform for discussions, enabling us to address concerns and gain valuable insights from the company and other investors.

## Engagement partner

UBP has teamed up with Morningstar Sustainalytics, a leading global provider of ESG research which also offers global engagement services, to maximise the influence of its engagement activities. This partnership is essential in facilitating the implementation of our RI Policy and in achieving durable change in the selected companies.

UBP holdings are shared with Morningstar Sustainalytics on a quarterly basis. Engagement cases are selected based on the results of their ongoing qualitative screening, which can reveal reported breaches of international standards, sanctions issued by regional / national courts against companies or recognition of a company's responsibility in an incident. When an investee company is flagged by their screening process as being non-compliant with the UN Global Compact principles or other international norms, Morningstar Sustainalytics contacts the company to seek additional information and to discuss potential and adequate corrective actions that would protect and add value to the said investment.

Upon identifying potential violation(s) by invested companies of international norms, Morningstar Sustainalytics places the company under observation. It then:

- Performs due diligence on company's current ESG practices.
- Defines engagement objectives and decides on next steps.
- Implements an engagement strategy with a clear process and defined timeline.

- Updates UBP on performance and next steps in real time on a continuous basis.

Morningstar Sustainalytics arranges two conference calls per year with the engaged company – meetings are complemented or substituted by written correspondence and/or in-person meetings. UBP is informed continuously on progress through the Morningstar Sustainalytics website, as well as through quarterly/annual reports.

As detailed in *Principle 8*, external data providers and engagement partners such as Morningstar Sustainalytics are regularly reviewed to ensure that their service is in line with our policies and expectations. UBP has used Morningstar Sustainalytics as an engagement partner for several years due to their leading position in their stewardship services, backed by global investors. We value their expertise in topics such as human rights, labour rights, environment, climate and business ethics, and their handling of sensitive cases.

### 2024 Morningstar Sustainalytics engagements on behalf of UBP

In 2024, Morningstar Sustainalytics engaged on 31 cases with 26 companies held in UBP AM division portfolios linked to potential breaches of international norms. As of 31.12.2024, there were 24 ongoing engagement cases, one case disengaged, and six cases were resolved.

The split of the themes of these cases:

- Environmental: 4%
- Social: 71%
- Governance: 25%

Financials, Consumer Discretionary and Healthcare were the sectors with the highest number of ongoing engagement cases.

UBP AM division's Morningstar Sustainalytics 2024 engagement report is publicly available [here](#).

## Case Studies

### CASE STUDY #6

Industry: Automotives - Region: Asia - Asset Class: Listed Equity - Theme: ESG Transparency

#### Background

The team engaged directly with the company as early as 2023 after concerns were raised by ESG-minded investors about the company's minor exposure to heat-not-burn (HNB) devices through a subsidiary. While this activity represented less than 0.5% of revenues, it had been flagged as tobacco exposure by certain ESG data providers, raising reputational concerns and triggering exclusion risks under specific investment frameworks.

#### Objectives of engagement

Objective of the engagement was to address investor concerns by clarifying the nature and strategic relevance of the company's exposure to HNB devices and encourage transparency to align with ESG investment frameworks.

#### Action

In response, the team engaged directly with the company to clarify the nature of the business, highlight its limited strategic relevance, and explain the importance of transparency on the matter, leading to regular updates and a mutual understanding of how ESG assessments can influence investor decisions.

In December 2024, the team attended the launch of a showroom of the company just outside London and heard directly from the company's CIO during a Q&A session that the HNB-related business was in the process of being divested. This informal announcement was later confirmed by multiple sources and covered by collaborative investor engagement groups in the media.

#### Outcome

The company's Investor Relations team subsequently also acknowledged the divestment. The team's engagement demonstrated how consistent dialogue can clarify ESG controversies, encourage positive action, and support companies in reinforcing their long-term sustainability stories.

### CASE STUDY #7

Industry: Financial Institutions - Region: Asia - Asset Class: Fixed Income - Theme: ESG Transparency

#### Background

In 2024, we engaged with a major South Korean financial institution to address ESG-related developments, including governance changes, discrepancies in ESG ratings, and overall ESG risk management.

#### Objectives of engagement

Our goal was to assess the institution's management of ESG risks and opportunities, evaluate its alignment with global ESG standards, and address gaps in ESG ratings. We also aimed to understand its ESG standards, governance stability, and compliance measures.

#### Action

During our engagement, we focused on three key themes:

**ESG Standards:** The institution outlined its Environmental & Social Risk Management Framework, overseen by the board. However, the bank was unable to provide quantitative data on the financial impact of these exclusions, which we flagged for potential follow-up.

**Governance Stability:** Despite leadership changes in 2023 and 2024, the ESG strategy and oversight structure remain unchanged, ensuring continuity.

**Compliance Measures:** Following a compliance incident in 2022, the institution implemented new regulations and expanded its compliance team, with full implementation expected by March 2025. A follow-up on this is planned to see how the implementation went.

#### Outcome

The engagement provided valuable insights into the institution's ESG practices, highlighting strengths in governance and compliance while identifying areas for improvement, such as quantitative reporting and ESG rating discrepancies. We will continue to monitor its progress, particularly regarding capital plans and ESG risk management.

## 10. COLLABORATION

Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

### Overview of response to Principle 10

#### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>• Our collaborative engagement can take two forms:<ul style="list-style-type: none"><li>○ Our partnership with Morningstar Sustainalytics to engage with companies that are non-compliant with the UN Global Compact principles or other international norms.</li><li>○ Active participation in numerous global and local initiatives and significant involvement in them.</li></ul></li></ul>
<b>Activity</b>	<ul style="list-style-type: none"><li>• We undertake collaborative engagements through engagement platforms such as:<ul style="list-style-type: none"><li>○ Cambridge Institute for Sustainability Leadership (CISL)</li><li>○ Forum pour l'Investissement Responsable (FIR)</li><li>○ CDP</li></ul></li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>• We present case studies that delve into the collaborative engagements conducted in 2024, offering a deeper understanding of the context, the specific steps we took, and the resulting outcomes</li></ul>

### Systematic engagement on international norms

UBP has partnered with Morningstar Sustainalytics to engage with companies that are non-compliant with the UN Global Compact principles or other international norms. Such engagement straddles individual and collaborative engagement. Morningstar Sustainalytics pools investors together to increase the effectiveness of their engagement. Below, we provide two case studies of engagement via Morningstar Sustainalytics.

Please also refer to *Principle 9* for more detail on our partnership with Morningstar Sustainalytics, and *Principle 8* for more information on how UBP monitors service providers.

### Collaborative engagement

As described in *Principle 4*, UBP is a member of several global and local initiatives, in which it aims to take an active role. Examples of our involvements over the year are detailed in several case studies below.

## Case Studies

### CASE STUDY #8

Organisation: University of Cambridge Institute for Sustainability Leadership (CISL) Investment Leaders Group (ILG) – Theme: Climate and biodiversity

#### Background

Since 2018, UBP has collaborated with the Cambridge Institute for Sustainability Leadership (CISL) as a member of the Investment Leaders Group ([ILG](#)), participating actively in their monthly meetings.

