

Our employees

Our employees' drive, skill, insight and experience are key to meeting our clients' needs and growing our businesses. We are committed to investing in our employees and furthering our reputation as a leading employer. We promote a performance- and development-oriented culture that values integrity and encourages collaboration across the entire firm. Our principles of client focus, excellence and sustainable performance serve as the basis for all of our endeavors, helping us focus on every opportunity to create value for our stakeholders.

Our workforce

In the past two years, we have concentrated on building our capital strength, improving efficiency and effectiveness, and reinforcing risk management. These three pillars underpin our strategy and are the foundation of everything we do. A key part of this effort has been to build a strong corporate culture while ensuring that we hire, develop and retain a global workforce that not only meets today's business challenges, but also enables us to build strength as we plan for our leadership needs in the future.

We made some changes to our workforce in 2013. This was primarily due to our ongoing cost reduction programs that reduced staff numbers across the firm, particularly within the Invest-

ment Bank and the Corporate Center. These changes also reflected measures designed to improve our long-term efficiency. For example, in August 2013, we announced the creation of the UBS Nashville Business Solutions Center in the US. The Nashville location is part of our strategy to create regional centers of excellence for our support functions and allows us to increase collaboration and operational effectiveness. It also complements our existing service center in Poland and our other outsourcing and offshoring relationships elsewhere in the world.

As of 31 December 2013, we employed 60,205 people (on a full-time equivalent basis), 2,423 fewer than a year earlier. In 2013, our employees worked in 56 countries, with approximately 36% of our staff employed in Switzerland, 35% in the Ameri-

Personnel by region

		As of		% change from
<i>Full-time equivalents</i>	31.12.13	31.12.12	31.12.11	31.12.12
Americas	21,317	21,995	22,924	(3)
<i>of which: USA</i>	20,037	20,833	21,746	(4)
Asia Pacific	7,116	7,426	7,690	(4)
Europe, Middle East and Africa	10,052	10,829	11,019	(7)
<i>of which: UK</i>	5,595	6,459	6,674	(13)
<i>of which: rest of Europe</i>	4,303	4,202	4,182	2
<i>of which: Middle East and Africa</i>	153	167	162	(8)
Switzerland	21,720	22,378	23,188	(3)
Total	60,205	62,628	64,820	(4)

Personnel by business divisions and Corporate Center

		As of		% change from
<i>Full-time equivalents</i>	31.12.13	31.12.12	31.12.11	31.12.12
Wealth Management	16,414	16,210	15,904	1
Wealth Management Americas	16,344	16,094	16,207	2
Retail & Corporate	9,463	10,156	11,430	(7)
Global Asset Management	3,729	3,781	3,750	(1)
Investment Bank	11,615	13,595	14,685	(15)
Corporate Center	2,640	2,792	2,845	(5)
<i>of which: Core Functions</i>	1,055	488	405	116
<i>of which: Non-core and Legacy Portfolio</i>	1,585	2,304	2,440	(31)
Total	60,205	62,628	64,820	(4)
<i>of which: Corporate Center personnel (before allocations)¹</i>	24,082	25,892	26,974	(7)

¹ Comparative figures in this table may differ from those originally published in quarterly and annual reports (for example due to adjustments following organizational changes).

cas, 17% in Europe, Middle East and Africa and 12% in Asia Pacific.

A mobile workforce enables employees to develop relationships across business divisions, regions and cultures, increases trust and helps us to better leverage our employees' skills. It also helps ensure that we have the right people in the right roles in order to meet our clients' needs. As part of our commitment to business growth and career development, we transferred 1,105 employees between business divisions in 2013, in addition to transferring 405 employees to roles in a different region. Globally, employee turnover, as a percentage of average overall headcount, was 15% in 2013 compared with 12.9% in 2012. Employee-initiated turnover was 8.7%, an increase of 2% from 2012.

Attracting and retaining talent

We strive for excellence in everything we do, and this begins with our employees. It is fundamental to our success to recruit the most talented individuals, help them develop, and effectively leverage their skills to meet our clients' evolving needs. We try to be as forward-looking as possible when planning our talent needs and comparing them with our existing workforce. Regular talent reviews enable us to understand our employees' capabilities, potential and ambition in order to fill any gaps by developing or further recruiting talent at all levels. Our integrated approach to managing talent across the entire employee lifecycle allows us to link our recruitment, diversity, learning, mobility, performance management, talent review, compensation and succession practices in the most meaningful way.

