SUSTAINABILITY REPORT 2021

UBP

UNION BANCAIRE PRIVÉE

Foreword

Guy de Picciotto
Chief Executive Officer

I am delighted to introduce you to UBP's 2021 Sustainability Report. This report highlights our efforts to embed sustainability at UBP. It outlines our vision and strategy as well as progress towards strengthening our responsible investment activities and improving our direct impact on the environment, our employees and our communities throughout 2021.

> "We have an indispensable role to play in tackling environmental and social challenges by aligning financial flows with the needs of the new economic system."

True to our spirit, our approach to sustainability is humble and pragmatic. We are aware that we do not have all the answers or solutions. But we are convinced that as a financial actor, we have an indispensable role to play in tackling environmental and social challenges by aligning financial flows with the needs of the new economic system.

As the economy recovers from the impact of the Covid-19 pandemic, and amidst increasing environmental and social challenges, we are acutely aware of the need to broaden the scope of our investment decisions beyond financial metrics. The finalisation of UBP's sustainability risk management framework therefore represents an important milestone.

However, inspired by our pragmatic and solutions-oriented approach, we consider sustainability to be not only a risk to be managed but also, perhaps even more importantly, a growth opportunity. We see tremendous potential in investing in the engines of the new economy – companies that offer innovative solutions for tackling major environmental and social challenges. Last year, we increased our sustainable product offering. We launched a number of new strategies that direct investments towards sustainable solutions, helping our clients to realise stable returns over the long term by harnessing new opportunities in the changing investment landscape.

Climate change remains a key consideration for us and the transition to renewable energy is a game changer for the years to come. We have a range of products that target a lower carbon intensity than their investment universe and UBP's impact platform, whose investees include companies that provide innovative climate solutions, plays a leading role in this regard. Moreover, last year UBP Asset Management (Europe) S.A. joined the Net Zero Asset Managers initiative, thus taking an important step towards net-zero aligned investing.

Beyond climate, we identified biodiversity as the next frontier for responsible investing. In 2021, we published our Biodiversity Approach to further embed biodiversity issues into our investment decisions and, recognising the growth opportunities from investing in biodiversity preservation and restoration, we launched a biodiversity strategy.

Since collaboration has long been a priority for UBP as we strive to support the shift to a sustainable finance future, we formed new partnerships, both locally and globally, throughout 2021. Reflecting our commitment towards a nature-positive agenda, becoming a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum was a key step last year.

Finally, conscious of our direct impact, we made significant progress towards managing our environmental footprint, especially by enhancing the energy efficiency of our buildings and tightening up our travel policy. We also increased our efforts to provide an entrepreneurial and flexible work environment and supported our communities through high-impact social and environmental projects and sponsorships.

Following our decision to support the United Nations Global Compact (UNGC) in 2020, we reinforced our efforts to integrate sustainability throughout UBP, and we are renewing our support to its Ten Principles this year.

Driven by our values and a strong determination to deliver the best service to our clients, we will further refine our sustainability strategy in line with our growing expertise and global developments in the coming years. In doing so, we will continue to focus our efforts on high-impact areas to maximise our contribution to the joint effort of building a sustainable economy.

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Sustainability at UBP

At UBP, integrating sustainability into our business has become a key endeavour – with respect both to our investments and to our own operations. As sustainability challenges such as climate change, biodiversity loss and inequality have profound environmental, social and economic impacts, responsible investment plays a key role in enabling us to grow wealth now and in the future, whilst helping to finance the shift to a sustainable economy. At the same time, as a responsible and trusted corporate actor, employer and partner, we strive to continuously improve our direct impact on the environment, our employees and our communities.

2021 key highlights

BUSINESS CONDUCT

UBP Supplier Code of Conduct published

Swiss compliance awareness e-learning programme launched

Sustainability risk management framework prepared for implementation

EMPLOYEES

"Sustainability@UBP" e-learning programme rolled out

Work-from-home policy finalised

Remuneration policy updated with sustainability KPIs

COMMUNITIES

Globetrotter challenge: Employees walked 63,400km in a month, raising CHF 10,000 for charity

Clean-up days: Over 140 employees picked up litter in 6 locations

Box of Hope: Hong Kong colleagues gave away 500 gift boxes for underprivileged children

ENVIRONMENT

Net Zero Asset Managers Initiative signed by UBP Asset Management (Europe) S.A.

Recycling infrastructure rolled out in Switzerland, Singapore, London and Jersey

TNFD Forum membership

New travel policy implemented

Institutional Investors Group on Climate Change membership by UBP Asset Management (Europe) S.A.

Swiss employee onboarding process fully digitalised

OFFERING

Biodiversity restoration strategy launched

UBP Energy Transition Certificate created

Corporate green bond launched

ESG rating included in Wealth Management client statements

New sustainability labels received for 5 funds and 5 existing labels renewed

About UBP

Union Bancaire Privée, UBP SA (UBP) is a family-owned bank founded in 1969 by Edgar de Picciotto, whose vision was a high-quality and innovative wealth and asset management service for investors. (GRI 102-1, GRI 102-5)

Headquartered in Geneva, Switzerland, UBP is present in over twenty locations, covering the world's key economic and financial hubs. (GRI 102-3) Together with a workforce that embodies a multitude of nationalities and cultures, this international reach enables us to combine global expertise with local know-how.

To keep UBP on its path of success in the rapidly evolving investment landscape, we are increasingly integrating sustainability considerations into investment decisions. This helps us to protect and grow our clients' wealth by harnessing new opportunities and navigating social and environmental risks, while supporting the transition to a sustainable finance industry.

In only fifty years, UBP has achieved significant growth. Today, we are one of Switzerland's leading private banks, and we continue to expand both in our home market and internationally. (GRI 102-2)

Our four core values – dedication, conviction, agility and responsibility – have been key in driving UBP's success. From the beginning, these values have governed our client relationships and guided us as we develop and refine successful strategies and high-performance investment solutions. (GRI 102-16)

> "We play an important role in the joint effort to transition to a sustainable future by channelling capital towards the engines of the new economy."
>
> **Nicolas Faller,**
> Co-CEO Asset Management

As a long-standing signatory to the United Nations Principles for Responsible Investment (UN PRI), we have steadily enhanced our commitment to responsible investment. Over the past decade, we have continually increased our expertise in this field and strengthened our Responsible Investment Policy (RI Policy), while seeking out and developing innovative responsible investment solutions. This enables us to help our clients make well-informed choices in order to grow their wealth in line with their personal values, and to offer them a range of attractive investment solutions that meet their individual interests.

DEDICATION

Finding the best solution to every situation demands constant dedication and a client-oriented approach. UBP and its employees work with open minds and a can-do approach so as to satisfy every detail of our clients' needs. This allows us to respond to the changing investment landscape and meet the growing demand for responsible investment solutions.

CONVICTION

UBP's long-term vision enables the Bank to make choices based on strong convictions – an advantage that has served to grow both its own business and that of its clients. For us, sustainability is a long-term strategic shift that we must respond to through our investments and our direct activities.

Key figures as at 31.12.2021 (GRI 102-7)

Assets under management	Tier 1 ratio	Headcount (FTE)[1]
CHF 160.4 BN	25.2%	1,904

Shareholders' equity	Net profit	Moody's long-term rating
CHF 2.5 BN	CHF 201.2 MN	Aa2

Balance sheet total	Liquidity coverage ratio	Responsibly managed assets
CHF 38.8 BN	274.5%	CHF 24.9 BN[2]

AGILITY

Thanks to its size and structure, UBP is flexible and guarantees quick decision-making, enabling us to successfully carry out large-scale operations and seize investment opportunities when they appear on the markets. This puts us in a strong position to harness new opportunities in the constantly evolving investment landscape.

RESPONSIBILITY

Responsibility is an integral value at UBP, both for individuals and for the Bank as a whole. Integrity, ethics and fairness take precedence in everything we do. It therefore makes sense that future generations and sustainability are central to our business model.

[1] Full-time equivalent (FTE)

[2] Asset invested across ESG Integration, Sustainability Focus and Impact. Figure following new inflows, product launches and market developments as well as an increase in the number of strategies and assets which have adopted sound ESG processes and the classification of strategies as Article 8 or 9 under the Sustainable Finance Disclosure Regulation (SFDR).

Sustainability approach

We have built our sustainability approach with the understanding that it must reflect UBP's dual role as both a financial intermediary and a corporate actor. Our strategy therefore rests on two pillars: first, responsible investment, which allows us to channel capital towards profitable solutions that support the shift towards a sustainable economy; second, corporate social responsibility, which shows our determination to manage our own environmental and social impact in a responsible manner. On the basis of these two pillars, we have identified five strategic action areas that directly respond to the needs and concerns of our key stakeholders as well as ten objectives for the period 2021-2025. We highlight our progress in working towards these objectives throughout the following chapters.

UBP'S MATERIALITY ASSESSMENT

In 2020, we identified the most important sustainability topics through a materiality assessment, which continued to serve our sustainability efforts throughout 2021. (GRI 102-46) As part of the assessment, we first compiled a list of potentially relevant topics based on the GRI Standards and the Asset Management, Commercial Banks and Investment Banking Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB). We also took into account our own sustainability priorities as well as issues our peers consider relevant.

To form a clear basis for assessing materiality, we shortlisted 24 topic clusters. UBP managers from various departments then completed a survey to assess the relevance of these topics. This survey informed a materiality assessment workshop with a group of Executive Committee members that ranked the topics according to the following criteria: relevance to UBP's long-term business success, significance of the impact of our business activities on sustainable development, and relevance to our stakeholders. This enabled us to identify 14 final material topics and structure them into a materiality matrix.

MATERIALITY MATRIX (GRI 102-47)

IMPACT ON SUSTAINABLE DEVELOPMENT / BUSINESS RELEVANCE	Priority 3	Priority 2	Priority 1
Priority 1		■ Collaboration for a sustainable financial industry ■ Community engagement and philanthropy ■ Diversity and inclusion	■ Sustainable and impact investing ■ Client-centricity ■ Sustainable economic performance ■ Employee learning and development
Priority 2			■ Responsible corporate governance ■ Business ethics and compliance ■ Data security and privacy ■ Transparent product information and fair advice ■ Risk management ■ Employee recruitment and retention ■ Supporting the transition to a low-carbon economy
Priority 3			

BUSINESS RELEVANCE

■ Priority 1 for stakeholder's decision-making ■ Priority 2 and 3 for stakeholder's decision-making

MATERIAL TOPICS BY STRATEGIC ACTION AREA

BUSINESS	CLIENTS	ENVIRONMENT	EMPLOYEES	COMMUNITIES
■ Responsible corporate governance ■ Business ethics and compliance ■ Sustainable economic performance ■ Risk management ■ Data security and privacy	■ Sustainable and impact investing ■ Collaboration for a sustainable financial industry ■ Client-centricity ■ Transparent product information and fair advice	■ Supporting the transition to a low-carbon economy	■ Employee recruitment and retention ■ Employee learning and development ■ Diversity and inclusion	■ Community engagement and philanthropy

Stakeholders

Sustainability is now a strategic issue for our main stakeholders. As social and environmental challenges and the responses needed to tackle them become more complex and urgent, our stakeholders' expectations are increasing. We therefore make it a priority to address sustainability issues that matter to them through our business. To foster transparency and dialogue, we also strive to communicate and report regularly on our efforts through a variety of channels. (GRI 102-42)

UBP stakeholder groups (GRI 102-40)	Key topics and concerns for UBP stakeholders (GRI 102-44)	How we engage with our stakeholders (GRI 102-43)
Shareholders The de Picciotto family is the majority owner of CBI Holding SA, which controls the totality of UBP's shares.	■ Innovative business development ■ Value creation ■ Development of a long-term strategy ■ Sound risk management ■ Responsible business conduct	■ Weekly Executive Committee meetings ■ Board of Directors meetings
Clients As our clients are at the core of our business, we build solutions around their views and needs.	■ Tailored solutions that meet individual investment objectives ■ Data privacy and confidentiality ■ Understanding and learning about market trends and sustainable investment solutions	■ Regular meetings with relationship managers ■ Investment summits and webinars ■ Roadshows ■ Periodic reports ■ Expert comments ■ Digital newsletter
Regulators Besides regulatory compliance, we engage with authorities and regulators.	■ Compliance with all applicable laws and regulations ■ Ethical business conduct ■ Timely and transparent reporting	■ Regular contact and dialogue with supervisory authorities

UBP stakeholder groups (GRI 102-40)	Key topics and concerns for UBP stakeholders (GRI 102-44)	How we engage with our stakeholders (GRI 102-43)
Employees Sustainability has become a key factor in attracting and retaining talent.	▪ Corporate social responsibility strategy ▪ Attractive working conditions ▪ Training and development opportunities ▪ Equality and diversity ▪ Opportunities to engage in the community	▪ Intranet ▪ Internal communications ▪ Daily newsletter ▪ In-house magazine (*Traits d'union*) ▪ Annual performance reviews and development plans ▪ Surveys
Suppliers UBP works with more than 2,000 suppliers globally and our preferred method of selecting suppliers is through competitive bidding.	▪ Trusting and mutually beneficial relationships ▪ Timely payments	▪ Competitive bidding process ▪ Transparency and fairness as the basis of our procurement processes
Communities Addressing social and environmental issues in the various countries where UBP has a presence has always been a priority for us.	▪ Support to local projects in the areas of environmental protection, health, culture and education	▪ Sponsorship and donations ▪ Community engagement (employee volunteering)

Commitments, standards and frameworks

We recognise that building a sustainable financial system requires close collaboration between governments, financial market players, the corporate world, NGOs and academia. Accordingly, UBP has formed powerful partnerships, taken on a range of strategic commitments and become a signatory or member of several leading global and local initiatives, associations and academic institutions over the past decade. (GRI 102-12, GRI 102-13)

2012

Signatory of:

PRI Principles for Responsible Investment

Gradual ESG integration in investment processes

Responsible Investment Policy roll-out

The policy applies to UBP's range of Asset Management long-only funds. Its Exclusion List includes controversial weapons. Engagement[1] is through Sustainalytics and proxy voting through ISS.

Enhanced Responsible Investment Policy

The policy was expanded to cover all Asset Management public funds, Wealth Management Discretionary mandates and Advisory recommendations. Nuclear weapons[2] and coal extraction[2] were added to the Exclusion List while a Watch List and a Sustainability Champions List were added to the screening and integration processes.

University of Cambridge Institute for Sustainability Leadership

Investment Leaders Group

Swiss Sustainable Finance

Sustainable Finance Geneva

[1] For UBP funds. Client holdings upon request.
[2] Revenue thresholds apply.

Signatory of: UK STEWARDSHIP CODE | 2021

Founding member

THE BIG EXCHANGE

WE SUPPORT UN GLOBAL COMPACT

UBP is committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

FAIRR A COLLER INITIATIVE

KLIMAATCOMMITMENT FINANCIËLE SECTOR

UBP Asset Management Benelux signed the Dutch Climate Commitment

FIR FORUM POUR L'INVESTISSEMENT RESPONSABLE

RACE TO ZERO

UBP Asset Management (Europe) S.A. joined Net Zero Asset Managers initiative

TNFD

TNFD Forum membership

2021

Upgrade of proxy voting to ISS's sustainability policy

Tobacco excluded from UBP's investment universe[3]

GIIN MEMBER

PACTE NATIONAL POUR LA TRANSITION ÉNERGÉTIQUE – SOCIÉTÉ ENGAGÉE

IIGCC The Institutional Investors Group on Climate Change

UBP Asset Management (Europe) S.A. joined the IIGCC

Biodiversity Approach published

[3] In 2020 UBP excluded from its investment universe all tobacco producers and all companies deriving 10% or more of their revenue from tobacco.

Global initiatives

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT (UN PRI)

www.unpri.org

UBP has been a signatory to the UN PRI since March 2012. The UN PRI is a United Nations-supported international network of investors working together to implement six aspirational principles on responsible investment. The UN PRI's goal is to understand the implications of sustainability for investors and guide signatories as they incorporate solutions to these issues into their investment decision-making and ownership practices. By implementing these principles, signatories contribute to the development of a more sustainable global financial system. Further information on the principles can be found in the section "The drive to move forward with our clients."

UNITED NATIONS GLOBAL COMPACT (UNGC)

www.unglobalcompact.org

In September 2020, UBP decided to support the UNGC, the world's largest corporate sustainability initiative, whose mission is to have companies do business responsibly by aligning their strategies and operations with ten principles relating to human rights, labour, the environment and anti-corruption. It also encourages them to take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals (SDGs), with an emphasis on collaboration and innovation.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

www.fsb-tcfd.org

In 2020, UBP showed its determination to address major climate issues by supporting the TCFD. The initiative aims to develop voluntary, consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. UBP's 2021 TCFD report is available here.

2021

TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES (TNFD) FORUM

www.tnfd.global

Reflecting its commitment to work towards a nature-positive agenda, in September 2021 UBP became a member of the TNFD Forum. The initiative aims to develop and deliver a risk management and disclosure framework for organisations to report and act on nature-related risks.

2021

NET ZERO ASSET MANAGERS INITIATIVE

www.netzeroassetmanagers.org

In December 2021, UBP Asset Management (Europe) S.A. joined the Net Zero Asset Managers initiative, reflecting its commitment to support the transition to a net-zero future by mid-century. The initiative brings together over 230 asset managers with USD 57.5 trillion in assets under management, or nearly 60% of the world's total managed assets, who are committed to supporting the goal of net-zero emissions by 2050 or sooner and driving net-zero aligned investing.

2021

INSTITUTIONAL INVESTORS GROUP ON CLIMATE CHANGE (IIGCC)

www.iigcc.org

UBP Asset Management (Europe) S.A. joined the IIGCC in December 2021. This is the leading European investor membership body through which the European investment community is striving to achieve significant and real progress by 2030 towards a net-zero and resilient future. It has over 370 members with EUR 50 trillion in assets under management.

GLOBAL IMPACT INVESTING NETWORK (GIIN)

thegiin.org

In June 2020, UBP became a member of the GIIN. By bringing together impact investors to facilitate knowledge exchange, highlighting innovative investment approaches, building the evidence base for the industry, and producing valuable tools and resources, the GIIN seeks to accelerate the impact industry's development through focused leadership and collective action. The development of impact investing in the listed equity segment is relatively new, and UBP's membership in GIIN represents a major step forward in building crucial collaborations with other experts.

FAIRR INITIATIVE

www.fairr.org

In February 2020, UBP became a network member of the FAIRR initiative. FAIRR's mission is to build a global network of investors who are focused and engaged on the risks linked to intensive animal production within the broader food system. It helps investors to exercise their influence as responsible stewards of capital, to engage and to safeguard the long-term value of their investment portfolios. The cutting-edge research contributed by FAIRR enables them to identify and prioritise risk factors in their investment decision-making and active stewardship processes.

UNIVERSITY OF CAMBRIDGE INSTITUTE FOR SUSTAINABILITY LEADERSHIP (CISL) INVESTMENT LEADERS GROUP (ILG)
www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group

Since February 2018, UBP has collaborated with the CISL as a member of the exclusive ILG. The ILG is a global network of pension funds, insurers and asset managers, with over USD 12 trillion under management and advisory collectively, committed to advancing the practice of responsible investment. It is a voluntary initiative, driven by its members, facilitated by the CISL, and supported by academics at the University of Cambridge. The ILG's vision is an investment chain in which economic, social and environmental sustainability are delivered as an outcome of the process of generating robust, long-term investment returns.

Local initiatives

SWISS SUSTAINABLE FINANCE (SSF)
www.sustainablefinance.ch

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

SUSTAINABLE FINANCE GENEVA (SFG)
www.sfgeneva.org

In April 2018, UBP became a member of SFG – a renowned sustainable finance association in French-speaking Switzerland. SFG enables all stakeholders to engage and is committed to promoting Geneva as a sustainable financial centre. Sustainable Finance Geneva is a network partner of SSF.

2021

DUTCH CLIMATE COMMITMENT
klimaatcommitment.nl

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

2021

UK STEWARDSHIP CODE
www.frc.org.uk/investors/uk-stewardship-code

In September 2021, UBP became a signatory of the UK Stewardship Code, which sets high asset management standards for those investing on behalf of UK savers and pensioners.