In 2024, UBP participated in two working groups from the CISL exploring sustainability topics, which each led to the publication of a report.

#### Scaling finance for nature

The first report investigated the misalignment between capital flows and international goals on nature, to ultimately bridge the biodiversity finance gap: [Scaling finance for nature: Barrier Breakdown](#)

**Victoria Leggett, Senior Impact Advisor, Union Bancaire Privée** - *"There's a perception that nature finance is restricted to the realm of conservation projects with low returns and low scalability. This report seeks to broaden the definition of nature finance, to include 'halting' nature loss (reducing existing pressures) alongside conservation efforts. Seen through this lens, nature finance becomes a term that can penetrate mainstream finance, across a range of asset classes and returns expectations. This gap – in both perception and financial flows, must be closed to achieve our ultimate aim of a nature positive economy."*

#### Building climate-resilient investment portfolios

The second report focused on the integration of physical climate risks into investment decision making, providing practical tools and strategies to address climate adaptation and resilience: [Investing in tomorrow: A guide to building climate-resilient investment portfolios](#)

This guide serves as a roadmap for investors to build climate resilience within their portfolios and invest in systemic resilience through engagement with the broader ecosystem.

### CASE STUDY #9

Organisation: Morningstar Sustainalytics – Theme: Deforestation and biodiversity loss in Brazil

#### Background

In 2024, UBP participated in an engagement trip, organised by Morningstar Sustainalytics, aimed at addressing deforestation and biodiversity loss in Brazil. The Amazon and Cerrado savanna – critical for global climate regulation and biodiversity – face growing pressure from agricultural expansions, particularly beef and soy production. The trip convened 30 institutional investors, corporate leaders (including several of the largest beef and soy suppliers in the world), government officials, civil society organisations, and Indigenous representatives from different regions in Brazil.

#### Key outcomes

- Deeper insights into supply chain transparency challenges and the EU deforestation-free regulation
- Firsthand perspectives on legislative threats to environmental protection and indigenous rights
- Exploration of financial incentives and regenerative agriculture to support more sustainable land use
- Recognition of China's pivotal role in Brazil's agricultural exports

Direct discussions with producers, financial institutions, regulators, and local stakeholders allowed us to explore the operational reality behind sustainability claims. We examined the implementation of traceability systems, supply-chain monitoring tools, and farm-level incentive programmes aimed at reducing deforestation and improving compliance. Crucially, we learned that the main barriers are often structural or educational rather than technological or financial. Observing these dynamics firsthand revealed gaps between policy and practice, the complexity of managing indirect suppliers, and the friction between environmental goals and economic incentives. Although these sectors are not currently represented in the funds, the level of engagement provides a far more accurate picture of progress, challenges, and intent, which are all critical when assessing sustainability in sectors where public disclosures often understate both risks and opportunities.

For further details: [Morningstar Sustainalytics Notes](#)

## CASE STUDY #10

Organisation: Participation in the COP16 – Theme: Biodiversity

### Background

As part of their engagement efforts last year, the Impact team attended COP16, the sixteenth UN convention on biological diversity, held in Cali, Colombia in October 2024.

Ahead of the event, a series of workshops were completed between the UBP Biodiversity Committee and some of the listed companies held in UBP's thematic biodiversity fund. Through this preliminary work, it was established that the limitations to a shift towards a nature-positive business model centred around three areas:

1. Panel discussions with NGOs, start-ups, multinational corporations, investors and indigenous people. UBP joined some powerful voices who highlighted how nature underpins the economy, and how every job, regardless of role, has a link with nature. There was also an opportunity to discuss the role of listed equity as part of nature finance.
2. Round table with the European Parliament delegation. A conversation between a cross-section of members of the European Parliament, several corporates (Amazon, EDF, Volvo), CISL (the Cambridge Institute of Sustainability Leadership) and UBP led to a very significant outcome. Policymakers heard a unified message from the private sector that, as regards climate and nature, regulation is needed to stimulate innovation.
3. Bilateral conversations with investee companies. Over 3,000 corporate delegates attended COP16 (more than double the number present at the previous COP). It was exciting to meet so many companies from our investment universe, particularly the ones which sent a broad C-suite delegation, such as Veolia and Arcadis. All of these interactions were valuable, but the highlight was seeing the power of multistakeholder collaboration; bringing different perspectives to the discussions allowed for some preconceptions to be shifted and for a greater focus on change, rather than embedded positions.

More details are included in our [2024 Impact Report](#).

## CASE STUDY #11

Organisation: Forum pour l'Investissement Responsable (FIR) – Theme: Transparency on environmental and social responsibility

### Background

Since 2020, the FIR (Forum pour l'Investissement Responsable) has been conducting a written question campaign at the general meetings of CAC 40 companies (the CAC 40 index represents the 40 largest equities listed on the Euronext Paris in terms of liquidity). This exercise seeks to assess primarily companies' transparency on specific aspects of their environmental and social responsibility.

In line with previous years, UBP participated in the 2024 engagement campaign organised by the Forum pour l'Investissement Responsable (FIR). As part of the campaign, the FIR and the participating investors ask each CAC 40 company ten questions, covering ten major social responsibility themes, and then subsequently analyse and score the responses received.

This engagement allowed us to collaborate with other investors, to hold these companies accountable for their climate and social actions and advocate for improved disclosures and more robust climate strategies.

The complete report covering all 10 questions and companies' scores is available on the [FIR website](#), alongside the detailed answers of each company, ensuring full transparency and accountability to the benefit of all potential investors.

## CASE STUDY #12

Organisation: CDP – Theme: Non-Disclosure Campaign

### Background

CDP launches an annual Non-Disclosure Campaign (NDC) in collaboration with financial institutions engaging with companies on data disclosure across three themes (climate change, forest, and water). As part of the 2024 campaign, 276 participants, including UBP, and representing \$US21 trillion in assets, took part.

The NDC runs at the same time as the regular CDP disclosure request, as participants of the campaign aim to engage with companies to encourage them to disclose through CDP their impact on climate, water, and forests. Each target company receives a letter drafted by the CDP, sent by lead participants with the support of the co-signers, which states the aim for the company to disclose to CDP. To assess the impact of the campaign, each year CDP monitors a control group with the same characteristics as the target companies that are not included in the campaign and do not receive a letter. Following the campaign, the disclosure rate of the two groups is compared to estimate the difference.

For 2024, CDP assessed that due to the targeting by financial institutions, companies were 2.5 times more likely to disclose than companies not included in the NDC campaign.

## 11. ESCALATION

Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

### Overview of response to Principle 11

#### Key Statements

##### Context

- When UBP's investment teams engage with a company to influence its practices, this is primarily with regards to Sustainability / ESG disclosure, climate strategies, or governance. In such cases, we see engagement as a long-term collaborative effort with issuers, involving investigation and guidance both ways.
- Where engagement is unsuccessful or progress is deemed insufficient, UBP's investment teams reserve the right to escalate as appropriate.

