

Our employees

Our employees' drive, skill and dedication are key to meeting the needs of our clients and building our businesses. We are committed to investing in our talent and to attracting, developing and retaining highly qualified people, while maintaining our reputation as a leading employer. We are also dedicated to promoting a performance-oriented culture that values and encourages collaboration across the entire Group. This helps to maximize opportunities to create value for the firm and support our employees' success.

Our workforce

Our competitive strength depends on the quality of our people. Hiring, developing and retaining high-quality employees are priorities for the firm, as our workforce is fundamental to the success of our strategy. Due to ongoing market challenges, we had to make some difficult business decisions in 2011 that impacted our workforce, including personnel reductions. Throughout this process, we endeavored to act as a responsible employer, making full use of our internal labor market and, where necessary, career transition support services. We also continued to invest in the development and training of talented employees who can help us to grow our businesses.

In general, employee levels were stable in 2011, with the number of people employed on 31 December 2011 at 64,820, up 203 or 0.3% from year-end 2010. In 2011, our employees worked in 57 countries, with approximately 36% of our staff employed in Switzerland, 35% in the Americas, 17% in the rest of Europe, the Middle East and Africa and 12% in Asia Pacific. Employee turnover, as a percentage of average overall headcount, was 13.8% in 2011. Employee-initiated turnover was 6.9%, down 0.2% from 2010.

Internal mobility encourages integration, collaboration and innovation, as well as individual career development. In 2011, we continued to support employee mobility across all regions and business divisions. In 2011, 472 employees moved to roles in a different region, compared with 489 in 2010. In 2011, 1,228 em-

Personnel by region

		As of		% change from
<i>Full-time equivalents</i>	31.12.11	31.12.10	31.12.09	31.12.10
Switzerland	23,188	23,284	24,050	0
UK	6,674	6,634	6,204	1
Rest of Europe	4,182	4,122	4,145	1
Middle East and Africa	162	137	134	18
USA	21,746	22,031	22,702	(1)
Rest of the Americas	1,177	1,147	1,132	3
Asia Pacific	7,690	7,263	6,865	6
Total	64,820	64,617	65,233	0

Personnel by reporting segment

		As of		% change from
<i>Full-time equivalents</i>	31.12.11	31.12.10	31.12.09	31.12.10
Wealth Management	15,904	15,663	15,408	2
Retail & Corporate	11,430	12,089	12,140	(5)
Wealth Management & Swiss Bank	27,334	27,752	27,548	(2)
Wealth Management Americas	16,207	16,330	16,925	(1)
Global Asset Management	3,750	3,481	3,471	8
Investment Bank	17,256	16,860	15,666	2
Corporate Center	274	194	1,624	41
Total	64,820	64,617	65,233	0
<i>of which: Corporate Center personnel (before allocations)¹</i>	19,270	19,472	20,054	(1)

¹ Please note that some of the figures in this table may differ from those originally published in quarterly and annual reports (for example due to adjustments following organizational changes).

employees transferred between business divisions, compared with 1,290 in 2010.

Recruiting new employees

Despite the challenging operating environment, we continued to recruit new talent to help strengthen and grow our businesses. In 2011, there was a strong focus on recruiting experienced client advisors in our asset-gathering businesses and making targeted hires in our investment banking and centrally managed functions. We continued to invest in talent for the future by hiring graduates and interns in each of our operating regions. We reduced hiring costs further in 2011 by increasing internal hires and making the most of employee referrals, both of which reduced the need to use outside agencies to fill positions.

We continued to be an attractive employer in 2011. Globally, 94% of candidates accepted our offer of employment, with 97% of individuals in Switzerland accepting. UBS ranked third among Swiss business students in the 2011 Universum Switzerland's Ideal Employers survey.

In 2011, we filled 6,459 positions across the firm. This was a decrease of 29% compared with 2010, largely due to significantly less recruiting in the Investment Bank and in centrally managed functions. Wealth Management & Swiss Bank hired 414 client advisors globally; 686 financial advisors were hired in Wealth Management Americas in 2011. Referrals from current employees were an important source for these hires; for example, in Asia Pacific, employee referrals accounted for 49% of the client advisors we hired. In addition, specialized client advisor associate programs were launched in Switzerland and Asia Pacific to recruit professionals from other industries into client advisory roles.

