

# Our employees

**Our employees' drive, skill, insight and experience are key to meeting our clients' needs and growing our businesses. In light of this, we continually invest in our employees and work to further build our reputation as a leading employer. Our performance and development-oriented culture is based on integrity, collaborating across the firm and challenging the status quo to develop better solutions for our clients and colleagues. Our principles of client focus, excellence and sustainable performance are the basis for all our endeavors, helping us focus on key opportunities to create value for our stakeholders.**

## Our workforce

For the past three years, we have worked to build our capital strength, improve efficiency and effectiveness, and further strengthen our risk management. These three pillars are the basis of our business strategy and everything we do. At the same time, we have been strengthening our corporate culture to generate sustainable value for the long term. We made significant headway in attaining our goals in 2014, while continuing to ensure that we hire, develop and retain a global workforce that meets today's business challenges and positions us for future success.

Our overall workforce number remained relatively stable during 2014. As of 31 December 2014, we employed 60,155 people (on a full-time equivalent basis), 50 fewer than a year earlier. In 2014, our employees worked in 56 countries, with approximately 36% of our staff employed in Switzerland, 35% in the Americas, 17% in Europe, Middle East and Africa, and 12% in Asia Pacific. Additionally, our employees worked in 893 offices, spoke more than 130 languages and were citizens of 147 countries. Our workforce spans four generations, with an average age of 41 and an average length of employment at UBS of 9.2 years. In Switzer-

land, more than 48% of employees have worked at UBS for more than 10 years. This experience enables them to have stronger skills, better understanding and more institutional knowledge of our clients' needs and how to meet them.

A mobile workforce builds relationships across business divisions, regions and cultures and helps us to better leverage our employees' skills. It also helps ensure that we have the right people in the right roles. In 2014 we moved 1,063 employees between business divisions, and 421 employees to roles in a different region. Employee turnover, in relation to average overall headcount, was 13.4% in 2014, compared with 15% in 2013. Employee-initiated turnover was 8.5%, a decrease of 0.2% from 2013.

## Attracting and retaining talent

To promote sustainable performance, we must attract and recruit talented individuals, support their ongoing development and leverage their skills to meet our clients' evolving needs. We strive to be as forward-looking as possible when planning our talent requirements. Regular talent reviews enable us to understand our employees' capabilities, potential and ambitions, and to fill any

## Personnel by business division and Corporate Center

		As of		% change from
	31.12.14	31.12.13	31.12.12	31.12.13
<i>Full-time equivalents</i>	<b>31,12,14</b>	16,414	16,210	2
<b>Wealth Management</b>	<b>16,760</b>	16,344	16,094	(1)
<b>Wealth Management Americas</b>	<b>16,134</b>	9,463	10,156	(3)
<b>Retail &amp; Corporate</b>	<b>9,200</b>	3,729	3,781	2
<b>Global Asset Management</b>	<b>3,817</b>	11,615	13,595	2
<b>Investment Bank</b>	<b>11,794</b>	2,640	2,792	(7)
<b>Corporate Center</b>	<b>2,450</b>	1,055	488	(8)
<i>of which: Core Functions</i>	<b>970</b>	1,585	2,304	(7)
<i>of which: Non-core and Legacy Portfolio</i>	<b>1,480</b>			
<b>Total</b>	<b>60,155</b>	60,205	62,628	0
<i>of which: Corporate Center – Core Functions personnel (before allocations)<sup>1</sup></i>	<b>23,637</b>	23,860	25,351	(1)

<sup>1</sup> Comparative figures in this table may differ from those originally published in quarterly and annual reports due to adjustments following organizational changes.

gaps by developing or recruiting talent at all levels. Our integrated approach links our recruitment, diversity, learning, mobility, performance management, talent review, compensation and succession practices to foster a high-performance and development-focused culture.

### Recruiting new employees

When filling open positions, we give priority to existing staff and list open positions internally before looking externally. In 2014, 50% of all hires, including 71% of managing director hires, were filled by internal candidates. Alongside building on our existing employees' skills, we are committed to hiring the best available talent, as required, to sustain and grow our core businesses. In 2014, we recruited 8,216 external candidates across the firm, with Wealth Management recruiting 416 client advisors and Wealth Management Americas hiring 451 financial advisors.