2021

FORUM POUR L'INVESTISSEMENT RESPONSABLE (FIR)
www.frenchsif.org/isr-esg

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

MONACO ENERGY TRANSITION PACT
energy-transition.gouv.mc/National-Energy-Transition-Pact

In 2020, UBP signed the National Energy Transition Pact of the Principality of Monaco, which is a tool for progress, enabling all stakeholders to contribute to the Principality's energy transition through their own actions.

THE BIG EXCHANGE
bigexchange.com

In June 2019, UBP became a founding member of The Big Exchange, a UK-based, mission-led, mobile-first financial services proposition which opens investing and saving to everyone.

The drive to do business responsibly

With the aim of ensuring the Bank's business continuity and solidity, and inspired by our core values, we are committed to upholding the highest level of ethics and responsibility in conducting our business. Our bold and innovative approach is tempered with cautious risk management, compliance, ethics, transparency and data protection.

Responsible corporate governance

Responsible investment and corporate social responsibility (CSR) form the two pillars of UBP's sustainability approach. Our dedicated governance structure, comprising the Responsible Investing Committee (RICO) and the Corporate Social Responsibility Committee (CSRCO), reflects this dual focus.

Both committees report to UBP's Executive Committee (ExCo), while the Board of Directors is updated on a quarterly basis about the Bank's sustainability efforts. This governance structure ensures strong guidance and leadership, which is key to fully embedding sustainability into both our investment approach and our daily operations.

To guide and support investment and sales teams on all responsible investment matters, the RICO drives the integration of sustainability criteria into our investment processes and ensures the application of the Exclusion and Watch Lists for individual investments.

It further monitors relevant environmental, social and governance (ESG) developments and updates investment teams accordingly. More information on the integration of sustainability criteria into investment decisions can be found in the section "The drive to move forward with our clients."

The CSRCO is responsible for defining, implementing and monitoring UBP's approach to its own operations. This encompasses environmental measures, recruitment, training and employee well-being, as well as community engagement and philanthropy. (GRI 102-18)

EXECUTIVE COMMITTEE (EXCO)

RESPONSIBLE INVESTING COMMITTEE (RICO)

- Design responsible investment principles and policies
- Make proposals to the ExCo on strategic development
- Define and maintain minimum ESG standards, including through the Exclusion List, the Watch List and the Sustainability Champions List
- Support investment and sales teams on all matters linked to responsible investment
- Drive the implementation of UBP's climate and biodiversity strategies in portfolios' investments
- Filter new developments in ESG and update investment teams
- Coordinate engagement activities
- Support new product development

The RICO convenes at a minimum three times a year, or more frequently as required

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRCO)

- Define and implement UBP's CSR roadmap regarding its:
  - Environmental footprint
  - Recruitment and working conditions
  - Social and community engagement
- Run regular assessments and identify improvement areas
- Propose and collect initiatives, manage their implementation and monitor their progress
- Report and communicate to key stakeholders and staff (internally and externally)

The CSRCO convenes on a monthly basis

Business ethics and compliance

We promote a strong compliance culture and ethical behaviour in our business approach and daily activities to help us mitigate reputational and financial risks that may arise from inappropriate conduct towards clients, counterparties and the financial system.

STRENGTHENING CONDUCT AND CULTURE

UBP's processes, policies and training, as well as guidance from management, are key to promoting and supporting our corporate culture and values. Our internal guide, "Cultivating our difference", which new joiners receive as part of a welcome programme, covers UBP's founding principles and describes how to embody the Bank's four key values (dedication, conviction, agility and responsibility) in their conduct and daily work. Moreover, the programme includes mandatory e-learning modules on the Bank's history and business culture as well as on our core security principles and directives. New employees also receive the "Code of Conduct and Ethical Behaviour", which summarises the principles and practices that define how the Bank and its governing bodies, employees, and representatives are to carry out their activities.

Following a 2020 pilot and in line with regulatory requirements laid out in FINMA Circular 2010/1, in 2021 the Compliance and Human Resources departments implemented a structured framework to ensure that conduct and culture are considered in our employees' annual performance evaluation and variable remuneration. The framework, which has been in force in Asia over the past three years and has now been implemented in Switzerland, encourages employees to promote long-term success and stability while removing any incentive to engage in inappropriate risk-taking.

We have also created a Conduct & Culture Committee in order to implement and monitor the application of this framework and to issue recommendations to senior management and the Human Resources Committee regarding required behaviours and potential implications for variable remuneration. (GRI 102-16)

LEGAL AND REGULATORY COMPLIANCE

We conduct annual self-assessments to ensure we comply with all applicable laws and regulations. In order to respond to legal and regulatory requirements, UBP launched a series of e-learning modules as part of our Compliance Awareness programme. The topics covered include market abuse, anti-money laundering (AML), international sanctions, the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS). (GRI 205-2) In 2021, no fines were levied on UBP for violations. (GRI 419-1)

NEW SUSTAINABILITY REQUIREMENTS

Following the entry into force of the Sustainable Finance Disclosure Regulation (SFDR) on 10 March 2021, we classified over a third of our EU-domiciled funds as Article 8 ("promoting environmental or social characteristics") or Article 9 ("having sustainable investment as an objective"). Our approach was prudent to make sure that the funds seeking Article 8 or Article 9 classification lived up to the requirements. We are committed to significantly increasing the number of strategies compliant with SFDR Article 8 and 9, while making sure all Article 8 and 9 funds meet common minimum standards. We are therefore working with investment teams on this front. For example, we have formalised the need to consider sustainability as part of our product development process. This is meant to ensure that we take the level of ESG integration in the investment process into account from the start and that any upcoming product information, such as precontractual disclosure or marketing documentation, is fair and transparent.

In addition, Wealth Management has also put into place a framework to ensure that Bespoke Discretionary Responsible Investment mandates are compliant with SFDR Article 8. Such mandates offer the possibility of aligning investments with personal values by either including or excluding companies and sectors based on certain ESG or sustainability criteria. Towards the end of 2021, UBP further added ESG ratings and information into private client account portfolio statements.

In line with the SFDR requirements, UBP has introduced additional pre-contractual disclosures for its discretionary portfolio management and advisory mandates. We have also adapted our funds' pre-contractual disclosures to describe how sustainability risks are taken into account and managed.

In 2021, we further updated our remuneration policy to integrate sustainability-linked considerations as per SFDR requirements. To this end, UBP's ExCo set a number of KPIs which aim to promote responsible investment and CSR activities. The remuneration of ExCo members is dependent, among other factors, on the achievement of these KPIs. Similarly, the remuneration of all members of UBP's RICO and CSRCO is linked to the successful implementation of UBP's RI and CSR policies. In addition, the variable remuneration of all our investment professionals, investment advisors and institutional salespersons is influenced by their progress towards integrating sustainability into their business activities. This includes, for instance, complying with UBP's RI policy, gradually improving managed portfolios' ESG characteristics, promoting sustainable solutions, and including sustainability considerations in the development of new products.

[1] UBP Asset Management (Europe) S.A., UBP Asset Management (France) and Union Bancaire Privée (Europe) S.A.

In line with the recommendations of the SFDR, EU-based UBP entities[1] decided to consider and manage the adverse impacts of their investments on the environment (for example in terms of greenhouse gas (GHG) emissions and biodiversity) and on society (for example social and employee matters, human rights, anti-corruption and anti-bribery). This includes the 18 principal adverse impacts (PAI) defined by the regulation, as well as other potential adverse impacts that may be assessed as material. As per the SFDR, we will publish our first PAI report in 2023. In anticipation of SFDR level 2, which will come into force on 1 January 2023, UBP has started to prepare for the management and disclosure of adverse sustainability impacts at the financial product level and will continue this work throughout 2022. The objective is to provide clients with a clear explanation of whether and how our products consider PAI.

OBJECTIVE

GO BEYOND REGULATORY REQUIREMENTS RELATED TO SUSTAINABLE FINANCE

Progress made:

- Classified over a third of our EU-domiciled funds as Article 8 and Article 9 under the SFDR
- Added ESG ratings to private client account portfolio statements
- Introduced additional pre-contractual disclosures for portfolio management and advisory mandates as well as funds

Sustainable economic performance

Sustainable economic performance is essential to enable us to achieve our overall business and sustainability objectives. It is thanks to our economic success that the Bank can invest in the products and services that help tackle social and environmental challenges. Therefore, sustainable profitability is key to guaranteeing long-term, stable performance and fulfilling the expectations of our shareholders and clients, which increasingly include sustainability considerations.

SUSTAINABILITY AND ECONOMIC PERFORMANCE AFFECT EACH OTHER

Just as long-term, stable economic performance is critical for meeting our sustainability objectives, the reverse is also true. In an investment landscape marked by environmental and social challenges, responsible investment is a driver of performance, allowing us to harness emerging opportunities and to mitigate sustainability-related risks.

At the same time, a responsible approach towards managing our direct impact can help us realise operational cost savings, for example by reducing our environmental footprint, which further contributes to our sustainable economic performance.

In addition to its long-term strategy, UBP has an annual budget cycle with defined short-term targets. ExCo members commit to their respective budgets and are responsible for meeting them. Financial targets are further broken down to employee level, where relevant, and results are tracked against budgets on a monthly basis. The ExCo reviews financial KPIs monthly and the Board of Directors monitors them quarterly.

Throughout 2021, UBP grew successfully, generating CHF 13 billion worth of new assets. Thanks to a balance sheet of CHF 38.8 billion as at the end of December 2021, and a Tier 1 ratio (equity capital and disclosed reserves divided by total risk-weighted assets) of 25.2%, well above the requirements of the Basel III accords and FINMA regulations, the Bank was able to continue its development both in Switzerland and abroad.

Risk management

Risk management has been an integral part of our business and our corporate culture since UBP was founded. Not only is it key to remaining responsive to political, social, economic and market trends, but our approach to risk management is also a distinctive feature of our service offering. It allows us to maintain a sound and proven business model with a moderate risk appetite; conservative underwriting standards in the loan book and in the securities portfolio; solid capitalisation, a sound balance sheet structure and prudent liquidity risk management; and resilient profitability.

FOCUS ON RISK GOVERNANCE

The Board's Risk Committee determines the overall risk management strategy, risk tolerance and risk appetite. It aims to ensure that all risks associated with the Bank's activities are identified, assessed and controlled. The Board's Risk Committee oversees the ExCo to ensure that related policies, processes, and systems are implemented effectively at all decision-making levels. It reviews the Bank's risk profile, as well as related sustainability risk reports on a regular basis. It also validates policies and recommends ESG-related disclosure to the Board of Directors.

The risk management framework is embodied by in-house directives and procedures designed to provide maximum safety for both clients and shareholders. UBP deploys a "three lines of defence" model to govern risk ownership (Business Management), risk control (Risk Management, Compliance, Legal, Credit Control) and risk assurance (Internal Audit). The latter involves regular examinations and audits of the efficiency of our underlying risk management approach and processes, and the risk management model is constantly being reassessed in light of current industry best practices.

The Risks & Compliance division holds the main responsibility for the correct implementation and monitoring of the risk appetite set by the Board of Directors. This division verifies, on a daily basis, that the Bank's risk exposure is within the framework defined by the Board of Directors and any material issue is immediately reported to the Board's Risk Committee and, if necessary, the ExCo. It also supports the business lines to ensure operational risk is under control. Outstanding employee skills, high-quality procedures and IT infrastructure as well as an active internal cross-functional risk management culture are the key ingredients of UBP's risk management approach.

THE 2021 RISK ENVIRONMENT

As in the previous year, 2021 continued to be dominated by risks related to the Covid-19 pandemic. UBP's business continuity plan (BCP), activated at the start of the pandemic in 2020, remained effective, meaning that most employees worked from home for large parts of the year. The Group Risk Management unit therefore closely monitored and managed the related operational risk. In 2021, UBP registered no interruptions, and we were able to provide both clients and counterparties with a high-quality service during the entire period in BCP mode.

ADDRESSING SUSTAINABILITY RISKS

Climate-related issues, such as natural disasters and transition risks, represent important potential challenges to UBP's future risk management. To manage the increasing impact of sustainability threats and respond to the latest industry best practices, timely and comprehensive reporting on sustainability risks is key. UBP has therefore developed a sustainability risk management framework over the past few years, which the Risks & Compliance division worked to enact throughout 2021 and which was implemented on 1 January 2022. (GRI 102-11)

Thanks to the sustainability risk management framework, metrics, including CO_2 intensity and ESG scores, were implemented for all activities (Treasury & Trading, Asset Management and Wealth Management), ensuring comprehensive risk report coverage for all of UBP's activities. Those reports are reviewed on a monthly basis by the Risk Committee. As we integrated ESG data into our systems, validation of the data feed was a key aspect.

Another important step was the development of forward-looking scenarios to measure the climate risk for Treasury & Trading and Asset Management portfolios. Specifically, this measurement considers transition risks, physical risks arising from extreme weather events, and the portfolio temperature. These metrics are key for identifying investment risks and opportunities.

Further information on how we manage sustainability risks can be found in our 2021 TCFD Report.

Data security and privacy

Handling data sensitively is 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.

STRONG DATA GOVERNANCE

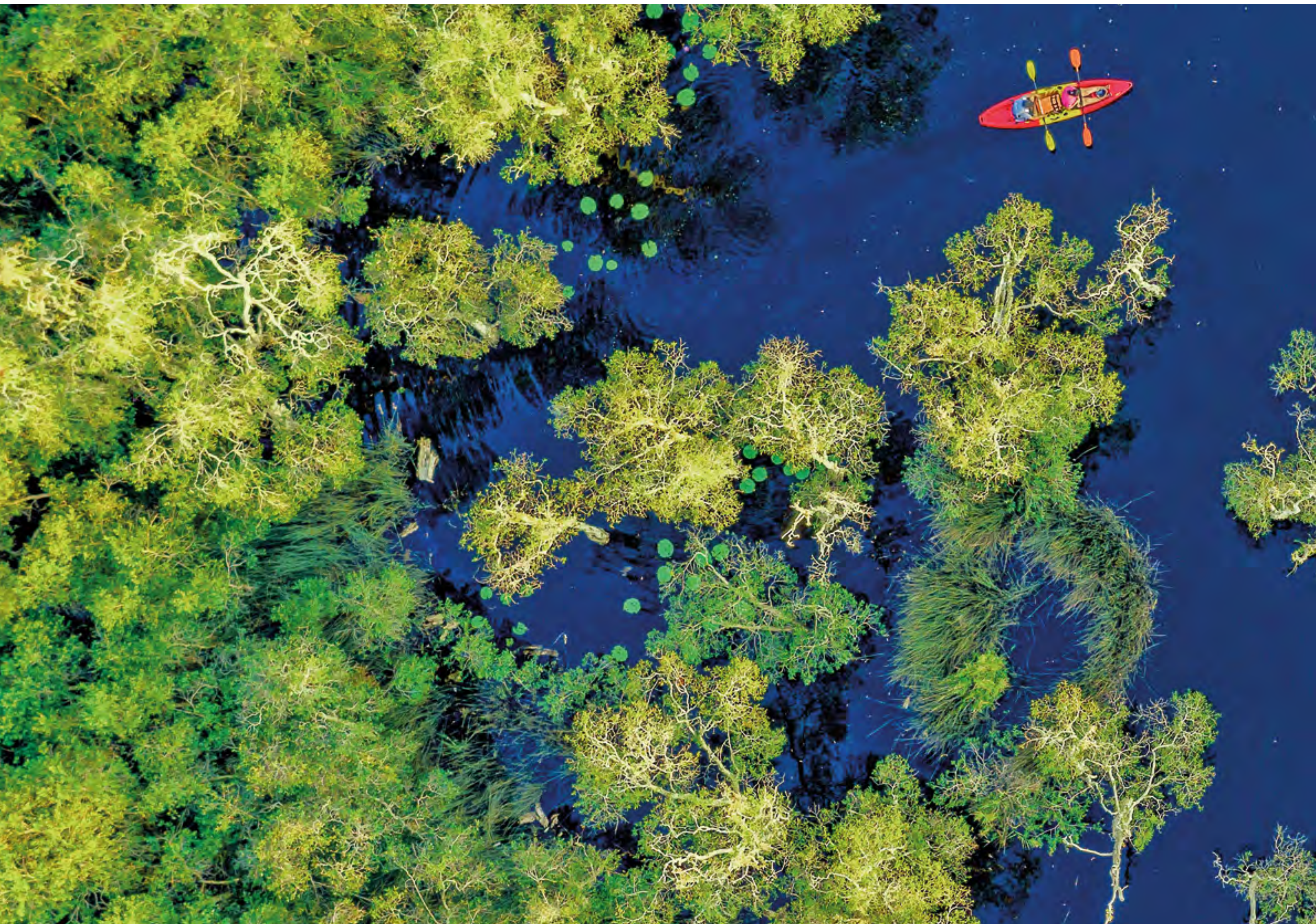
Our Group Data Policy defines the overall governance framework for managing data, while our Data Privacy Policy outlines the Bank's rules regarding data protection and the legal conditions that must be fulfilled when processing personal information. In addition, the Bank's intranet platform hosts comprehensive data privacy and security directives for employees and contractors, as well as procedures, best practices and guidelines that can be consulted to ensure secure data handling.

Likewise, we make privacy notices for clients, prospects, candidates and counterparties available on our corporate website. In 2021, we worked on several key initiatives which were part of the data security enhancement strategy under the supervision of the Data Protection Group (DPG), which consists of the Data Governance Office, the Data Protection Office and Group IT Security.

MANAGING DATA SECURITY AND PRIVACY RISKS

To ensure that data is handled responsibly and protected appropriately, our employees, consultants and contractors must complete mandatory training sessions. In 2021, we added new e-learning content, including more efficient follow-up features. We further strengthened the requirements of our systematic Security Due Diligence exercises in order to better assess, identify and reduce potential and evolving cybersecurity risks.

To further reduce the impact of cyberthreats, UBP organises regular disaster recovery tests and ensures that it can fall back onto recovery data centres. The Security department also evaluates vendor security levels on a regular basis and organises internal and external penetration tests. Throughout 2021, the number of cyberattacks remained significant. While social engineering attempts continued to pose the greatest threat, external fraud incidents increased markedly,



highlighting the importance of fraud monitoring. Third-party supplier attack strategies also posed a meaningful threat, confirming the need to perform adequate security supplier reviews. In addition, the number of trademark violations grew, with fraudulent websites attempting to replicate UBP's official corporate website in several regions. Immediate actions to shut down those fake websites were crucial in averting fraud attempts.

Aware of the importance of assessing and managing potential security and data breaches in a timely manner, UBP has strong management, reporting and escalation processes in place, including communicating with the affected individuals and notifying the relevant authorities. Although UBP continued to operate under exceptional circumstances in 2021 due to the Covid-19 pandemic, there were no data or security breaches of systemic relevance. Moreover, we did not receive any complaints from individuals or authorities related to data privacy and security. (GRI 418-1)

NEW DATA SECURITY AND PRIVACY MEASURES

As UBP's BCP remained active throughout 2021, the Bank's fast deployment of remote working capability proved effective in providing a secure IT environment and ensuring business continuity. Cyberthreats were a particular focus in 2021 in terms of business recovery and the Bank improved its strategy in this regard. In the coming years, we will maintain the global cyberattack scenario and its associated mitigation plan, including the provision and restoration of vital services.

In 2021, we strengthened our "Security by Design" framework to ensure that the key principles of cybersecurity, data security and privacy are systematically considered in every new project. Furthermore, we added a set of controls to our project change management process to ensure that data security is covered from end to end. UBP also developed a formal strategy at the end of 2021 to maintain an optimal level of data security control. Finally, we will continue ongoing classification and monitoring of business data processed within the organisation to ensure systematic adherence to data governance policies.

The drive to move forward with our clients

As responsible managers of capital, we must, on the one hand, consider how sustainability challenges affect our investments in order to protect and grow wealth for present and future generations. On the other hand, we are equally aware that our investments have an impact on the world around us. Led by institutional investors, the demand for responsible investment has been growing rapidly, and private clients are now following suit. We consider it our role to support our clients in making informed and educated choices and to provide them with investment solutions that allow them to combine attractive performance with personal values and convictions.