Recruiting new employees

People join UBS from a diverse range of backgrounds. We are committed to building the skills of our existing employees while hiring the best available talent, as required, to sustain and grow our core businesses.

In 2013, we reviewed our comprehensive hiring standards and processes, especially those focused on recruiting at senior levels, to help ensure that we continue to hire people who are demonstrably qualified for their roles and are a good fit for the firm's culture. We recruited highly effective financial and client advisors in 2013 and invested in our future by hiring graduates and interns globally, as well as strengthening our commitment to apprentices in Switzerland. In total, 6,548 external hires were made across the firm in 2013, with Wealth Management recruiting 374 client advisors and Wealth Management Americas hiring 480 financial advisors.

Our own employees helped refer talent to the organization. As a result, 15% of externally sourced roles in 2013 were filled through employee referrals. Employees also expect to be considered for open roles within the firm. Therefore, in 2013, we instituted further measures to support transparent and objective internal hiring processes so that current employees have the same access to available jobs at UBS as external candidates.

Throughout 2013, we ensured a continuous and visible presence at our target universities, with UBS leaders and employees

actively supporting our campus recruiting efforts. Global initiatives launched in 2013 included the Emerging Talent Program, a special internship within UBS's Education Initiative that targets students early in their academic careers. The UBS Explore career-consideration program helped increase the number of potential recruits, and our graduate trainees benefited from educational opportunities and business-specific training. In 2013, 476 university graduates were hired into one of UBS's undergraduate or MBA graduate training programs. An additional 876 interns were hired globally.

Our apprenticeship program in Switzerland continued to perform strongly in 2013, hiring 266 business and 39 information technology apprentices. This was the first year that UBS recruited an increased number of apprentices in conjunction with the UBS Education Initiative (an additional 150 apprentices over a five-year period). We also recruited 185 trainees into our All-round Traineeship Program for Swiss high school graduates.

In 2013, we continued to be seen as an attractive employer and were notably ranked in the global top 50 in Universum's 2013 World's Most Attractive Employers list. In Switzerland, UBS ranked third among business students in Universum's 2013 Ideal Employer survey.

→ Refer to www.ubs.com/awards for more information on UBS's rankings as an employer

Strengthening our diverse workforce and inclusive work environment

Our workforce is truly global. We have 890 offices in 56 countries, and our employees, who together speak more than 137 languages, are citizens of 144 countries. In 2013, the average age of our employees was 41 years and the average length of employment within the firm was 9.2 years. In Switzerland, more than 49% of employees have worked at UBS for more than 10 years. This experience enables our employees to have stronger skills, better understanding and more institutional knowledge about our clients' needs and how to meet them.

We believe that companies with diverse workforces and inclusive work environments excel in understanding and serving clients. In all our businesses, we seek to hire and retain a broad range of talent with diversity in race, gender, business experience, perspective, ethnicity, nationality, religion, age, abilities, education and sexual orientation. As part of this goal, we seek to strengthen and sustain an inclusive work environment that encourages all employees' development and enhances client relationships. We are globally committed to offering equal employment opportunities and believe that having the right people, in the right roles, at the right time is a key factor in delivering excellence and building capability for the future.

Within our continuing effort to strengthen all aspects of diversity, increasing gender diversity remained a key priority in 2013. We again called for divisional diversity planning that includes targeted, forward-looking actions over the next several years that aim to increase the number of women working at UBS, particularly in senior roles.