In 2014, we expanded our online marketing and recruiting activities. As part of this, we built a strong presence on the recruitment and networking platform LinkedIn. We also increased our careers-related content on social media channels such as Facebook, Twitter and Google+, and launched the UBS Careers Blog on our website.

Investing in educating, hiring and training a pipeline of young talent is a priority for us. Participants in our undergraduate and MBA graduate training programs bring new perspectives and skills to our global teams and are a source of high-quality talent.

In 2014, 476 university graduates were hired into one of our graduate training programs, along with 991 interns.

Our Emerging Talent Program, a special summer internship within the UBS Education Initiative, targets students early in their university careers. In 2014, 72 students from 46 universities participated in a hands-on program that immersed them in solving real business challenges for their sponsoring business areas.

In Switzerland, this was the second year that we increased the number of new apprentices in conjunction with the UBS Education Initiative, hiring a total of 313. We also recruited 192 trainees into our All-round Traineeship Program for Swiss high school graduates.

In 2014, Working Mother magazine named UBS among the top 100 US companies for our leadership in establishing policies, programs and a corporate culture that supports working mothers. We were also ranked in the global top 40 in Universum's 2014 World's Most Attractive Employers list. In Universum's 2014 Ideal Employer surveys, among business graduates and experienced professionals, the firm was ranked number three overall, and the top financial services firm in Switzerland. In Asia Pacific, among other honors, UBS earned the Hays Award for Employer of Choice in Singapore.

→ Refer to [www.ubs.com/careers](http://www.ubs.com/careers) for more information and to follow the UBS Careers Blog

→ Refer to [www.ubs.com/awards](http://www.ubs.com/awards) for more information on UBS's rankings as an employer

## Personnel by region

	As of		% change from
Full-time equivalents	31.12.14	31.12.13	31.12.12
Americas	20,951	21,317	21,995
of which: USA	19,715	20,037	20,833
Asia Pacific	7,385	7,116	7,426
Europe, Middle East and Africa	10,254	10,052	10,829
of which: UK	5,425	5,595	6,459
of which: Rest of Europe	4,663	4,303	4,202
of which: Middle East and Africa	166	153	167
Switzerland	21,564	21,720	22,378
<b>Total</b>	<b>60,155</b>	<b>60,205</b>	<b>62,628</b>

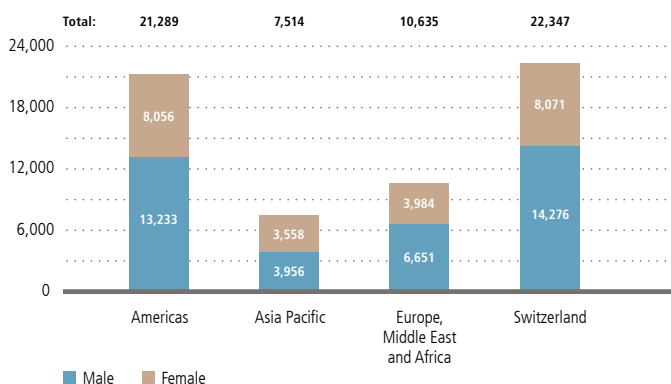
## Gender distribution by employee category<sup>1</sup>

Headcount as of 31.12.14	Officers (Director and above)		Officers (other officers)		Employees		Total	
	Number	%	Number	%	Number	%	Number	%
Male	18,170	78	12,224	61	7,722	42	38,116	62
Female	5,166	22	7,912	39	10,591	58	23,669	38
<b>Total</b>	<b>23,336</b>	<b>100</b>	<b>20,136</b>	<b>100</b>	<b>18,313</b>	<b>100</b>	<b>61,785</b>	<b>100</b>

<sup>1</sup> 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 employee number of 61,785 as of 31 December 2014, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and Hotel Widder.