Responsible investment

Environmental and social challenges are changing the investment landscape and creating new responsibilities for financial market players. Over the coming decades, significant financial resources, both public and private, will be needed to finance the transition to a sustainable future in line with global commitments such as the SDGs and the Paris Agreement on Climate Change. As wealth and asset managers, we therefore have a role to play in supporting this shift through our investment decisions. At the same time, responsible investment enables us to continue to drive long-term performance by seizing the opportunities and navigating the risks arising from sustainability challenges.

OUR LONG-TERM COMMITMENT

We have increasingly integrated sustainability criteria into our investment decisions since signing the UN PRI in 2012, which prompted us to develop a RI Policy in 2014. The policy has since been regularly expanded and enhanced to reflect our growing commitment in this field. Further information on our approach to responsible investment can be found in our RI Policy.

In 2021, UBP set a number of objectives aimed at strengthening the integration of sustainability factors into investment decisions and increasing our sustainable product offering. We are continuously working towards these objectives and highlight the progress made throughout 2021 in the text boxes of this chapter.

A GROWING RESPONSIBLE PRODUCT OFFERING

UBP strives to promote responsible investment principles across its product offering, in both its Asset Management and its Wealth Management divisions. This offering is embodied in our four approaches, characterised by increasingly strict requirements – RI Policy Compliance, ESG Integration, Sustainability Focus, and Impact.

We are committed to deepening ESG practices throughout our strategies and to directing inflows to sustainable investments that contribute to reaching environmental and social objectives.

Over the course of 2021, we launched a number of new strategies, including one focusing on green and other sustainable bonds, as well as sustainable equity solutions, including a biodiversity restoration fund. We have also made ESG integration a key feature of the investment process in our emerging market sovereign hard-currency bond strategy. Other important additions were the launch of UBP Wealth Management's Swiss-biased, multi-asset ESG solutions as well as the Energy Transition Certificate which offers an investment opportunity in a sector that is projected to see significant growth.

OBJECTIVES

DOUBLE ASSETS IN SUSTAINABLE STRATEGIES BY 2022

Progress made:

- In 2021, assets invested across ESG Integration, Sustainability Focus and Impact strategies reached CHF 24.9 billion compared with CHF 7.5 billion in 2020[1]

INTEGRATE ESG CRITERIA INTO UBP'S ENTIRE RECOMMENDED INVESTMENT UNIVERSE

Progress made:

- The different investment universes as well as DPM and Advisory books are now checked against UBP's Exclusion List and Sanction List,[2] and the introduction of controls against UBP's Watch List is planned for the second half of 2022
- ESG information is now integrated into the different investment universes to measure the resiliency of holdings to long-term risks and opportunities arising from ESG factors

APPLY ESG CRITERIA TO ALL NEW TREASURY INVESTMENTS

Progress made:

- Regular monitoring of the Treasury Portfolio's ESG score has been introduced
- In 2021, we reached our interim target for investments in green bonds, with CHF 503 million invested

[1] This significant growth was driven by new inflows, product launches and market developments as well as an increase in the number of strategies and assets which have adopted sound ESG processes and the classification of strategies as Article 8 or 9 under the SFDR.

[2] The sanction list includes all companies under EU, Hong Kong, Swiss, UK, US and UN sanctions. The list is provided by SIX and checked on a daily basis.

UBP also developed an innovative structured product, integrating an impact feature whereby one tree was planted for every USD 1,000 invested in the product. To further strengthen our responsible product offering for Wealth Management clients, we increased our range of ESG and sustainable active and passively managed third-party funds for equities and fixed income to more than 30 recommended funds.

Our expertise in responsible investment was once again recognised in 2021, when we obtained the French SRI label for two funds – one emerging impact equity fund and one focused on sustainable convertible bonds. These stamps of approval follow previous SRI labels granted to two equity funds in 2019 and one fund focused on sustainable corporate bonds in emerging markets in 2020.

In addition, the Belgian Febelfin "Towards Sustainability" label was awarded to three equity funds, increasing the number of our solutions with this label to five. Finally, the 3D Investing AAA rating was renewed for two of our impact funds. This accreditation certifies the extent to which responsible and impact investing do good, avoid harm and lead change.

OBJECTIVES

MAKE A QUARTER OF UBP'S DISCRETIONARY MANDATES FULLY SUSTAINABLE BY 2022

Progress made:

- In 2021, responsible investment assets[1] progressed from 16% to 28% in DPM mandates

INCLUDE SUSTAINABILITY FACTORS IN ALL OF UBP'S INVESTMENT DECISIONS

Progress made:

- UBP's Global Investment Committee and the Investment Services equity and fixed income committees are integrating ESG factors into their recommendations
- Advisory publications now feature an ESG 'Best in Class' section and Advisory has also published a dedicated ESG report

STRUCTURED PRODUCT HELPS PLANT OVER 12,000 TREES

In 2021, UBP developed a structured product that illustrates how financial returns can be combined with environmental benefits. Thanks to this innovative mechanism, one tree was planted for every USD 1,000 invested in the product through a cooperation with Reforest'Action – a company active in crowd-planting. As a result, UBP was able to directly contribute to the planting of 12,708 trees as part of three reforestation projects in Spain, Brazil and the Ivory Coast. These new trees have helped to capture 1,906 tonnes of CO_2, provided shelter for over 38,000 animals and created employment opportunities in economically disadvantaged areas.

[1] Asset invested across ESG Integration, Sustainability Focus and Impact. Figure following new inflows, product launches and market developments as well as an increase in the number of strategies and assets which have adopted sound ESG processes and the classification of strategies as Article 8 or 9 under the SFDR.

OUR RESPONSIBLE INVESTMENT PRACTICES

UBP's four approaches to responsible investing (RI Policy Compliance, ESG Integration, Sustainability Focus and Impact) involve the following practices which are integrated to varying degrees: negative screening, ESG integration, positive inclusion, active ownership, and impact investing.

Negative screening

Negative screening via a Bank-wide Exclusion List and Watch List applies to all our assets under management with the exception of Execution-Only services and third-party funds. The Exclusion List encompasses several controversial business areas in which UBP believes that investments should be restricted. To limit the negative impact of our investments on the climate, we rule out companies involved in coal extraction (20% revenue thresholds apply). We also ban investments in controversial weapons and in companies deriving more than 5% of their revenues from nuclear weapons as well as tobacco producers and all companies deriving 10% or more of their revenues from tobacco products.

In addition, UBP has established a Watch List that includes issuers embroiled in severe controversies, such as breaches of international norms and principles, including the UN Global Compact (UNGC), the OECD Guidelines for Multinational Enterprises or International Labour Organisation (ILO) conventions. Exposure to companies on the Watch List is monitored by UBP's Risk team. While issuers on the Watch List are not systematically excluded from all funds, at a minimum those in breach of the UNGC are excluded from our Article 8 and 9 funds. Investment teams must also provide a justification for the inclusion of these issuers in their portfolios and, if possible, demonstrate their engagement with the company involved in an effort to help improve its ESG practices.

To reinforce the sustainability characteristics of our sustainable and impact funds, these are all subject to more stringent restrictions than those in our standard range.

ESG integration

UBP's investment teams are encouraged to incorporate ESG research and analysis into their research and security selection processes since such issues could be either detrimental or beneficial to the growth prospects of a company, a sector or indeed a country, or to the environment and society as a whole. Each team develops and applies their own ESG analysis and integration process that is best adapted to their investment approach and assets under consideration.

Positive inclusion

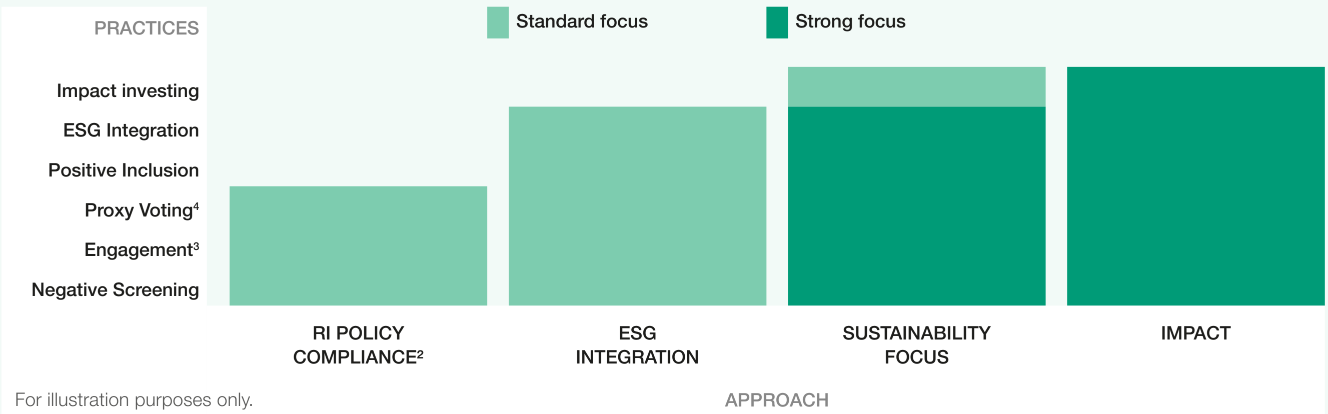
UBP's negative screening process is, in part, a recognition of the risks that poor sustainability credentials can present to an investment case, both financially and in terms of reputation. Conversely, we believe that it is equally important to recognise the investment opportunities that good ESG practices or sustainable products can offer. We have therefore established a Bank-wide Sustainability Champions List, and investment teams are invited to include issuers from this list.

Engagement and proxy voting

Engagement with investee companies is part of our fundamental investment approach and UBP encourages its investment teams to engage bilaterally to support best practices, drive disclosure and promote improvement. We believe that, especially with regard to climate issues, divestment is not always the best way to drive change. We have therefore developed an engagement questionnaire that assesses the climate strategies of energy and utility companies, while encouraging them to set ambitious emission reduction targets and improve their climate-related disclosures. We also believe that combining forces with other investors can increase our influence on behaviour and disclosure. To further maximise the influence of its engagement activities, UBP's Asset Management division has teamed up with Sustainalytics, a leading global provider of ESG research which also offers global engagement services to engage with companies in breach of international norms. In addition, we vote on all our equity funds[1] to achieve long-term shareholder value and promote best ESG practices, following the sustainability voting policy of our proxy voting partner.

Impact investing

Our impact range aims to help finance the SDGs by investing in companies with measurable positive impact on society and/or the environment.



For illustration purposes only.

[1] For practical reasons, funds with less than EUR 15 million worth of assets are excluded from the scope.
[2] Applies to all UBP's AUM, excluding cash, Wealth Management's Execution-Only services and investments in third-party funds.
[3] Not applicable to Wealth Management. Applicable to client holdings upon request.
[4] Ibid.

A decade of responsible investment

As 2021 drew to a close, UBP was well into its tenth year of being a signatory to the UN PRI. We spoke to Karine Jesiolowski, Head of Responsible Investment, Asset Management, and Jason Ulrich, Head of Responsible Investment, Investment Services, Wealth Management, about how the sustainable finance landscape has evolved over the past decade and about UBP's development in this space.

What triggered UBP's signing of the UN PRI?
Jason Ulrich: There are a number of reasons that prompted us to sign up to the UN PRI in 2012. First, institutional clients were increasingly asking about our responsible investment practices. Signing the UN PRI helped us send a signal that we take ESG issues seriously and respond to the rising demand from existing and prospective clients for responsible investment products and services. Second, we were eager to benefit from the UN PRI's knowledge-sharing and collaboration opportunities through its insights and access to know-how, best practice, research, trends and tools.

Karine Jesiolowski: Also, the UN PRI gives us a framework and timeline for progressively enhancing our responsible investment capabilities. Indeed, extensive annual reporting allows us to benchmark our ESG practices against our peers and incentivises us to continually improve over time.

What have the main challenges been over the last ten years in addressing sustainability as a bank?
Karine Jesiolowski: In retrospect, the start may have been the easy part. At the beginning, responsible investment concerned only a few activities. With some motivated people, and a lot of dedication on their part, we successfully managed to put UBP on the road to responsible investing. As we stepped up our commitment, we had to work on getting more colleagues behind the concept. 2018 was a turning point: we upped our game by strengthening and expanding our RI Policy to cover both Asset Management and Wealth Management activities, and developed our CSR approach.

> "An important shift we have seen is that the concept has broadened from 'ESG' to 'sustainability' – or from how the environment and society impact a company to how a company impacts the environment and society."
>
> **Karine Jesiolowski,**
> Head of Responsible Investment, Asset Management

Jason Ulrich: I would say that defining what UBP considers to be responsible and sustainable investing took some time, given the lack of common standards. Also, access to sustainability data has been challenging in terms both of quantity and quality. Nowadays, it is much easier to assess the ESG practices of a company as well as of externally managed funds.

Karine Jesiolowski: However, there are always new challenges. Today, keeping up with evolving international regulations is certainly one of the key tasks as it requires us to adapt not only our investment processes but also our business practices, from IT and reporting to compliance and risk.

Education across all business lines is also key as we all need to learn more about climate change, biodiversity and taxonomy, acronyms like the TCFD, SFDR, CSRD, and more. And of course, helping our clients understand those complex issues will be essential too.

What differences do you see between today and ten years ago in the sustainable finance landscape?
Jason Ulrich: The UN PRI have laid an important foundation for responsible investment to take off by crystallising a definition as well as practical guidance for responsible investment. As the concepts and processes have become clearer, responsible investment has gained in popularity and may well be on its way to becoming mainstream. We can see this in the evolution of UN PRI signatories: the community has grown since 2012 from just under 1,100 signatories with USD 32 trillion in assets under management to more than 3,000 members representing collective assets under management of just over USD 121 trillion as of 31 March 2021.

Karine Jesiolowski: An important shift we have seen is that the concept has broadened from "ESG" to "sustainability" – or from how the environment and society impact a company to how a company impacts the environment and society. Exclusions alone are no longer enough for investments to qualify as "responsible" and ESG integration is becoming the new normal. The industry has now moved a step further, looking at the impact of investments on the environment and society. In this context, active ownership, and scrutiny around voting and engagement practices, has also become increasingly important. And clients have changed too, showing growing interest in responsible and sustainable investing.

PRI

What have UBP's main achievements been since signing the UN PRI?

Jason Ulrich: Our first milestone was developing and strengthening our RI policy. In parallel, we continuously enhanced our expertise and product offering. Last year our responsibly managed assets reached CHF 24.9 billion[1] and we now have five funds with the French SRI label and five with the Belgian Febelfin Towards Sustainability label. UBP also moved early into the space of listed impact investing. We believe that companies that help solve the acute challenges faced by society and the planet are ideally positioned for steady growth over the coming decade, driven by innovation, regulatory changes and consumer demand.

Karine Jesiolowski: Indeed, we have developed a unique impact platform with three dedicated strategies and close collaboration with academia and NGOs. UBP has also been quick to recognise the importance of addressing both climate change and nature loss in parallel, as the two issues are intertwined and mutually reinforcing. Last year, we saw important progress on both issues.

Regarding climate change, UBP Asset Management (Europe) S.A. signed up to the Net Zero Asset Managers initiative, reflecting our commitment to support net-zero-aligned investing. On the nature side, UBP published its Biodiversity Approach and launched a biodiversity restoration strategy.

Are there sustainability issues where you see a particular role for finance?

Karine Jesiolowski: Both the 2030 Agenda for Sustainable Development and the Paris Agreement stress the importance of finance to deliver on the SDGs and the 1.5°C maximum warming goal. Therefore, I see an important role for financial institutions to channel capital into solutions that contribute to reaching the SDGs and tackling climate change.

Jason Ulrich: Indeed, I see a huge role for the financial industry to complement public finance in supporting the transition towards a low-carbon, more resource-efficient and sustainable economy. As we recover from the Covid-19 pandemic, there is a unique opportunity for finance to help ensure that investments support a more resilient and resource-efficient economy.

> "I see a huge role for the financial industry to complement public finance in supporting the transition towards a low-carbon, more resource-efficient and sustainable economy."
>
> **Jason Ulrich,**
> Head of Responsible Investment, Investment Services, Wealth Management

UN PRI PRINCIPLES

PRINCIPLE 1	PRINCIPLE 2	PRINCIPLE 3	PRINCIPLE 4	PRINCIPLE 5	PRINCIPLE 6
We will incorporate ESG issues into investment analysis and decision-making processes	We will be active owners and incorporate ESG issues into our ownership policies and practices	We will seek appropriate disclosure on ESG issues by the entities in which we invest	We will promote acceptance and implementation of the Principles within the investment industry	We will work together to enhance our effectiveness in implementing the Principles	We will each report on our activities and progress towards implementing the Principles

[1] Asset invested across ESG Integration, Sustainability Focus and Impact. Figure following an increase in the number of strategies and assets which have adopted sound ESG processes and the classification of strategies as Article 8 or 9 under the SFDR.

IMPACT INVESTING

Guided by its strong commitment to generating value for its client base, UBP decided early on to move into the space of impact investing in listed equity. We see it as a way to generate superior returns over the long term by focusing on the engines of the new economy – companies that are helping to solve global problems such as scarce resources, climate change and poverty. Our strength in impact investing rests on a highly efficient analysis framework structured around six themes which tie in with the SDGs: climate stability, healthy ecosystems, sustainable communities, health and well-being, basic needs, and inclusive and fair economies. Each of UBP's Impact experts has been assigned the role of "thematic champion" over one of the six themes, which fosters expertise and idea-generation.

> "Our rigorous selection framework and engagement process ensure we identify innovative, profitable companies which are key enablers of the new economy."
>
> **Victoria Leggett,**
> Head of Impact Investing

Our pioneering role in listed impact investing, which we have continuously strengthened since 2016, is testament to UBP's innovative and entrepreneurial spirit and has been recognised with several labels (Belgian Febelfin and French SRI) as well as ratings (AAA rating from Square Mile). In 2021, we managed CHF 1 billion across three impact strategies, including one for developed markets, one for emerging markets and another one focusing on biodiversity.

UBP's growing impact franchise reflects our view that impact investing is an increasingly important element of portfolios, providing a concrete way to support solutions that tackle the world's major environmental and social problems while delivering attractive long-term returns. In 2021, our positive impact emerging markets strategy was recognised externally through the Climetrics Award, which we received in the first quarter of 2022. In addition, all funds on the impact platform were classified as Article 9 under the SFDR.

Investing in low-carbon and nature-positive solutions

Our impact franchise plays an important role in UBP's effort to support the transition to a net-zero and nature-positive economy. In addition to stricter climate-related exclusions, our impact products invest in many companies that provide solutions for climate change mitigation and adaptation. Moreover, the team is adopting market-leading practices in terms of carbon footprint disclosure. This involves temperature scores for the portfolio and the explicit inclusion of climate resilience and adaptation in the portfolio construction process. To help tackle the broader problem of biodiversity loss, which is closely linked to climate change, UBP's biodiversity strategy, launched in 2021, aims at identifying and investing in solution-providers that, through their products and supply chains, protect and restore species and natural habitats. It covers industrial verticals such as the sustainable management of natural resources and sustainable food production.

Engaging with investee companies

Understanding the true "intentionality" of a company is a cornerstone for success in impact investing and engaging with companies is the most effective way to gain clarity. A constructive and honest relationship with a company's management is therefore key. It can encourage and help them deepen and broaden their measurement and disclosure of non-financial KPIs which are relevant to the investor. As a result, UBP's Impact team has embedded engagement into every stage of its investment process, from the initial investigation of a company to the impact assessment. Engagement is also key to making sure that businesses adopt a credible climate strategy. This includes bilateral engagement through regular meetings, asking for more transparency via the Impact Engagement Framework, with a focus on Scope 3 emissions and science-based targets, and participating in collective engagement campaigns, for example through Sustainalytics or UN PRI.