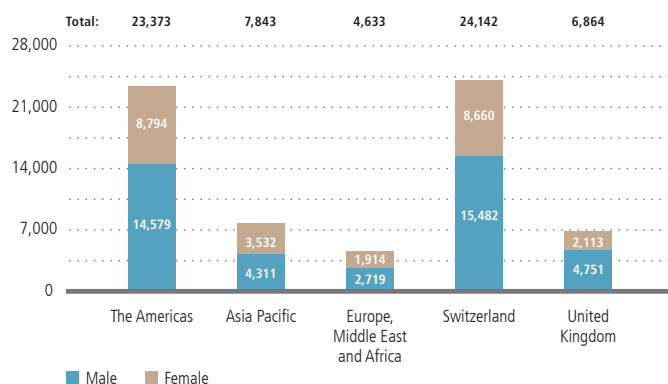
Several new recruiting initiatives were launched in 2011 to ensure there is a continuous and visible presence on our target campuses, consistent with our commitment to graduate hiring. We continue to provide unique educational opportunities for graduates that include business-specific activities. As part of our undergraduate and MBA graduate training programs, 1,111 university graduates joined UBS in 2011. An additional 1,215 interns were hired globally over the course of the year. Our apprenticeship program in Switzerland continued to be strong in 2011, hiring 300 apprentices.

Strengthening and sustaining our diverse workforce and inclusive work environment

In today's global business environment, we believe it is essential to have a workforce of individuals from widely differing backgrounds, cultures and life experiences. Diversity in gender, ethnicity, nationality, religion, age, disability, sexual orientation and other factors supports the firm in meeting the needs of our increasingly diverse client base. We also believe a diverse employee base and inclusive work environment increases employees' engagement. Ultimately, our success depends on equal employment opportunities and having the best person in each role. We are committed to increasing the diversity of our workforce at all levels of the organization, as well as increasing our retention of diverse

Gender distribution by geographical region¹

On 31.12.11



¹ Calculated on the basis that a person (working full-time or part-time) is considered one headcount in this graph only. This accounts for the total UBS end-2011 employee number of 66,855 in this graph, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and Widder Hotel.

employees. At the same time, we seek to strengthen and sustain an inclusive work environment that encourages employee development and enhances client relationships.

Our workforce is truly global. We have 895 offices in 57 countries, and our employees are citizens of 146 countries. In 2011, the average age of our employees was 38 years and the average length of employment at the firm was 8.6 years. In Switzerland, more than 51% of employees have worked at UBS for more than 10 years.

Our global strategy is delivered through concrete action plans for each business, the integration of diversity and inclusion into our people management processes, and regional initiatives that reinforce our global strategy. For example, we integrated information regarding "unconscious bias" into our performance management processes in 2011.

In 2011, regional diversity teams continued to work with business and human resource leaders on plans linked to regional talent strategies. For example, in 2011, a cross-divisional gender initiative in parts of Europe that aims to build a culture in which men and women thrive equally in their careers was extended to Asia Pacific and rolled out across the Investment Bank. Components include training for managers, providing sponsoring opportunities for senior-level women, enhancing support for employees on maternity leave and a focus on flexible working options for all employees. Over 50% of the business areas or regions in the initial group have shown a proportionate increase in the number of female Executive and Managing Directors due to hiring, promotion or retention since the program launched in 2009.

In 2011, we relaunched a mentoring program in Switzerland for women Associate Directors and Directors to help women focus on their career progression. The second annual UK Diversity & Inclusion Week, designed to raise awareness about the value of a diverse and inclusive workplace and what it takes to build one, featured a wide range of employee events, awards, and presentations on workplace diversity and inclusion issues. In Asia Pacific, we worked with our businesses to sponsor marketing events

Gender distribution by employee category¹

As of 31.12.11	Officers (Director and above)		Officers (other officers)		Non-officers		Total	
	Number	%	Number	%	Number	%	Number	%
Male	18,319	79.1	14,563	63.9	8,960	42.9	41,842	62.6
Female	4,850	20.9	8,214	36.1	11,949	57.1	25,013	37.4
Total	23,169	100.0	22,777	100.0	20,909	100.0	66,855	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-2011 employee number of 66,855, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and Hotel Widder.

targeted specifically toward female clients. In the US, we launched a recruiting initiative to hire a number of financial advisors to provide insight and access to underserved, diverse market opportunities. Online “harassment free” workplace training also was introduced in the US, in addition to existing classroom training.