##### Process

- Escalation processes follow a SMART approach, defining specific, measurable, achievable, realistic, and timebound objectives.
- Clear metrics and timelines facilitate monitoring of engagement success and company responsiveness.
- If no commitment is received within three months, escalation options include raising issues to higher management, proxy voting, or limiting exposure. As a last resort, divestment may be considered if engagement efforts fail.
- In 2024, UBP published a standalone Engagement & Escalation Policy in addition to the existing Responsible Investment Policy.

Most direct engagements led by our investment teams focus on obtaining a comprehensive understanding of a company's strategy and ESG practices (see *Principles 7 and 9*).

*Principle 9* outlines three types of engagement employed by our investment teams: systemic, direct, and collaborative engagement. Engagement themes can be categorised into two types: Centralised engagement themes and Investment-team specific themes.

Investment teams prioritise engagements based on the materiality of the ESG issue, portfolio weight, and potential for meaningful improvement. To track the engagement process, UBP utilises the "Maanch Engagement Tracker" software, to which UBP has contributed and continues to support in its development. Interactions with the companies are logged by individual teams thus making these engagements visible to the whole UBP Investment Platforms (see also *Principle 9*). The tool also helps us track any escalation step for a given engagement.

In 2024 we published a standalone Engagement & Escalation Policy to further expand on the process in more detail in addition to the existing Responsible Investment Policy.

The escalation process as defined by the UBP Engagement & Escalation Policy considers the following SMART approach:

- **Specific:** The investment team clearly defines the purpose and objective of the escalation, specifying the key concerns that need to be addressed with the company.
- **Measurable:** To track progress effectively, clear metrics—whether quantitative or qualitative—are established. This ensures there is a concrete way to monitor success, enabling the team to evaluate whether the company's actions are aligned with the desired outcomes.
- **Achievable:** It is crucial that the objectives set for the company are feasible, taking into account the time and resources available. Where possible, the team leverages existing relationships and tools to facilitate the escalation process, ensuring that the goals are not only ambitious but also attainable.
- **Realistic:** The requests made to the company are aligned with their aims and operational priorities. Additionally, the investment team remains mindful of the expertise and capacity of the involved teams, ensuring that the escalation expectations are practical.
- **Timebound:** A clear timeline is established for achieving key milestones. Typically, this includes up to a three-month window for the company to respond and demonstrate a commitment to addressing the concerns. Regular reviews of progress are conducted, and if necessary, the timeline may be adapted to reflect evolving circumstances.

When initiating an escalation process, the investment team raise their concern with company management and informs them of the escalation issue. We typically allow up to three months for the company to acknowledge the escalation and demonstrate its willingness to address the issue. If no response or commitment is received within three months, options include:

- Escalation to leadership: Raise the issue to the CEO/Board of Directors or relevant parties.

- Proxy Voting: Exercise voting rights to support the engagement process, such as voting against board members or remuneration policies. We may convey our voting intentions ahead of AGMs to highlight our stance on a particular matter of disagreement where we are trying to engage.
- Limiting exposure: Reduce the security weighting in the portfolio.
- Collaborative engagement: Consider working with others to increase escalation effectiveness.

If all our engagement methods do not yield any success, investment teams may consider divesting completely as a last resort.

These escalation techniques are broadly consistent across all strategies and geographies. In addition, some of our strategies also have dedicated engagement policies with specific sectors identified for engagement and specific escalation strategies.

## Case Study

### CASE STUDY #13

Industry: Chemicals - Region: Europe - Asset Class: Listed Equity - Theme: Climate targets and disclosure  
Escalation through collaborative engagement

#### Background

A Swiss company in the chemical industry was identified as having a relatively high emission intensity compared to other holdings in our portfolio. The company lacked publicly disclosed quantitative carbon emission reduction targets and had not communicated a clear strategy to address its annual emissions.

#### Objective

Our goal was to encourage the company to establish and disclose quantitative environmental targets, focusing on Scope 1, 2, and 3 emissions, and to align these targets with a recognised methodology. We also sought the development of a timeline for implementing actionable transition strategies to reduce its overall carbon footprint and GHG intensity.

#### Action

In 2024, we initiated direct engagement with the company's Investor Relations team to discuss their emission reduction targets. However, the response was unsatisfactory, prompting us to escalate the matter by including the company in the 2024/2025 CDP non-disclosure campaign. This collaborative engagement aimed to increase pressure on the company to improve transparency and disclose climate-related metrics and targets.

#### Outcome

Following our outreach to the company as part of the CDP non-disclosure campaign, the company responded positively. In its latest sustainability report, it publicly confirmed that it is evaluating a commitment to near-term Science-Based Targets initiative (SBTI) goals for Scope 1, 2, and 3 emissions. Additionally, the company indicated plans to develop transition strategies to support these targets, marking a significant step forward in addressing its climate impact.

# EXERCISING RIGHTS AND RESPONSIBILITIES

## 12. EXERCISING RIGHTS AND RESPONSIBILITIES

Principle 12: Signatories actively exercise their rights and responsibilities.

### Overview of response to Principle 12

#### Key Statements

<b>Context</b>	<ul style="list-style-type: none"><li>• UBP emphasises the importance of exercising voting rights as a key aspect of responsible stewardship for clients' financial interests.</li><li>• The firm integrates a range of considerations, including corporate governance, shareholder rights, and sustainability, into its voting practices.</li></ul>
<b>Activity</b>	<ul style="list-style-type: none"><li>• Our main principles for exercising voting rights are outlined in our Voting Policy; they cover topics such as: Material ESG failure, Climate accountability, Say on Pay (SoP), Say on Climate (SoC), etc.</li><li>• In 2024, UBP AM division voted at 577 general meetings, representing 8,253 resolutions across 33 different markets, with a high participation rate of 96%.</li><li>• The firm analysed management proposals, opposing 10.1% of resolutions, particularly focusing on environmental, social and remuneration issues.</li><li>• UBP also engaged with fixed income issuers, rejecting several bond issues due to weak governance and insufficient creditor protections.</li></ul>
<b>Outcomes</b>	<ul style="list-style-type: none"><li>• The voting record showed strong support for management proposals, with 89.6% of votes in favour, while maintaining critical oversight.</li><li>• UBP voted in line with ISS Sustainability voting recommendations for 98% of shareholder resolutions, demonstrating a commitment to sustainability.</li></ul>

### Context

Utilizing our voting rights is a fundamental duty we uphold as responsible custodians of our clients' financial interests. Voting is a substantial theme in our stewardship practices and serves as the underlying element that promotes and solidifies integration and stewardship. When we vote on behalf of our clients, we are expressing our stance on critical issues that impact both the companies we invest in and their broader effects on society and the environment. In this process, we consider a wide array of considerations, including strategy, corporate governance, management of share capital, safeguarding shareholders' rights, addressing audit concerns, enhancing transparency and disclosure, determining fair remuneration, and addressing social and environmental concerns. Equally important is assessing how companies align with the broader sustainability transition in the economy.