INVESTING IN BIODIVERSITY: WHY AND HOW

Biodiversity refers to the variety of life on earth at all levels, from genes to ecosystems, plants and animals. This abundance of life is crucial to the health and survival of our planet. Biodiversity provides an astounding range of essential goods and services for society at no charge. For example, 75% of food crops rely on animal pollination and 70% of cancer drugs are inspired by nature. The World Economic Forum estimates that over half of global GDP is nature-dependant, but the true figure could be much higher.

However, biodiversity is in crisis. For example, wildlife declined by 68% from 1970 to 2016 and human activity is causing USD 6.6 trillion (11% of global GDP) in environmental damage annually. Beyond the negative impact on the environment, biodiversity loss therefore poses significant risks for the economy – both directly and by exacerbating the climate crisis.

As analysing and integrating nature risk into financial decision-making is becoming more important, the investment industry is beginning to reassess the value of potentially vulnerable or stranded assets and make downward adjustments to their valuations, or even view them as liabilities.

But the protection and restoration of biodiversity also offers huge investment opportunities, driven by a combination of increasing consumer pressure, regulatory and policy signals, and innovation. In this new context, "fixer" companies are facing a multi-decade opportunity for superior growth and success. And this creates significant investment opportunities. "Fixer" companies offer, for example, innovative solutions to the biodiversity crisis in areas ranging from sustainable farming and positive nutrition to the sustainable management of natural resources and the promotion of green cities. Demand for such solutions is growing at a rapid pace. Further information can be found in our White Paper "Investing in Biodiversity – Why and How".

A unique proprietary scoring system

Clients of our impact strategies often have a deep understanding of sustainability issues, and the investment process must meet their scrutiny or exceed their expectations, for example with regard to commitments around climate, biodiversity, social inclusion and corporate engagement.

To meet the highest standards, UBP's Impact team has developed a proprietary system called "IMAP", which assesses the impact intensity of a company's business model. This methodology is central to the investment process and is based on four criteria: Intentionality, Materiality, Additionality and Potential (IMAP). Intentionality refers to a company's ethos and commitment to sustainability, while Materiality measures the proportion of revenue derived from products or services that have a positive impact, net of any potentially harmful revenue streams. Additionality reflects a company's position as a leader in its field and the uniqueness of its approach, and Potential measures the effect the product or process is expected to have on the world. These four scores are added together to obtain an IMAP score, which enables us to make an impartial judgement regarding the impact credentials of a company in our portfolio.

Strong governance and transparency mechanisms

In addition to a rigorous internal scoring and reporting process, the UBP Impact team has a unique oversight structure to ensure that the Bank's approach meets the most stringent impact criteria. It consists of the Impact Advisory Board and the Impact Investment Committee. The former meets three times a year and is responsible for overseeing the IMAP process and scores as well as for scrutinising the team's process. It is chaired by Anne Rotman de Picciotto, a member of UBP's Board of Directors, and composed of four external sustainability experts:

- **Tony Juniper,** Chair of Natural England, campaigner, writer and sustainability adviser, as well as Executive Director for Advocacy and Campaigns for WWF-UK
- **Kanini Mutooni,** Managing Director of Europe, Draper Richard Kaplan
- **Jake Reynolds,** Executive Director, Cambridge Institute for Sustainability Leadership (CISL)
- **Bastien Sachet,** CEO, Earthworm Foundation

The Impact Investment Committee, which meets on a monthly basis, provides external, rigorous scrutiny on investment decisions, including the ESG and financial profile of portfolio holdings. It is chaired by Simon Pickard, a seasoned Impact expert with over 25 years' experience in fund management.

Transparency is a key principle for our Impact platform, reflected in the team's commitment to explaining and disclosing every aspect of the investment process, from thematic white papers and informative quarterly and annual reports to the minutes of the Impact Advisory Board meetings. UBP's 2021 Impact Report is available here.

The UBP IMAP system

Assessing impact intensity (minimum threshold 12/20)

I	INTENTIONALITY	/5
M	MATERIALITY	/5
A	ADDITIONALITY	/5
P	POTENTIAL	/5

IMPACT SCORE */20

THE IMPORTANCE OF COLLABORATION

Collaboration with peers and experts increases the collective weight in advancing sustainability issues within the finance industry and fosters knowledge exchange. An overview of our collaborations can be found in the section "Commitments, standards and frameworks" of this report. While the ongoing pandemic limited opportunities for in-person meetings, 2021 was nevertheless a strong year for partnerships.

For example, we were a main sponsor of the 2021 edition of the Building Bridges Summit, the agenda-setting event on sustainable finance in Geneva, attended by over 1,000 participants, where we hosted a panel discussion on biodiversity. In 2021, we also scaled up our collaboration in biodiversity-related groups, including the FAIRR Aquacultural Work Group and the UN PRI Sustainable Commodities Practitioners Group.

We further signed the UN PRI "Global Investor Statement to Governments on the Climate Crisis" prior to COP26 – a joint call by the industry for governments to strengthen their climate contributions in line with the goal of limiting global warming to 1.5°C under the Paris Agreement and to commit to a 2050 net zero emissions target.

In the impact investing field, we have been active participants in the Investment Leadership Group (ILG) of the Cambridge Institute for Sustainability Leadership (CISL) since 2018 and are continuing our joint research efforts to foster knowledge and best practice in this growing field. In addition, we have teamed up with the southern African conservation organisation Peace Parks Foundation and the Cambridge Conservation Initiative (CCI) in a unique collaboration under our biodiversity strategy whereby a significant proportion of the management fee will be invested directly in their on-the-ground conservation and world-leading academic and policy-making work.

Collaborating for a sustainable finance industry

The University of Cambridge Institute for Sustainability Leadership (CISL) partners with businesses and governments to develop practical solutions to support the shift to a net-zero, nature-positive and inclusive future. CISL convenes the Investment Leaders Group (ILG), a global network of pension funds, insurers and asset managers with over GBP 14 trillion under management and advisory collectively, committed to advancing responsible investment. ILG Senior Programme Manager Lucy Auden told us in more detail about the ILG's background, past and current projects, and future plans.

How was the idea of CISL's ILG born and how did its mission evolve over time?

The ILG was founded in 2013 by members of the institutional investment community and CISL, with a vision of an economy that shares wealth fairly while operating sustainably. The ILG's mission is to shift the investment chain towards responsible as well as robust long-term value creation, alongside economic, social and environmental sustainability. A central aim of the ILG is to enable investors to measure their impact on the environment and society, and to assess financial risks stemming from nature loss, carbon and energy regulation, short-term investment attitudes and societal inequalities.

> "No single investment actor can solve sustainable investment challenges alone."

How can the ILG's activities drive impact?

The ILG offers unique opportunities for collaboration across CISL's Centre for Sustainable Finance and broader networks, including corporates, policymakers, regulators, insurers, and banks as well as leading academic experts from the University of Cambridge. Members are directly involved in identifying research needs and contributing to resulting projects. It also provides concrete tools that address critical sustainable investment challenges, bring commercial benefit, and enhance best practice across the market. For example, co-creating the "Sustainable Investment Framework", a simple dashboard for investors to check their alignment with the complex web of the SDGs, boosted internal capacity-building and knowledge-generation within member firms.

What are some of the concrete achievements that collaboration in CISL's ILG has brought about so far?

The ILG has made an important contribution to investment impact measurement, developing metrics to quantify the environmental and societal performance of investment funds and thereby measure the full value of capital, beyond its financial value. The ILG released the Sustainable Investment Framework in 2019, providing investors with metrics to measure their impact against six themes distilled from the SDGs, namely well-being, basic needs, decent work, climate stability, resource security, and healthy ecosystems. UBP contributed to the development of the framework, intensively testing it on their own funds to ensure applicability, usability and market relevance.

As the need to address nature-related risks gains political and corporate attention, the ILG has been working on a common language and framework, the Handbook for Nature-related Financial Risks, that financial institutions can use to identify, measure and manage such risks. In 2022, UBP and other members of the ILG have applied it to demonstrate how nature-related risks manifest in their portfolios through several use cases, driving the integration of nature into financial decision-making.

What change do you hope to see in the investment field in the next 5–10 years and how can collaboration between financial market players and academia contribute to it?

First, we need to help investors understand and assess how environmental changes manifest in portfolios as financial risks so that they can integrate the value of environmental factors, and hence the true costs of business activities for people and the planet, into their investment decisions. Second, we must further stress the importance of strengthening portfolios' climate resilience and adaptation in addition to reducing their carbon footprint. Third, we need sector-wide recognition that the 'E' in ESG is broader than just emissions: nature- and climate-related risks and opportunities are intertwined, and this fact must be incorporated into environmental risk analysis to avoid nature-related financial risks. Fourth, investors must effectively engage with companies to help them transition to net-zero and nature-positive business models, and encourage the disclosure of useful data for investment decision-making.

No single investment actor can solve sustainable investment challenges alone: collaboration between investors, academics and other parts of the economy is essential for creating the necessary space for sharing best practice and addressing barriers to action. Ultimately the ILG aims at ensuring investment acts as a force for good to support a climate-safe future, to protect and restore nature, and to build resilient and inclusive societies.

The full interview is available here www.ubp.com

Client-centricity and transparent product information

We constantly monitor long-term global trends and regulatory developments to identify compelling investment opportunities and adapt our product offering in order to meet and exceed our clients' needs. In addition, trust, transparency and long-term commitment are central to our relationships with clients, which is key to ensuring high satisfaction among existing clients and attracting new ones.

STRONG FOCUS ON CLIENTS

Client meetings are an important way to raise awareness about responsible investment opportunities. We engage with our clients to determine their needs and to inform them about our approach. Since UBP's RI Policy is applicable to all assets under management[1], unless clients decide to opt out, this ensures that we have a conversation with them about responsible investment. This can include an assessment of their portfolio positions from an ESG and sustainability perspective. Furthermore, clients' interests and needs are central to our product development: over the last couple of years, client feedback has been key in increasing and diversifying our ESG and sustainable strategies.

As we continued to operate in a Covid-19 context with limited opportunities for face-to-face client meetings, we used a number of digital solutions to interact with our clients. This included virtual one-to-one meetings and webinars as well as the publication of more flash updates and white papers (increasing the number of publications from 80 in 2019 to 145 in 2021), and market and product updates in the form of podcasts. We also ran several digital campaigns, including one dedicated to impact investing, and put in a strong presence on our six social media platforms. Throughout the year we published over 300 posts, around 40 of them on responsible investment topics and 30 on CSR issues as well as 100 posts and 150 stories on our Impact account on Instagram. In addition, we continued to invest in digital solutions, particularly adding new functions to our e-banking service, which was vital for maintaining close contact with our clients.

Accessibility is key to UBP, and its impact platform explicitly strives to make impact investing available to the widest possible cross-section of investors at a reasonable price. Our role as a founding partner of The Big Exchange, the UK's first actively managed

[1] With the exception of Execution-Only services and third-party funds.

social, environmental and impact investment platform, is key in this regard as it provides retail investors with an accessible and modern platform, enabling them to align their investments with their values and convictions (further information on the Big Exchange can be found in the section "Local Initiatives").

TRANSPARENT INFORMATION AND FAIR ADVICE

Client-centricity goes hand in hand with fair advice and transparent communication on products and services. UBP's Compliance department therefore sets product communication standards in line with local regulations and fair marketing procedures and reviews all marketing documents prior to publication or external use.

In 2021, we enhanced advice and transparency on responsible investment. We added a new sustainability section to the Bank's website and increased transparency on our active ownership activities associated with our product management through the disclosure of our detailed annual voting record and the publication of our first UK Stewardship Code report as well as our second Impact report. Finally, UBP is reviewing its compliance with transparency requirements according to the SFDR.

An important step towards greater transparency on sustainability was the inclusion of ESG metrics in private client portfolio statements and e-banking at the end of 2021. These ratings provide a measurement of the resilience of portfolios' aggregated holdings to long-term ESG risk, contributing to greater transparency and investor protection. It also laid an important foundation for bringing up sustainability issues in client meetings and can be used to discuss investment proposals geared towards sustainability. (GRI 417-1)

The drive to protect the environment

As a financial intermediary, we have a responsibility and great potential to contribute to the global effort to tackle environmental problems through our investment decisions. At the same time, we strive to manage the impact of our own operations in a sustainable way by reducing the use of conventional electricity and heating while increasing renewable energy, as well as lowering travel- and commuting-related emissions. We also work to reduce paper, water and plastics consumption, and promote recycling across all UBP sites.

Supporting the transition to a low-carbon economy

Climate change is one of the most pressing global challenges of our time. Not only is it alarming for the environment and people around the world, but it also creates significant risks for the economy, which relies on a healthy planet and the resources it provides. Physical damage to infrastructure and outputs, disruption of value chains and volatility in commodity prices pose significant economic risks, alongside the regulatory, litigation and transition risks which the shift to a low-carbon economy generates.

Reaching the targets of the Paris Agreement requires large-scale changes in all sectors of the economy, and as a financial intermediary, we can play an important role in contributing to the transformation of the economy. Indeed, channelling capital towards responsible investment solutions represents our biggest lever for driving change. To reduce carbon emissions linked to assets held in UBP's investment portfolios, we currently monitor the weighted average carbon intensity (WACI) of all our long-only, internally managed funds domiciled in Luxembourg, France and Switzerland, as well as for all mandates invested in corporate bonds and equities in addition to sovereign bonds. UBP has a range of products, primarily in our sustainable and impact range, that target a lower carbon intensity than their investment universe.

In 2021, UBP Asset Management (Europe) S.A. took a meaningful step towards net-zero aligned investing by joining the Net Zero Asset Managers initiative, reflecting its commitment to supporting the transition to a net-zero future by mid-century. More information on how UBP manages climate-related risks and opportunities can be found in our 2021 TCFD Report.

Sustainable investments that consider climate change and aim to reduce emissions are becoming a must-have for many institutional investors. We are striving to meet this demand through our innovative offering, including our impact franchise.

FROM CARBON-NEUTRAL TO NATURE-POSITIVE

Beyond the climate crisis, we recognise the importance of addressing the wider environmental challenges the world faces. With USD 44 trillion – or over half of global GDP – dependent on nature or natural services, biodiversity loss is not only an environmental crisis but undeniably an economic one as well. In 2021, UBP therefore published its Biodiversity Approach to further embed biodiversity issues into investment decisions.

Recognising the urgency for action and the growth opportunities arising from investing in biodiversity preservation and restoration, UBP also launched a biodiversity restoration strategy in the second half of 2021.

FUNDS OF UBP'S ASSET MANAGEMENT DIVISION DOMICILED IN LUXEMBOURG, FRANCE, AND SWITZERLAND – CARBON EMISSIONS

(more details can be found in our 2021 TCFD Report)

Asset Class	CHF mn	Coverage[1]	Disclosing Holdings[2] (weight)	Scope 1+2 (tCO_2e)	Scope 1+2+3 (tCO_2e)	Carbon Footprint[3] tCO_2e/CHF invested
Funds - Equity Holdings	7,231	95.0%	82.2%	116,094	2,890,839	16.9
Funds - Corporate Bond Holdings	7,533	93.9%	91.0%	709,184	3,440,166	100.3

Source: ISS, as at 31 December 2021.

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

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

[3] Based on Scope 1 and 2.

Managing UBP's environmental footprint

Realising that the transition to a low-carbon economy requires every member of society to do their part, UBP is committed to continually lowering the environmental impact stemming from its operations. In 2020, the Bank committed to a 25% reduction in the carbon footprint of its operations by 2025 compared with 2019 levels, targeting Scope 1, 2 and 3 emissions[1].

ENVIRONMENTAL STRATEGY

UBP's emissions reduction target is set and monitored by the ExCo, which receives monthly updates from the CSRCO. The responsibility for the management of UBP's environmental footprint lies in the hands of the Group COO, a member of the ExCo.

Our carbon footprint data is compiled and analysed by an external engineering company, which bases its approach on international standards such as the GHG Protocol Corporate Standard. In 2021, we made our carbon footprint data available for the first time with the publication of our inaugural Sustainability Report. In order to improve the accuracy of our data, we implemented significant improvements in the data-collection process over the course of 2021.

Besides switching to renewable energy, reducing our energy consumption represents the biggest lever for lowering our operational carbon footprint. We have therefore identified energy-efficient office buildings, renewable energy sources and LED-lighting as cornerstones of our emission-reduction strategy. However, managing our Scope 3 emissions is equally important to us and we are implementing a number of measures to target travel- and commuting-related emissions as well as emissions generated by our waste and by the goods and services we purchase from third-party suppliers.

PROGRESS IN 2021

In 2021, UBP's total energy consumption remained similar to 2020 (+1%), while overall GHG emissions increased slightly (+7%) as business travel resumed. The first year of the pandemic caused a significant drop in energy consumption (-9%) and emissions (-58%) due to extended periods of remote working, which resulted in a substantial reduction in office occupancy, and an even stronger decrease in business travel compared to business-as-usual. While the year 2021 experienced periods of similar restrictions, there was some easing of Covid-19 measures, allowing employees to work from UBP offices and resume some travel. Despite the increase in office occupancy, energy-related emissions (Scope 1 and 2) decreased by a further 7%[2], mostly due to an increase in the share of renewable energy sources and improvements in data collection.[3]

Whilst we strive to continuously reduce our carbon footprint, we have been offsetting our remaining emissions at Group level since 2020 in partnership with myclimate, one of the world's leading organisations in voluntary CO_2-compensation. For our 2021 emissions, we purchased offsets to cover 3,109 tonnes of CO_2e, primarily caused by the use of conventional electricity and Scope 3 emissions, such as business travel and purchased goods and services.

For further details concerning our environmental data, please refer to the appendix. (GRI 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-5)

Share of renewable electricity[4]

81%

Share of renewable energy

54%

Energy savings to 2020

14,402 kWh

[1] We only consider Scope 3 emissions from our operations and exclude category 15 of the GHG Protocol (emissions from investments).

[2] Taking into account Scope 1 and 2 emissions.

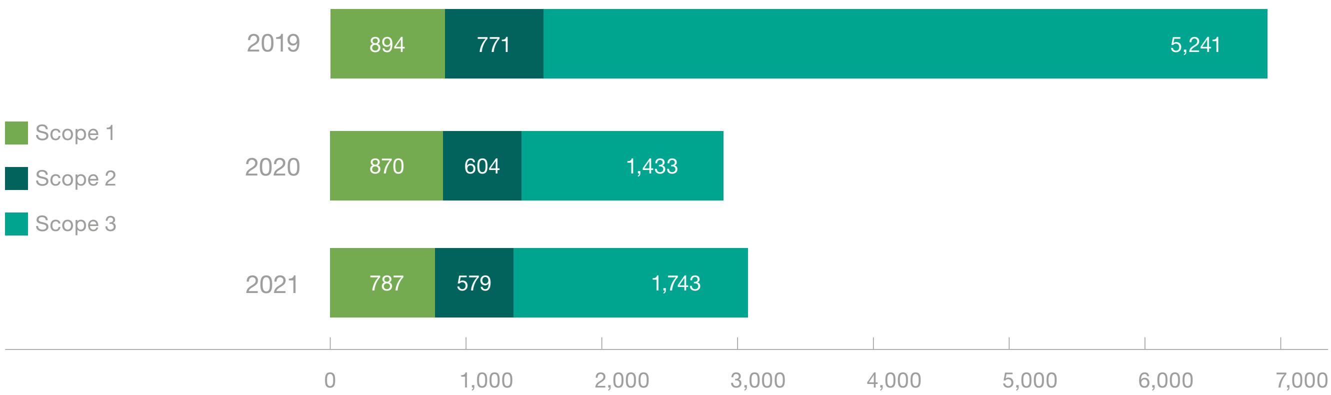
[3] Significant enhancements in our data-collection process mean we rely less on estimations (which are often based on worst-case scenarios).

[4] UBP strives to buy renewable electricity wherever it is feasible and purchases Renewable Energy Certificates (RECs) where it is not possible.

