

CLIENT USE CASE

RepRisk Data in Banking: the UBS use case

“The integration of RepRisk data into our existing compliance and risk processes is a key component in the systematic implementation of UBS’ environmental and social risk standards and will help ensure that our due diligence processes are comprehensive and standardized at a global level.”

Liselotte Arni, UBS Head of Environmental and Social Risk

UBS draws on its 150-year heritage to serve private, institutional and corporate clients worldwide, as well as retail clients in Switzerland. Its business strategy is centered on its pre-eminent global wealth management businesses and its universal bank in Switzerland. Together with a client-focused Investment Bank and a strong, well-diversified Global Asset Management business, UBS will expand its premier wealth management franchise and drive further growth across the Group.

Managing Environmental and Social Risks:

UBS applies a risk framework to transactions, products, services and activities in order to identify, assess and manage environmental and social risks. Environmental and social (including human rights) risks are broadly defined as the possibility of UBS suffering reputational or financial harm from transactions, products, services or activities such as lending, capital raising, advisory services or investments that involve a party associated with environmentally or socially sensitive activities.

In 2011, UBS strengthened its risk framework by defining controversial activities that it will not engage in, or will only engage in under stringent pre-established guidelines. This means UBS will not knowingly provide financial services to corporate clients, nor purchase goods or services from suppliers, where the use of proceeds, primary business activity, or acquisition target involves practices such as illegal logging, child and forced labor and illegal use of fire for land clearance.

RepRisk is a global research and business intelligence provider, specializing in environmental, social, and governance (ESG) risks. For over ten years, our focus has been risk management and transparency – delivering dynamic analytics and metrics that help reduce blind spots and shed light on ESG issues that may, in turn, translate into reputational, compliance, or financial risks.

Find out more about what RepRisk can do for your business:

Visit www.reprisk.com or contact us via email contact@reprisk.com or by phone [+41 43 300 54 40](tel:+41433005440)

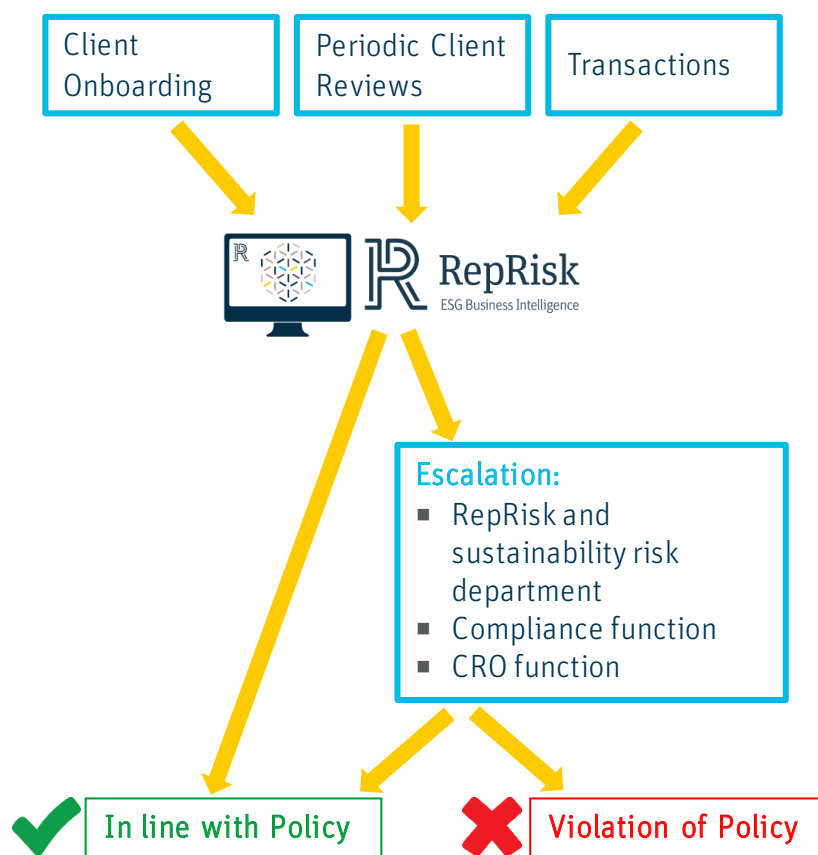
How RepRisk Business Intelligence was incorporated at UBS:

Clients, transactions or suppliers potentially in breach of UBS's position, or otherwise subject to significant environmental and human rights controversies, are identified as part of UBS's Know-Your-Client compliance processes. This was made possible by integrating RepRisk business intelligence on companies associated with such risks into the web-based compliance tool used by UBS staff before they enter a client or supplier relationship, or a transaction. The systematic nature of this tool vastly enhanced UBS's ability to identify potential reputational risk, and is evidenced by the increasing number of cases referred for assessment to environmental and social risk units (number of cases increased to 2195 in 2015 compared to 400 in 2011).

RepRisk can improve risk management and control in business relations and transactions:

As the UBS's case shows, RepRisk can be used for due diligence related to client onboarding and Know-Your-Client (KYC) procedures, client and transaction reviews, reputational risk management, as well as for compliance with internal policies, external commitments, and international standards, especially if the corresponding companies operate in highly exposed industries or countries.

RepRisk as a due diligence tool in banking



All clients and all relevant transactions are crosschecked against potential risks identified in the RepRisk ESG Risk Platform.

These include:

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

Main use cases at banks:

- Conduct due diligence in lending or underwriting processes
- Integrate ESG risks into client onboarding and Know-Your-Client (KYC) procedures
- Run periodic client reviews and assess client portfolio risk
- Assess business transactions for compliance with internal policies, external commitments, and international standards
- Screen and monitor your suppliers for ESG risks
- Research and track ESG trends to support policy development and management reporting
- Identify and map risks at the country and sector level
- Monitor and engage with NGOs