Our aim in using our voting rights (or engaging with companies on related matters) is to encourage changes that ultimately enhance a company's long-term performance. Consequently, our voting decisions are driven by a commitment to maximise our clients' long-term shareholder value, free from any influence of conflicts of interest. These principles underscore our belief that robust corporate governance structures and effective management of social and environmental risks provide the foundation for sustainable shareholder interest.

As a supporter of the present Code and a signatory to the UN PRI, the UBP Group is committed to being an active owner and incorporates Environmental, Social and Governance (ESG) issues into its ownership policies and practices, in line with the UN PRI *Principle 2* "We will be active owners and incorporate ESG issues into our ownership policies and practices".

As stated in *Principle 2*, UBP believes that voting rights enable investors to preserve long-term economic value through the promotion of corporate governance and sustainable best practices.

### Voting Guidelines

As described in our voting policy, available [here](#), our principles constitute our corporate governance and sustainability expectations from companies, which will allow us (i) to act in the best financial interests in order to enhance long term shareholder value, and (ii) to promote ESG practices.

As a general principle, irrespective of funds, sectors or geographies, voting rights are exercised with the goal of:

Supporting and empowering effective boards of directors that:

- ▶ Feature the skills and understanding to review and challenge management performance;
- ▶ Are of adequate size; and
- ▶ Demonstrate an appropriate degree of independence and commitment.

Promoting sound governance by management bodies (responsibility, accountability, etc.). Such governance must be clearly defined and made public to ensure transparency for all stakeholders.

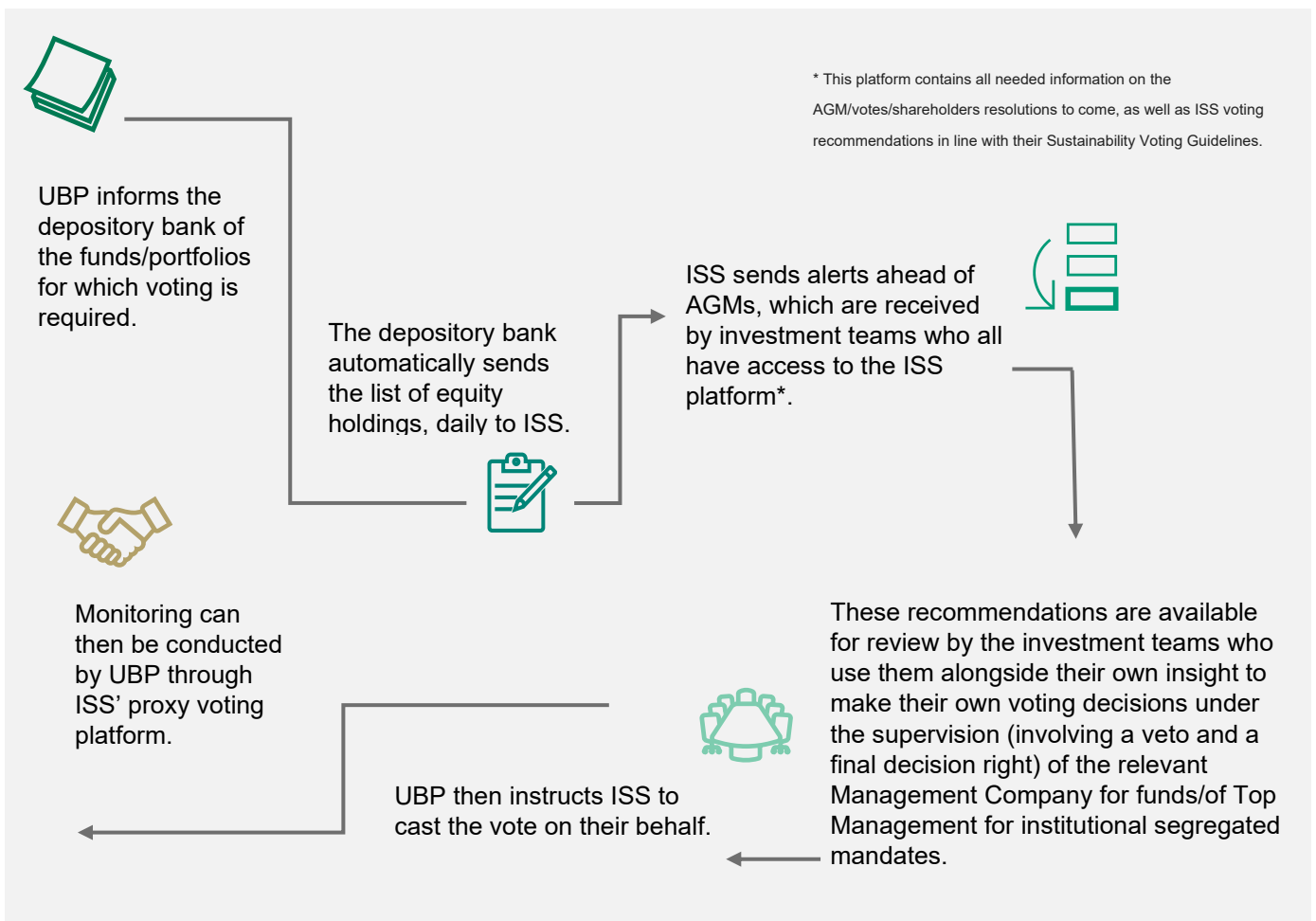
Favouring remuneration policies that are aligned with long-term shareholder value and performance.

Encouraging business practices that consider environmental, social or corporate governance issues, in line with the UN PRI principles.

UBP's voting policy is guided by industry best practices and the principles outlined in the Institutional Shareholder Services (ISS) Sustainability Proxy Voting Guidelines, which draw on internationally recognised sustainability standards. These include the United Nations Global Compact, the Global Reporting Initiative (GRI), the International Labour Organization Conventions (ILO), and various European Union environmental and social directives.

To implement this policy and the above themes, UBP has partnered with ISS, a leading third-party provider of proxy voting services. By adopting ISS's "Sustainability" voting guidelines, UBP ensures that an enhanced focus is placed on ESG considerations, including climate-related issues, when evaluating management and shareholder proposals. ISS updates its guidelines annually to reflect emerging trends in ESG, evolving market standards, regulatory changes, and client feedback, ensuring that our voting approach remains relevant and impactful.

In practice, the voting process is as follows:



## Voting Coverage

Proxy voting, following UBP's voting policy, is applicable across all equity funds with assets under management above EUR 15 mn<sup>5</sup> and, upon request from institutional clients to their segregated mandates. UBP follows the ISS Sustainability Voting Guidelines, as well as the possible overrides proposed by PMs (and accepted by top management).

Note that UBP does not partake in stock lending for its public funds.

## Key Voting Principles

Our guiding principles in performing proxy voting are to make decisions that (i) favour proposals that tend to maximise shareholder value, (ii) are not influenced by conflicts of interest and (iii) integrate sustainability considerations and (iv) factor in potential costs to the portfolios (e.g., ballot charges or share blocking).

The main principles for exercising voting rights are outlined in our Voting Policy. Below we highlight some of those, which are directly related to stewardship and ESG issues.