## Gender distribution by geographical region<sup>1</sup>

Headcount as of 31.12.14



<sup>1</sup> 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 20,009 and the rest of the Americas at 1,280. EMEA consists of the UK at 5,587, the rest of Europe at 4,857 and Middle East and Africa at 191. This accounts for the total UBS employee number of 61,785 as of 31 December 2014, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and Widder Hotel.

## Strengthening our inclusive work environment and diverse workforce

In a world where demographic changes are accelerating, where our clients are becoming increasingly diverse and where the traditional talent pool is shrinking, diversity and inclusion support our business strategy and help prepare us for the future. They directly impact our business results in positive ways, including:

- Enhanced client focus and effectiveness: we believe diverse teams better understand and relate to the needs of our clients, building trust through their inclusive approach to doing business.
- High-quality employees: an inclusive work environment is a magnet for high-quality people, and it helps us attract and retain diverse talent and engage them to perform at their best.
- Improved decision-making: our goal is diversity of thought, opinion and experience. Achieved through a combination of visible and invisible diversity, this kind of diversity drives better decision making, thought leadership, innovation and agile thinking, while helping avoid institutional blindness.

Aware that good leadership is key to leveraging the benefits of diverse teams, we provide learning opportunities to help managers become inclusive leaders who support their employees' career development. This includes training to help eliminate unconscious biases in decisions about roles, assignments, working arrangements, promotions and performance evaluations. Complementing this, our human resource policies and processes have global coverage and outline our commitment to a non-discriminating, harassment-free workplace with equal opportunities for all employees.

Our employee networks are key change agents, partnering with other stakeholders to deliver on our strategy. In 2014, nearly 17,000 employees across UBS were members of 27 employee

networks. These inclusive groups, representing elements such as gender, culture, life stage and sexual orientation, foster cross-business relationships and an open workplace.

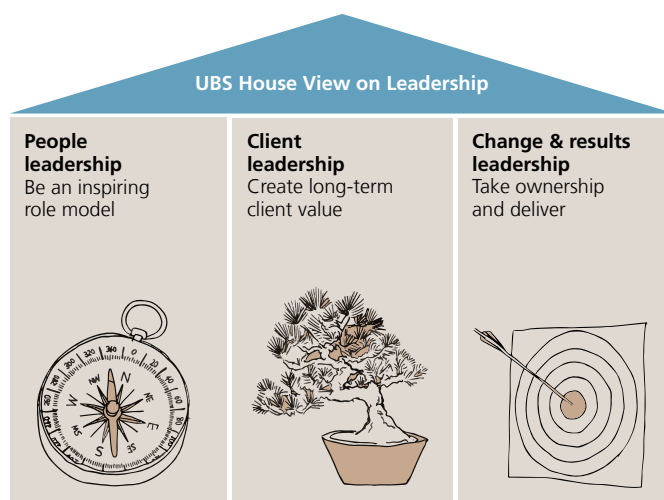
## Managing performance

Leadership matters. It drives the development of a corporate culture that supports sustainable success, as well as being a source of pride and competitive advantage. Especially now, our leaders must be transformational, pushing for positive change in the ways our employees work together and how we manage our businesses. At UBS, we know it is important to be clear about what leadership means to us and in September 2014, we outlined explicit expectations for excellent leadership in The UBS House View on Leadership.

The UBS House View on Leadership promotes a shared understanding and consistent standard for our leaders. It builds on and complements the firm's principles – client focus, excellence and sustainable performance – and the expected behaviors of integrity, collaboration and challenge that bring our principles to life in daily workplace interactions. We ask leaders across the firm to demonstrate these qualities as individuals and as team heads, and to make sure they are reflected in their hiring, development and promotion decisions. The UBS House View on Leadership became an integral part of the 2014 managing director promotions process. It will be embedded into promotion, hiring and development decisions for director-level roles and higher in 2015.