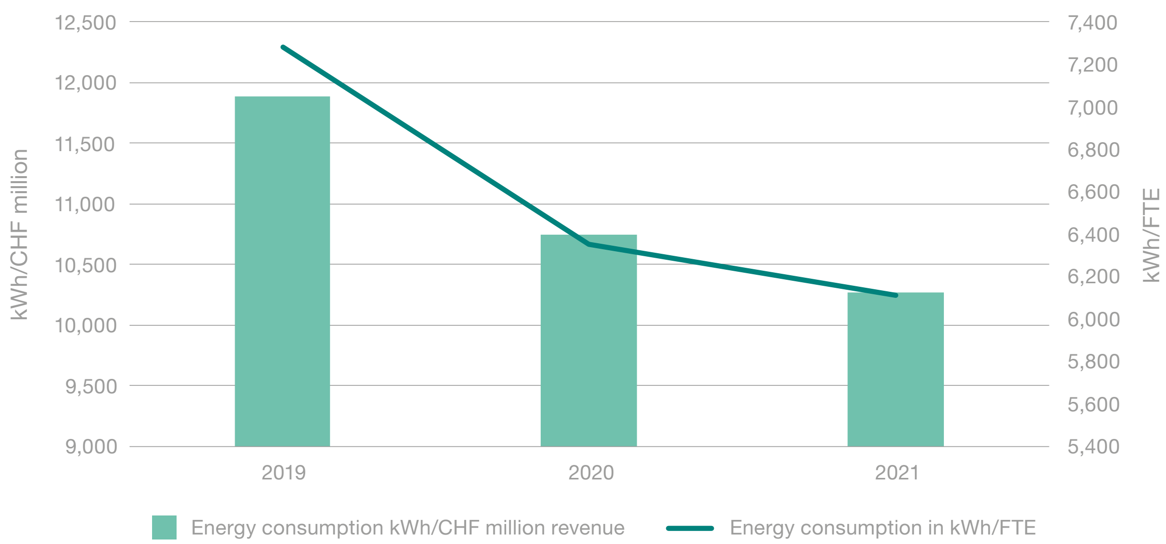
DEFINITION OF EMISSIONS SCOPES

SCOPE 1	SCOPE 2	SCOPE 3
Direct emissions from company facilities and fugitive emissions of sites owned or controlled by UBP	Indirect emissions from purchased energy (electricity)	Indirect emissions from other activities (purchased goods and services, business travel, employee commuting, waste generated in operations)

EMISSIONS BY SCOPE (IN TONNES OF CO_2 E)



ENERGY CONSUMPTION



TOWARDS ENERGY-EFFICIENT BUILDINGS

To help us make substantial cuts in our carbon emissions, we embarked on an ambitious 10-year renovation programme in 2020, aimed at significantly improving the energy efficiency of our Geneva premises. In 2021, the project moved to its implementation stage.

The Bank is also working on plans to renovate additional buildings and to improve the carbon footprint of its leased spaces in Geneva, while preparing to move into a more energy-efficient building in Luxemburg in 2024. We are exploring opportunities for similar measures in other locations. In Monaco, having signed the National Energy Transition Pact in 2020, UBP is implementing a range of energy-related measures, and an assessment of our progress for 2021 is currently under way.

To reduce our electricity consumption across our offices worldwide, we continue to switch to LED lighting at all our sites, and so far Singapore, Lugano and Jersey have made the full conversion. Another significant energy-saving measure was the move of our Geneva data centre to more modern and efficient premises.

We are now mapping further opportunities for more efficient server usage, and better-suited server rooms and racks. We will continue to carefully manage the energy consumption of our buildings by optimising the use of current installations, updating technical installations, and addressing coolant leakage.

In Geneva, 115,000 kWh has been saved so far thanks to the above-mentioned energy efficiency measures, with a saving of 48,834 kWh realised in 2020. The positive impact of these efforts is being recognised, as shown by the éco21 certification awarded once again to UBP in Geneva in 2021.

OBJECTIVES

OFFSET UBP'S CARBON FOOTPRINT FROM 2021 AND REDUCE IT BY 25% BY 2025

Progress made:

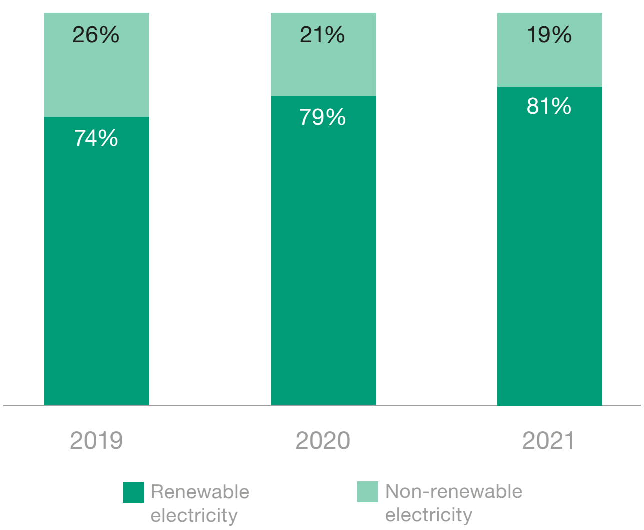
- All remaining emissions were offset with myclimate for the years 2020 and 2021
- On track to meet our 2025 reduction target

SCALING UP RENEWABLE ENERGY

Using renewable energy is another important pillar of our environmental strategy. UBP Zurich increasingly relies on biogas, while nine sites in Geneva, two in Zurich, one in Basel and one in Luxembourg are sourcing 100% renewable electricity. We are also purchasing Renewable Energy Certificates (RECs) for our Singapore, Tokyo, Dubai and Tel Aviv sites. Unfortunately, our efforts are restricted by a lack of availability of renewable energy or REC in some jurisdictions.

In 2021, the share of electricity from renewable sources used at UBP reached 81%, an increase of two percentage points over 2020. As a result, despite the slight increase in location-based emissions (+5.8%), we experienced a decrease in associated market-based Scope 2 emissions (-4.2%). We aspire to go even further and procure renewable electricity for all our sites or purchase RECs where renewable electricity is not available. In addition, we will further explore the use of biogas instead of natural gas at other sites.

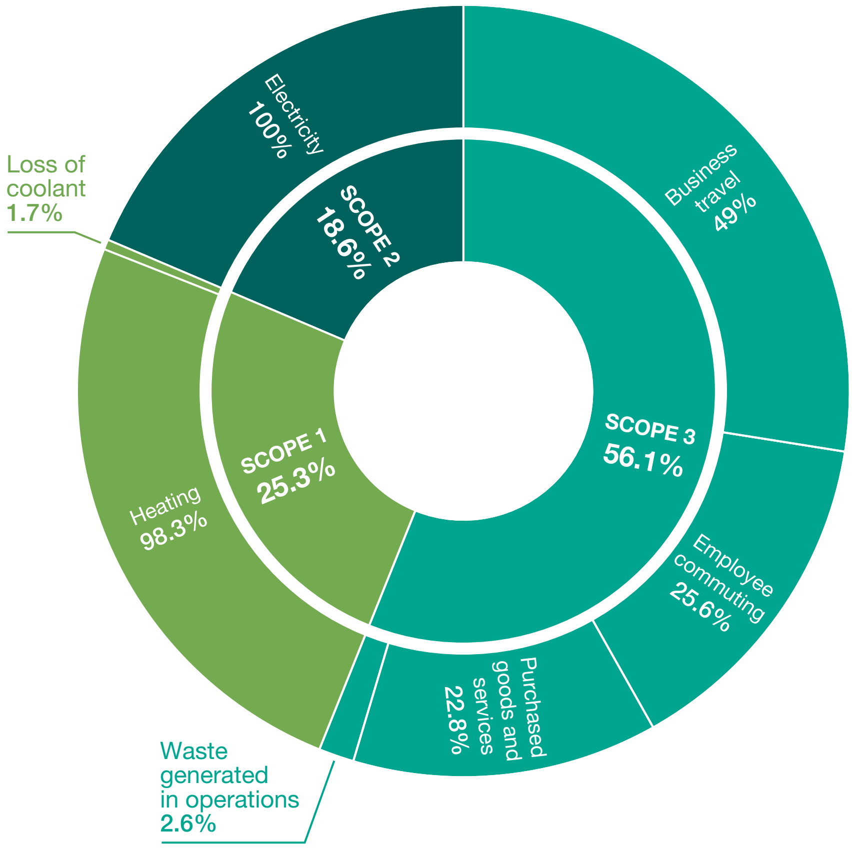
SHARE OF RENEWABLE ELECTRICITY



> "Managing our direct emissions is a cornerstone of UBP's CSR approach and our holistic environmental strategy helps us to tackle the key drivers of our carbon footprint."

Stephan Zilker,
COO Zurich
Chair of CSR Committee

2021 GREENHOUSE GAS EMISSIONS BY SCOPE



Energy consumption

11,640 MWh

Electricity

7,760 MWh

Renewable energy consumption

6,308 MWh

Heating

3,881 MWh

TACKLING OUR SCOPE 3 EMISSIONS

Our Scope 3 emissions, meaning emissions caused by our activities but from sources not owned or controlled by us, such as business travel, purchased goods and services, and employee commuting, accounted for over 50% of our total carbon footprint in 2021.

Although business travel remained well below 2019 levels, our travel-related emissions are still the largest contributor to our overall emissions, accounting for 27.5% of our total carbon footprint, and almost 50% of our Scope 3 emissions. To help lower our travel-related emissions, we started to apply our new travel policy which had been reviewed just before the start of the pandemic. Data on travel emissions by division and for frequent travellers is regularly submitted to senior management as monitoring our travel emissions is key to reducing them.

In 2021, commuting-related emissions, which account for around 14% of UBP's total emissions and over 25% of our Scope 3 emissions, increased slightly compared to 2020 as employees progressively returned to the office for parts of the year. As we expect commuting emissions to rise in 2022 with the lifting of Covid-19 restrictions, we are working on developing measures aimed at reducing the impact of employee commuting. Moreover, we expect our work-from-home policy, effective as of 1 April 2022, to lower commuting-related emissions by about 20% compared to business-as-usual as it allows employees to work from home one day per week.

To use less paper, in 2021 we further digitalised our administration, finance and procurement processes. An increasing number of internal documents are now only available in electronic form, and the digitalisation of the hiring process, which started in 2020, was further extended in 2021. We have also started the roll-out of several projects regarding client interactions which will be implemented in 2022. These include the introduction of electronic signatures and the full integration of all client documents in e-banking.

In line with our commitment to reducing waste, we are continuing to eliminate single-use plastics in the majority of our premises. To improve waste management, we have also completed the roll-out of recycling bins in Switzerland, Singapore, London and Jersey.

As a buyer of a wide range of products and services, UBP can influence the environmental impact of its suppliers. In order to match our own ethical standards, we have therefore developed a Supplier Code of Conduct, based on UBP's core values, applicable regulations and the UNGC's principles. It was rolled out in 2021 and we will prepare for a sustainability assessment of suppliers in the coming years. (GRI 102-9)

UBP'S TRAVEL POLICY

- Conference calls (audio or video) are explicitly recommended for all internal meetings. Since 2020, more than 600 employees have been equipped with webcams and additional meeting rooms have been set up for videoconferencing.
- The train is the only authorised means of transport within Switzerland and for travel to neighbouring countries with reliable rail links, like France or Germany.
- Where air travel is necessary, we favour direct flights to limit related emissions. To increase awareness about the environmental impact of air travel, employees are alerted to the amount of CO_2 emissions of each flight they take.
- UBP's Travel Desk selects hotels with sound sustainability credentials from its list of eco-friendly hotels whenever possible.

Improving the energy efficiency of UBP's buildings

We spoke to Bruno Schmid about the energy concept behind the refurbishment of UBP's Geneva offices on Rue d'Italie, which started in 2021. Bruno Schmid leads an energy and environmental consultancy group active in Switzerland, Europe and India, consisting of SB Technique, EnerBat and EnerCity. His work is inspired by his vision of making the energy transition in the building sector a reality.

Why is energy efficiency in buildings crucial for sustainability?
The energy consumed in buildings is responsible for about 30% of the CO_2 in the atmosphere. But buildings can run entirely on renewable energy: it's just a matter of adapting our infrastructure and changing our habits.

What is the overall objective for the Rue d'Italie refurbishment?
UBP's aim is to reduce the building's energy consumption and carbon footprint, while lowering its operating costs and improving comfort for users. Broadly speaking, this requires us to change the building's design and replace its ageing mechanical and electrical systems, such as its heating and cooling systems, as well as its energy supply.

"The best way to save energy is to avoid using it in the first place."

Which were the major challenges posed by the existing building from an energy perspective?
Firstly, we had to find a way of improving the building's thermal insulation to stop the high level of energy loss and provide better protection against sunlight. However, we were not able to change the building's architecture or appearance as it is a protected landmark. After some research, we opted for a highly innovative solution: an electrochromic glazed façade. Secondly, although the aim is to produce as much renewable energy as possible, there are a limited number of surfaces on which we can install solar panels. As for the process itself, because we're working on a building that's still being used, we have to limit noise and dust and ensure safety.

Why is the building's thermal insulation a key priority of the refurbishment and how does the electrochromic glazed façade work?
The best way to save energy is to avoid using it in the first place. But minimising energy consumption requires good thermal insulation of the building envelope as well as good solar protection. The electrochromic glazed façade we opted for in the Italie building is an innovative solution that ticks both boxes.

The electrochromic coating of the glass features five ceramic layers. A very low-voltage electric current (less than 5V) causes a solid-state reaction, darkening the coating by causing a transfer of lithium ions and electrons from one electrochromic layer to another. The darker the tint, the more the glass absorbs and rejects unwanted sunlight and heat in summer. When the polarity of the voltage is reversed, the ions and electrons return to their original layer and the glass becomes transparent again, allowing maximum use of the sun's light and energy in winter. This happens automatically, although the system can also be controlled manually.

What about the heating and cooling system?
We're capturing the maximum amount of renewable energy from the air by installing a reversible heat pump (capable of both heating and cooling), and from the sun by using high-temperature solar panels. The resulting hot water is used as the energy source for an absorption refrigerator, which provides cooling, and is also stored in the building's former oil tank, which has been converted into a solar thermal storage unit. There's a hygienic ventilation system ensuring 100% fresh air and maximum heat recovery. We're also using radiant ceiling technology, which helps heat and cool the building even with the lower water temperatures during the winter and higher ones during the summer.

What other innovative features will the building have?
Low-energy buildings need to be supervised and monitored constantly to ensure that their systems are always working efficiently. To meet our targets in terms of optimal user comfort and low energy use, we're installing a technical energy monitoring and management system designed by experts in this field.

The drive to inspire our people

At its core, UBP is a people business and our employees work tirelessly to deliver the highest value to our clients. To enable them to give their best on a daily basis, we provide a work environment where professional development and equal treatment are central. To remain a competitive employer for existing and prospective colleagues, we pay close attention to reviewing and adapting our recruitment processes, work environment and remuneration policy to the constantly evolving expectations and practices.

Our employees

Despite the challenges related to the Covid-19 pandemic, UBP continued to broaden its talent pool, increasing its workforce to 1,904[1] staff members in 2021. As our employees represent our most valuable asset, we are determined to provide attractive working conditions. In 2021, we elaborated our work-from-home policy, which came into effect in April 2022, after Covid-19 restrictions were lifted in many locations.

Employees (FTE)	Women	Men
1,904	40%	60%

Women in senior management	Training delivered	Digital hiring process[2]
24%	31,343 hours	100%

Retention rate after parental leave[3]	Nationalities	Participated in the Sustainability@UBP e-learning programme
98%	59	>1,750 employees

[1] Full-time equivalent (FTE)

[2] For all Swiss locations and divisions.

[3] Data for Switzerland.

Employee recruitment and retention

Attracting and retaining talent is key to UBP's continued success and growth. Thanks to our strong reputation and the success of our employer branding strategy, we are able to attract top talent from the market. To remain a competitive employer, especially for the next generation, we closely monitor the evolution of working practices and career expectations and adapt our recruitment, remuneration and working policies accordingly.

A NEW RECRUITMENT CONTEXT

Although the pandemic meant candidates were less mobile and business travel for recruitment was restricted, we continued to successfully recruit throughout the year. We extended the digitalisation of our hiring procedure into a paperless end-to-end process to all locations and divisions in Switzerland, and maintained videoconferencing for interviews, with most first rounds taking place virtually. In addition, we built up our online induction programme, which was a necessity for onboarding new joiners and for ensuring that they embrace our culture and values. As the job market remained undynamic until summer 2021, employees were less mobile than usual. While new hires amounted to 16%, our turnover rate remained low at 6.6%.

For more details concerning the calculation of UBP's employee data, please refer to the appendix.

INTERNAL MOBILITY

In a constantly evolving business, we view mobility between divisions and countries as a meaningful opportunity to support personal development and to increase teamwork. Internal mobility can also help us to remain dynamic and keep staff motivated, whilst bolstering our expertise through the sharing of experience, skills and best practice. After two years of the possibilities for staff transfers being limited by the pandemic, we are now exploring opportunities for internal mobility with the easing of Covid-19 restrictions across our locations.

OBJECTIVES

ADAPT RELEVANT POLICIES AND HR PROCESSES TO REFLECT ESG STANDARDS

Progress made:

- Remuneration policy updated with sustainability KPIs
- Staff Handbook updated with clauses on diversity and anti-discrimination

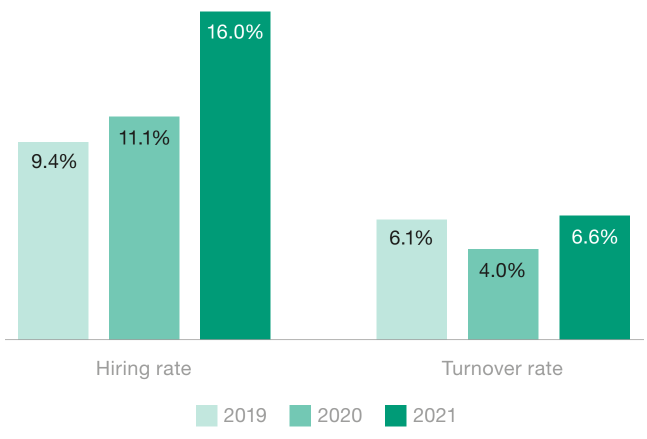
WORK ENVIRONMENT AND EMPLOYEE WELL-BEING

To protect our employees' health and safety, we maintained office rotations and remote working arrangements over the course of 2021 in line with the evolution of the health situation, whilst implementing sanitary measures at our premises such as requirements to wear masks, frequent cleaning of offices and common areas as well as social distancing.

To help colleagues cope with the complexities of the situation, during the pandemic UBP implemented an employee assistance programme – available at all Group sites – with a dedicated hotline and external contact points, allowing employees to express concerns, ask questions or seek external support. In 2021, UBP also organised online yoga classes to help employees stay active during this challenging time.

> "We help our employees give their best on a daily basis by offering continuous training opportunities and an entrepreneurial work environment."
>
> **Christian Scherrer,**
> Group Head of Human Resources

HIRING AND TURNOVER (GRI 401-1)



Given the success of our remote work arrangements during the pandemic as well as rising demand amongst employees and candidates for flexible work practices, we developed a work-from-home policy at the end of 2021 which came into effect in April 2022. Employees are now able to work from home one day per week, with the possibility of accumulating and taking several days in a row.

At local level, our branches developed a number of initiatives aimed at employee welfare. For example, in Singapore, a Recreation and Social Engagement Committee was created to engage staff and carry out team-building activities, promote a healthy lifestyle as well as to drive local CSR activities. One example was the series of mental wellness webinars it organised in August and September 2021. Our London branch also launched some initiatives to raise awareness about well-being. For example, several employees became Mental Health First Aiders to offer a point of contact for anyone in the workplace experiencing a mental health issue or emotional distress. At Group level, we are in the process of developing other initiatives such as Health & Lunch sessions on stress management.

OBJECTIVES

MAKE RESPONSIBLE INVESTMENT THE PREFERRED CHOICE FOR UBP'S PENSION FUND

Progress made:

ESG policy formally incorporated into the UBP Pension Fund's Investment Regulations. Specifically:

- The selection process for bond and equity funds must give preference to funds classified as SFDR Article 8 or Article 9 and/or funds with a sustainability or impact focus that are vetted by the Bank's fund selection team
- External partners must be signatories to the UN PRI and demonstrate a policy of integrating ESG criteria into their investment processes
- UBP's Exclusion List applies
- Investments in Financial Action Task Force (FATF) high-risk countries are also excluded, while any investment in other FATF-monitored jurisdictions is subject to due diligence and approval

Learning and development

In a fast-moving environment like the banking sector, the skill sets required to succeed are constantly evolving. With changing regulations and compliance rules as well as increasing digitalisation and globalisation, continuous learning and development are important for us and for our employees. We therefore provide our staff with opportunities that help them maintain the highest level of know-how and competence. Such opportunities also foster motivation and responsibility, whilst meeting the expectations of the new generation.

