

# Client use case

## RepRisk Data in Banking: the UBS use case

“UBS has been working with RepRisk data since 2006. The integration of RepRisk data into our existing compliance and risk processes started in 2011 and has been refined over the last decade. It is a key part of the Environmental and Social Risk due diligence process in UBS. As requirements regarding the management of ESR issues grow, we are looking into new ways how to further evolve, automate and standardize our assessment process with the help of this powerful database.”

**Alexander Seidler, UBS Environmental and Social Risk APAC**

UBS provides financial advice and solutions to wealthy, institutional, and corporate clients worldwide, as well as private clients in Switzerland. UBS is the largest truly global wealth manager, and a leading personal and corporate bank in Switzerland, with a large-scale and diversified global asset manager and a focused investment bank. The bank focuses on businesses that have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

### **Managing Environmental and Social Risks:**

UBS applies a groupwide Environmental and Social Risk (ESR) framework to client onboarding, Know-Your-Client (KYC) reviews, and transaction assessments as well as assessment of products and services to identify and address potential environmental or human rights impacts caused by clients and suppliers and related risks to UBS. These checks are performed across the bank covering a diverse set of activities such as lending, capital raising, advisory services, commodity trading or direct investments that involve a party associated with environmentally or socially sensitive activities.

### **How RepRisk Business Intelligence was incorporated at UBS:**

With the help for RepRisk, UBS has integrated automated ESR checks into its UBS assessment processes. UBS developed a model based on RepRisk data to identify relevant companies and flagging them in UBS's internal compliance tool before the bank engaged in a client or supplier relationship, or in a transaction with them. This systematic and automated integration of RepRisk data into UBS systems vastly enhanced their ability to efficiently process these issues across a wide range of different type of transactions and situations. Furthermore, it also helped to standardize their processes across the organization and reduce manual interference thereby limiting operational risks.

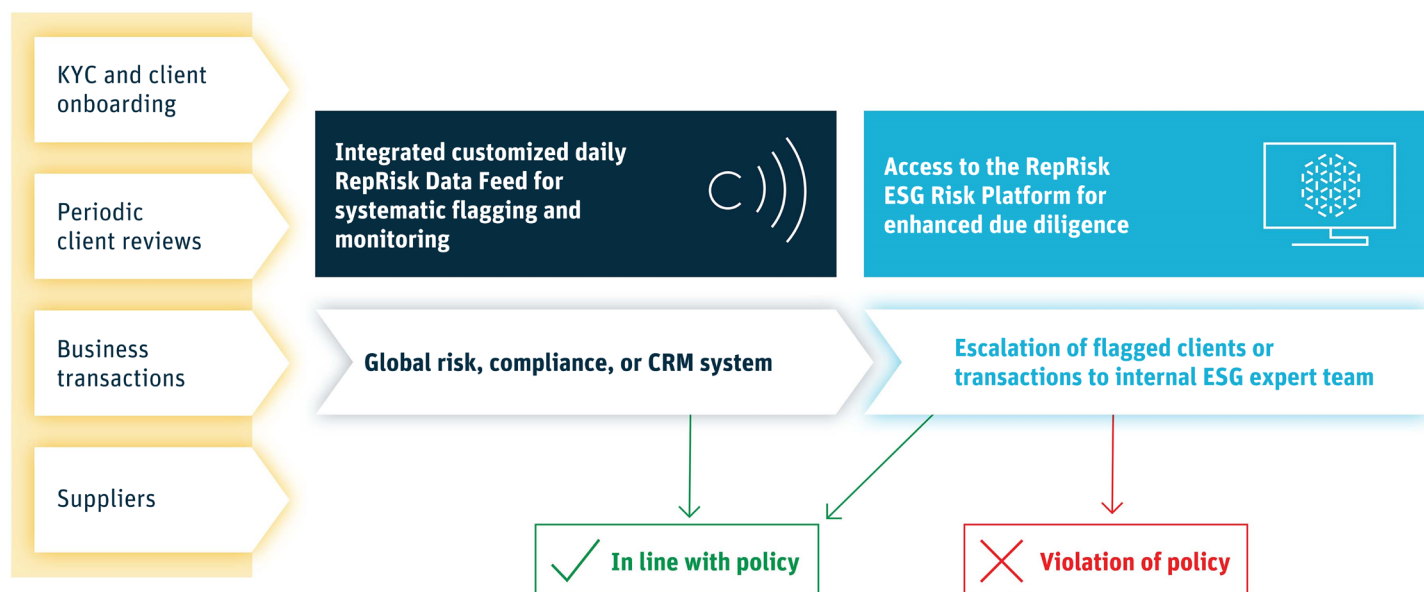
### **Proven track record to mitigate risks for UBS and support positive impact:**

Over the years this ESR identification process provided a very robust reputational risk mitigation as it has enabled UBS to identify potential ESR right at the onboarding stage using RepRisk data. Further to this, the process has allowed UBS to directly engage with clients and set clear conditions to improve their sustainability performance leading to an overall positive impact.

### **New regulatory requirements and new RepRisk use case:**

Today their established identification process has also been well received in various interactions with regulators which expect banks to identify and manage environmental or human rights related risks as part of client and supplier due diligence. In response to the growing interest from regulators, UBS begun to test new use cases for the application of RepRisk data to further automate and standardize its processes and to cope with the growing demand for ESR assessments across the bank.

## RepRisk as a due diligence tool in banking



**All clients and all relevant transactions are cross-checked against potential risks identified in the RepRisk ESG Risk Platform.**

Examples include:

- Trade & Export Finance
- Project Finance
- Investments
- IPOs
- Credits
- Advisory

### Main use cases at banks:

- Integrate ESG risks into client onboarding and Know-Your-Client (KYC) procedures
- Conduct due diligence in lending or underwriting transactions
- Run periodic portfolio reviews
- Screen and monitor your suppliers for ESG risks
- Research and track ESG trends to support policy development and management reporting
- Monitor and engage with NGOs