Good performance management is essential to individual, Group and corporate success. Done right, it improves team and business performance and enables individuals to advance in their careers. Ultimately, consistently good management enables the firm to successfully deliver its strategy. Our global performance management framework provides regular opportunities for em-

## UBS House View on Leadership



ployee-manager dialogue and consistent assessment processes that link performance, behavior, demonstrated achievement and compensation. It enables employees to set clear performance and development goals, to be effective in their roles and to advance their careers. It also provides a platform for managers to support their employees in contributing their full potential towards the firm's success. In 2014, 100% of the employees eligible to participate in the firm's performance assessment processes were reviewed.

Our performance management process measures both what was achieved, and how those results were achieved. Since 2013, we have specified the behaviors we expect of employees and have embedded them into our performance evaluations. As a result, in addition to rating effectiveness in achieving business objectives, the employee, manager and any additional reviewers are expected to rate how well integrity, collaboration and challenge have been demonstrated.

Continually improving risk management is an important part of leadership at UBS. Helping employees understand and appropriately manage all types of risk was critical in 2014. Measurable risk objectives were again required for all employees and considered in performance reviews and compensation decisions. Employees in key risk-taker roles were also subject to additional measures. Due to their roles, key risk-takers can materially commit, use or control the firm's resources, and they may exert significant influence over our risk profile. In addition to self, manager and other relevant 360-degree reviews, at least one person in a control function such as finance or compliance was required to provide constructive feedback regarding the employee's understanding and management of risk in the work they do.

### Learning and development

Our learning and development activities are an integral part of our talent and people management framework. They are designed to help our businesses achieve their goals, develop our future leaders, and enable employees to build their skills in line with business requirements and their career plans. They also address regulatory and compliance requirements and support the firm's ongoing transformation. Our long-term success relies on our employees continuing to develop their portfolio of skills and reaching toward their full potential. We are committed to supporting this in a variety of ways.

In 2014, we leveraged education as a vehicle for culture change. Special focus was placed on embedding the firm's behaviors in our people management processes and enabling leaders to live up to the firm's high expectations of them as role models. The most visible example was our Senior Leadership Experience. This program reinforced the links among business strategy, leadership, and our principles and behaviors. Regional sessions for the firm's top 250 leaders held in April 2014 focused on our behaviors and personal leadership; a second session in September dealt with our principles and organizational change. Participants strengthened their understanding of, and support for, the firm's strategy and

culture and were given tools to further engage their teams on these topics to increase employee commitment and thus build on our momentum.

Beyond these strategic leadership initiatives, our offerings in 2014 included other senior leadership and key talent development, business and client education, and role-specific education for all employees. For instance, high potential director-level employees were invited to participate in Ascent, a 12-month program to develop leadership capabilities and cross-business networks. Divisional initiatives in 2014 included specialized programs for key-talent managing directors in Wealth Management and a series of specially designed workshops promoting cross-divisional collaboration that were attended by more than 2,500 line managers in Asia Pacific.

We invest in training programs for all employees, with a special emphasis on client-facing staff in our wealth management businesses. Initiatives like the Master in Wealth Management by UBS and Rochester-Bern Executive Program help ensure our client advisors can provide superior investment advice and solutions for our wealthy clients. At the same time, our Wealth Planning Analyst program in Wealth Management Americas is developing a new generation of advisors through a three-year job rotation. These initiatives complement long-running programs such as the Wealth Management Diploma, which is required for all client advisors in UBS Wealth Management.

All employees can access a broad range of development and learning opportunities related to their jobs. Our eLearning portfolio contains 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 work effectively in their roles and within evolving business and regulatory environments. In 2014, our permanent employees participated in approximately 757,000 development activities, an average of 12.3 training sessions per employee or 2.4 training days. This total in-

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## Lifelong learning

Global demographic changes mean that many individuals experience longer careers in a rapidly evolving work environment. As a result, ongoing training and personal development have gained in significance. We are committed to investing in training for young talent as well as in the further education and development of experienced employees. In early 2013, UBS launched a targeted lifelong learning initiative especially for employees in Switzerland aged 45 and above. The program was expanded in 2014 to offer career planning sessions, as well as training in office tools and applications, languages, social media, networking and multi-generational collaboration. More than 800 employees participated in at least one lifelong learning event during 2014.