More than 11,500 employees are members of over 25 employee networks across UBS that help build cross-business relationships and strengthen our inclusive culture. In the US, for example, a “straight ally” initiative significantly raised participation from the firm’s leaders and increased membership in our lesbian, gay, bisexual and transgender (LGBT) employee network by promoting an inclusive and supportive workplace environment. A straight ally member is encouraged to proactively support the inclusive treatment of LGBT colleagues, and participate in community service, networking and educational events to demonstrate their support. Our global network guidelines enable employees to set up or join employee networks/affinity groups in all our operating regions. Additionally, our human resource policies and processes have global coverage and outline our commitment to nondiscrimination, a harassment-free workplace and equal opportunity for all employees.

Managing performance

We are committed to giving employees the tools and support they need to be effective in their jobs and advance their careers. We

provide a framework for performance management that features regular opportunities for employee-manager dialogue, consistent and transparent assessment processes and a clear link between performance, demonstrated achievements and compensation.

In 2010, we made some significant changes to our performance management processes to increase transparency, support employee development and better reward employees in line with their contributions. These goals have not changed. However, based on employee feedback and a comprehensive review of the impact, we amended some aspects of the evaluation process in 2011. These changes were made to increase efficiency, improve the business focus of assessments and put more emphasis on individual development. Our underlying goal remains: to strengthen our performance culture and focus on our strategy so we can achieve long-term, sustainable profitability.

Employees’ performance reviews are based on their contribution and whether their individual performance appropriately reflects factors like leadership, collaboration and teamwork, client focus and professional behavior. In 2011, 99% of the employees eligible to participate in the firm’s global performance assessment received a performance review.

Performance management for our senior executives and certain other key employees is especially rigorous. Senior leaders, including all Group Executive Board (GEB) members, receive a comprehensive evaluation based on key achievements, business performance, risk management, leadership skills and meeting specific financial targets. Direct peer input is also required.

In 2011, our “key risk takers and controllers” were again subject to extended performance management procedures. 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. We therefore ensure that a holistic evaluation is conducted by relevant control functions on an annual basis. A sample of senior management and key risk-taker performance objectives are also reviewed annually.

We have Group-wide ranks and salary ranges that are applicable to all employees. We also have a standardized role classification model across the firm. Many human resource processes are based on these global role profiles, and this enables more clearly defined career paths and development plans for all employees.

Our approach to people management

Focusing on business priorities, rigorous risk management and building leadership strength



Education and talent development

We take a structured approach to leadership and professional development, business education and talent management. This helps ensure that our employees and senior leaders have the knowledge, skills and experience required to succeed in their roles and support our strategic goals. The UBS Business University is our global corporate university, composed of nine physical locations, several smaller in-house facilities and a comprehensive online training library. It manages all of UBS's learning activities, ensuring that they are aligned with Group-wide, divisional and regional business strategies.

One of the Business University's primary objectives is to help our senior leaders and our key talent build an effective leadership culture so that they can work together to attain the firm's goals. A series of leadership development offerings, management skills training and new hire programs equip our current and future leaders with the skills to lead UBS forward. Collaborative, cross-divisional learning is a hallmark of our leadership development and talent programs.

As a firm, we must be able to offer our private, corporate and institutional clients a broad range of products and services. Client Leadership Experience (CLE) workshops bring together client-facing employees from all divisions to build the knowledge, skills and networks needed to deliver the best solutions from the entire firm to our clients. In 2011, 33 workshops were held in 13 cities in the Americas, Europe, Asia Pacific and Switzerland and attended by

1,200 Directors, Executive Directors and Managing Directors. Since 2008, nearly 3,000 employees have participated in a CLE.

A comprehensive business education offering is provided through more than 90 role-specific learning pathways. These pathways are a structured sequence of activities that help ensure consistent training across similar job roles worldwide. Client-facing staff participate in specialized advisory and sales training to more effectively meet clients' needs.

