

UBS Group AG / UBS AG – UN Global Compact Communication on Progress

1. Introduction

Detailed information relating to all Global Compact principles can be found in the "UBS and Society" and "Our employees" sections of the UBS Annual Report 2015 (Section 5: Corporate governance, responsibility and compensation, pages 325 – 341 see www.ubs.com/annualreport). This information together with additional detail pertaining to the Global Compact principles can be accessed on the UBS and Society website (www.ubs.com/ubsandsociety).

2. UBS Sustainability Disclosure

For its 2015 reporting year, UBS commissioned Ernst & Young Ltd. (EY) to conduct an independent limited assurance of its GRI-based Sustainability Disclosure. Content of the sections "UBS and Society" 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. The assurance by EY also covered other relevant text and data, 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. Overarching statement

We aim to be a leader in sustainability in the financial industry. This requires us to focus on the long term and to work to provide consistent returns to our stakeholders. It also requires us to promote the common good by being proactive, purposeful and accountable. Our key program in this regard is UBS and Society – a cross-divisional umbrella platform covering all our activities and capabilities in sustainable investing and philanthropy, environmental and human rights policies that govern client and supplier relationships, managing our own environmental footprint, as well as our firm's community investment. In 2015, we made good progress in advancing the ambitious goals we pursue through UBS and Society.

Our performance and success in the area of sustainability is reflected in important external ratings, rankings and recognitions. We received "Industry Leader, Gold Class distinction" for our excellent sustainability performance in 2015, as determined by our score in RobecoSAM's annual Corporate Sustainability Assessment. RobecoSAM, together with S&P Dow Jones Indices, also publishes the Dow Jones Sustainability Indices (DJSI), the most widely recognized sustainability rating. As our key achievement in 2015, our firm took over the leadership position in the Diversified Financials industry group of the DJSI. The DJSI evaluates companies' sustainability practices and recognizes the best performers. The Industry Group Leader report for UBS cites our support to clients and communities and our integration of societal and financial performance. It also pointed to our work to build UBS's capital strength, improve efficiency and effectiveness, and strengthen risk management through our UBS and Society program.

See www.ubs.com/ubsandsociety for more information

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

4.1. Continued support for the Global Compact

In our 2015 sustainability disclosure we demonstrate our commitment to the UN Global Compact in the context of our Chairman's interview on corporate culture and responsibility (text below appears on http://www.ubs.com/global/en/about_ubs/corporate_responsibility/commitment_strategy/chairman_statement.html)

UBS was among the first companies to sign the Global Compact in 2000. We are also a member of the UN Global Compact Network Switzerland. As reflected in detail in our 2015 sustainability disclosure (in Annual Report, Annual Review, and on ubs.com/ubsandsociety), we have a comprehensive set of commitments and activities in place pertaining to the principles of the Compact.

4.2. Labor Standards

Competitive strength in the financial services industry is greatly influenced by the ability, expertise and commitment of a firm's employees. In light of this, we endeavor to attract, enable, develop and engage the best people with the right skills, a responsible mindset and diverse backgrounds. We invest in our employees and seek to ensure that we have effective leadership and human resource practices in place, as well as the structures, technology and training necessary for our employees to deliver on our strategy and meet our clients' needs. These elements, working together, help create sustainable value for all of our stakeholders.

We strive to be a responsible employer and to provide a supportive work environment for our employees. In this respect, the application of our Principles and Behaviors is an important part of how we manage our global workforce. All employees are offered a comprehensive array of market-competitive benefits that can include insurance, pension, retirement and personal leave. In many cases, our available benefits go beyond what is required by law or market practice. For example, we offer all employees up to two days each year to volunteer in their local communities. We also support flexible working arrangements in our major locations.

We recognize that workplace issues may sometimes arise, and we are committed to addressing them in a timely and effective manner. We have established procedures in every region to resolve work-related grievances and complaints. Employees who have concerns about work-related matters are encouraged to speak with their direct line manager or an HR representative. They are also asked to promptly report any conduct by employees, consultants, clients or service providers that may constitute a breach of laws, regulations, rules, policies or procedures. We have a global whistleblowing policy and procedures (including a dedicated website and telephone hotline) for submitting, investigating and handling reports confidentially. Our policies prohibit adverse action against employees acting in good faith and we make the relevant information available to all employees online, in our employee handbooks, and on our global whistleblowing intranet site.

4.3. Environment and human rights

Our industry is playing an increasingly active role in addressing global issues such as the protection of human rights and the environment. Growing environmental and human rights concerns have resulted in a fast-changing regulatory and competitive landscape that affects our firm, our suppliers and our clients. In response to these emerging risks and opportunities, we are shaping appropriate commitments and solutions.

We use an environmental and social risk (ESR) framework to identify and manage potential adverse effects on the environment and human rights, as well as the associated environmental and social risks our clients' and our own assets are exposed to. Our comprehensive ESR standards are aligned with the

UBS and Society program; they govern client and supplier relationships and are enforced firm-wide. We apply the ESR policy framework to all our activities. We have set ESR standards in product development, investments, financing and for supply chain management decisions. As part of our due diligence process, we engage with clients and suppliers to better understand their processes and policies and to explore how any environmental and social risks may be mitigated. We avoid transactions, products, services, activities or suppliers if they are associated with material environmental and social risks that cannot be properly assessed. Our ESR standards include the stipulation of controversial activities and other areas of concern we will not engage in, or will only engage in under stringent criteria. We will not do business with a counterparty or an issuer who we judge is not addressing environmental or social issues in an appropriate and responsible manner.

Our long-standing involvement in the UNEP Finance Initiative reflects our commitment to managing our environmental footprint. Since 1999, we have managed our environmental program through an Environmental Management System in accordance with ISO 14001. In addition, our greenhouse gas (GHG) emissions data is externally verified by SGS on the basis of ISO 14064 standards. We set quantitative targets to reduce UBS's Group-wide CO₂ emissions and the environmental impact of our operations. In support of our commitment to RE100, we have committed to sourcing 100% of the firm's electricity from renewable sources by 2020. This will reduce its GHG footprint by 75% by 2020 compared with 2004 levels.

4.4. Anti-Corruption / Combating financial crime

We take a rigorous risk-based approach in our commitment to combatting money laundering, corruption and terrorist financing. We are also committed to complying with sanctions laws. Our policies and procedures are designed to detect and mitigate financial crime-related risks. We adhere to strict know-your-client rules and use advanced technology to help identify suspicious transaction patterns. If suspicious activities are discovered, they are promptly escalated to independent control units and external authorities, as required by law. We assess annually the money laundering, bribery and corruption and sanctions risks associated with all our business operations against our control framework, and take actions to further mitigate that risk.

We are a founding member of the Wolfsberg Group, an association of global banks that aims to develop financial services industry standards for policies on preventing money laundering and terrorist financing, and on know-your-client principles. Together with the other members of the Group we work closely with the Financial Action Task Force (FATF), an inter-governmental body that helps develop national and international policies on preventing money laundering and terrorist financing through consultation with the private sector. The Wolfsberg Group continued to influence anti-money laundering (AML) in 2015 through its annual forum and regional reach-out meetings with banks globally. It continues to work on guidance papers in key areas of AML.