

Say-on-pay

Shareholder information on compensation votes
at the **UBS Group AG Annual General Meeting 2022**

Dear Shareholder,

2021 was the second year shaped by the pandemic, challenging and affecting every aspect of society. In this environment, UBS delivered a strong financial performance with the highest pre-tax and net profit in 15 years. And for the second year in a row, we exceeded all our financial targets. However, our otherwise excellent financial performance was negatively impacted by the loss resulting from the default of a US-based client of our prime brokerage business. We have conducted a thorough review of this event, we have put in place appropriate measures to strengthen our relevant risk management processes, and we have reflected the event in our annual performance assessment and compensation processes.

In 2021 we launched our purpose, refreshed our sustainability commitment and our three keys to success – our Pillars, Principles and Behaviors – to ensure that our culture helps to advance our strategic goals. We reviewed our Total Reward Principles, performance management approach, and compensation framework to ensure they are fully aligned with our purpose and strategy. While we applied selected enhancements to our principles, we kept our overall compensation framework broadly unchanged as it remains well suited to support us in achieving our ambitions for the Group and provides strong alignment with shareholders' interests.

This publication provides you with information on the compensation proposals submitted at 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 2021 as a chapter in the Annual Report. The report is available at ubs.com/annualreport.

At the 2022 AGM, we ask our shareholders to vote on the variable compensation for the GEB for 2021, the fixed compensation for the GEB for 2023, and the compensation for the BoD from the 2022 AGM to the 2023 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 2022 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 report reflect our commitment to our shareholders having their say on pay.

Agenda item 2. Advisory vote on the UBS Group AG Compensation Report 2021

The Board of Directors proposes that the UBS Group AG Compensation Report 2021 be ratified in an advisory vote.

Our compensation approach encourages employees to focus on client centricity, connectivity and sustainable impact in everything we do and supports our growth ambitions, capital strength and risk management. Moreover, we reward behaviors that help build and protect the firm's reputation, specifically accountability with integrity, collaboration and innovation.

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

Our Total Reward approach

At UBS, we apply a holistic Total Reward approach, generally consisting of fixed compensation (base salary and role-based allowances, if applicable), performance awards, pension contributions and benefits. For employees whose total compensation exceeds certain levels, performance awards are delivered in a combination of cash, deferred contingent capital awards and deferred share-based awards.

A substantial portion of performance awards is deferred and vests over a five-year period (or longer for certain regulated employees). This deferral approach supports alignment of employee and investor interests, our capital base and the creation of sustainable shareholder value.

Our focus on sustainability

Sustainability is core to our purpose and to help us maximize our impact, we are focusing on three key areas to drive the sustainability transition: Planet, People and Partnerships.

Environmental, Social and Governance (ESG) objectives are considered in the compensation determination process in objective setting, performance award pool funding, performance evaluation and compensation decisions. In 2021, we revised the GEB performance management approach and further enhanced the link between ESG and compensation by introducing explicit sustainability objectives that are aligned with our sustainability priorities. Sustainability objectives are individually assessed for each member, and consequently directly impact their performance assessments and compensation decisions.

Additionally, in the performance award pool funding across the Group, ESG is also reflected through an assessment of progress made toward targets linked to our focus areas of Planet, People including progress made against our diversity ambitions, and Partnerships alongside other key dimensions.

Our commitment to fair pay and diversity, equity & inclusion

Compensating employees fairly and consistently is key to ensuring equal opportunities. We pay for performance, and we take pay equity seriously. This strong commitment is embedded in our compensation policies, and we regularly conduct internal reviews and independent external audits as quality checks. These reviews also allow us to maintain our certification status from the EQUAL-SALARY Foundation for our equal pay practices in Switzerland, the US, the UK, Hong Kong SAR and Singapore.