<b>Material ESG failure</b>	<p>Vote against or withhold from directors individually, on a committee, or potentially the entire board due to:</p> <ul style="list-style-type: none"> <li>- Material failures of governance, stewardship, risk oversight, include climate change, or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks.</li> <li>- A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate ESG risks.</li> <li>- Failure to replace management as appropriate; or</li> <li>- Egregious actions related to the director(s)' service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.</li> </ul>
<b>Climate accountability</b>	<p>For significant GHG emitters, through operations or value chain, generally vote against the Chairman, or the responsible incumbent director(s) in cases where the company is not taking the minimum steps needed to understand, assess, and mitigate climate-related risks.</p> <p>Minimum combined steps<sup>6</sup> required:</p> <ul style="list-style-type: none"> <li>- Detailed disclosure of climate-related risks according to the TCFD's four pillar framework.</li> <li>- The company has set a medium-term target for reducing GHG emissions.</li> <li>- Declared a target of Net-Zero by 2050 or sooner, in which the target includes scope 1, 2 and relevant scope 3 emissions.</li> <li>- Decarbonisation strategy in place, with a defined set of quantitative and qualitative actions to reach Net Zero targets</li> </ul>
<b>Discharge of Board and Management</b>	<p>Generally, vote for discharge of directors, unless there is reliable information about significant and compelling controversies that the board is not fulfilling its fiduciary duties, which includes failure to manage or mitigate ESG risks.</p>
<b>Say on Pay (SoP)</b>	<p>Vote case-by-case on management proposals for an advisory shareholder vote on executive compensation.</p> <p>Vote against in cases where boards have failed to demonstrate good stewardship of investors' interests regarding executive compensation practices.</p>
<b>Overall approach to Social and environmental Shareholder proposals</b>	<p>Generally, it supports standard-based ESG shareholder proposals that enhance long-term shareholder and stakeholder value while aligning the interests of the company with those of society at large. In particular, the policy focuses on resolutions seeking greater transparency and/or adherence to internationally recognised standards and principles.</p>

<sup>5</sup> For practical reasons, funds under EUR 15 million in assets are excluded from scope.

<sup>6</sup> Expectations about what constitutes "minimum steps needed to be aligned with a Net Zero by 2050 trajectory" will increase over time.

<p><b>Climate change Shareholder proposals</b></p>	<p>Vote for shareholder proposals seeking information on the financial, physical, or regulatory risks it faces related to climate change - on its operations and investments, or on how the company identifies, measures, and manages such risks.</p> <p>Vote for shareholder proposals calling for the reduction of GHG emissions.</p> <p>Vote for shareholder proposals seeking reports on responses to regulatory and public pressures surrounding climate change, and for disclosure of research that aided in setting company policies around climate change.</p> <p>Vote for shareholder proposals requesting a report/disclosure of goals on GHG emissions from company operations and/or products.</p> <p>Vote case-by-case on shareholder proposals that request the company to its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions reduction plan. Factors such as the completeness and rigor of the company's climate-related disclosure, the company's actual GHG emissions performance, whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to its GHG emissions, and whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive will be taken into account.</p>
<p><b>Say on Climate (SoC)</b></p>	<p>Management proposals:</p> <ul style="list-style-type: none"> <li>- Vote case-by-case on the approval of the company's climate transition plan, considering the completeness and rigor of the plan (alignment with TCFD, commitment to net-zero, third party approval, etc.)</li> </ul> <p>Information that will be considered where available includes the following:</p> <ul style="list-style-type: none"> <li>▪ The extent to which the company's climate related disclosures are in line with TCFD recommendations and meet other market standards;</li> <li>▪ Disclosure of its operational and supply chain GHG emissions (Scopes 1, 2, and 3);</li> <li>▪ The completeness, feasibility, and rigor of company's short-, medium-, and long-term targets for reducing operational and supply chain GHG emissions in line with Paris Agreement goals (Scopes 1, 2, and 3 if relevant);</li> <li>▪ Whether the company has sought and received third-party approval that its targets are science-based;</li> <li>▪ Whether the company has made a commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3) by 2050;</li> <li>▪ Whether the company discloses a commitment to report on the implementation of its plan in subsequent years;</li> <li>▪ Whether the company's climate data has received third-party assurance;</li> <li>▪ Disclosure of how the company's lobbying activities and its capital expenditures align with company strategy;</li> <li>▪ Whether there are specific industry decarbonisation challenges; and</li> <li>▪ Comparison of the company's related commitment, disclosure, and performance compared to its industry peers.</li> </ul>

Additional information and voting principles can be found in our voting policy available [here](#). In addition, market-specific guidelines may apply.

The full ISS Sustainability Proxy Voting Guidelines can be found at: <https://www.issgovernance.com/policy-gateway/voting-policies/>

## Whitepaper on shareholder voting on remuneration

A recent white paper, issued by the UBP Positive Impact Equity Investment team in 2024, highlights the importance of linking executive remuneration to non-financial key performance indicators (KPIs) to drive sustainable corporate behaviour and long-term value creation. The paper identifies a lack of alignment between executive pay and sustainability goals as a key challenge, often resulting in missed opportunities for fostering sustainable practices. It advocates for transparent, ambitious, and measurable non-financial KPIs to ensure accountability and mitigate risks like greenwashing.

Key findings include:

- A growing trend of companies integrating environmental, social, and governance (ESG) metrics into executive pay, with adoption rates increasing significantly between 2021 and 2023.
- Recommendations for a minimum 20% weighting of non-financial KPIs in remuneration to influence executive behaviour effectively.
- Best practices from leading companies that align incentives with sustainability goals, such as emissions reductions and social engagement.

The paper emphasises the role of active voting and engagement by institutional investors to promote these practices, ensuring that sustainability becomes a cornerstone of corporate strategy. Therefore, one way our Positive Impact Equity Investment team promotes sustainability is by advocating for executive remuneration to be tied to non-financial KPIs. They actively vote at the annual general meetings of all companies within their portfolios, and in particular on their remuneration policies, opposing those without substantial links to sustainability. Additional information can be found in the whitepaper available [here](#).

## 2024 Voting Activity

UBP is committed to annually report on its voting activity. Our 2024 annual voting report is available [here](#) and our 2024 detailed voting record [here](#).

