

Say-on-pay

Shareholder information on compensation votes
at the **UBS Group AG Annual General Meeting 2021**

Dear Shareholder,

The COVID-19 pandemic caused an unprecedented situation for UBS and its employees in 2020. It has required our ongoing focus on safeguarding the well-being of our employees and their families, serving our clients and ensuring operational continuity. UBS's strength and resilience allowed us to responsibly deploy resources for the benefit of clients, employees and society.

Despite the uncertainties caused by the pandemic, the negative effects of the COVID-19 crisis on our financial and capital positions were limited in 2020. We met or exceeded all our financial targets in 2020 which demonstrates the strength of our strategy as well as our integrated and diversified business model.

As part of our ongoing engagement with shareholders during 2020, we received positive feedback in response to the changes we made in 2019 to our compensation framework, notably the introduction of a long-term incentive plan. In our 2020 annual review of the compensation framework, we concluded that it remains well suited to support us in achieving our ambitions for the Group and that it provides strong alignment with shareholders' interests. Our compensation approach is aligned with our strategic priorities and encourages our employees to focus on our clients, create sustainable value and deliver on our growth ambitions.

This publication provides you with information on the compensation proposals submitted to this year's Annual General Meeting (the AGM). More information regarding our compensation framework for the Group Executive Board (the GEB) and the Board of Directors (the BoD), including related governance and policy, is provided in the UBS Group AG Compensation Report 2020 as a chapter in the Annual Report. The report is available at ubs.com/annualreport.

At the 2021 AGM, we ask our shareholders to vote on the variable compensation for the GEB for 2020, the fixed compensation for the GEB for 2022, and the compensation for the BoD from the 2021 AGM to the 2022 AGM. In addition, we also ask our shareholders for an advisory vote on our Compensation Report, which describes our compensation framework, including our principles, governance and approach.

We are grateful for your participation and respectfully ask for your continued support.

Sincerely,



Axel A. Weber
Chairman of the Board of Directors

At the 2021 AGM, UBS Group AG shareholders are invited to vote on the following compensation-related items. The binding votes on compensation and the advisory vote on the compensation framework reflect our commitment to our shareholders having their say on pay.

Agenda item 2. Advisory vote on the UBS Group AG Compensation Report 2020

The Board of Directors proposes that the UBS Group AG Compensation Report 2020 be ratified in an advisory vote.

Our compensation philosophy is to align the interests of our employees with those of our investors and clients. Our Total Reward Principles establish a framework for supporting sustainable performance, our growth ambitions and appropriate risk-taking, with a focus on conduct and sound risk management practices.

Cornerstones of our compensation framework

- Strong alignment between compensation and financial performance.
- Consideration of behaviors and conduct in performance assessment and compensation.
- High mandatory deferral rates into UBS shares and UBS contingent capital.
- Long deferral periods over five years.
- Forfeiture and clawback provisions.

Our compensation approach

For employees whose total compensation exceeds certain levels, performance awards are delivered in a combination of cash and deferred contingent capital awards and deferred equity-based awards. This reinforces our emphasis on sustainable performance and risk management, and our focus on achieving growth ambitions. We are convinced that our approach, with a single incentive decision and a deferral, is simple, transparent and well suited to implementing our compensation philosophy and appropriately links compensation to longer-term sustainable performance.

The deferral rate increases with the value of the performance award. We believe our deferral regime has one of the longest vesting periods in the industry. The average deferral period is 4.4 years for GEB members, 4 years for GMDs and 3.5 years for employees below GEB/GMD level.

To further promote sustainable performance, all of our deferred compensation plans include malus conditions. These enable the firm to reduce or fully forfeit unvested deferred awards under certain circumstances, pursuant to performance and harmful acts provisions.

Our focus on ESG

Environmental, Social and Governance (ESG) objectives are considered in the compensation determination process in objective setting, performance award pool funding, performance assessment and compensation decisions. They have been embedded in our Pillars and Principles since these were established in 2011 and are reflected in governance and risk management, talent management and diversity, client satisfaction, and corporate responsibility, including goals for reducing our carbon footprint and corporate waste, as well as progressing our philanthropic efforts. Achievements versus ESG-related goals are part of the qualitative performance assessments and affect final compensation decisions.

Therefore, ESG is taken into consideration when the Compensation Committee assesses not only what results were achieved, but also how they were achieved.