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cluded more than 579,000 sessions on topics such as money laundering prevention, supervision, fraud awareness and information security. They are valuable learning experiences for all employees, help us meet our regulatory commitments and are mandatory for defined groups of employees, including external staff working in those respective areas.

→ Refer to the 2014 Annual Review for more information on our wealth management education initiatives

## Compensation

We strive to find the right balance of return for both our employees and our shareholders. We offer our employees competitive base salaries and variable performance awards that reflect their overall contributions. 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 requirements. We seek to encourage and reward behavior that contributes to the firm's long-term success.

Our compensation structures and programs are 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 salaries, discretionary performance awards and benefits.

Our compensation framework is based on our Total Reward Principles, particularly in terms of integrating risk control and managing performance, as well as in specifying how we structure our compensation and performance award pool funding. The Principles reflect our long-standing focus on pay for performance, sustained profitability, risk awareness and sound governance.

We have Group-wide ranks and country-specific salary ranges applicable to all employees, as well as a global role classification model. Human resource processes based on these global role profiles support clearly defined career paths and development plans for all employees.

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

## Employee share ownership

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 2014, current employees held an estimated 7% of UBS shares outstanding (including approximately 5% in unvested/blocked actual and notional shares from our compensation programs). This figure is based on all known shareholdings from employee participation

plans, personal holdings and individual retirement plans. At the end of 2014, an estimated 41% of all employees held UBS shares.

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

## Our vision and our commitment to be a responsible employer

We have a clear vision. We want to be recognized for creating superior value for our clients, employees and shareholders. Further, we aim to be the world's leading wealth manager and the top universal bank in Switzerland, and for our investment bank and asset management businesses to be leaders in their respective areas of focus.

We are committed to making our unique culture a winning one. Relationships based on respect, trust and mutual understanding are the foundation for all of our business activities. Client focus and sustainable performance are 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. These concepts are integrated into our corporate decision-making and people management processes, and they shape the daily actions of our employees.

How we accomplish our goals is as important as achieving the goals themselves. Therefore, over the past two years, we have defined and communicated the specific behaviors we expect of our employees and have integrated them into our business and human resource practices. Integrity, collaboration and challenge are concepts that define what we stand for individually and characterize our daily interactions with clients and colleagues. During 2014, we embedded these behaviors into our business and human resources practices, from leadership skills building and business process simplification to our recruiting and performance management practices.

## Listening to the voice of our employees

Culture is a critical component of our transformation, because companies with strong, productive cultures outperform those without. We have spent the past few years focusing on the basics of culture-building: clearly communicating our vision and strategy, embedding the firm's principles and behaviors in our daily work, and focusing on initiatives that will help ensure sustainable performance.

To gauge our progress, we regularly solicit feedback from employees across all business divisions and regions. Our most comprehensive feedback tool is our biennial employee survey, conducted in June 2014. This all-staff survey seeks employees' views on how well we are achieving our strategy, acting according to our principles and behaviors, and ensuring a work environment where employees can succeed.

Globally, 45,463 employees participated in the survey, representing 78% of our permanent total workforce at the time. We compared our results to 2012, and also to an external benchmark of financial peers. Overall, the survey showed that we have per-

formed better than our external benchmark and have made progress in changing the firm to ensure long-term success:

- At a strategic level, 74% of participating employees believe we are responding effectively to industry changes and 80% understand how their individual roles support the firm's broader strategy.
- Client focus remains core to our business strategy and culture; 85% of respondents agree that we care about our clients, and 84% agree that we strive to deliver high quality solutions and services to them.
- Our employees are highly engaged, with 77% of respondents seeing UBS as a good place to work and 75% agreeing that they are highly motivated to go the extra mile.
- Regarding our culture change journey, we were pleased to see from employees' responses and comments that our principles and behaviors have been embraced and are becoming deeply embedded in our day-to-day routines.

