

Financing Extractives in Southern Africa: Questions on Human Rights Due Diligence

The [UN Guiding Principles on Business and Human Rights](#) make clear that all companies have a responsibility to respect human rights. This includes avoiding negative impacts on people affected by their operations and business relationships, including throughout their supply chains, and addressing negative impacts when they do occur.

Financial institutions play a critical role in determining which projects and companies receive access to capital. This survey aims to better understand the current approach banks and investment firms take to assessing their clients with respect to human rights issues in the extractive industries. Human rights issues in the sector include the rights to land, access to clean water, livelihood, fair and safe working conditions, and consultation about the use of land and other natural resources. They also include respect for indigenous land rights and adherence to the process of securing free, prior and informed consent.

It is our hope that you will view this invitation as an opportunity share your institution's best practices with the investor community and a chance to exchange knowledge. Thank you for your time.

Name of company: UBS Group AG

1. What policies and procedures does your institution have to undertake human rights due diligence regarding the companies and projects it finances, beyond what is publicly available on your website?

We transparently disclose our policies and procedures in our comprehensive Environmental & Social Risk (ESR) Policy Framework document which can be downloaded from https://www.ubs.com/global/en/about_ubs/ubs-and-society/download-center/2017.html.

2. Do you require new clients or new projects in the extractives sector to have undertaken human rights due diligence prior to providing financing?

UBS applies an environmental and social risk framework to all transactions, products, services and activities such as lending, capital raising, advisory services or investments that involve a party associated with environmentally or socially sensitive activities. Where business or control functions responsible for identifying and assessing environmental and social risks as part of due diligence processes determine the existence of potential material risks, they refer the client, supplier or transaction to a specialized environmental and social risk unit for enhanced due diligence. A company's DD activities, would be one of the factors looked at in such an enhanced DD.

Please note that UBS is not engaged in direct project finance outside of Switzerland.

3. Which human rights issues are included in your risk assessment process for extractive projects?

Any salient human rights infringements is potentially in scope of our assessments. See the "3. Our Standards" section of our ESR Policy Framework document for details on issues where we have defined a specific standard.

4. Does your institution adapt its human rights policies and procedures for the specific sector of investment in order to account for the varied risks across sectors? If so, do you have specific policies on the mining sector?

We apply a cross-sector approach and our criteria applies for all sectors, including mining. Again see "3. Our Standards" section in the ESR Policy Framework document.

5. Does your institution adapt its human rights policies and procedures for the specific country of investment in order to account for the varied risks across nations? If so, do you have specific policies for any countries or areas in Southern Africa?

Our ESR Policy Framework is global. We have our universal criteria (see "3. Our Standards" section in the ESR Policy Framework document) which is applied globally.

6. Who assesses human rights risks at your bank (departments, positions, internal/external, etc.)?

See "4. Our processes and governance" (pages 4-6) in our ESR Policy Framework document.

7. Do you require companies to have grievance mechanisms in place for each extractive project and if so, what do you see as essential in an effective grievance mechanism?

Same as for question 2, this would be one of the factors looked at in an enhanced DD. And again: Please note that UBS is not engaged in direct project finance outside of Switzerland.

8. Have you ever taken any steps to require or support a client in remediating a human rights impact?

Yes

9. Have you ever withheld loans or other financial services as a result of a human rights assessment or allegation?

Yes

See table on page 5 of the ESR policy framework document where we disclose the number of referrals to our environmental and social risk unit that were rejected or not further pursued. E.g. in 2017, 2170 referrals were assessed by our environmental and social risk unit, of which 80 were rejected or not pursued.

10. Do you undertake any form of on the ground assessment of conditions at project sites?

Please note that UBS is not engaged in direct project finance outside of Switzerland. In certain cases, UBS would ask for an on the ground assessment by an independent expert / consultant.

Further information and guidance:

[UN Guiding Principles on Business and Human Rights](#)

[OECD Guidelines for Multinational Enterprises](#)

[Mapping of Sustainable Development Goals to human rights instruments and issues](#)

[OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)

[EU Regulation on Due Diligence in Mineral Supply Chains - Civil Society Guidance for Companies](#)