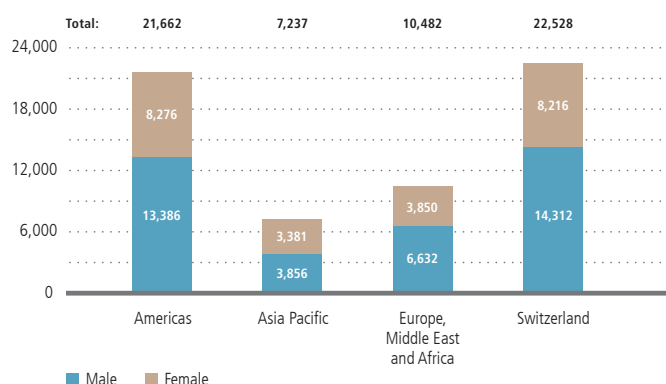
A wide range of regional initiatives complemented our global efforts. For example, we launched an 18-month sponsorship program for high-performing female Directors and Executive Directors in the US. Combining mentoring and advocacy, this program strengthens leadership skills, provides increased access to the firm's senior executives and fosters a "pay-it-forward" culture among women across the organization. We also worked with groups such as the Council of Urban Professionals and the Financial Women's Association to significantly increase the number of diverse recruitment candidates presented to managers. Numerous events for staff in the US, the UK and Asia Pacific strengthened employees' understanding and promoted a sense of personal responsibility towards issues related to culture, gender, sexual orientation and working relationships.

In Switzerland, we worked to enhance skills and representation among several employee groups in 2013. For example, a suite of practical training programs to promote life-long learning was offered to mid-life employees, focusing on career planning and skills development in technology, new media and languages. A mentoring program for 150 mid-career women combined career advice with increased visibility and access to the firm's senior management. Also in 2013, we established a partnership with Advance, an association of Switzerland-based companies that focuses on increasing the percentage of women in Swiss industries through development opportunities, role modeling and targeted events. In Asia Pacific, we sponsored workshops and events during 2013 to help our businesses better leverage their multi-generational workforces. Understanding and appreciating differences in age, behavior, attitude, motivation and working styles builds stronger teams that are better able to serve our clients.

In 2013, over 14,500 employees across UBS were members of more than 20 employee networks. These networks, representing affinities such as gender, culture, life stage and sexual orientation, help build cross-business relationships and an open workplace. Our global network guidelines enable employees to set up or join employee networks in all our operating regions. Additionally, our human resource policies and processes have global coverage and outline our commitment to a non-discriminating, harassment-free workplace,

Gender distribution by geographical region¹

On 31.12.13



¹ Calculated on the basis that a person (working full time or part time) is considered one headcount in this graph only. Looking at subregional data, the Americas consists of the USA at 20,328 and the rest of the Americas at 1,334. EMEA consists of the UK at 5,758, the rest of Europe at 4,564 and Middle East and Africa at 160. This accounts for the total UBS end-2013 employee number of 61,909, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and Widder Hotel.

offering equal opportunities. This foundation encourages active and growing participation in our many employee networks.

Managing performance

As a results-driven firm, personal accountability, effective performance management and sound compensation practices are critical for our success. Our performance management framework features regular employee-manager dialogue, consistent assessment processes and clear links between performance, behavior, achievements and compensation. We provide the tools and support employees need to set clear goals, be effective in their jobs and advance their careers.

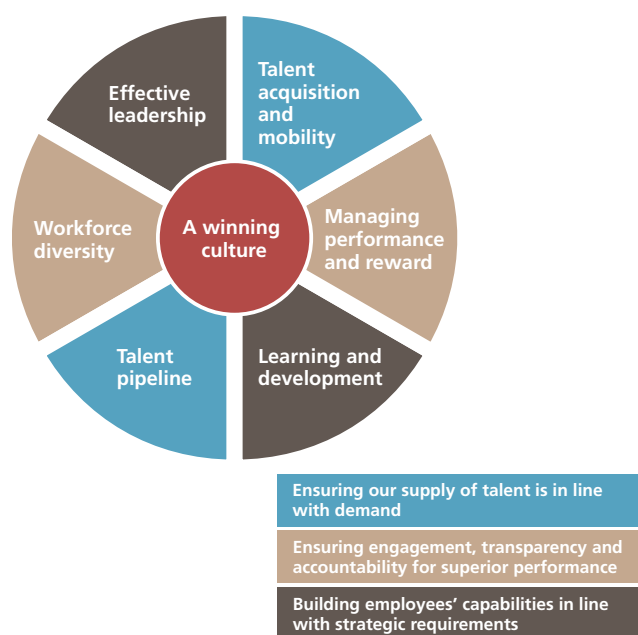
We further strengthened our year-end evaluation processes in 2013 to more closely align individual performance with the firm's strategy and culture. More than ever, we want to evaluate not only each employee's achievements, but how those results were

