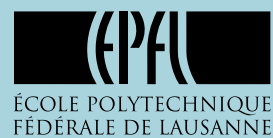




**PANORAMA 015**  
CORPORATE GOVERNANCE





# CORPORATE GOVERNANCE

## ORGANIZATION

### EPFL's mission

The Ecole polytechnique fédérale de Lausanne (EPFL) was founded in 1969 and is one of two Federal Institutes of Technology in Switzerland, the other being in Zurich (ETHZ). There are also four affiliated research institutes. The Swiss Federal Act of 4 October 1991 on the Federal Institutes of Technology (FIT Act) sets out the status, organizational structure and tasks of these institutes, which report to the Federal Department of Economic Affairs, Education and Research and are autonomous (subject to the provisions of the Act). The FIT Board is the strategic management body. It has set out the following missions for EPFL :

- to educate students and specialists in scientific and technical fields and ensure continuing education and training
- to expand scientific knowledge through research
- to encourage upcoming young scientists
- to guarantee technology transfer by making practical use of research findings
- to provide scientific and technical services
- to ensure public relations activities.

### Structure

EPFL has a Senior Management team, five Schools, two Colleges, an Assembly, a Council of Teachers and other central entities.

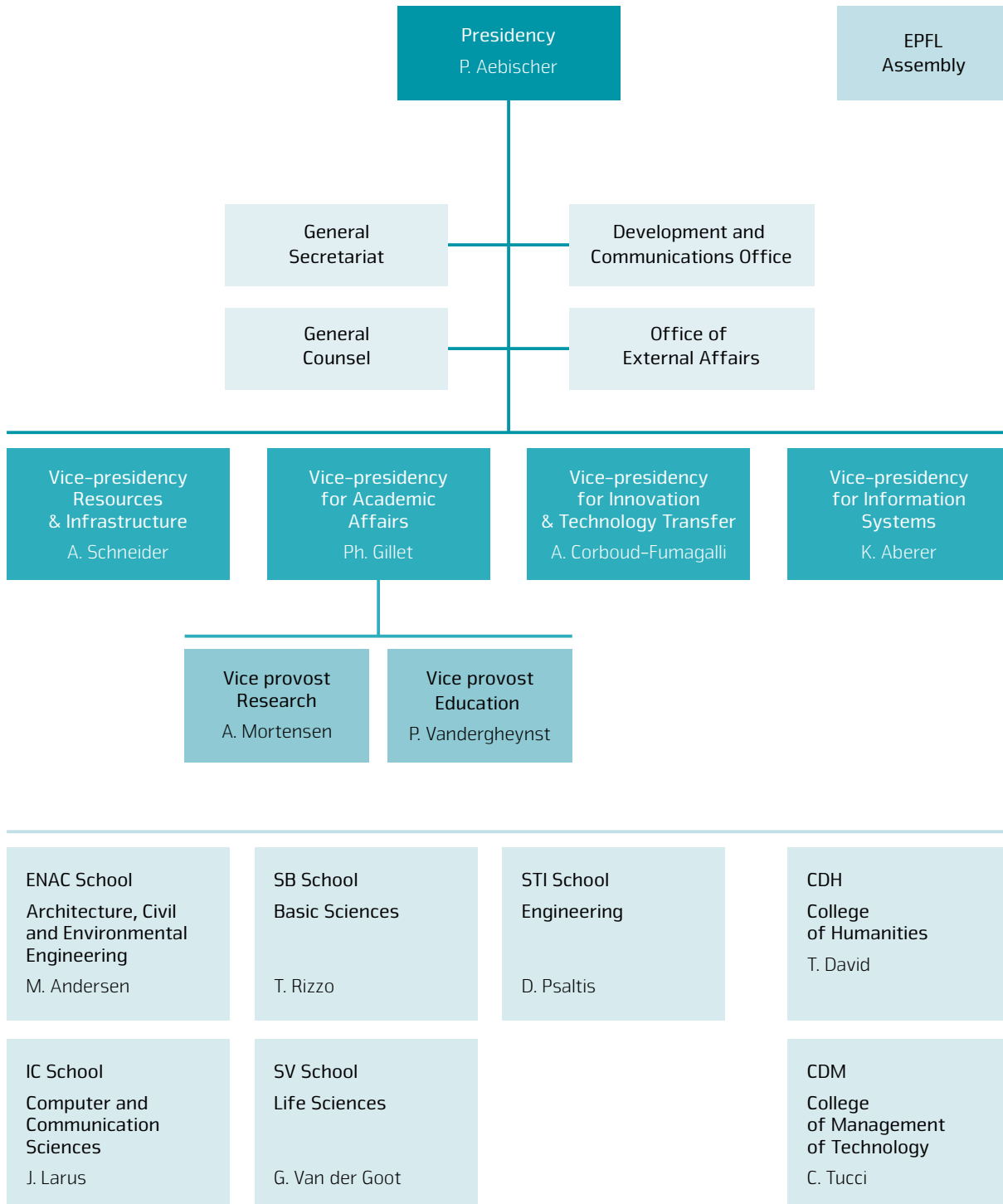
The members of Senior Management are:

