

Our employees

Overarching aims and objectives

Build engagement and strengthen our **corporate culture**

- Invest in large-scale culture programs across the organization
- Measure, foster and recognize culture-building behaviors

Remain an **employer of choice** for people at all career stages

- Maintain attractiveness to external talent and a highly motivated workforce
- Focus on internal mobility and provide long-term career prospects

Strengthen our **diverse and inclusive** workplace

- Aspiration to increase the ratio of women in management roles to one-third
- Support activities focused on increasing the inclusiveness of our culture

Effectively **develop, manage and retain our talent**

- Provide a wide range of learning opportunities to meet the needs of employees at all levels
- Prepare current and future leaders for enhanced responsibilities and leadership excellence

Our employees' skills, experience and commitment are key to delivering on our business strategy. Our human resource (HR) strategy therefore seeks to hire, develop and engage talented employees at all levels who have the diverse backgrounds and capabilities to advise our clients, develop new products, manage risk and adapt to evolving regulations. We invest in our employees and promote initiatives that build engagement and a cohesive, collaborative culture.

Building our culture

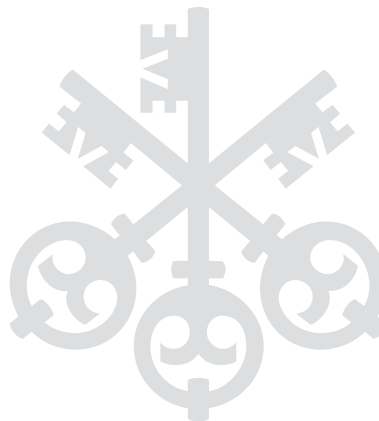
Having a strong culture is vital to our sustained success. In 2013, we introduced the three keys to success – our Pillars, Principles and Behaviors. They help us achieve our vision and execute our strategy, shaping how we work together and influencing everything we do. Since then, we have focused on strengthening our culture and embedding our core values more deeply into the identity of the firm. In 2017, we continued with our firm-wide culture-building program, working closely with senior managers from all divisions, functions and regions. A key initiative remains our very successful Group Franchise Awards (GFA) program, which we implemented in 2016 to recognize culture-building behavior. The GFA program allows us to track cross-business collaboration and develop ideas for simplifying our processes. The program has maintained strong momentum in terms of both the number and the quality of submissions from across the entire firm.

Attracting and recruiting talent

A positive, cohesive culture is both advanced and sustained through individuals who share our vision and core values.

We source such employees through a variety of channels. Our first priority is to consider current employees for open roles. Internal mobility builds connections across the firm and enables employees at all levels to leverage existing skills and develop new ones. In 2017, we introduced a new, in-house-built tool that matches employee career preferences with open roles and helps identify high-quality internal candidates. Having long-term career prospects with us is an important driver of career satisfaction for existing employees and it attracts external talent.

Our three keys to success



Our Pillars are the foundation for everything we do.

Capital strength
Efficiency and effectiveness
Risk management

Our Principles are what we stand for as a firm.

Client focus
Excellence
Sustainable performance

Our Behaviors are what we stand for individually.

Integrity
Collaboration
Challenge

Externally, we source candidates directly and through employee referrals, job boards, social media, advertisements and external recruitment agencies. In 2017, we launched our employer value proposition (EVP) globally, which explains what we stand for as an employer and what differentiates us. Our EVP is aligned with our corporate strategy, the three keys to success and our brand. As an employer of choice, we received more than 730,000 applications in 2017 and hired a total of 9,881 external candidates at all career stages.

Throughout 2017, we continued to hire employees and see growth in our Business Solutions Centers (BSCs) in the US, Switzerland, India, China and Poland. All UBS Corporate Center functions are represented in our BSCs; this co-location of teams enhances collaboration and efficiencies. At year-end, offshore

and nearshore employees accounted for approximately 21% of our global Corporate Center workforce.

Hiring and training entry level talent is a priority for all business divisions. In 2017, we hired 394 new university graduates into our graduate talent programs, as well as 578 interns for various roles. In Switzerland, we hired 294 apprentices for business and IT roles, and 171 trainees into our bank entry programs for high school graduates.

→ Refer to www.ubs.com/careers for more information and to follow our careers blog

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

Top-employer honors in 2017

- World's Most Attractive Employers (Universum): global top 50
 - Switzerland's Most Attractive Employers (Universum): ranked second by business students
 - Global Ideal Employers, Global Female Ideal Employers (eFinancialCareers): top 10
 - Bloomberg Financial Services Gender-Equality Index member
 - Ideal Employers (eFinancialCareers): Asia top 5; Europe top 10; North America top 20
 - Working Mother 100 Best Companies (Working Mother, US)
 - Best Places to Work for LGBT Equality (Human Rights Campaign, US)
 - The Times Top 100 Graduate Employers (The Times, UK)
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Diversity and inclusion

Workforce diversity is a business imperative for us. In our experience, teams with diversity in gender, race, age, ethnicity, education, background, disability, sexual orientation and other aspects better understand and relate to our equally diverse clients' needs. Likewise, diversity of thought, opinion and experience helps us make better decisions and drives innovation, while an inclusive work environment attracts high-quality people and makes the firm a better place to work. Our HR policies and procedures underscore our commitment to a diverse and inclusive workplace, with equal opportunities for all employees.