LEARNING AND DEVELOPMENT APPROACH

UBP's Human Resources department supervises all learning and development programmes, while the Leadership Development Programme and Talent Process are also overseen by the ExCo. To offer the best learning and development opportunities that fulfil both the Bank's and the employees' interests, we constantly anticipate and identify needs, coordinate training solutions in line with the Bank's strategy, and facilitate their delivery. The Human Resources department also measures the quality and effectiveness of courses by gathering feedback and running surveys, which allows us to continuously enhance our offering and adapt our programmes.

With the aim of encouraging training and the proficiency of its staff members, the Bank often contributes to the cost of professional courses. We support our employees throughout their careers and conduct annual performance reviews that help us identify and meet their needs. To prepare them for retirement in Switzerland, the Bank offers financial backing dedicated to specific training or advice. We also offer extensive guidance to employees approaching the termination of their employment. (GRI 404-2)

FOSTERING SUSTAINABILITY EXPERTISE

In 2021, we put particular emphasis on enhancing the awareness and expertise of all employees in the area of sustainability. This reflects our view that to embed sustainability throughout UBP, with regard both to our investment activities and to our own operations, we must first and foremost invest in our employees.

To this end, we launched an 8-module e-learning programme – "Sustainability@UBP" – in April 2021 that covers a range of sustainability topics through interactive and engaging content. More than 1,750 employees participated in the training, and since then it is also being promoted to new joiners. In addition, in 2021 we helped 14 employees pursue external ESG certifications by contributing to the costs of the training and allowing for flexibility in their schedules to study.

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (GRI 404-3)

COMPREHENSIVE LEARNING AND DEVELOPMENT OPPORTUNITIES

Due to the pandemic, options for in-person trainings remained limited. To help staff maintain and enhance their skills and knowledge, UBP accelerated the roll-out of several e-learning programmes and remote trainings. In 2021, all UBP employees participated in at least one course and altogether undertook 31,343 hours of training – an average of about 14 hours per staff member.

We also launched a Group-wide cybersecurity e-learning programme as well as one on compliance awareness for Switzerland. The Cybersecurity training aims to enhance employees' knowledge and skills on the risks of using the Internet and ways to protect against cyberattacks. In 2022, it will be complemented with further modules.

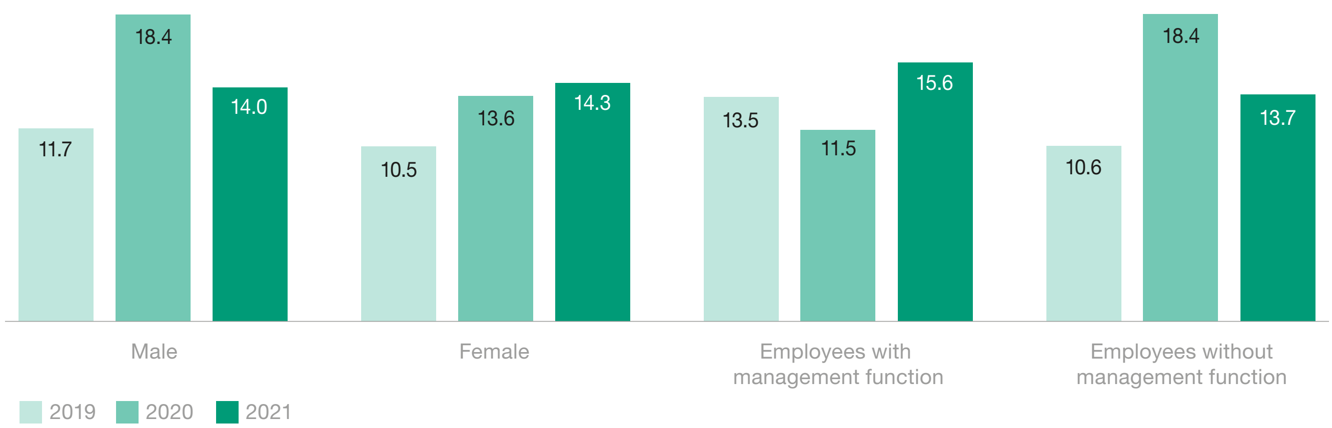
To foster our employees' skills in the use of virtual communication tools, we hosted two Virtual Impact webinars at the end of 2021. In addition, we transformed our Management Essentials flagship training into a virtual programme, helping to equip managers with the core skills and techniques they need to manage their teams effectively.

Our collaboration with training institutions and business schools is an important element of our learning and development framework. In particular, our partnership with the INSEAD Business School in Paris and Singapore attests to our commitment to high-level education and the transmission of excellence from one generation to the next. This alliance enabled INSEAD to endow the de Picciotto Chair in Alternative Investments in 2003.

A particularly important course is the Swiss "LSFin-Ready" training, which relates to the Federal Financial Services Act ("FinSA", known as LSFin in French) and its implications for banks and their clients. Devised in partnership with the Institute for Studies in Finance & Banking (ISFB), it is open to all employees in Switzerland who want to improve their knowledge of banking-related matters.

With the introduction of FinSA, the Swiss Banking Association defined certification standards for client advisors to obtain the banking industry's ISO 17024 certification, Certified Wealth Management Advisor (CWMA). We back our employees aiming for this certification as we strongly believe that it offers a unique opportunity to learn new skills while validating existing ones. (GRI 404-2)

AVERAGE HOURS OF TRAINING (GRI 404-1)



NEW FORMATS FOR THE LEADERSHIP PROGRAMME AND TALENT PROCESS

The Leadership Development Programme (LDP) has proven to be an important tool for helping a wide range of professionals to further enhance their skills and expertise. It includes an in-depth module in leading change as well as a group project in close collaboration with UBP's senior management. The previously separate versions of the LDP for Asia and Europe were merged to bring managers from multiple UBP locations together. The new concept of the programme is delivered in collaboration with the renowned IMD Business School in Lausanne. The 2021 edition welcomed 23 participants, with the residential part taking place on the IMD campus in November 2021. Unfortunately, due to Covid-19 restrictions, colleagues from Asia were not able to participate.

The Talent Process is another key element as it forms the backbone of UBP's succession plan. The ExCo, management teams and the Human Resources department jointly identify employees with development potential and put together customised training plans for them. Our evidence shows that this enables participants to take on new challenges and responsibilities within UBP. 2021 marked the second cycle and we implemented a 360-degree feedback process to discuss and support participants' development opportunities.

FOSTERING YOUNG TALENT

Training the younger generation remains a key priority for the Group and in 2021 we demonstrated this commitment by launching our twelve-month Graduate Programme. Since then three university graduates have been discovering the asset and wealth management business through a series of rotations in different teams, with the former focusing on responsible investment. For our September 2022 recruitment, we aim to raise the number to 10 graduates.

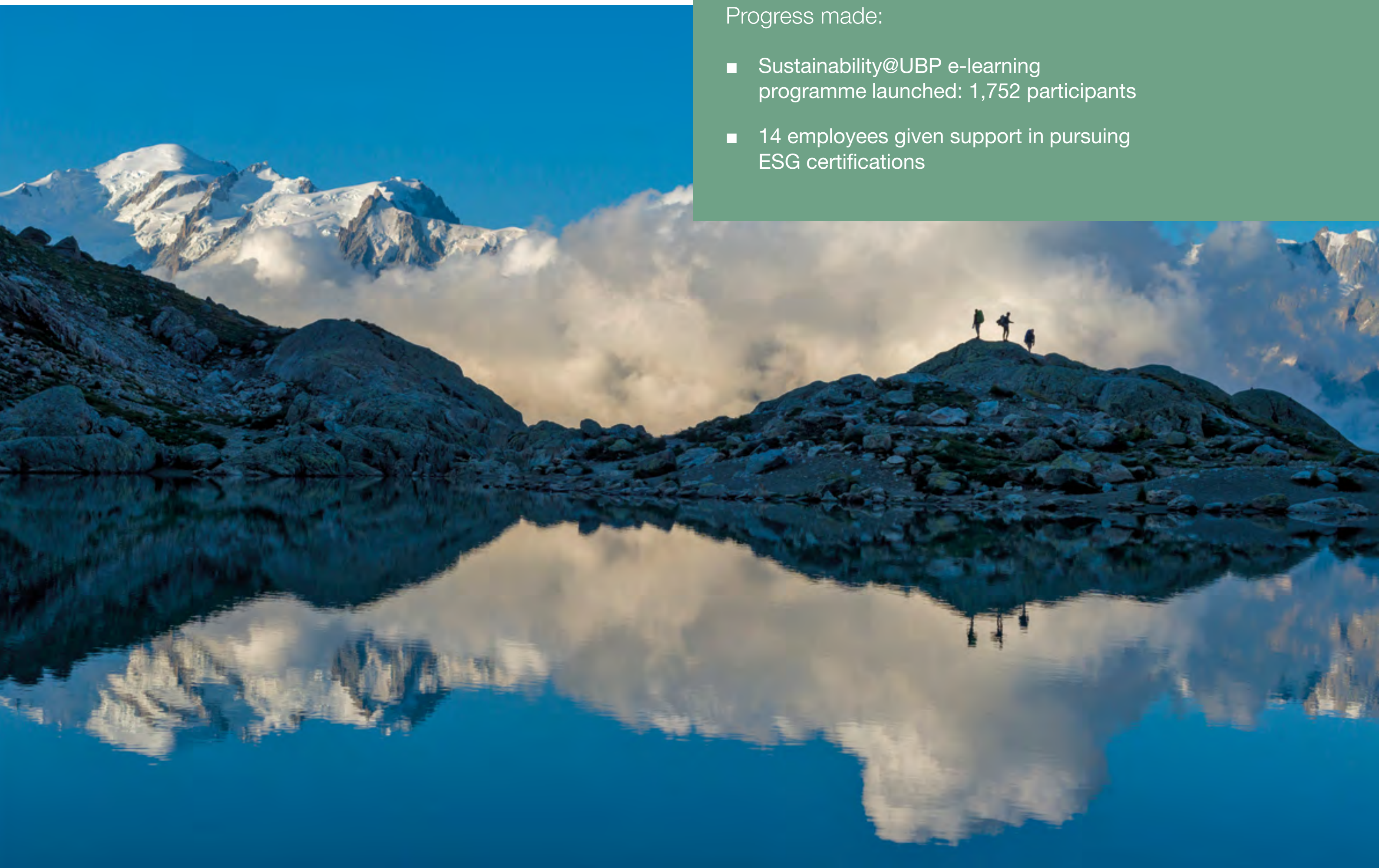
UBP is also a leading bank for training apprentices and generally welcomes three of them in Geneva and one in Zurich for their three-year courses. We have a strong track record with regard to the completion of trainings and in 2021, the four apprentices in their senior year successfully earned their Swiss Federal Certificate of Proficiency in Commerce with specialisation in banking. Throughout the year we welcome a steady flow of interns, and in 2021, despite the sanitary measures and pandemic-related remote working arrangements, 29 interns worked at UBP.

OBJECTIVES

CONTINUALLY ENHANCE IN-HOUSE AWARENESS AND SKILL SETS ON SUSTAINABILITY

Progress made:

- Sustainability@UBP e-learning programme launched: 1,752 participants
- 14 employees given support in pursuing ESG certifications



Diversity and inclusion

With a presence in twenty locations around the world, we consider diversity a key asset that helps us drive progress and innovation. Our efforts to build a heterogeneous workforce are well reflected in the 59 nationalities present among the Bank's employees. As a family-owned bank that puts people at the heart of its business, we are committed to ensuring fairness, equal opportunities and equal rights for all our employees.

GUIDING PRINCIPLES

At UBP, we condemn every form of discrimination, treating all employees alike, regardless of their ethnicity, nationality, gender, gender identity, sexual orientation, religion, age, marital or family status, or any other status protected by applicable local laws, including pregnancy and disability. We actively promote diversity and inclusion in all our HR processes, from the early recruitment stages to promotions and pay reviews.

We also emphasise inclusion with each business acquisition, illustrating our integration capabilities. To further strengthen our approach to diversity and anti-discrimination, the Group's staff handbooks were updated with new clauses that came into effect in 2021. We also regularly monitor our key performance indicators in this area, such as gender distribution and age structure, and conduct benchmarking to promote diversity and inclusion in all our HR processes.

DIVERSITY BY GENDER AND AGE

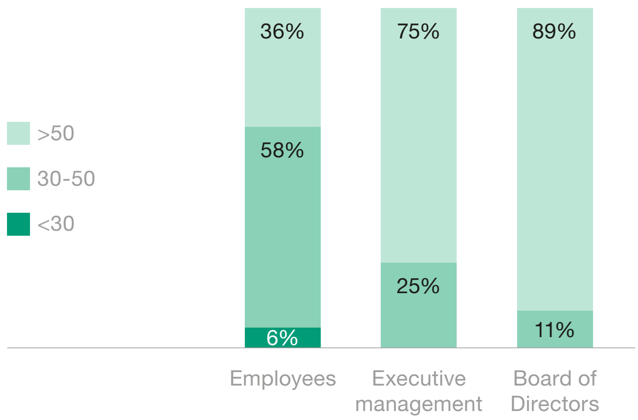
The CSRCO addresses the topic of diversity and inclusion. In line with its strategy and the Swiss Gender Equality Act, we conduct a gender pay gap analysis every four years. We published the results of our 2020 analysis for our Switzerland offices to all staff members in 2021. The analysis showed a 6.9% differential taking into account personal and job-related factors ("unexplained wage gap") – slightly above the 5% threshold for statistically insignificant gaps. (GRI 405-2)

However, the Federal Statistical Office's national study published in early 2021 showed that in Switzerland's private sector as a whole, the unexplained gap between men's and women's pay was 8.6%, reaching 10.2% in the financial and insurance sector. The result of our analysis therefore attests to the consistency of UBP's pay structure, which includes the use of benchmarks to ensure the Bank's salaries are fair.

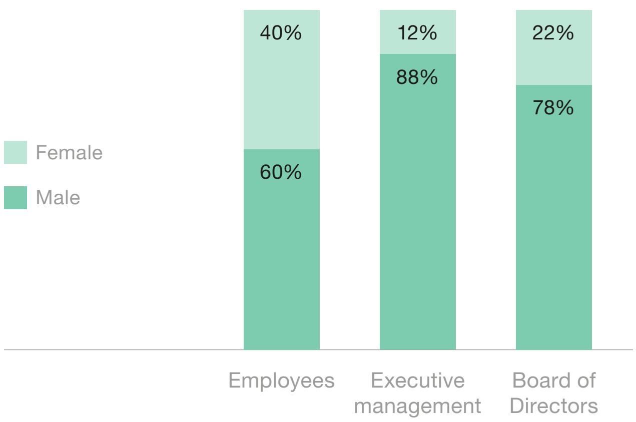
Female employees make up around 40% of UBP's workforce, with 24% of senior management positions held by women. Female representation at the executive management level is comparatively low at 12%, and the proportion on the Board of Directors is 22%. In 2021 the ExCo decided to work on increasing female representation within top management in the next three to five years.

With regard to age, UBP has a strong commitment to training the next generation through its long tradition of training apprentices and the newly launched Graduate Programme.

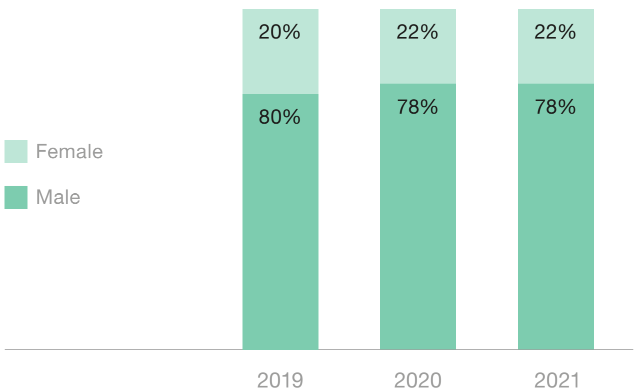
DIVERSITY BY AGE GROUP 2021



DIVERSITY BY GENDER 2021



DIVERSITY ON THE BOARD OF DIRECTORS



The drive to engage with our communities

Our values not only guide us in our daily work, but also shape our relationships with our local communities. UBP has always placed great emphasis on engaging with and supporting its local communities and we have a long tradition of sponsoring cultural, educational and research projects. In addition, we organise and participate in solidarity projects that deliver positive outcomes for society and nature.

Sponsorship and community engagement

UBP focuses its long-term support on organisations and charities in the areas of culture, education and research. By extending our sponsorship over several years, we are able to build solid and trusting relationships, whilst our thematic targeting keeps us from spreading our efforts too thin. Moreover, we run recurring volunteering initiatives for employees to maximise their interest and participation.

CULTURAL AND RESEARCH SUPPORT

On the cultural scene, we focus on theatre, cinema and classical music. We are long-term supporters of the Grand Théâtre de Genève and the Camerata Venia orchestra in Geneva and renewed both sponsorships in 2021. We further expanded our cultural sponsorship by becoming a season partner of the theatre "Comédie de Genève" for the next three years. This is an important cultural institution in Geneva and its offering extends beyond shows, for example to school visits. With this partnership, we are pleased to support their efforts to bring the performing arts to a wider audience.

On the research side, in 2021 UBP decided to start sponsoring Swiss Solar Boat – an association created by students of the École polytechnique fédérale de Lausanne (EPFL), a renowned Swiss public research university. Over the course of six years, the Swiss Solar Boat team has built a unique high-tech solar-powered, pilot-driven boat, which was on the starting line of the 2021 Monaco Energy Boat Challenge. (GRI 413-1)

"Our community engagement activities and sponsorships aim at having a tangible, positive impact on local communities and the environment."

Bernard Schuster,
Head of Group Communications

ENGAGING OUR EMPLOYEES

UBP encourages employees to support charity work, using a dedicated online platform, Alaya, to help them connect with local and international high-impact charities and offer their skills, provide on-the-ground assistance or make donations. This approach allows staff to support causes they truly care about and use their unique skills to make a valuable contribution. To help staff get involved, we offer them one day of leave per year for charity work. Overall, over 800 employees are now registered on Alaya and in 2021, UBP employees registered 490 hours of volunteering work and raised CHF 10,100 in donations that supported a range of charities.

Despite facing restrictions related to the Covid-19 pandemic, UBP was able to carry out several social and environmental solidarity projects. For the first time, these drives spanned sites in different countries and over 500 colleagues participated. For example, under the "Globetrotter" campaign, UBP challenged its employees to walk 42,000 km in one month – the distance connecting all our offices. It helped raise CHF 10,000 for five charities active in areas ranging from health and social work to education, poverty-alleviation and nature protection, while encouraging employees to get active. UBP colleagues rose to the challenge and surpassed the goal by walking over 63,000 km.

As part of World Cleanup Day, the Bank organised clean-up events in Geneva, Zurich, Lugano, London, Monaco and Hong Kong to help tackle littering in cities. Over 140 colleagues responded to the call to collect waste on lake shores, by rivers and in parks – a meaningful turnout given the restrictions on group gatherings. During the global Waste Reduction Week, we collected clothes and toys at our offices in Geneva, Zurich, London and Lugano which were donated to local charities to assist people in need. We will continue with these initiatives in the coming years in order to ensure continuity and drive employee participation through familiar events.

UBP has also built on its previous support of Chinese YMCA in Hong Kong which so far has channelled HKD 500,000 towards improving the living conditions of low-income residents. In 2021, UBP employees provided air purifiers, dehumidifiers and washing machines for 35 families.