- the President
- the Vice President for Academic Affairs
- the Vice President for Innovation and Technology Transfer
- the Vice President for Information Systems
- the Vice President for Resources and Infrastructures

The Vice President for Academic Affairs also acts as Deputy President. A Vice Provost for Education and a Vice Provost for Research report to the Vice President for Academic Affairs, who delegates certain tasks to them.

The Schools are made up of teaching and research units and report to Senior Management. They each have a research and technology transfer strategy and are responsible for teaching, which they do through the various units in charge of implementing the curricula for the Bachelor's and Master's programs. The Schools encourage and support cross-disciplinary initiatives, working with other EPFL schools and other academic institutions.

The Assembly is EPFL's representative body. Members of the various professions within EPFL participate in the Assembly, which is also responsible for ensuring that each School's board and consultations organized by Senior Management function properly. The Assembly submits its proposals to Senior Management.



## **RISK MANAGEMENT**

Risk management concerns the whole of EPFL: Senior Management, central services, the Schools, the Colleges and the outposts. Risk management takes into account both internal and external risks, and all risks are systematically assessed each year.

### **Aims**

The aim of risk management is to protect everything that adds value to EPFL, including its human capital, reputation, resources (both tangible and intangible) and facilities. Regular reports and documents on the main risks are submitted to Senior Management.

### **Legal basis**

As the six FITs are granted autonomy under the FIT Act, they are each responsible for managing their own risks and putting in place measures to mitigate risk. The FIT Board's Risk Management Directive of 4 July 2006 outlines the principles for managing risk and financing risk management. EPFL also has internal risk management regulations.

### **Governance**

The EPFL President informs the FIT Board of EPFL's main risks and the measures taken to mitigate these risks. EPFL is required to inform the FIT Board if risk occurs that has a significant impact.

### **Organization and processes**

The Risk Management Committee (RMC) is in charge of piloting risk management at EPFL. It coordinates the activities of its six sub-committees: Safety, Prevention & Health Committee, IT Security Committee, Insurance Committee, Dispute Settlement Committee, Internal Control System Committee, and Audit Coordination Committee.

The RMC informs and advises the President and other members of Senior Management on risk management issues, risk provisions and insurance. It supports all EPFL units in coordinating and organizing risk management. General Counsel is responsible for implementing the risk management policy and has authority to give necessary and appropriate instructions. The RMC identifies and qualifies the main risks, records them in a central catalogue, and assesses how likely they are to occur and the financial and reputational impact they would have.

### **Internal control system (ICS)**

EPFL has an ICS, which is based on the FIT Board's requirements in this area. The ICS is used to monitor major financial processes and the corresponding risks, which are assessed and covered by key controls. The ICS includes processes and measures to ensure that accounting, financial statements and other financial reporting are compliant. The Swiss Federal Audit Office reviews the ICS as part of its regular audit of EPFL's accounts. The FIT Board's internal audit team reviews the processes.

## **Major risks**

### **Financial risks**

- A significant reduction in funding could impact EPFL's financial planning and its ability to meet its objectives.

### **Security-related risks**

- IT-related risks,
- Violence and/or threats against people.