Gender distribution by employee category¹

As of 31.12.13	Officers (Director and above)		Officers (other officers)		Non-officers		Total	
	Number	%	Number	%	Number	%	Number	%
Male	17,995	78.3	12,463	61.4	7,728	41.5	38,186	61.7
Female	4,996	21.7	7,844	38.6	10,883	58.5	23,723	38.3
Total	22,991	100.0	20,307	100.0	18,611	100.0	61,909	100.0

¹ Calculated on the basis that a person (working full time or part time) is considered one headcount (in this table only). This accounts for the total UBS end-2013 employee number of 61,909, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and Hotel Widder.

The building blocks of effective people management



achieved. As part of this, specific corporate behaviors were integrated into our performance management processes starting with 2013 year-end evaluations. Employees and managers are expected to use concrete examples to illustrate how these behaviors were exhibited in 2013 and provide feedback on areas for future focus. We also assess employees' competencies and development needs as part of our overall performance management approach.

Appropriate awareness and management of all types of risk continues to be a focus for our businesses. As part of this, measurable and relevant risk objectives were again required for all employees in 2013 and considered in performance and reward decisions.

Performance management for our executives is especially rigorous. Senior leaders, including all Group Executive Board members, are evaluated on key achievements, business performance, risk management, leadership skills and meeting specific financial targets, in addition to acting as role models for our corporate culture. Comprehensive feedback from peers, direct reports and internal clients forms part of this assessment.

Our "key risk takers" also receive additional input and feedback in their performance reviews. These individuals may work in front office, logistics or control functions and, due to their role, are able to materially commit, use or control the firm's resources and exert significant influence over our risk profile. For this reason, in addition to self, manager and other relevant 360-degree reviewers, at least one person in a control function, such as finance or compliance, must attest to the person's attitudes and actions towards managing risk.

Our people management processes are global. In 2013, 99% of the employees eligible to participate in the firm's performance assessment processes received a performance review. We have Group-wide ranks and country-specific salary ranges that are applicable to all employees. We also have a standardized role classification model which is used across the firm. Many human resource processes are based on these global role profiles, and this supports more clearly defined career paths and development plans for all employees.

Education and development

Our Group-wide learning and development course offerings encompass senior leadership development, business education and practical training measures for employees at all levels. Our goal is to provide our employees and leaders with what they need to excel in their roles, progress in their careers and ultimately create value for our stakeholders.

In 2013, we made our education function more agile and flexible. Continuously evolving business and regulatory environments call for specialized training to be delivered to teams more quickly than traditional learning initiatives were in the past. Striking a better balance between highly customized learning activities and external training support has been key to delivering timely, topical training to front office employees in particular.

A primary aim for 2013 was to continue to offer training that helped our businesses achieve their goals. In Wealth Management Americas, for example, our financial advisor education aimed to deepen our advisors' ability to deliver holistic advice that considers clients' planning, borrowing, saving and giving needs, in addition to investing. A new, four-module Wealth Advisor program gives established financial advisors the advanced skills and knowledge to deliver comprehensive counsel to their clients. In November 2013, a national learning forum gathered hundreds of financial advisors, field and home office leaders, and external partners to discuss client trends, wealth management solutions and best practices. Additionally, select new candidates for financial advisor roles are regularly hired into a two-year, salaried Wealth Planning

UBS Wealth Management Master

Launched in late 2012 and aimed at senior client advisors across Wealth Management, the UBS Wealth Management Master is the highest internal certification available to top-performing client-facing staff in Wealth Management. The two-year program combines structured training with on-the-job development, enabling senior professionals to acquire in-depth expertise in client book management, client investment and relationship management. Since inception, 90 client advisors have entered the program.

Analyst program, which enables them to obtain relevant licensing, training and practical experience in a US branch office before joining an existing team as a qualified financial advisor.