We are committed to hiring, retaining and promoting more women across the firm. In 2017, we continued to build on our aspiration to increase the ratio of women in management roles to one-third. We embedded management accountability at all levels for supporting this goal and continued to develop and refine career support, HR processes and technology solutions to help us better retain women at all career stages. In order to better understand and address the motivations of voluntary senior leavers, we undertook a landmark global attrition study in mid-2017, surveying nearly 2,000 former employees. Results are being examined at a divisional level and actions are being defined.

The UBS Career Comeback Program is an initiative we launched in Switzerland and the US in 2016 and extended to the UK in 2017. The program supports professionals who wish to return to corporate jobs after a career break and features on-the-job experience, classroom learning and mentoring. The program has proven successful: so far, Career Comeback has given 65 women and two men the opportunity to relaunch their careers.

In addition to our strategic initiatives, every year we support numerous activities in each business division and region focused on increasing the inclusiveness of our culture through coaching and education, for example, to raise awareness of and reduce unconscious bias. Integral to this effort are our employee networks, which regularly host events on gender, culture, life stage, sexual orientation and other topics. In 2017, we sponsored 43 employee networks globally, with more than 17,000 members.

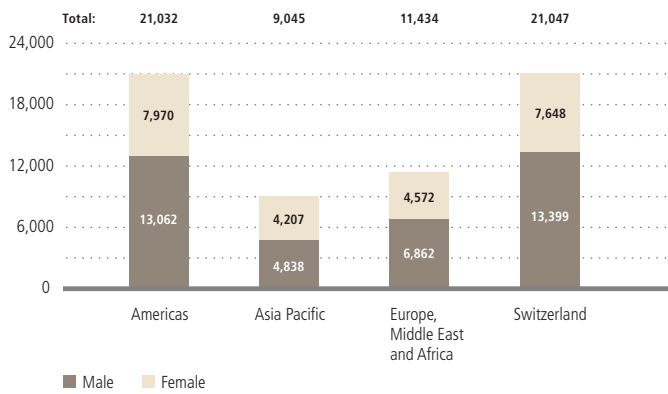
→ Refer to www.ubs.com/diversity for more information

Personnel by region

		As of		% change from
		31.12.16	31.12.15	31.12.16
<i>Full-time equivalents</i>	31,12.17			
Americas	20,770	20,522	20,816	1
<i>of which: USA</i>	19,944	19,695	19,897	1
Asia Pacific	8,959	7,539	7,539	19
Europe, Middle East and Africa	11,097	10,746	10,505	3
<i>of which: UK</i>	5,274	5,206	5,373	1
<i>of which: rest of Europe</i>	5,662	5,373	4,957	5
<i>of which: Middle East and Africa</i>	161	167	176	(4)
Switzerland	20,427	20,581	21,238	(1)
Total	61,253	59,387	60,099	3

Gender distribution by geographical region¹

By headcount, as of 31.12.17



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 US at 20,184 and the rest of the Americas at 848. EMEA consists of the UK at 5,437, the rest of Europe at 5,822 and Middle East and Africa at 175. This accounts for the total UBS employee number of 62,558 as of 31 December 2017, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and the Widder Hotel.

Developing and managing our workforce

We expect our leaders to be champions for our strategy and culture as well as effective managers and advocates for their employees. We develop current and future leaders through a leadership program suite that spans from first-level line managers to senior leadership levels. Programs like our Senior Leadership Experience for our most senior executives and the Senior Leadership Program for managing directors help define our expectations for leadership excellence, build confidence in our strategy and increase commitment to the firm's three keys to success.

A skilled workforce to execute our business strategy is crucial to our success. We provide learning and development opportunities to all our employees to support them in enhancing their knowledge and skills at all ages and career stages. For example, we offer development programs, business education and role-specific training. Furthermore, as one of the top

educators of entry level talent in Switzerland, we train more than 1,800 young people each year, including apprentices, interns and high school and university graduates. In 2017, our permanent employees participated in approximately 765,500 development activities, including mandatory training on compliance, business and other topics. This was an average of 12.2 training sessions, or 2.3 training days, per employee.

Our key talent programs prepare high-potential employees for line management or senior leadership roles. Training for client-facing staff in 2017 included a Master in Wealth Management degree program and a rigorous training program for aspiring financial advisors in the US.

All employees and managers are also asked to consider development activities and career planning in regular, two-way discussions. At UBS, development includes experience, exposure and education. Line managers are expected to actively support both development and internal mobility, as they are key factors for professional growth, engagement and retention.