### **Governance-related risks**

- Risks arising out of inadequate governance.
- Risks in the event that the integrity of research and legal compliance in research are violated.
- Risks relating to the academic and administrative management of major research projects.

# HUMAN RESOURCES

As part of the services it provides, EPFL is required to meet a number of human resources requirements set by the Swiss government, the FIT Board and its own development plan. The Swiss government requires flexible working conditions, an appropriate work-life balance and a salary system geared towards employee benefits. The FIT Board's requirements are aimed at promoting attractive jobs and ensuring diversity (language, age, culture, gender and social class) and equality. EPFL's own focus is on developing skills and performance in an extremely competitive international environment, promoting researchers and lecturers through mobility, offering flexible compensation and paying particular attention to training staff and cooperating with employee associations.

## KEY EVENTS IN 2015

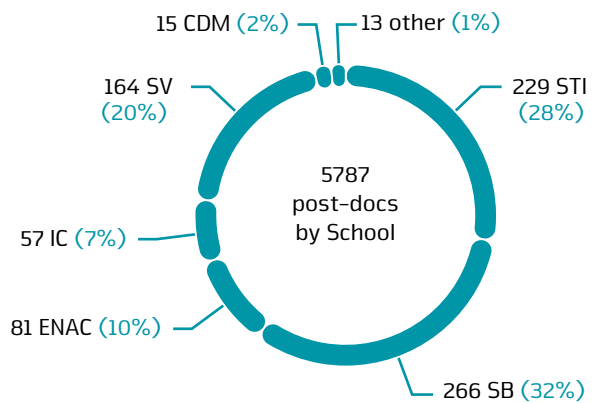
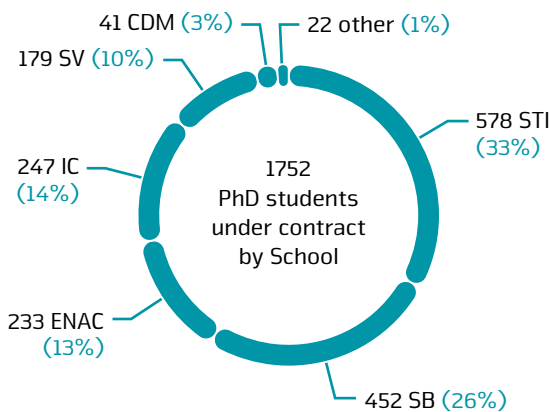
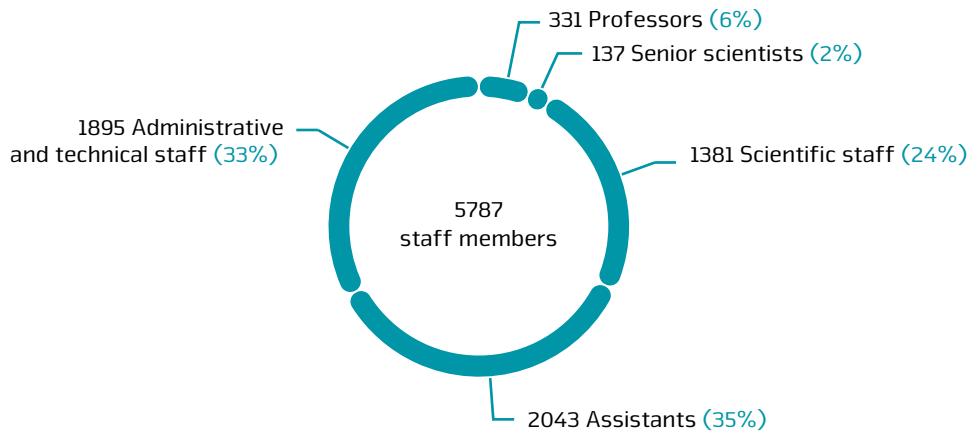
In 2015, EPFL continued to expand its regional outposts: the Biotech Campus in Geneva, EPFL Valais/Wallis in Sion, Microcity in Neuchâtel and the Smart Living Lab in Fribourg. This required appropriate HR support. Last year HR also worked towards its overall aim of improving efficiency: the first e-learning program was set up, regulations for telecommuting were introduced, and a workflow system for temporary staff was rolled out. Furthermore, a new Talent Management unit was created; it offers appropriate responses for each staff category with a view to improving and encouraging internal and external mobility and employability.

