

UBS AG – UN Global Compact Communication on Progress

1. Introduction

Detailed information relating to the Global Compact principles can be found in the "Corporate responsibility" and "Our employees" sections of the UBS Annual Report 2012 (Section 4: Corporate governance, responsibility and compensation, pages 249 – 269, see www.ubs.com/annualreport). This information together with additional detail pertaining to the Global Compact principles can be accessed on the UBS Corporate Responsibility website (www.ubs.com/responsibility).

2. UBS Sustainability Disclosure

For its 2012 reporting year, UBS commissioned Ernst & Young to conduct an independent limited assurance of its GRI based Sustainability Disclosure. Content of the UBS 2012 Annual Report sections "Corporate responsibility" and "Our employees" were reviewed by Ernst & Young Ltd against the GRI Sustainability Reporting Guidelines for application level A+, as evidenced in the Ernst & Young assurance report on http://www.ubs.com/1/e/about/corp_responsibility/commitment_strategy/reporting_assurance.html

The assurance by Ernst & Young also covered other relevant text and data in the Annual Report 2012 and on the website of UBS which is referenced in the GRI Index (www.ubs.com/gri). In the UBS GRI index, the following GRI indicators relate directly to the principles of the Global Compact (according to Annex A of the 2007 report "Making the connection; The GRI Guidelines and the Global Compact Communication on Progress"):

Human Rights

Principle 1 – EC5, LA4, LA6–9; LA13–14, HR1–9, SO5, PR1–2, PR8

Principle 2 – HR1–9, SO5

Labor

Principle 3 – LA4–5, HR1–3, HR5, SO5

Principle 4 – HR1–3, HR7, SO5

Principle 5 – HR1–3, HR6, SO5

Principle 6 – EC7, LA2, LA13–14, HR1–4, SO5

Environment

Principle 7 – EC2, EN18, EN26, EN30, SO5

Principle 8 – EN1–30, SO5, PR3–4

Principle 9 – EN2, EN 5–7, EN 10, EN 18, EN 26–27, EN30, SO5

Anti-Corruption

Principle 10 – SO2–6

3. *Statements on UBS's commitment to the Global Compact and its principles*

a. Continued support for the Global Compact

Statement by Axel Weber, UBS Chairman (see

http://www.ubs.com/1/e/about/corp_responsibility/commitment_strategy/chairman_statement.html):

Our firm's corporate responsibility strategy is founded in the spirit of continuous improvement. This is a continuous process, one that demands a commitment to quality and transparency. It requires a regular and critical assessment of our policies and practices – which, in turn, requires the careful consideration and assessment of societal issues of potential relevance to UBS. This endeavor is directly linked to a key external corporate responsibility commitment of our firm, the UN Global Compact. As one of the original signatories of the Compact, which fosters adherence to ten principles covering the areas of human rights, labor standards, the environment and anti-corruption, we continue to consider it as an important reference point for our corporate responsibility efforts.

Reference to UN Global Compact in Corporate responsibility section in UBS Annual Report 2012:

We are among the thought leaders in corporate responsibility in banking and participate actively in key international corporate responsibility initiatives. These include the Wolfsberg Group (on anti-money laundering), the UN Principles for Responsible Investment (on responsible investing), the UN Global Compact and the UN Environment Program (UNEP) Finance Initiative.

b. Human Rights and Labor Standards:

In line with the firm's endorsement of the UN Global Compact and its underlying principles, UBS adopted a statement supporting human rights in 2006. The "UBS Statement on Human Rights" outlines important human rights issues and sets out the firm's position on the topic. The implementation of UBS's human rights statement is supported by a responsible supply chain guideline, by the position on relationships with clients and suppliers associated with controversial activities (including human rights), and by industry sector guidelines supporting the consistent identification and assessment of environmental and social (including human rights) risks in the firm's banking activities.

In May 2011, directly prior to the United Nations' endorsement of the Guiding Principles for the Implementation of the "Protect, Respect and Remedy" Framework on business and human rights (the Guiding Principles), UBS convened a meeting in Thun, Switzerland, with a number of universal banks (subsequently referred to as the Thun Group) to consider the Guiding Principles. In 2012, a discussion document setting out the challenges and best practice examples of operationalizing the Guiding Principles in universal banks was drafted and developed. Work is currently ongoing in order to finalize the document.

UBS has well established human resources policies and practices that address issues such as employment, diversity, equal opportunity and discrimination. Such policies also tackle human rights issues, as do policies relating to health and safety practices. UBS's human resources policies and practices are regularly reviewed to ensure that labor standards are respected.

c. Environment:

We apply a robust framework to manage environmental and social risk in our businesses. In 2012, we continued to strengthen the implementation of key policies and standards, including our Position on Controversial Activities, supported by a sustained roll-out of training and awareness-raising activities for client-facing staff. In doing so, we were able to draw from an industry-leading environmental and social risk screening process, which we established through a successful collaboration between our risk and compliance functions in 2011.

Our long-standing involvement in the UNEP Finance Initiative reflects our commitment to managing our environmental footprint. Our worldwide environmental management system covers in-house

operations, risk management and products and services. In 2012, UBS successfully passed its ISO 14001 surveillance audit. We accomplished our Group-wide CO2 emission reduction target of 40% below 2004 levels, as originally decided by the GEB in February 2006. In addition, we renewed our climate change strategy and are determined to prepare our clients for success in an increasingly carbon-constrained world.

Our performance and success in the area of sustainability is reflected in the key external ratings and rankings we have achieved. As one of the top 10 companies worldwide in the 2012 Carbon Disclosure Project, UBS was ranked as excellent in its measures to combat climate change. We are included in the Carbon Performance Leadership Index, which is produced by the Carbon Disclosure Project and features companies that have distinguished themselves through their efforts to reduce emissions and their strategies for combating climate change. We are also represented in the Carbon Disclosure Leadership Index, putting us among the companies which are setting the standards in reporting on the risks and opportunities arising for businesses in connection with climate change. We are among the few financial sector companies represented in both Carbon Disclosure Project indices.

d. Anti-Corruption:

We continue to further strengthen our efforts to prevent and combat financial crime. Our commitment to assisting in the fight against money laundering, corruption and terrorist financing is illustrated by the way we take responsibility in our own operations for preserving the integrity of the financial system. We employ a rigorous risk-based approach to ensure our policies and procedures are able to detect risks and that relationships which are classified as higher risk are dealt with appropriately. We adhere to strict know-your-client regulations without undermining clients' legitimate right to privacy. Ongoing due diligence and monitoring, including the use of advanced technology to help identify transaction patterns or unusual dealings, assists in the identification of suspicious activities. If suspicious activities are discovered, they are promptly escalated to management or control functions.

In 2011, all business divisions were required to perform a legal and compliance risk assessment. This comprehensive process, which included an assessment of corruption, sanction and anti-money laundering risks, is also forward-looking with follow-up actions to highlight the priorities and objectives for each business division. This risk assessment did not identify any significant incidents of non-compliance with our anti-corruption policy and other anti-corruption regulations. Nonetheless, in 2012 an anti-corruption initiative was put in place to strengthen our defenses against corruption.