Furthermore, ensuring fair treatment and strengthening our commitment to diversity, equity and inclusion are vital to our sustainable business success. To ensure we are making progress, we hold ourselves and our leaders accountable. For example, we are on track to meet our aspiration to increase the percentage of women in roles at Director level and above to 30% by 2025. Similarly, increasing the ethnic minority diversity of our workforce, and a related commitment to support under-represented talent and communities, is also a top priority across all business divisions and regions.

Agenda item 9.1. Approval of the maximum aggregate amount of compensation for the members of the Board of Directors from the 2022 AGM to the 2023 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 2022 AGM to the 2023 AGM be approved.

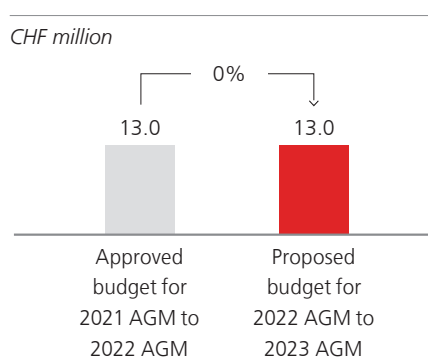
2022 AGM to 2023 AGM proposed BoD compensation

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 November 2021, we announced the nomination of a new Chairman and a new Vice Chairman for election to the Board. For both, their compensation would be contractually fixed without any variable component and paid 50% in cash and 50% in shares that are blocked for four years. The share component aligns their pay with the Group's long-term performance. For the new Chairman, we expect his total compensation would be approximately CHF 0.4 million lower compared with the current Chairman (a reduction of approximately 8%).

All BoD members other than the nominated new Chairman and new Vice Chairman receive fixed fees for their services on the BoD and its committees. They do not receive performance awards, severance payments, benefits or pension contributions, and they must use a minimum of 50% of their fees to purchase UBS shares, which are blocked for four years. In our regular review of the BoD fee structure, we concluded that our overall approach for BoD member compensation remains appropriate and thus unchanged.

Despite the changes in composition of the Board, the proposed amount is unchanged compared with the previous period and includes the total compensation of the nominated Chairman and Vice Chairman.



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 the 2022 AGM to the 2023 AGM, the corresponding amount is estimated at CHF 0.8 million. The proposed amount includes benefits for the Chairman and Vice Chairman.

Agenda item 9.2. Approval of the aggregate amount of variable compensation for the members of the Group Executive Board for the 2021 financial year

The Board of Directors proposes that the aggregate amount of variable compensation of CHF 79,750,000 for the members of the Group Executive Board for the 2021 financial year be approved.

For 2021, we have further enhanced the performance assessment for GEB members to ensure it is fully aligned with our purpose and strategic objectives. We assess GEB members against a set of Group financial targets, non-financial objectives and Behaviors. The restructured approach reflects our strategic refresh, digital initiatives and elevated focus on sustainability. In addition, it includes more tangible measurement of quantitative outcomes and fosters an even greater focus on the success of the overall Group by assessing all GEB members against Group financial targets.

2021 performance

In 2021, the ongoing momentum in flows and volume growth together with favorable market conditions and investor sentiment led to growth across the firm. Our financial results outperformed our financial targets and we saw the highest profit before tax since 2006. This growth outpaces our performance award pool development. We also maintained our high level for return on CET1 capital.

We remain committed to returning excess capital to our shareholders. We repurchased USD 2.6 billion of shares in 2021 and we are aiming to repurchase up to USD 5 billion during 2022. For 2021, the BoD intends to propose a dividend of USD 0.50 per share for approval at the 2022 AGM.

2021 variable compensation for GEB members

The performance award pool continues to reflect our strict pay-for-performance philosophy, our disciplined approach in managing compensation over business cycles and alignment to shareholder interests.

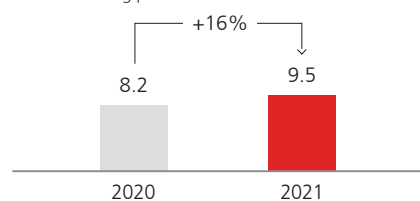
For 2021, the GEB performance award pool was CHF 79.8 million, a reduction of 1% on a per capita basis and a reduction of 6% overall. This decrease in an otherwise exceptionally good financial year contrasts with the Group pool increase of 10%.

