

# National Contact Point of Switzerland

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Specific Instance regarding UBS Group AG submitted by the Society for Threatened Peoples Switzerland

## Follow-Up Statement

Berne, 26 October 2022

### 1. Context

On 22 June 2020, the Society for Threatened Peoples Switzerland (STP) submitted a written request to the Swiss NCP to consider a specific instance under the OECD Guidelines for Multinational Enterprises regarding UBS Group AG. The submission concerned possible human rights violations in the context of an alleged business relationship of UBS with a Chinese company.

On 20 December 2021, the Swiss NCP published its [Final Statement](#) in which it announced a follow-up of the decisions taken by the Parties six months after the closure of the specific instance. Both Parties submitted follow-up reports in due time, which were discussed at a meeting led by the NCP on 1 September 2022.

### 2. Implementation of the decisions

In taking stock of the implementation, the Swiss NCP focused on the three decisions taken by the Parties set out in the Final Statement:

#### 2.1. Future dialogue between the Parties

The Parties have started a structured and continuous dialogue process to define measures that can have a significant impact on the advancement of the industry regarding further inclusion of ESG criteria (related to human rights) into the management of index investment funds. They met on 18 May 2022 and agreed to hold regular annual meetings as well as ad hoc meetings upon request (e.g., on specific issues regarding Russia).

The NCP welcomes that the Parties continue their dialogue on a regular basis. It takes note, that both Parties appreciated the exchange, and that they will work towards further impact on the advancement of the industry. The NCP took note that the STP is expecting to achieve a more tangible outcome as result of future meetings.

#### 2.2 *UBS Asset Management's leading role related to ESG in the context of index investments including spearheading an initiative within a major industry association such as the Principles of Responsible Investments (PRI)*

UBS Asset Management engages regularly with index providers, and, *inter alia*, also addresses the topic of human rights and how these are reflected in their ESG methodologies (e.g. regarding integration of NGO know how, exclusion criteria of companies).

As a member of the PRI, UBS Asset Management participated in “The Passive Investment Market: Influences on Responsible Investment” consultation led by the PRI. This initiative

pertains to risks and opportunities of responsible investment in passive investment strategies. The results of this initiative will be published in a so-called 'Thought Leadership Paper' scheduled for 2023.

Furthermore, UBS is a member of the Investor Advisory Group of the former *Sustainability Accounting Standards Board* (SASB), which has now been consolidated into the IFRS Foundation through the Value Reporting Foundation. It supports the International Sustainability Standards Board (ISSB) to drive the connectivity between sustainability disclosure and financial statements. Human capital is one of the five key dimensions of the SASB standards which are the proposed standards for the ISSB. By this, it contributes to a more consistent disclosure of ESG issues, including human rights by enterprises.

The NCP takes note of UBS's engagement in initiatives such as PRI, ISSB and its regular dialogue with index providers regarding ESG, and specially the human rights dimension. While the activities of UBS contribute to the discussion of human rights in index investments, the NCP encourages UBS to take a more leading role in those discussions, as agreed in the NCP mediation.

### 2.3. Collaboration between Parties and other stakeholders to advance the cause of human rights in the finance sector

UBS Asset Management works with several industry participants on this topic. For example, UBS Asset Management is a member of the Investor Alliance for Human Rights, through which it engages with investee companies to advance human rights. UBS also engages directly with benchmark providers such as the World Benchmarking Alliance, and provides feedback on its corporate assessment methodologies, covering human rights, among other topics. UBS has also signed a partnership with Ownership Works, a non-profit which supports employees to build wealth at work and UBS Asset Management engages directly with the Global Unions Committee on Workers' Capital, which aims to elevate the profile of workers' rights in the investment chain.

The NCP acknowledges UBS Asset Management's engagement in different initiatives to foster human and particularly workers' rights in the investment industry.

## **3. Conclusions**

The NCP welcomes the commitment of both Parties to continue their regular dialogue on the topic of human rights in connection with index investments and the financial sector at a large. At the same time, the NCP notes that the Parties' expectations regarding the mediation could not be met to their satisfaction. While the STP would have liked UBS to take a more proactive approach to the issue of human rights in index investments within its own activities, UBS expressed its disappointment of not having convinced the STP that the issue goes beyond UBS's own activities and needs to be discussed at the level of the entire financial industry to create the most impact.

To develop the topic of human rights and index investments further, UBS confirmed that it would keep the NCP abreast of the developments of the results of the PRI's study "The Passive Investment Market: Influences on Responsible Investment". Both parties expressed interest in discussing the results of this study in an event in 2023 with relevant stakeholders.

With this Statement, the Swiss NCP concludes the follow-up to the specific instance.