Last year, UBP continued the success of its Box of Hope project, following a brief interruption due to the global pandemic. As part of this initiative, over 500 gift boxes containing a range of items such as stationery and toys, were put together for underprivileged children in Hong Kong, China and the wider Asia region. (GRI 203-1)

Employees registered on Alaya	Hours of volunteering registered	Donations raised by employees
800	490	CHF 10,100

Colleagues participating in UBP's solidarity projects	Colleagues collecting waste during clean-up events	Raised by UBP's Globetrotter campaign
500	140	CHF 10,000

Alaya by benevity

Driving UBP's community engagement

Founded by Guillaume Granelli, André Abreua and Niklas Van Neyghem in 2018 with the mission of helping companies build a purpose-driven culture by encouraging community engagement among employees, Alaya offers a CSR platform to manage corporate donation and volunteering programmes. In December 2021, Alaya was acquired by Benevity, the global leader in ESG technology. Under this umbrella, Alaya's community now spans 19 million change-makers across more than 150 countries, and gives access to over 7.5 million volunteering opportunities internationally. We spoke to Guillaume Granelli about the evolution of employee engagement and Alaya's journey so far.

Why is community engagement becoming more important to companies and how has it evolved over the past 10 years?
There are several factors. First, companies are increasingly recognising that they can have a huge impact on society as a whole. More and more consumers expect brands to use their influence to make a difference.

> "There's nothing more exciting than seeing how generating growth and doing good can come together and make a real difference in our world."

The more importance the corporate sector places on issues like climate change or human rights, the bigger the impact on social and environmental issues. Second, community engagement also benefits businesses. Engaged employees are much more invested in their work and workplace: they are 5.3 times more likely to recommend an improvement for their employer and 8.9 times more likely to recommend it as a place of work; they also put 57% more effort into their job and are 87% less likely to resign from their position. As a result, we have seen over the past 10 years how community engagement has quickly become a key component of corporate culture. Companies must make space for it if they hope to attract top talent as well as motivate their employees.

What are the main challenges companies face with regard to community engagement and what can they do to overcome these?
The biggest challenge is reaching remote workers and connecting dispersed teams. Without a habitual in-person connection, companies struggle to develop interesting staff engagement programmes that actually reach employees wherever they are while building strong relationships between team members.

What does Alaya offer to help make community engagement more successful for companies?
Alaya by Benevity's purpose-driven CSR platform helps companies empower their workforce and strengthen inter-team relationships by connecting employees with volunteering and giving them opportunities within their local community, no matter where they are in the world. It can help companies tackle the challenge of engaging remote employees and dispersed teams in a shared purpose. From volunteering at the local soup kitchen to cleaning up a favourite park or creating a fundraiser to support a cause they care about, the platform helps users find and create personalised activities based on their location, preferred causes, and skills. The platform also offers habit-building challenges such as cycling to work or going vegetarian for a week, as well as impact reporting for inspiring further engagement.

How has Alaya evolved since it was founded and what has its greatest achievement been?
Since Alaya's founding in January 2018, we've been really proud to see the company evolve from a simple idea into a self-sustaining business. We've hit many milestones along the way, including running through the standard rounds of start-up funding, all leading up to our recent acquisition by Benevity, which I see as one of our greatest achievements to date. What is truly amazing is seeing how sustainability and purpose are at the centre of every discussion. For an entrepreneur, there's nothing more exciting than seeing how generating growth and doing good can come together and make a real difference in our world.

How do you see the future of community engagement evolving?
We see community engagement becoming one of the pillars of happiness at work. Particularly with the hybrid way of working that many of us are adopting, employees will demand to know upfront how companies intend to address community engagement in our digital world. We believe that the embedding of community engagement will not only motivate employees, but will in fact become an integral part of what attracts people to any given employer. This cultural shift means that all businesses will have to take community engagement into account to improve their company cultures and employee retention rates.

The full interview is available here www.ubp.com

About this report

UBP is publishing its second Sustainability Report according to the GRI Standards, the world's most widely used framework for sustainability reporting, offering a structured format to coherently and comprehensively communicate about material issues and related performance metrics. This report contains no restatements of information, and there have been no changes in the reporting on the material topics and boundaries (GRI 102–48, 102–49).

The reporting period is the calendar year 2021 (GRI 102–50). UBP commits to an annual reporting process (GRI 102–52). The latest Sustainability Report was published on 28 September 2021 (GRI 102–51).

This report has been prepared in accordance with the GRI Standards: Core option (GRI 102–54). The reporting principles for defining the contents and quality have been applied throughout the information collection and report development process (GRI 102–46).

The reporting scope comprises all our locations. The list of consolidated subsidiaries is available in UBP's Annual Report 2021, p. 48–51 (GRI 102–45). In the reporting period, UBP completed two acquisitions: Danske Bank International S.A. (DBI) in Luxembourg and Millennium Banque Privée in Geneva, Switzerland (GRI 102–10). The contents of the Sustainability Report have not been assured externally (GRI 102–56).

The contact point for questions regarding the report is sustainability@ubp.ch. (GRI 102–53)

UN Global Compact – Communication on Progress

As a signatory of the Ten Principles of the United Nations Global Compact (UNGC), we are committed to responsible business practices. We describe the way in which we contribute to meeting the UNGC's Ten Principles in this Sustainability Report. UBP's CEO's statement of support to the UNGC is included in the Foreword of this report.

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

Human rights (Principles 1–2)

While we are committed to respecting and encouraging human rights in all our business activities, we see minimal risks in this regard within our own operations. Therefore, we are focusing on proactively channelling capital towards responsible investments, taking into consideration potential breaches of international norms, including human rights, when investing in companies.

Issuers in breach of the human rights conventions feature on UBP's Watch List and are excluded from our Article 8 and 9 funds (including sustainable and impact funds). Investment teams must also provide a justification for the inclusion of these issuers in their portfolios and, if possible, demonstrate their engagement with the company involved in an effort to help improve its ESG practices.

Labour (Principles 3–6)

UBP is diligent in upholding labour rights within its own operations as well as screening potential breaches of international norms, such as International Labour Organisation (ILO) Standards, before investing in companies. Issuers in breach of such norms feature on UBP's Watch List and are excluded from our Article 8 and 9 funds (including sustainable and impact funds).

Investment teams must also provide a justification for the inclusion of these issuers in their portfolios and, if possible, demonstrate their engagement with the company involved in an effort to help improve its ESG practices.

Environment (Principles 7–9)

UBP is committed to reducing the footprint of its own operations on the environment. Furthermore, through its investments UBP seeks to support solutions to environmental problems.

Anti-corruption (Principle 10)

As a family-owned bank, UBP is proud of its strong ethics and commitment to compliance and takes a stand against corruption.

Principles		Reference
1	Businesses should support and respect the protection of internationally proclaimed human rights and	Responsible investment, p. 27–35
2	make sure they are not complicit in human rights abuses.	

Principles		Reference
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Responsible investment, p. 27–35 Diversity and inclusion, p. 53
4	the elimination of all forms of forced and compulsory labour;	
5	the effective abolition of child labour; and	
6	the elimination of discrimination in respect of employment and occupation.	

Principles		Reference
7	Businesses should support a precautionary approach to environmental challenges;	Responsible investment, p. 27–35
8	undertake initiatives to promote greater environmental responsibility; and	The drive to protect the environment, p. 39–45
9	accelerate the development and diffusion of environmentally friendly technologies.	2021 TCFD Report, p. 67–77

Principles		Reference
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Business ethics and compliance, p. 20–21

GRI Content Index

GRI MATERIALITY DISCLOSURES SERVICE 2022

For the Materiality Disclosures Service, the GRI Services team concluded from its review that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was carried out on the English version of the report.

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TCFD Report 2021

In 2021, UBP published its first report following the Task Force on Climate-related Financial Disclosures (TCFD) framework. This year's report constitutes a further step towards integrating the TCFD's recommendations and outlines the Bank's progress on dealing with climate-related risks and opportunities.

ABOUT THIS REPORT

The TCFD framework allows investors to understand and systematically capture how companies' activities contribute to mitigating risks arising from climate change and how they manage those activities. In 2020, UBP began providing climate-related information in line with the TCFD recommendations as part of its 2020 Sustainability Report. That first TCFD report included explanations of how the Board of Directors and senior management deal with UBP's climate-related risks and opportunities, how these risks and opportunities impact the Bank's strategy, how they are integrated into its risk management, and which metrics and targets UBP uses to measure and track progress.

The TCFD report contained qualitative information as well as a first set of quantitative metrics. Over the past year, UBP has continued integrating the TCFD recommendations and expanded the scope of the information covered by its reporting with the aim of providing more granularity, including through additional metrics and KPIs. We will further extend the information in the future and supplement our disclosures with more detailed data as and when it becomes available.

Governance

The Board's Risk Committee determines UBP's overall risk management strategy, risk tolerance and risk appetite, as well as its strategy for managing sustainability risk specifically. It oversees the Executive Committee (ExCo) to ensure that related policies, processes, and systems are implemented effectively at all levels of decision-making. In addition, it reviews the Bank's risk profile and sustainability risk reports on a regular basis. It also validates related policies and recommends environment, social and governance (ESG) related disclosures to the Board of Directors.

UBP has two other committees that play an important role in coordinating and integrating climate-related issues into the Bank's investment activities and daily operations: the Responsible Investing Committee (RICO) and the Corporate Social Responsibility Committee (CSRCO). Both committees report directly to the ExCo. For more information, please refer to the "Responsible corporate governance" section of our Sustainability Report.

Strategy

Given the widespread impact of climate change on economic activities, the environment and society, we consider climate change as having the potential to pose significant risks for our investments. To protect and grow wealth in the context of increasing climate-related risks and to seize new opportunities that climate-aligned investing may offer, UBP's ExCo has identified the provision of responsible investment products and solutions as a core element of the Bank's strategy and an essential component of its future growth. Developing innovative investment solutions and products that consider climate factors is therefore an increasing focus for UBP, and we now have a range of products, primarily in our sustainable and impact ranges, that aim to have a lower carbon intensity than their investment universe or that focus on climate solutions.

To further integrate sustainability factors, including climate change, into our investment decisions and to enhance our sustainable product offering in the coming years, UBP's ExCo adopted a number of sustainability objectives for the period 2021-2025. Several of these relate to our offering and investment processes, and we report on our progress towards those objectives in the "Responsible investment" section of our Sustainability Report.

Being at the forefront of the Group's climate strategy, UBP Asset Management (Europe) S.A. signed up to the Net Zero Asset Managers Initiative in December 2021, clearly expressing its commitment to supporting net-zero-aligned investing. Our Wealth Management division is also committed to increasing integration of climate change factors and has been focusing on building its sustainability risk management framework and enhancing transparency around ESG risks within client portfolios.

Besides our investments, we realise the importance of managing the climate impact of our own activities and are working on continuously reducing our carbon footprint. To this end, we have set a 25% reduction target for 2025 compared with 2019 levels, targeting our Scope 1, 2 and 3[1] emissions. We continuously strive to identify and tackle the main drivers of our direct carbon emissions.

[1] We only consider Scope 3 emissions from our operations and exclude category 15 of the GHG Protocol (emissions from investments).

Risk management

CLIMATE-RELATED RISKS AND OPPORTUNITIES

The TCFD defines climate-related risks as hazards that manifest themselves in two dimensions: transition risks and physical risks. What both dimensions have in common is that they can have a direct or indirect impact on the Bank's financial results, on our business activities and on our reputation. We share the view that climate-related risk do not represent a new or separate risk class but need to be included in the conventional risk classes commonly used in banking risk management, such as operational risks, market risks, credit risks and reputational risks.

Climate-related risks are monitored via the sustainability risk management framework that is supervised by the Group Risk Committee. The latter manages sustainability risks at both Group and business unit levels.

However, at UBP we do not see climate change simply in terms of risk. It also creates opportunities for the economy and society, as well as for us as a Bank. The identification and assessment of both risks and opportunities is carried out by the RICO and UBP's investment teams for investment portfolios and by the CSRCO for the Bank's own operations.

IDENTIFYING ESG RISKS AND OPPORTUNITIES

Extreme weather events are becoming more common, requiring us to evaluate our investments for their resilience and adaptability to climate change. Forward-looking climate scenarios are now applied to Treasury & Trading (T&T) and Asset Management (AM) portfolios to measure and address:

Transition risks

When considering future emissions in a decarbonised world, 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 rely on renewable or fossil sources. For companies owning reserves of fossil fuels, potential future greenhouse gas (GHG) emissions might indicate a stranded asset risk.

In terms of how companies are dealing with this transition risk, we are now able to highlight laggards and outperformers, allowing us to identify potential investment risks and opportunities.

Physical risks

Physical climate risks may arise from permanent changes in the weather or acute weather events, such as tropical cyclones, river floods, wildfires, heat stress and droughts. These changes and events may affect the value of a company, as they can damage property and other production assets, destroy or lower outputs, and cause production or supply-chain disruptions. This, in turn, can affect an investment portfolio. At UBP, we manage the implications of physical climate effects through appropriate strategies, aiming to improve the resilience of the portfolio. More specifically, for the treasury book, UBP identifies the riskiest holdings and analyses each company's exposure to physical risks.

In general, UBP assesses both transition and physical risks using third-party data as well as internal assessments. The information used for the assessment includes GHG emissions, the breakdown of revenues by business, and the distribution of companies' assets.

The portfolio's temperature score (on a 2050 time horizon) is then computed in several steps. For each company:

- Carbon emissions are extrapolated from the last 5 years to determine the trajectory up to 2050;
- The revenue trajectory up to 2050 is extrapolated based on global GDP forecasts; and
- The carbon emissions intensity trajectory is then estimated.

The resulting temperature score factors in the relationship between increasing emissions and increasing temperature, as provided by the International Energy Agency (IEA) World Energy Outlook.

In our investment process, UBP's responsible investment practices ensure that climate-related risks and opportunities, and more broadly ESG considerations, 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[1], and we apply stricter criteria to sectors such as coal-powered electricity generation[2] and unconventional oil and gas[3] in our sustainable and impact products.

ESG integration: UBP's investment teams are encouraged to assess ESG issues, including climate considerations, as part of their research and stock selection processes.

Positive screening: UBP has established a Bank-wide Sustainability Champions List. Each investment team is invited to include issuers that they feel demonstrate particularly strong ESG credentials, including on climate issues, or make a positive contribution to society and/or the environment.

Active ownership: UBP's investment teams are encouraged to engage formally and informally, in a collaborative way, with the management of companies on relevant matters, such as the climate, in the course of their fundamental research. This is based on the conviction that divestment from controversial companies is sometimes not the best way of bringing about change within those companies.

[1] Revenue threshold applies, please refer to UBP's Responsible Investment Policy.

[2] Ibid.

[3] Ibid.

Impact investing: Our impact range aims to help finance the SDGs by investing in companies with measurable positive impact on society and/or the environment.

For more information, please refer to our Responsible Investment web page.

Given that UBP's Wealth Management operation runs on different IT platforms than those of Asset Management and uses several booking centres, data analysis in general is more complex than in Asset Management. We can report, however, that we are working on two projects concerning climate and sustainability integration in Wealth Management:

- Working to define each client's sustainability risk profile, enabling investors to match their sustainability risk appetite with their portfolio;
- Developing forward-looking climate stress as a metric for some Wealth Management entities, highlighting the largest exposures to transition and physical risks.

SUSTAINABILITY RISK SCORING AT UBP

In our Asset Management business, each investment team is encouraged to integrate sustainability considerations into its investment process in a way that best suits each asset class, using both in-house and third-party ESG and climate research. In addition, for risk monitoring at Group level, UBP bases its sustainability risk management framework on the MSCI ESG methodology, which covers the three main sustainability pillars (environmental, social, and governance). In MSCI's methodology, companies are scored on specific issues relating to each of these pillars, based on materiality and a company's exposure to and management of each issue. The environmental pillar includes climate-related issues such as carbon emissions, climate change vulnerability and product carbon footprint.

At portfolio and aggregate levels, UBP monitors the ESG Quality Score, which is a portfolio's ability to manage key medium-to-long-term ESG risks and opportunities. For its Asset Management division's assets under management, UBP also monitors individual ESG scores, as well as the weighted average carbon intensity (WACI), in line with the TCFD recommendations (see details in the Risk Monitoring section on this page). More details on sustainability risk monitoring, controlling and reporting can be found in the sustainability risk management framework.

Our Wealth Management division is also committed to increasingly integrating climate change factors and has been focusing on building its sustainability risk management framework and enhancing transparency around ESG risks in client portfolios.

In addition, in December 2021 we introduced ESG metrics into our portfolio reporting for Wealth Management clients. These ESG ratings measure the resilience of the portfolio's aggregated holdings to long-term ESG risks, contributing to greater transparency and investor protection. This development is a response to upcoming regulatory requirements and ties in with our efforts to continue embedding sustainability across our business.

Today, we can offer UBP Wealth Management clients additional case-by-case analysis of carbon emissions, measuring the carbon footprint of their assets using WACI based on MSCI data, and can discuss potential ways of decarbonising their portfolios.

DESCRIPTION AND LIST OF OPPORTUNITIES

Last year, we reported on opportunities for investing in climate change mitigation and adaptation in both products and services. We have increased our efforts significantly since 2020:

- We are continuously developing sustainable investment products that have a low carbon footprint and/or offer new climate-related solutions to our clients. For instance, in 2021, recognising that climate and biodiversity are interlinked, we launched a biodiversity restoration strategy. We also launched a corporate green bond fund, which helps finance climate mitigation projects among others. Similarly, we continued to increase the proportion of green bonds in our traditional developed markets (DM) and emerging markets (EM) fixed-income funds.
- We offer two impact strategies where climate resilience is one of the six investment themes (climate stability, healthy ecosystems, sustainable communities, health and well-being, basic needs, and inclusive and fair economies). These strategies target, among others, companies that contribute positively to SDG 7 ("Affordable and clean energy") and SDG 13 ("Climate action").

In addition, we strive to tackle the opportunities related to the reduction of our own environmental footprint, thus lowering our operating costs. We do this, for example, by improving the energy efficiency of our premises and increasing the proportion of energy coming from renewable sources, promoting alternatives to business travel and implementing a Supplier Code of Conduct to reduce the carbon emissions arising from our purchased goods and services.

For more information, please refer to the section "The drive to protect the environment" of our Sustainability Report.

RISK MONITORING

At UBP, the climate-related risks of investments fall under sustainability risk monitoring, which focuses on three main axes:

- Issuer lists, such as inclusion and watch lists (see details in the "Identifying ESG risks and opportunities" section);
- Portfolio ESG quality scores using the MSCI methodology (see above);
- Carbon emissions - measuring the carbon footprint of assets using WACI based on MSCI data (more details in the "Metrics and targets" section below).

Metrics and targets

In this section, we provide information on the two strands of activities of UBP's Asset Management division, namely funds and mandates. We report on each strand separately, as the strategy implemented within mandates depends primarily on investor choice, while as an asset manager we have more discretion on the management of our funds. In addition, we provide data on our own operations.

ASSETS UNDER MANAGEMENT

UBP's Asset Management division covers the Group's asset management activities primarily for institutional clients around the world.

As at 31 December 2021, UBP Asset Management division had assets under management (AUM) of CHF 43.9 billion.

As planned, UBP's Asset Management division continued to extend its climate monitoring in 2021 and is reporting this year on its listed equity, corporate bond and sovereign bond holdings across:

- Its long-only, internally managed funds domiciled in Luxembourg, France and Switzerland, and
- All its institutional long-only, internally managed mandates.

This represents a total of CHF 24.8 billion.

The decision to report on listed equities and corporate and sovereign bonds is in line with the latest developments in climate accounting standards (such as the Partnership for Carbon Accounting Financials, or PCAF) and data availability. UBP's Asset Management division is committed to extending its disclosure to other asset classes over time, as and when data and methodology standards become more readily available.

Carbon emissions relating to equity and corporate bond investments are reported in line with the GHG Protocol using an Enterprise Value Including Cash (EVIC) allocation as recommended by PCAF. Carbon emissions for sovereign bonds are reported using an allocation based on GDP.

Funds

The funds of UBP's Asset Management division domiciled in Luxembourg, France, and Switzerland (the "Funds") have assets under management of CHF 24.6 billion.