Managing performance

Effective people management is key to sustaining a high-performing organization. Our annual performance reviews assess both performance and behavior. Measuring what was achieved and how those results were achieved underscores the importance of the firm's Behaviors for individual and Group success, and both ratings are considered in development, reward and promotion decisions.

Rewarding performance

Our compensation philosophy is to align the interests of our employees with those of our clients and investors, building on our three keys to success – our Pillars, Principles and Behaviors. Our Total Reward Principles establish a framework that balances sustainable performance and prudent risk-taking with a focus on conduct and sound risk management practices.

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

UBS University

Knowledge is what sets us apart and keeps us flexible and competitive, as a firm and as individuals. Learning plays a crucial role and that is why at UBS we create an environment where employees can grow and develop. At the center is

our new corporate university – UBS University, a one-stop shop for all learning and development at UBS. Its offering ranges from online and in-person training to help all employees and line managers develop their professional skills, to highly

specialized training and certification programs for specific business areas and support for continuous, lifelong learning. In total, we offer more than 2,400 e-learning and classroom-based trainings.

Gender distribution by employee category¹

By headcount, as of 31.12.17	Officers (Director and above)		Officers (other officers)		Employees		Total	
	Number	%	Number	%	Number	%	Number	%
Male	17,986	76	13,046	60	7,129	42	38,161	61
Female	5,651	24	8,716	40	10,030	58	24,397	39
Total	23,637	100	21,762	100	17,159	100	62,558	100

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 employee number of 62,558 as of 31 December 2017, which excludes staff from UBS Card Center, Hotel Seepark Thun, Wolfsberg and the Widder Hotel.

Our responsibilities

We aim to be a high-quality employer, with our values embedded in all of our people management practices. We offer competitive benefits to all employees that include insurance, pension, retirement and personal leave. These benefits often go beyond legal requirements or market practice, and we regularly review them to confirm that they meet our employees' needs. For example, in 2017 we enhanced our Family Care Leave policy in the US and Puerto Rico to offer employees four paid weeks of leave per year to care for a relative with a serious health condition. We also increased our paternity leave options in Switzerland in 2017. In addition to the current 10-day paid leave, new fathers can either take up to four weeks of unpaid leave or reduce their workload to 80% for up to six months. At UBS, all new parents can take paid time off after the birth or adoption of a child. Our parental leave policies meet the legal standards in all locations and exceed them in most. We also support flexible working arrangements, including telecommuting, part-time roles, job sharing and partial retirement.

A wide range of resources are available to help employees navigate work-life issues and personal challenges. For example, assistance programs in every region offer support and counseling for challenges such as illness, conflict, bereavement, psychological health and elderly care. In addition, we have redeployment and outplacement programs in every region, as well as clear policies and processes for handling redundancies.

Our Code of Conduct and Ethics (Code) is the basis for all HR policies, guidelines and procedures. It includes a commitment to the health and safety of employees and external staff.

→ Refer to www.ubs.com/healthandsafety for more information

Employees have a voice in shaping our culture

We want our employees to be engaged and to share their views on the status quo and our culture. We also want to give them the opportunity to have an impact on the firm's future. Since

2016, we have regularly surveyed all our permanent employees to capture their feedback on how we are doing as a firm. In 2017, we conducted two surveys, in which 74% and 80% of eligible employees, respectively, participated. In both surveys, a significant majority of respondents agreed that they are proud to work at UBS and would recommend the firm to family and friends. They think the firm has a positive work environment and the learning and career opportunities offered are continuously improving for employees at all levels. Our ongoing ambition remains to have a highly motivated workforce that models integrity, collaboration and challenge in their daily work. We also want to be the clear employer of choice in the financial services industry. Our goal is to maintain overall engagement ratings in the top quartile.

Grievances and whistleblowing protection

We are committed to maintaining high legal, regulatory and ethical standards. We have long-standing procedures in every region to help us resolve employee grievances, and employees are strongly encouraged to speak with their line manager or HR about any concerns. Our global whistleblowing policy and procedures offer multiple channels for staff to raise concerns, either openly or anonymously, about any suspected breaches of laws, regulations, rules or other legal requirements, or of our Code, policies or professional standards.

→ Refer to the "Risk management and control" section of this report for more information

Employee representation

As a responsible employer, we maintain an open dialog with our formal employee representation groups, all of which are in Europe. The UBS Employee Forum for Europe represents 16 countries and considers pan-European issues that may affect our performance, operations or prospects. Similar regional and country level groups discuss topics such as business transfers, pensions, workplace conditions, health and safety, and redundancies. Collectively, these groups represent approximately 50% of our global workforce.

Our workforce at a glance ¹



Corporate governance, responsibility and compensation

¹Calculated as of 31.12.17 on a headcount basis of 62,558 unless specified to be on a full-time equivalent (FTE) basis, where we include proportionate numbers of part-time employees.
²Employees only. In addition, 32,140 external staff (by headcount) were active at the end of 2017 and 2,774 FTEs were employed through third parties on short-term contracts to fill positions on an interim basis.