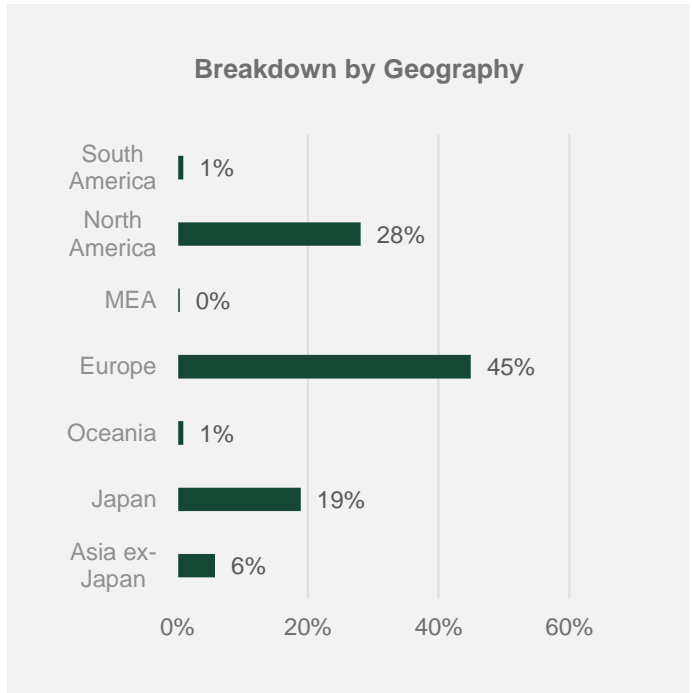
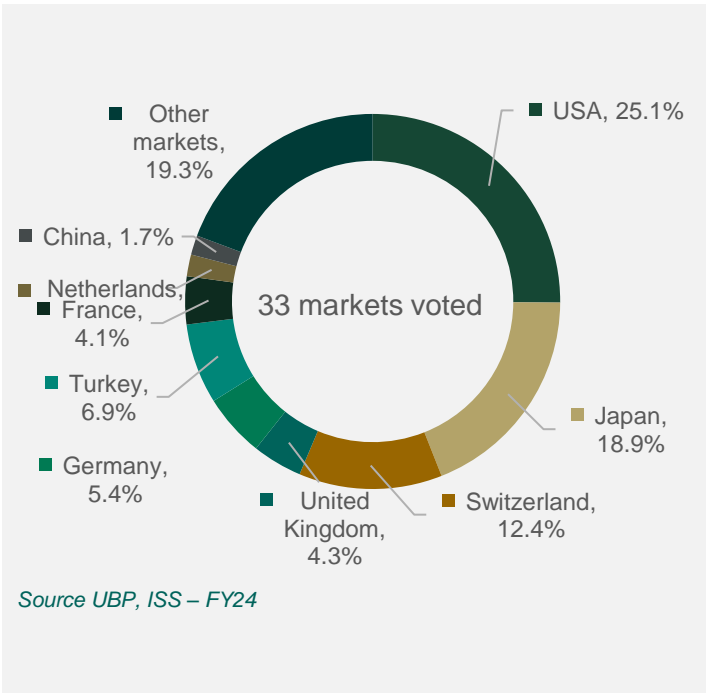
The voting record provides voting rationales for votes deemed significant. This includes:

Votes against management; Votes on shareholder proposals; Votes against UBP's voting policy; Votes withheld; or Votes abstained

Key voting statistics for 2024 are described below.

In 2024, UBP AM division voted at 577 general meetings, covering annual, special, and shareholder meetings (96.6% of votable meetings), representing 8,253 resolutions across 33 different markets. Of these resolutions, UBP AM division cast 88.6% of its votes in favour, 9.7% against, and 1.7% were abstained or withheld. This breakdown highlights UBP AM division's general support for proposals, while also demonstrating a degree of critical oversight by voting against certain resolutions and abstaining when necessary.

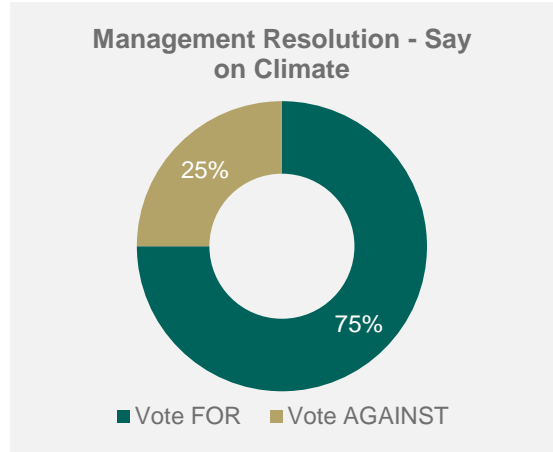
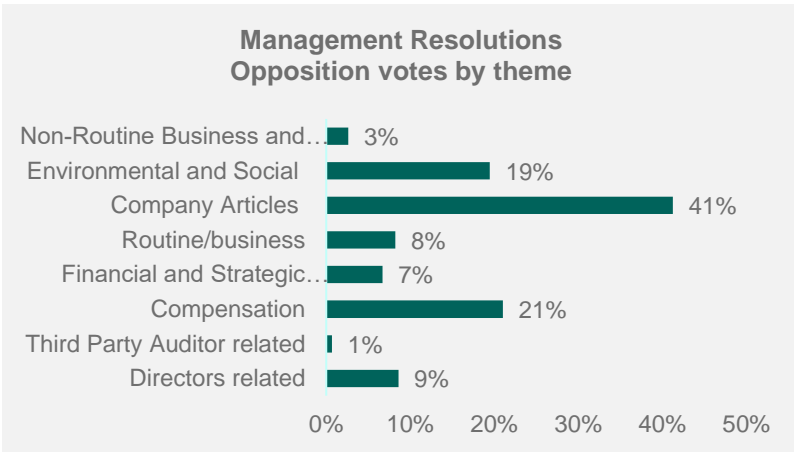
UBP AM division analysed 8,253 total resolutions and opposed the recommendations of company management (through votes against or abstentions) for 904 resolutions, representing 11.1% of the cases (management gave recommendations on 8,147 resolutions).



**Resolutions proposed by Management**

Out of 7,963 resolutions put forward by management, UBP AM division cast 89.6% of its votes in favour, 8.9% against, and 1.5% were abstained or withheld. Additionally, 98.2% out of those votes were in line with ISS' recommendations.

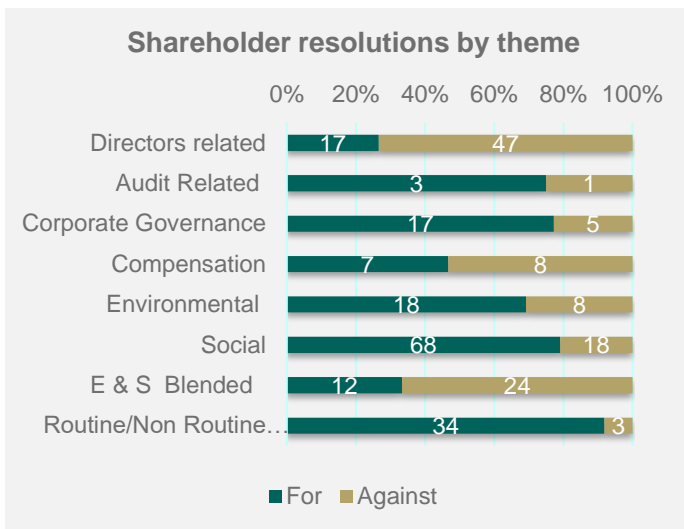
41% of opposition votes focused on Company Articles, followed by 21% targeted on the company's remuneration structure, while 19% centred on environmental and/or social resolutions put forth by management. Regarding *Say on Climate* resolutions, which are management resolutions that seek shareholder approval for the company's climate transition action plan<sup>7</sup>, UBP AM division supported 75% of these based on the completeness and rigor of the plans but still opposed 15%.