Equities and bonds (corporate and sovereign) amount to CHF 20.1 billion, or 82% of the Funds' assets under management. The remaining CHF 4.5 billion is invested primarily in funds of funds, ETFs and cash, which are excluded from the analysis below. As an asset manager, we have discretion regarding the management of our Funds. This is therefore where our climate efforts are the most ambitious.

Equities and corporate bonds

For corporate issuers, we use the Institutional Shareholder Services (ISS) for all climate metrics. ISS primarily uses disclosed information (e.g. emissions) published by companies in, for example, their sustainability/TCFD reports or through the CDP (formerly Carbon Disclosure Project). When information is not available, ISS will estimate emissions.

CARBON EMISSIONS

Asset Class	CHF mn	Coverage[1]	Disclosing Holdings[2] (weight)	Scope 1+2 (tCO_2e)	Scope 1+2+3 (tCO_2e)	Carbon Footprint[3] tCO_2e/CHF invested
Funds - Equity Holdings	7,231	95.0%	82.2%	116,094	2,890,839	16.9
Funds - Corporate Bond Holdings	7,533	93.9%	91.0%	709,184	3,440,166	100.3

Source: ISS, as at 31 December 2021.

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

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

3 Based on Scope 1 and 2.

Carbon intensity

Although total emissions, including Scope 3, are set out above, we are conscious of the data's limitations (e.g. high proportion of emissions and risk of double counting). Our strategy for now is to monitor and manage our Funds' WACI based on Scope 1 and 2 only, with the aim of keeping it below that of the investment universe and reducing it over time. The following table is based on ISS data relating to Scope 1 and 2 GHGs only. The corresponding investment universes are global equities (MSCI All Countries World Index), and corporate bonds (Barclays Global Aggregate Corporate Bond Index).

Asset Class	WACI tCO_2e/CHF mn of revenue	WACI – investment universe[4]
Funds - Equity Holdings	71.8	163.8
Funds - Corporate Bond Holdings	213.8	217.6

Source: ISS, as at 31 December 2021. Based on scope 1 and 2 emissions.

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

As an indication, in 2020, the WACI of our equity holdings was reported at 66.7 tonnes of CO_2e per CHF million of revenue, while that of our corporate bond holdings was 220.7 tonnes of CO_2e per CHF million of revenue. Note, however, that the scope only covered Luxembourg and French funds and the methodology used was different.[1]

In 2021, UBP Funds' equity holdings were primarily invested in low-carbon or impact strategies, resulting in relatively low carbon intensity. In contrast, our holdings in corporate fixed income have a similar carbon intensity to the overall corporate bond universe.

While several of our fixed-income strategies take into consideration climate risks, our significant overweight position in EM corporate issuers (18% of corporate bond holdings are in EM, as opposed to about 4% in the corporate bond universe) is one of the main reasons why this intensity remains high, as EM issuers tend to be more carbon intensive than their developed-market peers. Looking ahead, as part of our commitment under the Net Zero Asset Managers initiative, we will seek to mitigate this bias, thanks in particular to increased engagement and efforts to promote the adoption of ambitious climate strategies.

UBP ASSET MANAGEMENT DIVISION – FUNDS' EXPOSURE[2] TO COMPANIES EXPOSED TO COAL OR UNCONVENTIONAL OIL AND GAS

		Thermal Coal		
Exposure	CHF mn	Extraction	Coal-powered electricity	Unconventional Oil & Gas
Funds - Equity Holdings	7,231	0.0%	0.0%	0.0%
Funds - Corporate Bond Holdings	7,533	0.0%	0.3%	0.3%

Source: MSCI ESG Research, as at 31 December 2021.

[2] Thermal coal extraction: percentage of (equity or bond) holdings invested in companies whose revenue from mining thermal coal, or from selling it to external parties, are equal to or higher than 20% of their total revenue. Thermal coal includes lignite, bituminous coal, anthracite and steam coal. This excludes revenues from metallurgical coal, coal mined for internal power generation, intra-company sales of mined thermal coal and revenues from coal trading. Revenue may be either reported or estimated by MSCI ESG Research.

Coal-powered electricity: percentage of (equity or bond) holdings invested in companies whose revenue from thermal coal-based power generation are equal to or higher than 20% of their total revenue. Revenue may be either reported or estimated by MSCI ESG Research.

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

Climate transition assessment

To improve the decarbonisation profile of our Funds, we aim to increase the proportion of companies with ambitious emission reduction targets, especially committed or approved Science Based Target initiative (SBTi) targets. At the end of 2021, 47% of our equity holdings and 38% of our corporate bond holdings had committed or approved SBTi targets.

Temperature trajectory

To determine the potential temperature increase associated with a portfolio, ISS uses scenario alignment analysis, which compares current and future portfolio GHG emissions with the carbon budgets for the IEA Sustainable Development Scenario (SDS). The IEA SDS is a "well below 2°C pathway". Without assuming any net negative emissions, this scenario is consistent with limiting the global temperature rise to 1.65°C (with a 50% probability).

Based on this analysis, as at 31 December 2021:

- Our Funds' equity holdings represent a potential temperature increase of 1.5°C by 2050, whereas global equities (as measured by the MSCI All Countries World Index) represent a potential temperature increase of 2.9°C. This reflects the development of our equity offering, which features a larger proportion of low-carbon and impact strategies.
- Our Funds' corporate bond holdings represent a potential temperature increase of 2.9°C by 2050, in line with the global corporate bond market (as measured by the Barclays Global Aggregate Corporate Bond Index).

Sovereign bonds

The Funds' sovereign bond holdings amount to CHF 5.35 billion and have a weighted average GHG intensity of 309.9 tonnes of CO_2e per USD million of nominal GDP.[3] All countries in which the Funds are invested have ratified the Paris Agreement.

[1] The source used for the WACI calculation in 2020 was MSCI ESG Research.

[3] Source: MSCI ESG Research - Tons of CO_2e emissions per USD million GDP of the country. National territorial emissions are sourced from Emissions Database for Global Atmospheric Research (EDGAR). Nominal GDP level is sourced from World Development Indicators (WDI) from the World Bank. Currency conversion of nominal GDP to euros uses the average annual nominal exchange rate level.

Institutional mandates

The institutional mandates of UBP's Asset Management activities had assets under management of CHF 5.6 billion as at 31 December 2021. Equities and bonds (corporate and sovereign) amounted to CHF 4.7 billion, i.e. 84% of the mandates' assets under management. The remaining CHF 0.9 billion is invested primarily in funds of funds, ETFs and cash, which are excluded from the analysis below.

The management of institutional mandates is primarily driven by guidelines and investment approaches selected by investors. We have started to engage with a select number of clients, and are looking for more such engagement over time, to encourage investors to adopt more stringent climate guidelines.

Equity and corporate bonds

For corporate issuers, we use the ISS methodology for all climate metrics. ISS primarily uses disclosed information (e.g. emissions) published by companies in, for example, their sustainability/TCFD reports or through the CDP. When information is not available, ISS will estimate emissions.

CARBON EMISSIONS

Asset Class	CHF mn	Coverage[1]	Disclosing Holdings[2] (weight)	Scope 1+2 (tCO_2e)	Scope 1+2+3 (tCO_2e)	Carbon Footprint[3] tCO_2e/CHF invested	WACI[4] tCO_2e/ CHF mn of revenue
Mandates - Equity Holdings	1,566	94.6%	88.7%	39,154	412,602	26.5	74.4
Mandates - Corporate Bond Holdings	1,748	90.4%	90%	241,227	1,248,480	152.6	318.0

Source: ISS, as at 31 December 2021.

[1] Coverage: percentage of the fund (or "covered assets") for which carbon emission data is available (either reported or estimated).
[2] Disclosing Holdings: percentage of the covered assets which report their carbon emissions. For the other holdings, carbon emissions are estimated by ISS.
[3] Based on Scope 1 and 2.
[4] Based on Scope 1 and 2.

UBP ASSET MANAGEMENT DIVISION – MANDATES' EXPOSURE TO COMPANIES EXPOSED TO COAL OR UNCONVENTIONAL OIL AND GAS (For definitions, see footnote 2 on page 73).

Exposure	CHF mn	Thermal Coal		Unconventional Oil & Gas
		Extraction	Coal-powered electricity	
Mandates - Equity Holdings	1,566	0.0%	0.0%	0.0%
Mandates - Corporate Bond Holdings	1,748	0.0%	1.2%	0.3%

Source: MSCI ESG Research, as at 31 December 2021.

Climate transition assessment

At the end of 2021, 49% of our equity holdings and 33% of our corporate bond holdings had committed or approved SBTi targets.

Temperature rise

Explanations regarding potential global warming can be found on p. 73.

The IEA SDS is fully aligned with the Paris Agreement, aiming to restrict the rise in global temperatures to well below 2°C and pursuing efforts to limit it to 1.5°C. Without assuming any net negative emissions, this scenario is consistent with limiting the global temperature rise to 1.65°C (with a 50% probability).

Based on this analysis, as at 31 December 2021:

- Our mandates' equity holdings represented a potential temperature increase of 2.3°C by 2050;
- Our mandates' corporate bond holdings represented a potential temperature increase of 3.3°C by 2050.

Sovereign bonds

The mandates' sovereign bond holdings amount to CHF 1.54 billion and have a weighted average GHG intensity of 312.3 tonnes of CO_2e per USD million of nominal GDP.[1]

TARGETS

As part of UBP Asset Management (Europe) S.A.'s commitment to net zero, we are currently working towards publicly disclosing the following information by the end of 2022:

- The initial percentage of assets under management that will be managed in line with net zero;
- Our interim targets.

Looking ahead, we will continue to report annually in line with the TCFD recommendations and include information on our climate action plan, measures taken, and progress made towards our reduction targets.

[1] Source: 2022 MSCI ESG Research - tonnes of CO_2e emissions per USD million of GDP in the relevant country. National territorial emissions are sourced from EDGAR. Nominal GDP figures are sourced from WDI. Nominal GDP figures are converted into euros using the average annual nominal exchange rate. All countries in which the Mandates invest have ratified the Paris Agreement.

Our own operations

UBP's environmental strategy guides us in managing the carbon footprint arising from our own operations. It includes regular assessments, reduction targets and concrete measures aiming to lower the impact arising from our main sources of emissions.

Reducing carbon emissions across UBP's own operations

We systematically track sources of emissions and implement reduction measures across all emission scopes. We committed to a 25% reduction in the carbon footprint of our operations by 2025 compared with 2019. We aim to achieve this target by sourcing renewable energy across all company premises, improving the energy efficiency of our buildings, and reducing travel-related emissions.

To ensure we effectively manage our carbon footprint, we work with energy consulting agencies and follow recommendations specified in the Carbon Footprint Report prepared for UBP by an engineering company that specialises in energy management and optimisation.

In 2021, UBP's total energy consumption remained similar to 2020 (+1%), while overall GHG emissions increased slightly (+7%) due to higher levels of business travel. The increase in office occupancy following the easing of Covid-19 restrictions, on the other hand, did not contribute to the higher carbon footprint. On the contrary, energy-related emissions decreased by 7%, mostly due to an increase in the proportion of energy coming from renewable sources and improvements in data collection. We improved the energy efficiency of our premises and increased the proportion of energy coming from renewable sources. This effort resulted in a 20% reduction in Scope 1 and 2 emissions per full-time equivalent (FTE) compared with 2019, despite having made an acquisition in Geneva in 2021, which caused an increase in headcount and office surface area. Since business travel is one of the most significant contributors to our carbon footprint, we are striving to keep it as low as possible by reducing non-essential travel, building, among others, on the lessons learned during the Covid-19 pandemic. To this end, we have introduced stricter travel approval rules and equipped a large number of employees with videoconferencing tools. In addition, UBP's new travel policy, which came into effect in 2021, seeks to limit the environmental impact of essential travel further through new requirements regarding modes of transport and itineraries as well as the hotel selection.

While we are continually working hard to reduce our carbon footprint, we have entered into an agreement with myclimate, an international organisation offering voluntary carbon-offset measures. Since 2020, we have been offsetting our remaining carbon emissions with the help of high-quality projects that meet the Plan Vivo standard.

For more information, please refer to the section "Managing UBP's environmental footprint" of our Sustainability Report.

OPERATIONAL FOOTPRINT DATA

Key environmental performance indicators [1]	2021	2020	2019	Delta 2020/2021
Greenhouse gas emissions in tCO_2e	3,109	2,907	6,905	7%
Scope 1	787	870	894	-10%
Scope 2 (market based) [2]	579	604	771	-4%
Scope 3 [3]	1,743	1,433	5,241	22%
Carbon offsets purchased [4]	-3,109	-2,907	0	-
Net emissions	0	0	6,905	0%

[1] Data scope: the environmental assessment that forms the basis for all environmental figures in this chapter includes the resource consumption of all 34 of UBP's sites. The GHG inventory has been calculated in accordance with the GHG Protocol. Scope 1 emissions stem from direct energy use and refrigerant leaks (for owned sites); Scope 2 emissions stem from purchased electricity.

[2] For Scope 2 emissions, the market-based approach was used.

[3] UBP conducted a Scope 3 analysis based on emissions in its Geneva headquarters in 2019. With the help of an external engineering firm, the most significant categories were determined and included in UBP's global emissions inventory. In 2021, the Scope 3 calculations were further extended and considered activities such as paper consumption, IT equipment, flights and hotel stays, among other aspects. We only consider Scope 3 emissions from our operations and exclude category 15 of the GHG Protocol (emissions from investments).

[4] Offsets are certified by myclimate and support a pasture-conservation and climate-action project in Mongolia that is certified under Plan Vivo.

Appendix

Key environmental performance indicators [1, 2]	2021	2020	2019	Delta 2020/2021
Energy consumption in MWh	**11,640**	**11,509**	**12,683**	**1%**
Electricity	**7,760**	**7,450**	**8,413**	**4%**
From renewable sources	6,255	5,893	6,232	6%
As share of total electricity	80.6%	79.1%	74.1%	
Heating	**3,881**	**4,058**	**4,270**	**-4%**
Natural gas	3,767	3,946	4,167	-5%
Diesel	61	65	65	-7%
Biogas	53	48	38	12%
From renewable sources	1.4%	1.2%	0.9%	
Renewable energy consumption	**6,308**	**5,940**	**6,271**	**6%**
As share of total energy consumption	54.2%	51.6%	49.4%	
Energy consumption kWh/CHF mn revenue	10,265	10,746	11,887	-5%
Energy consumption in kWh/FTE	6,112	6,353	7,279	-4%
Amount of reductions achieved as a direct result of conservation and efficiency initiatives in kWh	14,402	5,356	97,211	169%

Greenhouse gas emissions	2021	2020	2019	Delta 2020/2021
Greenhouse gas emissions in tonnes CO_2e [2]	**3,109**	**2,907**	**6,905**	**7%**
Scope 1	**787**	**870**	**894**	**-10%**
Heating	774	808	850	-4%
Loss of coolant	13	62	44	-79%
Scope 2	**579**	**604**	**771**	**-4%**
Location-based	1,439	1,360	1,521	6%
Market-based	579	604	771	-4%
Scope 3	**1,743**	**1,433**	**5,241**	**22%**
Purchased goods and services	397	373	317	6%
Waste generated in operations	46	48	65	-4%
Business travel	855	723	4,063	18%
Employee commuting	445	289	795	54%
Amount of reductions achieved as a direct result of conservation and efficiency initiatives[3]	0.19	0.07	1.26	

[1] Methodologies: Stationary combustion: U.S. EPA. Greenhouse Gas Inventory Guidance. Direct Emissions from Stationary Combustion Sources. January 2016.; Fugitive emissions: U.S. EPA. Greenhouse Gas Inventory Guidance. Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire.; Purchased electricity heat and cooling: Greenhouse gas protocol (GHG Protocol Scope 2 Guidance); Purchased goods and services: Greenhouse gas protocol (Technical Guidance for Calculating Scope 3 Emissions); Waste generated in operations: Greenhouse gas protocol (Technical Guidance for Calculating Scope 3 Emissions); Business travel: AirPlus Green data GHG methodology Employee commuting: Greenhouse gas protocol (Technical Guidance for Calculating Scope 3 Emissions).

[2] Emission factors: Stationary combustion: Federal Office for the Environment (OFEV); Fugitive emissions: DEFRA Conversion factors 2021; Purchased electricity heat and cooling: IEA - Emissions factors 2020, contractual instruments; Purchased goods and services: IEA - Emissions factors 2020, contractual instruments, ADEME, DEFRA Conversion factors 2021; Waste generated in operations: ADEME, DEFRA Conversion factors 2021; Business travel: AirPlus Green data GHG methodology, DEFRA Conversion factors; Employee commuting: DEFRA Conversion factors 2021.

[3] Scope 2 (market-based) emission-reduction confirmed by the éco21 certification in Geneva.

Parental leave[1]	2021	2020	2019
Total number of employees entitled to parental leave	**46**	**17**	**15**
Female	16	17	15
Male	30		
Total number of employees that took parental leave	**46**	**17**	**15**
Female	16	17	15
Male	30		
Total number of employees that returned after parental leave	**45**		
Female	15		
Male	30		
Rate of employees returning to work after parental leave	**98%**		

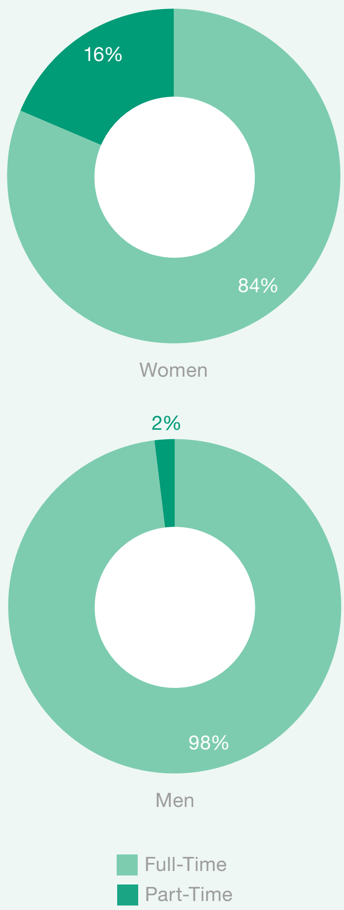
Composition of the workforce at the end of the year (GRI 102-8)	2021	2020	2019
Total employees (FTE)[2]	1,904	1,812	1,743
Total employees (Headcount)[3]	2,376	2,186	2,141
Permanent	**82%**	**85%**	**84%**
Employees (Headcount)	1,957	1,868	1,803
Female	798	781	759
Male	1,159	1,087	1,044
Full-time	**1,798**	**1,681**	**1,614**
	92%	**90%**	**90%**
Female	667	638	619
Male	1,131	1,043	995
Part-time	**159**	**187**	**189**
	8%	**10%**	**10%**
Female	131	143	140
Male	28	44	49
Temporary/Fixed-term	**18%**	**15%**	**16%**
Apprentices, interns, trainees, externals	419	318	338
Female	99	89	93
Male	320	229	245
Average age of all employees	**45.1**	**44.9**	**43.7**

1 Data for Switzerland.

2 All permanent employees including apprentices. No employees are covered by collective bargaining agreements (GRI 102-41).

3 All employees inlcuding apprentices, interns, trainees, externals.

Part-time employment by gender



Diversity (GRI 405-1)			
	2021	2020	2019
Employees			
Female	**40%**	**41%**	**41%**
Male	**60%**	**59%**	**59%**
Age under 30 years	6%	6%	5%
Age 30–50 years	58%	59%	62%
Age over 50 years	36%	35%	33%
Executive Management			
Female	**12%**	**12%**	**12%**
Male	**88%**	**88%**	**88%**
Age under 30 years	0%	0%	0%
Age 30–50 years	25%	25%	12%
Age over 50 years	75%	75%	88%
Board of Directors			
Female	**22%**	**22%**	**20%**
Male	**78%**	**78%**	**80%**
Age under 30 years	0%	0%	0%
Age 30–50 years	11%	11%	10%
Age over 50 years	89%	89%	90%
Share of women in senior management	**24%**	**24%**	**23%**
Ratio of basic salary and remuneration of women to men	**-6.9%**	**-6.9%**	**-6.9%**

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