The decision for the GEB pool considers the excellent financial result offset by a proportionally larger downward adjustment than the Group pool to reflect the accountability of the GEB for the loss resulting from the default of a US-based client of our prime brokerage business. As a reminder regarding the French cross-border matter, in 2019 we reflected this matter in our compensation decisions, including linking a meaningful portion of GEB compensation to the final outcome of this matter, which is still not resolved.

Group profit before tax

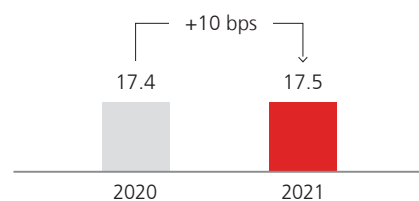
USD billion

+25% excluding provision for French cross-border matter



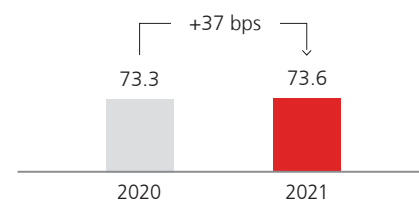
Return on CET1 capital

in %



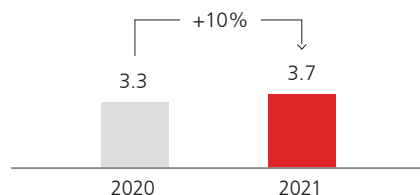
Cost / income ratio

in %



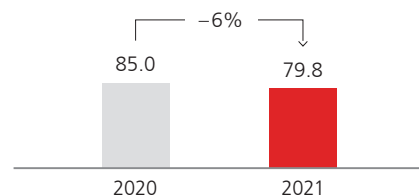
Group performance award pool

USD billion



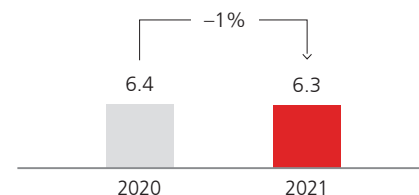
GEB performance award pool

CHF million



Per capita GEB performance award pool

CHF million



Agenda item 9.3. Approval of the maximum aggregate amount of fixed compensation for the members of the Group Executive Board for the 2023 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 2023 financial year be approved.

GEB fixed compensation

Each GEB member receives a fixed base salary, which is reviewed annually by the Compensation Committee. The 2021 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.

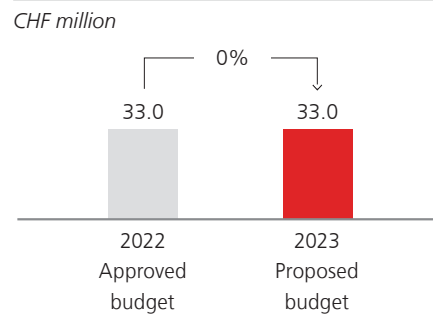
Over the course of 2021, two GEB members held a UK Senior Management Function (SMF) role for one of our UK entities. In addition to base salary, role-based allowances were part of their fixed compensation. This allowance is a shift in the compensation mix between fixed and variable compensation, not 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.

2023 proposed GEB fixed compensation budget

The proposed amount for 2023 is unchanged from the previous year, reflecting consistency in planning over time and unchanged base salaries for the Group CEO and other GEB members. In addition to the base salaries, it also includes role-based allowances in response to EU Capital Requirements Directive IV, estimated standard contributions to retirement benefit plans, and other benefits.

The proposed amount provides flexibility in light of potential changes of GEB composition or roles, competitive considerations where potential additional role-based allowances may be required, and 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 2023 financial year (estimated at CHF 1.4 million), which are not considered compensation.

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