We offer client education opportunities through our Financial Markets Education team. Numerous classes and educational events are available to clients in all of our operating regions. These initiatives cover a wide range of financial topics including equities and equity derivatives, fixed income basics, credit risk and commodities.

Role-driven business education is offered through specific learning pathways. These pathways, covering topics such as risk, compliance, sales, advisory and financial markets, help ensure consistent training across similar job roles. For example, Wealth Management expects a high and consistent level of expertise within client advisor roles. In addition to the Wealth Management Diploma and Wealth Management Master Certificate programs that are already available, in 2013 we developed specialized training for client advisors to help them strengthen client relationships, investment strategies and business focus.

All employees can access a broad range of development and training as part of their daily job and through various programs. Our eLearning portfolio consists of more than 5,100 courses on topics such as communication skills, management and leadership, financial markets and information technology. Specialized learning modules on risk, finance and compliance topics help employees develop the skills they need to work effectively in their roles and within evolving business and regulatory environments. Overall, in 2013, our employees participated in about 776,000 development activities, including approximately 512,000 mandatory training sessions focusing on compliance and regulatory topics. This equated to an average of 12.5 training experiences per employee or an average of 2.5 training days.

Compensation

We strive to offer our employees a competitive salary and performance award while maintaining our obligations to our shareholders and regulators. Our approach recognizes the need to compensate individuals for their performance within the context of market conditions, risk considerations, a fast-changing commercial environment and evolving regulatory supervision. Our foremost priority is to encourage and reward behavior that contributes to sustainable profitability and the firm's long-term success.

Our compensation structure is designed to be appropriately balanced between fixed and variable elements. We emphasize the variable component as an incentive to excel and to foster a performance-driven culture, while supporting appropriate and controlled risk-taking. Employee compensation is viewed within a total reward framework that takes into account base salary, discretionary performance awards and benefits.

Our Total Reward Principles are the foundation of our compensation framework, particularly for integrating risk control and managing performance, as well as specifying how we structure

our compensation and performance award pool funding. They reflect our long-standing focus on pay for performance, sustained profitability, risk awareness and sound governance.

→ Refer to "Our deferred variable compensation plans" in the "Compensation" section of this report for more information

Employee share ownership

We believe personal accountability for business actions and decisions can be encouraged through equity-based awards. Our employee share purchase plan, Equity Plus, is a voluntary equity-based program whereby eligible employees can purchase UBS shares at market price and receive one matching share for free for every three shares purchased. These matching shares vest in three years, subject to continued employment at UBS and retention of the purchased shares. We also use UBS shares as a significant component in our performance award deferral programs. As of 31 December 2013, current employees held an estimated 7% of UBS shares outstanding (including approximately 5% in unvested/blocked actual and notional shares from our compensation programs), based on all known shareholdings from employee participation plans, personal holdings and individual retirement plans. At the end of 2013, an estimated 48% of all employees held UBS shares.

→ Refer to the "Compensation" section of this report for more information

Our identity and our commitment to being a responsible employer

We have a clear vision. We want to be the world's leading wealth manager and the top universal bank in Switzerland. We want to have an investment bank and an asset management business that are leaders in their chosen areas of focus and that add value to the overall franchise. We have made excellent progress in the past 18 months in implementing our strategy and in resolving legacy issues, and we are one of the world's best-capitalized banks. Our continued success depends largely on hard work and on building a strong corporate culture.

Relationships based on respect, trust and mutual understanding are the foundation for all of our business activities. The firm's guiding principles characterize the way we work together and the commitments we make to our clients. Unrivaled client focus is at the heart of our business model and we strive for excellence in everything we do, from the people we employ to the products and services we offer to our clients. We aim to deliver sustainable performance by strengthening our reputation and by delivering consistent returns to our shareholders. These concepts are integrated into our corporate decision-making and people management processes, and they are intended to shape the daily actions of our employees.