Our commitment to pay fairness, diversity, equity and inclusion

We pay for performance, and a strong commitment to pay fairness is embedded in our compensation policies. We conduct both internal and independent external reviews aiming to ensure that all employees are paid fairly and to address any unexplained gaps.

- In 2020, UBS was certified by the **EQUAL-SALARY Foundation** for its equal pay practices in Switzerland, the US, the UK, Hong Kong and Singapore. These certifications are testament to our well-established equal opportunity environment.
- In addition, the results of the **Swiss equal pay analysis** (as required by the 2020 Swiss Federal Act on Gender Equality) confirm that we are fully compliant with Swiss equal pay standards. The statistical wage difference is 0.6% (across all in-scope entities), and thus significantly below the 5% regulatory requirement.

In a global business such as ours, a diverse workforce is a competitive advantage. Our broad approach focuses on gender, race, ethnicity, LGBTQ+, age, disability, and mental health, among other aspects, with inclusive leadership playing an important role. Regarding gender, we seek to hire, promote and retain more women across the firm, aspiring to increase the percentage of women at Director level and above to 30% by 2025.

Agenda item 8.1. Approval of the maximum aggregate amount of compensation for the members of the Board of Directors from the 2021 AGM to the 2022 AGM

The Board of Directors proposes that the maximum aggregate amount of compensation of CHF 13,000,000 for the members of the Board of Directors for the period from the 2021 AGM to the 2022 AGM be approved.

Compensation of BoD members

The Compensation Committee regularly reviews the remuneration framework for Board members, taking into account shareholder feedback, to confirm it remains competitive and appropriately reflects their work on the Board of UBS.

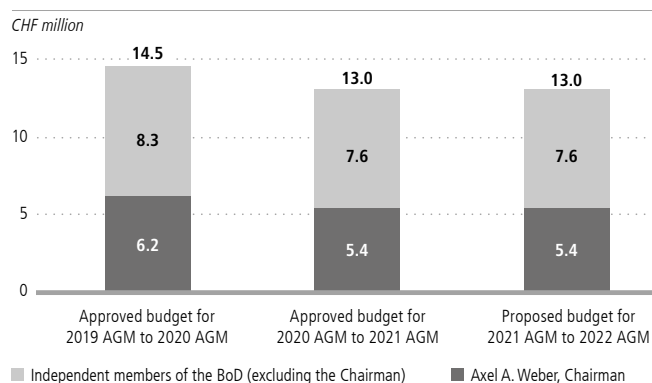
In our regular review of the BoD fee structure, and following several adjustments to the framework to simplify, rebalance and reduce the BoD fee structure effective for 2020 AGM, we concluded that our overall approach for independent BoD member compensation remains appropriate and thus unchanged for 2021.

The Chairman’s total compensation is contractually fixed and without any variable component, and it remains unchanged at CHF 4.9 million, excluding benefits and pension contributions. It consists of a cash payment of CHF 3.5 million and a share component of CHF 1.4 million delivered in UBS shares (blocked for four years). The share component aligns the Chairman’s pay with the Group’s long-term performance.

All other BoD members are deemed independent and receive fixed fees for their services on the BoD and its committees. Independent BoD members do not receive performance awards, severance payments or benefits and pension contributions. They must use a minimum of 50% of their fees to purchase UBS shares, which are blocked for four years, and they may elect to use up to 100% of their fees to purchase blocked shares.

2021 AGM to 2022 AGM proposed BoD compensation

The proposed amount is unchanged compared to the previous period. The amount includes the Chairman’s compensation, which is unchanged since it was reduced by CHF 0.8 million effective from the 2019 AGM, as well as fees for the independent BoD members, which are also unchanged since the reduction effective from the 2020 AGM.



Note: Excludes UBS’s portion related to the legally required social security contributions, which can vary depending on BoD composition as well as the prevailing tax and employment jurisdictions of the BoD members. For the period from 2021 AGM to 2022 AGM the corresponding amount is estimated at CHF 0.8 million. The budget amount for the Chairman includes benefits and pension contributions. For detailed information, refer to section “Compensation for the Board of Directors” in the UBS Group AG 2020 Compensation Report.

Agenda item 8.2. Approval of the aggregate amount of variable compensation for the members of the Group Executive Board for the 2020 financial year

The Board of Directors proposes that the aggregate amount of variable compensation of CHF 85,000,000 for the members of the Group Executive Board for the 2020 financial year be approved.