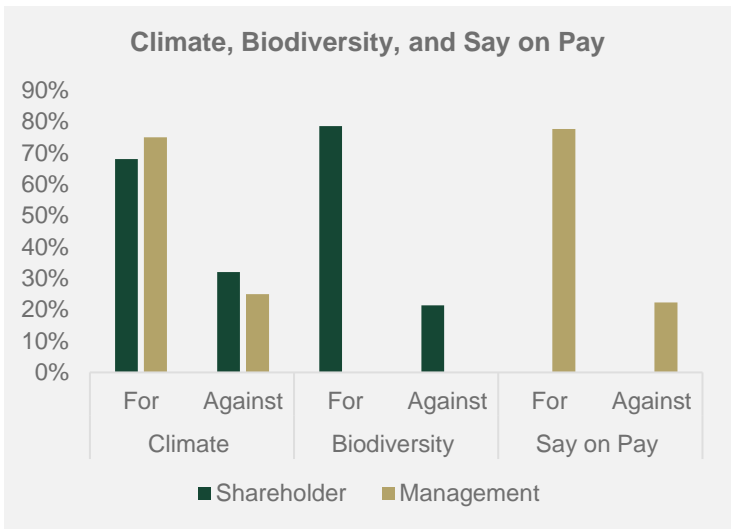
**Resolutions proposed by Shareholders**

In 2024, UBP AM voted on 290 resolutions proposed by shareholders (100% of votable shareholder resolutions). This accounts for 3.5% of the total resolutions voted on throughout the year.

<sup>7</sup> Variations of this request also include climate transition related ambitions, or commitments to reporting on the implementation of a climate plan.



Source UBP, ISS – FY24



Source UBP, ISS – FY24

Out of the 290 shareholder resolutions, 29 were focused on climate-related matters, including limitations on financing fossil fuels, disclosure of greenhouse gas reduction targets, reporting on climate lobbying activities, and other related topics. 14 proposals tackled biodiversity issues and environmental justice, shedding light on risks related to biodiversity and nature loss, and efforts to reduce plastic use. The chart above highlights those proposals, in addition to Say on Pay proposals, which accord shareholders stronger participatory rights in relation to executive compensation, amounting to 953 management resolutions.

## Voting Case Studies: Climate and Biodiversity Resolutions

### Case Study #14:

Industry: Retail – Consumer Discretionary  
 Region: North America  
 Asset Class: Listed Equity  
 Theme: Proxy Voting: Climate and nature-related resolutions

**Meeting Date:** 22 May 2024

#### Summary of Shareholder Resolutions:

- Resolution 8 - Report on Median and Adjusted Gender/Racial Pay Gaps
- Resolution 10 - Report on Impact of Climate Change Strategy Consistent with Just Transition Guidelines
- Resolution 11 - Report on Efforts to Reduce Plastic Use
- Resolution 13 - Disclose all Material Scope 3 GHG Emissions

**UBP AM division's vote instruction:** FOR

**Background:** The American multinational technology company provides a range of products and services to customers. The products offered through its stores include merchandise and content it has purchased for resale and products offered by third-party sellers. It also manufactures and sells electronic devices, including Kindle, Fire tablet, Fire TV, Echo, Ring, Blink, and eero, and develops and produces media content. It serves developers and enterprises of all sizes, including start-ups, government agencies, and academic institutions, through a software, which offers a set of on-demand technology services, including compute, storage, database, analytics, and machine learning, and other services

**Rationale:** Shareholders requested a report on unadjusted median pay gaps by race and gender to assess risks and progress in diversity and inclusion (**Resolution 8**). They argued this metric, endorsed by global organizations, offers transparency and accountability beyond the company's current adjusted pay equity disclosures. While the company shares diversity initiatives and adjusted pay data, it does not disclose unadjusted median pay gaps globally or in the U.S., limiting insights into representation and access to senior roles. Public scrutiny and legal challenges highlight the need for greater transparency.

Additionally, shareholders requested a report on the company's efforts to address the impacts of its climate change strategy on workers and communities, aligned with the International Labour Organization's (ILO) Guidelines for a Just Transition (**Resolution 10**). The company has ambitious greenhouse gas reduction goals and discloses its community engagement and workforce development initiatives. It also recognises international human rights standards, including ILO guidelines, in its Human Rights

principles, and incorporates environmental criteria into its supplier standards. However, the company does not explicitly disclose how it integrates human capital management and community relations into its climate strategy.

This aligns with another shareholder proposal (**Resolution 13**) urging the company to disclose emissions associated with products sold on the platform, aligning with GHG Protocol guidance and preparing for upcoming regulations. The company discloses some Scope 3 emissions, including private-label products, and has initiatives to reduce supplier and seller emissions. However, it does not disclose emissions from third-party sales, creating potential regulatory risks.

Finally, management recommended voting against a shareholder resolution (**Resolution 11**) that called for the company to report on the company's plastic packaging, including strategies or goals to reduce its use. The company highlights initiatives to reduce plastic usage, including working with vendors to design more recyclable packaging and reducing single-use plastic in its operations. In 2022, it reported an 11.6% reduction in single-use plastic across its global operations compared to 2021. However, the company does not disclose a baseline amount of plastic used across its supply chain, making it difficult for investors to assess its overall progress. Several peers have set specific goals for single-use plastic reduction. With growing environmental concerns and impending regulations on single-use plastics, the requested disclosure would provide shareholders with better insight into the company's management of plastic waste risks.

UBP AM division supported all above-mentioned shareholder resolutions in line with the recommendations of ISS and against the recommendation of management.

*Source UBP, ISS – FY24*

### Case Study #15:

Industry: Food and Beverage  
Region: North America  
Asset Class: Listed Equity  
Theme: Proxy Voting: Biodiversity resolution

**Meeting Date:** 01 May 2024

#### Summary of Resolutions:

Resolution 8 - Issue Third Party Assessment of Safety of Non-Sugar Sweeteners

Resolution 9 - Report on Risks Related to Biodiversity and Nature Loss

**UBP AM division's vote instruction:** FOR

**Background:** The company is a global leader in beverages and convenient foods, with a diverse portfolio of well-known brands, including snacks, cereals, and beverages. Its operations are divided into several segments: North American snacks, cereals, and beverages; Latin America; Europe; Africa, the Middle East, and South Asia; and the Asia-Pacific region.

**Rationale:** The proponent requests PepsiCo issue a third-party report on the company's efforts to assess and mitigate potential health impacts associated with the use of non-sugar sweeteners in its products (**Resolution 8**). The proponent raises concerns about the potential health risks of non-sugar sweeteners (NSS), such as aspartame, citing studies linking NSS to increased risks of type 2 diabetes, cardiovascular disease, and mortality. They highlight a low Healthy Score Rating (2.2/5) for company products and reference the World Health Organization's (WHO) recommendation against NSS for weight control or reducing noncommunicable disease risks.