Considering our strategic transformation and the external pressures on our industry, our overall results demonstrate a high level of stability and resilience. It is nevertheless clear there are some perceived weaknesses that need firm-wide attention. In particular, employees told us that getting things done is often more difficult than it needs to be and that retaining our most talented employees should continue to be a priority.

Following the conclusion of the survey, the Group Executive Board, as well as leaders of business divisions and functions, agreed on specific action plans to reinforce our strengths and to address areas for improvement. One immediate priority has been to develop initiatives to increase accountability, as well as generally making it easier for employees to do their jobs.

### **Benefits and well-being**

We strive to maintain a collaborative, respectful and healthy working environment. We offer all of our employees a market-competitive and comprehensive suite of benefits, which can include such elements as insurance, pension, retirement and both paid and unpaid time off. Our benefits are designed to enhance

employees' work experience and help them manage their professional and personal interests.

In many cases, our offerings go beyond those required by local law or market practice. 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 arrangements, or begin partial retirement starting at the age of 58. HR policies in the UK and the US specify 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 offer employees time off to volunteer in their local communities.

We are committed to providing a supportive work environment for employees at all stages of their careers and personal lives. For example, our HR policies seek to ensure that employees have the opportunity to take sufficient parental leave upon the birth or adoption of a child and to continue their careers at UBS upon their return. Parental leave entitlement is governed by local legislation, and it varies by country. UBS meets the statutory parental leave requirements in all locations, and in most locations we exceed them.

We seek to support our employees in managing challenges that arise in their work or personal lives. We offer a wide range of employee assistance programs in a number of locations, including the UK, the US, Switzerland, Hong Kong, Singapore and Japan. These programs include specialist support and counseling for stress, illness, personal conflict, finances, bereavement, mental health, performance, elder care and other work-life challenges. Employees in a number of locations can access company-provided or subsidized health services, child care and fitness options.

Having a supportive work environment is especially important in changing market conditions, when certain employee groups may be impacted by organizational restructuring. We have redeployment and outplacement initiatives in every region to provide assistance. For example, we provide career transition support, in addition to severance pay and health benefits, to eligible employees in the US. In Switzerland, our COACH program helps affected employees find new roles either within UBS or outside the firm. Employees below the level of Director participate in a social plan

that sets terms for redundancies as well as internal hiring, job transfers and severance.

We have a longstanding commitment to support the well-being of all our employees, as noted in our Code of Business Conduct and Ethics. Our guidelines emphasize the importance of a good physical infrastructure and a work environment that promotes the health and safety of both employees and external staff. As part of this mandate, we track accident and illness rates for our employees. In 2014, 49,779 work days were recorded in our HR system as having been impacted by accidents, with 336,911 impacted by illness. This amounted to an average of five work days per employee.

→ Refer to [www.ubs.com/health-safety](http://www.ubs.com/health-safety) for our health and safety statement

### Employee representation

As part of our commitment to being a responsible employer, we maintain an open dialogue with all of our employee representation groups in the EMEA region. The UBS Employee Forum for Europe was established in 2002 and includes representatives from 14 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 meet 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, focu-

ses 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 52% of our global workforce.

### Resolving workplace issues

We recognize that workplace issues may sometimes arise. Therefore, we have processes in place in each region to deal with work-related grievances or complaints. We are committed to trying to resolve any employee grievance issues that arise in a timely and effective manner. In many cases, such concerns can be resolved on an informal basis, although more formal procedures are available if needed. The process for raising a concern is outlined in our employee handbooks or other appropriate local documentation.

Employees who have a concern about a work-related matter are encouraged to speak with their direct line manager or an HR representative. They are also encouraged to promptly report any conduct by other employees, consultants, clients or service providers that may constitute a breach of laws, regulations, rules, policies or procedures. Our internal policies prohibit adverse action against employees placing complaints in good faith. We also have a global whistleblowing policy and established procedures (including a telephone hotline) for submitting, investigating and handling these reports confidentially and protecting anonymity. Background information is available online, is referenced in our employee handbooks and is detailed on our global whistleblowing web page, easily accessible from a link on the firm's employee website.