A GEB-sponsored "Leading UBS forward" training program was launched in 2010 and continued through mid-2011. More than 53,000 employees attended one of 1,400 face-to-face workshops led by senior leaders from across the firm. These sessions gave employees the opportunity to improve their understanding of key components of our strategy, identity and strategic principles, and to embed our values in their daily work. A further 5,000 employees completed an online version of the course.

All employees can access a broad range of professional development training. Our eLearning portfolio, which consists of more than 2,000 courses, enables all employees to build skills at their own pace. In 2011, 34,200 employees participated in voluntary web-based learning on topics such as professional skills, leadership and management, understanding our business, IT and financial markets. Mandatory web-based training modules helped ensure that compliance and regulatory requirements were met by the relevant employees.

Each year, we invest in talent development and succession planning for the most critical roles across the firm. An annual

Strengthening the accountability of our leadership

In December 2010, the GEB approved specific leadership behaviors for the firm's leaders, who are expected to be role models, to lead authentically and to collaborate with other senior managers across the firm. These "leadership accountabilities" commit our Managing Directors and members of the GEB to

deliver results, develop talent and drive collaboration. Starting with the firm's performance management and education processes, these standards were integrated into all of the firm's human resource processes in 2011. For example, all newly promoted Managing Directors were required to take action to strength-

en two of the three accountabilities within their teams. Ninety days later, they were asked to quantify the impact of their actions. For example, increased collaboration was reported by 55% of respondents, with 41% reporting better client relationships.

Leadership accountabilities

Deliver sustainable results	Develop and engage talent	Drive business collaboration
Accept full accountability for your actions and make clear and timely decisions.	Lead by being a role model for UBS's values and strategic principles with authenticity.	Promote cross-business collaboration and a mind-set to put the client's interest first.
Lead your business by building a strong performance-oriented culture and reward the right actions and behavior.	Hire, develop and retain the best talent while respecting diversity.	Develop a vision for your business aligned with UBS's identity and communicate clear priorities and a plan for your function.
Ensure consistent high-quality delivery and execution.	Engage your people through inspiring, open and honest communication.	Align your organization and people to drive change.
Manage risk prudently to ensure long-term sustainable results.	Provide constructive feedback and coaching guidance to enhance performance.	Build high-trust relationships.

firm-wide talent review helps to identify and build the skills and competencies of employees who are identified as having leadership potential. In addition, possible successors for senior leadership roles are identified and tracked on a firm-wide basis, and they are offered specialized development opportunities in addition to on-the-job training.

Compensation

We strive to provide our employees with competitive pay and incentives, while carefully considering our obligations to shareholders and regulators. Our approach recognizes the need to compensate individuals for their performance within the context of competitive market conditions, a fast-changing commercial environment and evolving regulatory oversight. Our foremost priority is to encourage and reward behavior that contributes to sustainable profitability, and thereby the long-term success of the firm. In 2011, we increased our efforts to actively consider risk and account for risk-adjusted profitability in our compensation approach.

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. We always take a holistic view of employee compensation within a total reward framework that takes into account base salary, discretionary incentives 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 bonus pool funding. They reflect our long-standing focus on pay for performance, sustained profitability, risk awareness and sound governance.

Employee share ownership

We support employee share ownership in principle because we believe that personal accountability for business actions and decisions can be encouraged through equity-based awards. As an example, through Equity Plus, our voluntary equity-based program, employees purchase shares at market price and receive

one share for every three shares purchased. These shares vest within three years, subject to continued employment at UBS. On 31 December 2011, current employees held an estimated 6% of UBS shares outstanding (including approximately 4% in unvested/blocked shares), based on all known shareholdings from employee participation plans, personal holdings and individual retirement plans. At the end of 2011, an estimated 51% of all employees held UBS shares, while an estimated 39% held UBS stock options.

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

Our commitment to being a responsible employer

Relationships based on respect, trust and mutual understanding are the foundation for all of our business activities. The firm's Code of Business Conduct and Ethics (the Code) demonstrates the importance we place on responsible workplace behavior. The Code sets out the principles and practices employees are expected to follow and forms the basis for the policies and guidelines that govern employees' behavior. We provided training on the Code to all employees in 2010 and all staff who joined the firm in 2011.