We have a competitive compensation framework for all GEB members including the Group CEO, and the Compensation Committee annually reviews this framework. The most important elements of the framework have remained unchanged since 2012.

We assess each GEB member’s performance against several financial targets and goals related to our Pillars, Principles and Behaviors. To judge the quality and sustainability of the financial results, the Compensation Committee considers a range of qualitative factors, including relative performance and market conditions, as well as ESG-related aspects, such as client satisfaction, employee satisfaction, talent management, diversity and inclusion, sustainable business practice, sustainable finance, and philanthropy.

2020 performance

Our financial performance was very strong despite the uncertainties caused by the COVID-19 pandemic. We met or exceeded all our financial targets in 2020. Our return on CET1 capital was 17.4%, compared with our target of 12–15%, and our return on tangible equity was 12.8%. We delivered the lowest cost/income ratio since 2006 at 73.3%, compared with our target of 75–78%. Every region and business division contributed over USD 1 billion in profits, as we benefited from our business and geographical diversification.

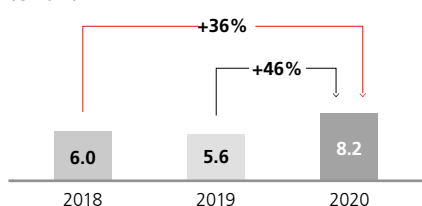
We remain committed to returning excess capital to our shareholders and delivering total capital returns consistent

with our previous levels. For 2020, the BoD proposes a dividend of USD 0.37 per share. In February 2021, we launched a new three-year share repurchase program of up to CHF 4 billion, of which we expect to execute up to USD 1 billion by the end of the first quarter of 2021.

Although business performance was strong in 2020, we remain committed to moderation in performance-related pay. The resulting 2020 performance award pool, which includes the GEB performance award pool, thus reflects our pay-for-performance principles and is aligned with previous years where we delivered strong performance. It further considers the economic impact of COVID-19 and regulatory directives to maintain capital flexibility.

