UBS General Meeting - 24 April 2024

Dear Mr. Chairman,

Dear members of the board

Dear shareholders

My name is Vincent Kaufmann and I'm the CEO of the Ethos Foundation, which today represents a large number of Swiss pension funds and other private shareholders.

First of all, I would like to thank all the employees of UBS and Credit Suisse for the enormous effort they have put into the merger of the two banks. A special thought goes to those employees who have been affected by the integration of Credit Suisse.

We are aware of the many difficulties involved in such an operation and of the desperate financial situation in which Credit Suisse found itself. The board of directors and management of UBS have succeeded in stabilising the situation and saving Credit Suisse from bankruptcy.

It is therefore essential that the mistakes of the past are not repeated. In this context, Ethos would like to make a few remarks and ask a few questions on remuneration, capital structure and sustainability.

Regarding executive remuneration

Ethos has serious concerns about the significant increase in the remuneration of the executive committee.

Ethos is of the opinion that a high potential variable remuneration can create perverse incentives for the management. Ethos is concerned by the decision to increase the cap on the variable remuneration of the CEO from 5 to 7 times the base salary as from 2024. The current remuneration of 14 million for 9 months already makes Mr. Ermotti the highest paid CEO of a European bank.

Ethos is also concerned about the sudden change in the valuation of the share-based remuneration. The decision to value the shares at 50% of their market value while reducing the performance conditions on return on equity seems very counter-intuitive.

As a result, the retrospective vote on the annual bonus of 108 million Swiss francs proposed under item 9.3 does not represent the maximum potential bonus for the executive committee, as it could increase to CHF 162 million depending on future performance. The agenda is misleading and we ask the board to be much more transparent next year.

Mr. Chairman, my questions are the following :

- Can you provide today the fair market value of the shares granted as part of the 2023 annual bonus based on the valuation model used in the past and explain why the board decided to change the approach compared to previous years?
- Can you confirm that, based on the market value of the shares, the existing variable pay cap of 5 times base salary for the CEO in 2023 would be exceeded?

Dear shareholders, while we understand the complexity and new size of the bank, we believe that the remuneration package proposed today is not in the long-term interests of shareholders and stakeholders. We therefore recommend that you reject all the remuneration proposals put forward today.

On capital and strategy

When I saw on the agenda a request for conversion capital representing 20% of the issued capital and, almost on the same day, the announcement of a CHF 2 billion buyback, I scratched my head and my few remaining hairs! So I ask you today:

- What is the rationale for reducing core capital through a share buy-back while at the same time issuing AT1 bonds with a coupon of 9%?
- Has the board considered an alternative solution of further reducing the risk-weighted assets of the investment bank, which currently still represent 20% of total risk-weighted assets and have been the cause of many problems for UBS and Credit Suisse in the past?

Finally, I would like to mention the sustainability report, which is up for shareholder approval. This year's vote is mandatory and is governed by Article 964 of the Swiss Code of Obligations. The law is crystal clear: the report must be approved by shareholders. We therefore disagree with the board's interpretation that the vote is advisory.

As regards to the report itself, we have taken good note of the progress made this year. However, we regret that very important indicators such as the number of breaches of the code of conduct, data security breaches or the gender pay gap ratio are not disclosed.

Regarding the climate strategy, given the higher exposure of Credit Suisse to climate-sensitive sectors, we expect UBS to strengthen its policy and introduce a phase-out of high-emission and high-risk sectors such as thermal coal.

Dear Mr. Chairman:

- Is it true that UBS has decided to remove from its lending policy the phase-out of thermal coal, oil sands and Arctic drilling financing introduced by Credit Suisse?
- Does this mean that UBS is not prepared to withdraw from these high-emission sectors, as most of its European competitors have already committed to do?

Dear shareholders

Ethos believes that UBS has all the cards to become a leading sustainable bank, creating long-term value for all its stakeholders. However, this will require a much more reasonable remuneration policy, a further reduction of the investment bank, which has caused many problems in the past, and a much more ambitious sustainability strategy.

Thank you for your attention.