We are committed to upholding our corporate values. They are integrated into our corporate decision-making and people management processes, and are aimed at shaping the daily actions of our employees.

Benefits and well-being

We strive to be a responsible employer and invest in all of our employees, whether they are full- or part-time staff, by offering a comprehensive suite of benefits such as insurance, pension, retirement and time off that are competitive in our markets. We also offer additional benefits to employees where practical. For example, flexible working arrangements are available to employees in many of our major markets, and we encourage and support our employees' efforts to volunteer in the many communities in which we operate.

To help employees manage life and work issues, we offer employee assistance programs (EAP) in a number of locations. In the UK, the EAP provides access to specialist support on topics such

as finances, family, bereavement and legal/consumer rights. A health and well-being program provides an on-site general practitioner, physiotherapist and dentist as well as occupational health services and an emergency back-up childcare and elder-care facility.

In the US, the Work Life Assistance Program offers around-the-clock counseling and referral services to employees and their families to help resolve issues that may affect their health, personal life, or job performance. The program also provides information about work-life effectiveness and offers referral services for child care, prenatal care, adoption, academic services and adult care. We also provide on-site childcare at our Stamford, Connecticut site and emergency/back-up child care in most other US locations.

Employee assistance initiatives in Asia Pacific are generally conducted on a country-by-country basis. In Hong Kong, for example, consultants from an external EAP provider help employees and their immediate family manage work and life stress, family, mental health, personal development or other challenges. In Japan, these services are available through an outside team of consultants trained in fields such as counseling, law, accounting and psychology.

In Switzerland, assistance for current and retired employees, as well as their family members, is provided through our Social Counseling and Retiree Services functions. Services include counseling for personal issues, difficulties in the workplace, sickness, financial difficulties and retirement. Employees also have access to an internal ombudsman's office. An HR Health Care function considers local health and safety matters. Work days lost to accident or illness are tracked, with 20,835 and 128,668 days respectively accounted for in 2011. This amounts to six work days per employee in Switzerland.

Programs are in place in every region to provide transitional support to employees impacted by restructuring exercises. For example, in Switzerland, we have a long-standing initiative called COACH to help redeploy employees within UBS, or help them find jobs outside the firm in the event of a restructuring. COACH advisors provide support and assistance in finding a new job by working closely with our internal recruitment center and outside employment services. During the COACH process, employees retain full salary and benefits, and financial assistance is available for job-related training, if needed.

Employees below the level of Director were eligible for the Social Partnership Agreement for employees in Switzerland (SOVIA CH) in 2011. A new social plan became valid on 1 January 2012, replacing SOVIA CH, which had expired. This social plan lays out the terms and conditions for making redundancies among employees whose jobs are subject to the Agreement on Conditions of Employment for Bank Staff (ACEBS). It governs the requirements and procedures for internal hiring, job transfers, and, when needed, severance. The aim is to make any necessary job cuts or operational changes in a responsible manner, making full use of our internal labor market, and to offer support and career advice to these employees.

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

Employee representation

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

The UBS Employee Forum (UBSEF) was established in 2002 and has representatives from 18 countries across Europe. The UBSEF facilitates an open exchange of views and information on pan-European issues that have the potential to impact our regional performance, prospects or operations. Additionally, local forums address issues such as health and safety, changes to workplace conditions, pension arrangements and consultation on collective redundancies and business transfers. In Switzerland, for example, the Employee Representation Committee (ERC) partners with UBS management in annual salary negotiations and represents employee interests on specific topics outlined in the collaboration and co-determination clauses of staff policies. It also supports open dialogue through a variety of channels and activities. ERC representatives are elected to represent employees whose work contracts are governed by Swiss law and the ACEBS. The UK Employee Forum (UKEF), which is formed by elected representatives from all of our UK businesses and appointed management representatives, focuses on local economic, financial and social activities of concern to UK employees. It may also be used for defining workforce agreements affecting UK employees. Collectively, the UBSEF, including the ERC and UKEF, represents over 40% of our global workforce.