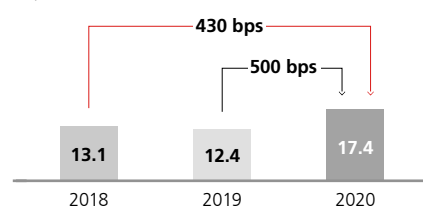
Group profit before tax

USD billion



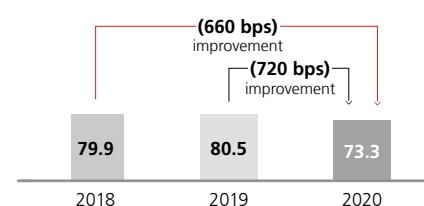
Return on CET1 capital

in %



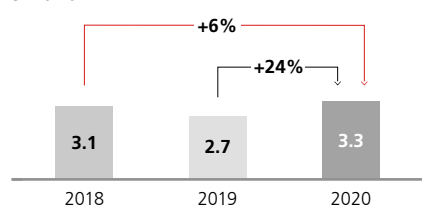
Cost/income ratio

in %



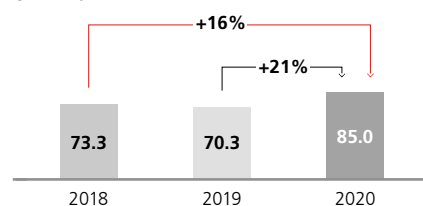
Group performance award pool

CHF billion



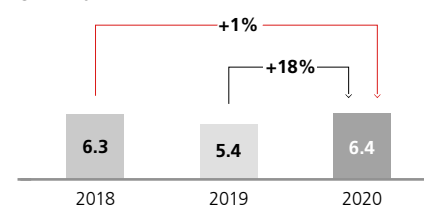
GEB performance award pool

CHF million



Per capita GEB performance award pool

CHF million

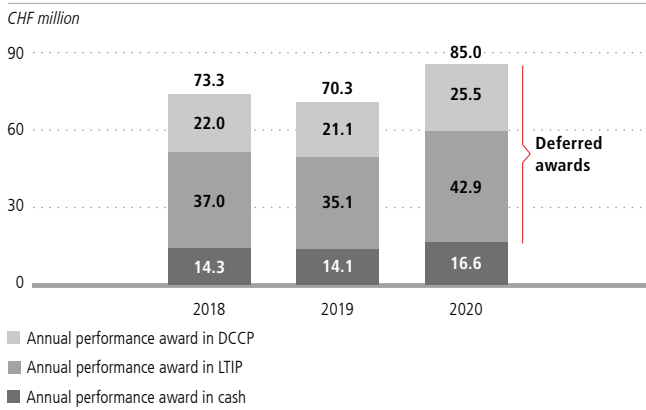


2020 variable compensation for GEB members

Given the reduction in our 2019 performance award pool, which was a negative outlier versus many peers, we believe it is important to compare the 2020 pool not only with the 2019 outlier but also with the 2018 pool.

For 2020, the proposed GEB performance award pool, which includes the Group CEOs' performance awards and is part of the Group pool, is CHF 85.0 million, an increase of 1% on a

per capita basis and 16% overall compared with 2018 (and +18% per capita and +21% overall compared with 2019). This reflects a smaller increase in executive compensation compared with the overall pool development in 2020. The difference between the per capita and GEB pool change is due to the increase in number of GEB members. As a percentage of Group profit before tax, the GEB performance award pool was 1.1%, well below the cap of 2.5%.



Note: Cash includes blocked shares for two GEB members in 2020 and 2019, and for three GEB members in 2018, in accordance with applicable UK regulation. Excludes the portion related to the legally required employer's social security contributions, which for 2020 are estimated at grant at CHF 4.1 million. For detailed information, refer to the table "Total compensation for GEB members" in the UBS Group AG 2020 Compensation Report.

Agenda item 8.3. Approval of the maximum aggregate amount of fixed compensation for the members of the Group Executive Board for the 2022 financial year

The Board of Directors proposes that the maximum aggregate amount of fixed compensation of CHF 33,000,000 for the members of the Group Executive Board for the 2022 financial year be approved.

GEB fixed compensation

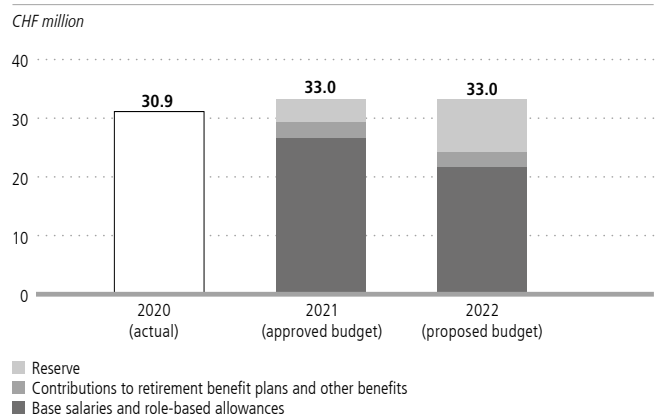
Each GEB member receives a fixed base salary, which is reviewed annually by the Compensation Committee. The 2020 annual base salary for the Group CEO role was CHF 2.5 million and has remained unchanged since 2011. The other GEB members each received a base salary of CHF 1.5 million (or local currency equivalent), also unchanged since 2011.

In 2020, two GEB members were considered Material Risk Takers (MRTs), including one UK Senior Management Function (SMF), for UK/EU entities due to their impact on those entities, regardless of personal domicile. In addition to the base salary, role-based allowances (RBA) are part of their fixed compensation. This allowance is a shift in the compensation mix between fixed and variable compensation, not an increase in total compensation.

We offer certain benefits for all employees including GEB members, such as health insurance and retirement benefits. GEB members' pension contributions and benefits are in line with local practices for other employees. There are no enhanced or supplementary pension contributions for the GEB.

2022 proposed GEB fixed compensation budget

The proposed amount for 2022 is unchanged from the previous year reflecting unchanged base salaries for the Group CEO and other GEB members. The lower 2022 amount for base salaries and role-based allowances reflects the announced changes in GEB composition. Since the budget is a maximum spend, we include a reserve to maintain flexibility in light of evolving EU regulations, Brexit effects, competitive considerations for potential additional RBAs, potential changes in GEB composition or GEB roles as well as other factors (e.g., changes in FX rates or benefits).



Note: The fixed compensation excludes the portion related to the legally required employer's social security contributions for the 2022 financial year (estimated at CHF 1.45 million), which are not considered compensation.



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