Between 2000 and 2015, the total number of staff doubled (+105%). At 31 December 2015, EPFL had 5,787 staff under contract (+2.80% versus end-2014), corresponding to 5,343 full-time equivalents (FTEs) (+2.75%). Including temporary staff, there were 8,000 people working at EPFL last year. Staff members are increasingly international, with 39% of employees coming from other European countries and 21% from outside Europe last year. There was also a rise in the number of Swiss employees, although it was not as sharp. The percentage of female staff increased slightly to 33.5%.

The number of professors continued to rise, going up 2.5% in 2014 and 0.6% last year. The number of administrative and technical staff was also up, rising 3.6% in 2014 and then 5.6% last year. The number of permanent contracts increased, but there was a drop in the number of contracts funded by third parties (-8.3% last year, compared with +17.8% in 2014).

Personnel costs amounted to CHF 603 million, accounting for 64% of total operating expenses (CHF 940 million). As in recent years, 70% of personnel costs were financed by EPFL's basic funding and the remaining 30% by third-party funds (from the SNSF, the CTI, European programs, foundations and companies) and by various other revenue streams.

Total headcount and personnel costs		2014	2015	Deviation
Total headcount (based on employment contracts)	people	5 621	5 787	2.9 %
	EPT	5 200	5 343	2.7 %
Female staff	percentage	33 %	34 %	3.0 %
Personnel costs, including staff benefits	million CHF	583	603	3.4 %
– of which wages of PhD students under contract	million CHF	105	106	0.1 %
Permanent contracts	people	1 948	2 008	3.1 %
Fixed-term contracts	people	3 673	3 771	2.7 %
Swiss staff	percentage	42 %	40 %	–2.0 %
European staff	percentage	37 %	39 %	2.0 %
Staff from outside Europe	percentage	21 %	21 %	0.0 %
Professors	people	329	331	0.6 %
Research staff (adjunct professors, research and teaching associates, senior scientists)	people	1 460	1 512	3.6 %
Post-docs	people	792	825	4.2 %
PhD students	people	1 978	2 043	3.3 %
– of which PhD students under contract	people	1 736	1 752	0.9 %
Administrative and technical staff	people	1 785	1 895	6.2 %





## **Compensation policy**

In 2015, EPFL conducted a Logib survey, a self-assessment tool widely used within the Swiss government. It demonstrated that EPFL is well positioned in terms of equal pay for men and women. The audit of the new pay system, led by the FIT Board, confirmed this analysis but also highlighted the need to remain competitive, particularly for higher level positions. Finally, HR's ICS was simplified.

## **Work permits**

In 2015, there were 2,630 applications for new permits and permit renewals, a rise of 89.6% since 2005 when there were 1,387 such applications. For nationals of countries outside of Europe, there were a total of 1,657 applications, including those for PhD students handled by HR (800 new permits and 857 renewals). The number of applications for quota permits for nationals of countries outside Europe was 156 (143 in 2014). There was no rise in the number of short-term L permits.

As EPFL is present in several French-speaking Swiss cantons, it has to adjust to the practices of each canton regarding permit applications and negotiations with the cantonal authorities.

## **Employee Training Service**

In 2015, 1,618 people took part in the Service's training courses (1,075 in 2014), representing a rise of 50%. This increase was mainly because IT courses previously given by the Office of the Vice President for Information Systems were transferred to the Service. Including basic safety training and introductory courses, the total number of participants was 3,123.

## **Managing leave and other absences**

The absence management system, which certain fund providers, such as the European Commission, require EPFL to have for its project reporting, was improved and now provides reliable data on scheduled leave and the rate of absenteeism, as required by the new International Public Sector Accounting Standards (IPSAS). 85% of staff responded to the request to have their untaken leave approved. Leave is monitored on a quarterly basis by HR in order to address cases in which untaken leave exceeds the authorized level (with a deadline of 30 April 2017).



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**PROJECT: EPFL**

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