We are committed to making our unique culture a winning one. Our principles are brought to life in the actions and personal conduct that each of our employees exhibits in daily interactions with

clients and colleagues. In 2012, we developed some basic expectations for employee behavior with input from over 500 employees throughout all regions and businesses. They were discussed with the firm's 2,500 most senior managers in mid-2013 and then with more than 10,000 staff to ensure that our employees understand and act according to the values and principles that define who we are and what we stand for as an organization. In late 2013, we integrated these expectations into our promotion and performance evaluation processes to ensure that the way we achieve our goals is as important as achieving the goals themselves. We are developing a concrete plan to embed them in everything we do, from leadership skills building and business process simplification to employee engagement and the way we recruit people.

Listening to the voice of our employees

We request feedback from employees throughout the year. In 2012, we instituted a regular "Ask the CEO" event to allow employees to pose questions to our Group Chief Executive Officer Sergio P. Ermotti live in Zurich or via an interactive news and feedback channel called UBS Connections. A broad range of topics are discussed at these sessions, for example strategic direction, corporate restructurings and concepts such as collaboration and integrity.

Since 2008, we have utilized a targeted feedback tool to gauge the efficacy of our strategic communication initiatives, as well as the engagement levels of employees across the firm. This survey is sent several times a year to a representative sample of employees across all regions and business divisions. It assesses employees' familiarity with our senior management, the firm's principles and behaviors, specific measures of employee engagement, and their conviction regarding our strategic direction. We use the results to shape our communication strategies and to develop targeted initiatives that address areas of perceived weakness.

Benefits and well-being

We invest in all of our employees by offering a comprehensive suite of benefits such as insurance, pension, retirement and both paid and unpaid time off. We also offer our employees benefits beyond those required by local law or market practice. These benefits are designed to enhance employees' work experience and help them manage their professional and personal interests.

For example, we support flexible work arrangements in our major locations. In Switzerland, employees can request "Time Flex" options such as teleworking, part-time or job-sharing, or begin partial retirement starting at 58 years old. The UK and US have policies that outline part-time, flexible, job-sharing and home-working opportunities that may be appropriate for employees whose roles are amenable to flexible working conditions.

We also provide employee assistance programs in a number of locations, including the UK, US, Switzerland, Hong Kong, Singapore and Japan. These programs offer specialist support and counseling to help employees resolve issues related to stress, illness, personal conflict, finances, bereavement, mental health,

performance, adult care and other work-life challenges. In addition, employees in the UK can utilize an on-site general practitioner, physiotherapist and dentist, as well as occupational health services. Employees in Switzerland have access to a child-care referral service, and employees in Stamford have access to on-site childcare.

We have a longstanding commitment to support the overall health and safety of all our employees, as noted in our Code of Business Conduct and Ethics. Our health and safety guidelines emphasize the importance of providing a good physical infrastructure and a work environment that promotes the health and safety of our employees and contractors. As part of this mandate, we track accident and illness rates. In 2013, 48,389 work days were lost to accident and 319,868 to illness. This amounts to six work days per employee.

Our commitment to being a responsible employer is present in every component of our people management process. This is especially important when necessary actions significantly impact certain employee groups in workforce-reduction exercises such as downsizings or organizational restructurings. Redeployment and outplacement initiatives in every region provide transitional support to affected employees. For example, eligible employees in the US receive career transition support, in addition to severance pay and health benefits. In Switzerland, our COACH program helps affected employees find new roles within UBS, or outside the firm, in the event of a restructuring. Employees below the level of Director participate in a social plan that sets out the terms and conditions for redundancies as well as internal hiring, job transfers and severance.

→ Refer to www.ubs.com/health-safety for our health and safety statement

Employee representation

As part of our commitment to being a responsible employer, we work with all of our employee representation groups to maintain an active dialogue between employees and management.

The UBS Employee Forum for Europe was established in 2002 and includes representatives from 18 countries across Europe. It facilitates open dialogue on pan-European issues that may affect our regional performance, prospects or operations. Other local forums address topics such as health and safety, changes to workplace conditions, pensions, collective redundancies and business transfers. In Switzerland, for example, the elected members of the Employee Representation Committee partner with senior management for annual salary negotiations and represent employee interests on specific topics. The UK Employee Forum, with elected representatives from our UK businesses and appointed management representatives, focuses on economic, financial and social activities concerning UK employees. Collectively, the UBS Employee Forum, including the Employee Representation Committee and UK Employee Forum, represents approximately 50% of our global workforce.