

UBS AG – UN Global Compact Communication on Progress

1. Introduction

Detailed information relating to all Global Compact principles can be found in the "Corporate responsibility" and "Our employees" sections of the UBS Annual Report 2013 (Section 4: Corporate governance, responsibility and compensation, pages 283 – 301 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 2013 reporting year, UBS commissioned Ernst & Young Ltd. (EY) to conduct an independent limited assurance of its GRI-based Sustainability Disclosure. Content of the sections "Corporate responsibility" and "Our employees" was reviewed by EY against the GRI Sustainability Reporting Guidelines. This content has been prepared in accordance with the comprehensive option of GRI G4 as evidenced in the EY assurance report on www.ubs.com/global/en/about_ubs/corporate_responsibility/commitment_strategy/reporting_assurance.html

The assurance by EY also covered other relevant text and data in the Annual Report 2013 and on the website of UBS which is referenced in the GRI Content Index (www.ubs.com/gri). The contents of the index relate directly to the principles of the Global Compact (as set out in "Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles").

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

a. Continued support for the Global Compact

In our 2013 corporate responsibility reporting we used the triennial UN Global Compact-Accenture study on sustainability ("Architects of a Better World") to frame our overarching statement on sustainability (see http://www.ubs.com/global/en/about_ubs/corporate_responsibility/commitment_strategy/sustainability.html). UBS's Chairman (and Chair of our firm's Corporate Responsibility Committee) was interviewed for this study and is cited in it.

We also demonstrate our commitment to the UN Global Compact in the context of our Chairman's Statement on Corporate Responsibility (text below appears on http://www.ubs.com/global/en/about_ubs/corporate_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.

b. Human Rights and Labor Standards

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.

In October 2013, we co-launched the Thun Group of Banks' discussion paper on banking and human rights. The Thun Group is an informal group of representatives from seven banks, with the name derived from the location (the UBS conference center in the Swiss city of Thun) where the group met to share experiences and ideas regarding the implementation of the UN's Guiding Principles on Business and Human Rights. The paper is the result of these discussions. It aims to support banks in mapping and analyzing their potentially adverse impacts on human rights, and also looks at related risks, including reputational, legal, operational and financial risks. The work of the Thun Group is reflected in our environmental and human rights policy framework.

c. Environment

We apply a risk framework to all of our transactions, products, services and activities in order to identify and manage potential adverse impacts to the environment and to human rights, as well as the associated environmental and social risks to which our clients' and our own assets are exposed. 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. For products, services and activities identified as potentially posing significant environmental and social risks, procedures and tools for the identification, assessment, escalation and monitoring of such risks are applied and integrated into standard risk, compliance and operations processes.

During 2013, our Global AML (anti-money laundering) Compliance function worked closely with our Environmental and Social Risk group to further develop effective ways of screening potential business partners, vendors and clients with regards to potential issues relating to environmental and social risk, building on the work already carried out during previous years.

Our long-standing involvement in the UNEP Finance Initiative reflects our commitment to managing our environmental footprint. UBS's Environmental Program was introduced in the 1970s, and since 1999, we have managed the program through an Environmental Management System in accordance with ISO 14001. At the time, we were the first bank to obtain ISO 14001 certification for our Group-wide environmental management system. In addition, our greenhouse gas emissions data is externally verified according to ISO 14064 standards. In 2013, we reduced our greenhouse gas footprint again by decreasing our emissions 15% year on year, achieving a 49% reduction from baseline year 2004. This brings us very close to reaching our target of a 50% reduction by 2016. We also reduced our footprint per full-time employee 12% year on year.

We recognize that financial institutions are increasingly expected to play a key role in the transition to a low-carbon economy, and we are determined to support our clients in preparing for success in an increasingly carbon-constrained world. We are one of the leading wealth management firms worldwide, and the leading universal bank in Switzerland, backed by a top asset management business and a client-centered investment bank. Therefore, our climate change strategy focuses on the areas of risk management, investments, financing, research and in-house operations. It is in these areas that we believe we can make the greatest contribution to the transition towards a low-carbon economy.

Our performance and success in the area of sustainability is reflected in the key external ratings and rankings we have achieved. Among other such ratings and rankings (including DJSI and FTSE4Good), we were also ranked among the top 20 financial institutions in the CDP Global 500 Climate Change Report 2013.

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, aiming to help preserve 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 effectively manage those risks, including, for example, managing relationships which are classified as higher risk with increased scrutiny. We adhere to strict know-your-client regulations without undermining our 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 and externally, as required.

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 AML risks, was forward-looking and included 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 AML, sanctions or anti-corruption policies. Additional risk assessments that have taken place since then have confirmed this view. Nonetheless, a number of initiatives we have in place continue to strengthen our defenses against UBS being used for criminal purposes. In addition, over the course of 2014 we will continue to revise our risk assessment framework in a manner that further focuses on key risks and controls.