The management opposes the proposal, asserting that regulatory bodies like the FDA, EFSA, and WHO have affirmed the safety of NSS, including aspartame. The company contends that it is taking sufficient food safety measures, and its existing disclosures are appropriate. It argues that its oversight by regulatory bodies negates the need for the requested report. It indicates clear food safety policies and oversight which confirm adherence to food safety regulation and a commitment to adapting to new scientific findings. The company publishes its commitments to transparency and ethics in research, including disclosure of research funding.

While UBPAAM recognises the company current disclosures, shareholders would benefit from increased transparency regarding the company's efforts to address the reported risks related to the use of non-sugar sweeteners. Enhanced disclosure would also serve to provide greater assurance to shareholders that the firm's initiatives and practices sufficiently guard against potential financial, litigation, and operational risks to the firm.

Another resolution (**resolution 9**) highlights the proponent's request that the board to issue a report on the material impacts that biodiversity risks have on its business operations and supply chain. The board says that the company has a comprehensive agriculture and sustainability sourcing strategy that addresses risks related to natural capital in the company's supply chain. The proponent raises important points about the potential impacts of biodiversity loss on the company's business and notes that future disclosures on material biodiversity issues may be required. The company publicly discloses targets for reducing deforestation, increasing adoption of regenerative agriculture practices, and sustainably sourcing its raw ingredients. The company also reports its approach to managing nature and ESG-related risks through reporting based on TCFD and GRI guidelines and in annual responses to the CDP Forest, Water, and Climate questionnaires. PepsiCo received fairly high scores in 2023 on its CDP responses.

Although the company appears to provide several disclosures on biodiversity issues, additional disclosure and reporting would benefit shareholders in their ability to evaluate whether the company is adequately managing the risks related to biodiversity and nature loss. Furthermore, the report would allow shareholders to measure the company's congruency between its actions and stated goals.

UBP AM division supported all above-mentioned shareholder resolutions in line with the recommendations of ISS and against the recommendation of management.

*Source UBPAAM, ISS – FY24*

## Exercising rights in fixed income

While voting rights may appear to be the most influential means of encouraging companies to embrace more sustainable business practices, UBPAAM firmly believes that bondholders should also exercise their rights and engage with sovereign or corporate issuers.

Furthermore, we emphasise the importance of asset managers like ourselves comprehending bond prospectuses, including covenants or the use of proceeds where defined. When necessary, we may challenge issuers and lead managers, ensuring that bond terms do not impede upon the rights of our clients. This holds particularly true for high-yield bonds, as the terms on investment-grade instruments tend to be more standardised.

During 2024, we rejected several new higher-yielding bond issues from emerging markets borrowers for reasons related to weak governance, unsatisfactory disclosures, and/or insufficient creditor protections. In the instances below, we reflected our concerns to the arranging banks:

- In China, we continued to avoid local government financing vehicles (LGFVs) due to the weak financial transparency and limited access to company post primary issuances. We do not see the pricings offer sufficient risk-rewards to investors.
- In India, we avoided several new issues by NBFCs as we were not convinced that it provided sufficient protection to bondholders through covenants and corporate governance and felt that the pricing did not reflect that risk.
- In the UAE, we did not subscribe to a new issue by a family-held real estate development company due to its complex structure and weak corporate governance (transparency).
- Lastly, in Serbia we chose not to subscribe to the new issue by the national telecom provider due to weak transparency and severely delayed publications, which prevent investors from making timely decisions.

# APPENDIX I

## Case Study Overview

Case Study #	Industry/ Initiative	Region	Theme	Asset Classes	Principle
1	Automotive	Europe	ESG Integration	Fixed Income	7
2	Food Products	North America	ESG Integration	Fixed Income	7
3	Electrical Equipment	Europe	ESG Integration	Listed Equity	7
4	Interactive Media	North America	ESG Integration	Listed Equity	7
5	Metals and Mining	Latin America	ESG Integration	Fixed Income	7
6	Automotive	Asia	ESG Transparency	Listed Equity	9
7	Financial Institution	Asia	ESG Transparency	Fixed Income	9
8	CISL	Global	Climate and biodiversity	Collaborative	10
9	Morningstar Sustainalytics	Latin America	Deforestation in Brazil	Collaborative	10
10	COP16	Global	Biodiversity	Collaborative	10
11	FIR	Europe	Transparency on E&S	Collaborative	10
12	CDP	Global	Disclosure	Collaborative	10
13	Chemicals	Europe	Climate targets and disclosure	Listed Equity	11
14	Consumer Discretionary	North America	Climate and nature-related resolutions	Listed Equity	12
15	Food and Beverage	North America	Biodiversity resolution	Listed Equity	12

## APPENDIX II

### Impact Advisory Board Meeting Notes

Three to four investment cases and their IMAP scores were reviewed in depth at each meeting. These cases were independently selected by the Chair of the Impact Investment Committee, to ensure a variety of profiles for which the Board's insight could prove valuable.

The principal topics of discussion and actions taken by the fund managers following the Board's advice are shown below.

#### April 2024 Board Meeting

Holding	Points raised	Action Taken
Genera (Mexico, Basic Needs)	Pros and cons of microfinance sector; segmentation of loan portfolio and default policy; biodiversity and climate policies	Recommendations for further engagement on default policy and on measuring biodiversity footprint of loan portfolio
Gedeon Richter (Hungary, Health & Wellbeing)	Balance between profit and drug accessibility; policies on waste, climate	Recommendation to revisit IMAP score following further engagement (particularly on 'Do No Significant Harm' principle)
Trane Technologies (US, Climate Stability)	Biodiversity policy	
Veolia Environnement (France, Sustainable Communities)	Commitment to recycling vs. waste processing; energy business and uses of biomass	Recommendation to engage on waste vs. recycling strategy

#### July 2024 Board Meeting

Holding	Points raised	Action Taken
American Water Works (US, Basic Needs)	Questions on the lack of focus on biodiversity and nature-based solutions	Recommendation to engage further on reducing water usage and environmental sustainability
Berkeley Group (UK, Sustainable Communities)	Approach to water conservation and scarcity; science-based targets; biodiversity net gain assessment	Recommendation to engage further on promoting the company's long track record of sustainability; and on the implication of overseas investors impacting local affordability
BYD (China, Sustainable Communities)	Circularity and resource extraction inherent in the battery business; political risks	Recommendation to ensure impact is reviewed holistically

#### November 2024 Board Meeting

<b> Holding </b>	<b> Points raised </b>	<b> Action Taken </b>
Hapvida (Brazil, Health & Wellbeing)	Praise for the company's sustainability targets but an emphasis on ensuring these are strengthened and broadened	Recommendation to increase IMAP score (additionality); further engagement on environmental policies and SBTI
Intuit (US, Inclusive & Fair Economies)	Company's commitment to diversity; time periods of sustainability goals; commitment to 'powering prosperity'	Recommendation to investigate materiality IMAP score
Sodexo (France, Sustainable Communities)	Impact of consulting businesses; 2% of revenue servicing oil & gas	Further engagement on plans for oil & gas business
Autodesk (US, Inclusive & Fair Economies, Enablers of Change)	Concerns about the urgency of commitments to nature and deforestation	Recommendation to increase IMAP score (materiality)

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