

Vontobel

Chapter of the Annual Report

2017

Corporate Responsibility
& Sustainability Report





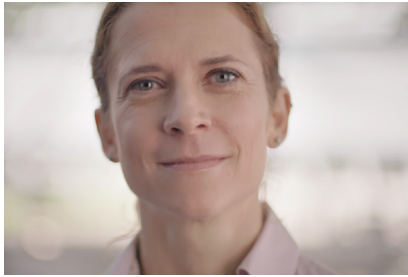
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Further information:
vontobel.com/sustainability

Quotes from the Vontobel movie "Taking responsibility"

What does corporate responsibility mean after all?

"It's about entrepreneurship. It's about thinking long term ... and not just about yourself."



Maja Baumann
Board member & 4th generation
of owner-family

"We are not only here for the next 18 months, we are here for many times 18 months"



Alex Fung
CEO Vontobel Wealth
Management Asia

"It's not just about acting ecologically or ethically"



Isabel Reck
Senior Specialist
Public Relations

"Clearly, it starts with the customer."



Zeno Staub
CEO Vontobel





Photo: Milan Rohrer, Zurich

Commissioned by Vontobel.
One of four winning images in the
“Advertising photography” category
of the “swiss photo award” in 2018.

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Vontobel and Sustainability

Corporate responsibility and sustainability form part of Vontobel's strategic commitments

2017 was a pivotal year for Vontobel in the area of corporate responsibility and sustainability: We included the "Corporate Responsibility & Sustainability" objectives and KPIs that were defined by the Vontobel Sustainability Committee in our "Strategy 2020".

Reflecting this milestone, Vontobel also launched its new corporate film "Taking responsibility" in which employees – together with Maja Baumann, representing the Board of Directors and the Vontobel family – talk about what sustainability means to them and how they adopt a sustainable approach in their daily roles at Vontobel.

We have been committed to value-oriented and far-sighted investing for generations. As a pioneer in this field, Vontobel has been offering clients a wide range of sustainable investment solutions since the 1990s. At the end of 2017, we had a total of almost CHF 14 billion of sustainably invested assets under management and we have received various awards for our ESG investment solutions. Ten awards were won by funds in the mtx product family alone. Our Clean Technology fund was rated the leader in its category by Asia Asset Manager and Investment Week. Vontobel is also responsible for portfolio management for Raiffeisen Futura Swiss Stock, which has received the "Lipper Fund Award" for the best fund in the category "Swiss Equity" many times over the last decade.

In 2017, our company joined the global network of the "United Nations Global Compact" as well as the "Global Compact Network Switzerland". We have thus pledged to align our operations and strategies with ten universal principles in the areas of human rights, labor, environment and anti-corruption. Within our sphere of influence as a company, we thus help to promote key sustainability principles around the globe. Our first Communication on Progress (COP) report relating to the UN Global Compact can be found in the appendix to the Sustainability Report.

In addition, Vontobel hosted the Annual Meeting of the Corporate Support Group of the International Committee of the Red Cross (ICRC) in 2017. Vontobel is a member of the Support Group, which was founded by selected international companies in conjunction with the ICRC. In the context of this partnership, we carried out our company's third fundraising campaign in 2017. Together with the ICRC, we are thus supporting efforts to help children in Syria to attend school safely despite the country's military conflict.

Our wide-ranging commitments demonstrate that we are a global financial expert that offers sustainable investment solutions as a key part of our product range and that our approach to business is characterized by foresight and ownership.



Dr Zeno Staub, CEO Vontobel



rates Vontobel as an "Industry Leader"



Vontobel ranks in the top-10

Memberships and awards

Vontobel is a member of various organizations and networks that promote the sustainable development of the economy and encourage finance industry participants to place a greater emphasis on sustainability:

- **Principles for Responsible Investment (PRI):** unpri.org
- **UN Global Compact:** unglobalcompact.org
- **CDP** (formerly the Carbon Disclosure Project): cdp.net
- **Swiss Sustainable Finance (SSF):** sustainablefinance.ch
- **Sustainable Finance Geneva:** sfgeneva.org
- **Forum per la Finanza Sostenibile:** finanzasostenibile.it
- **Spainsif – Foro de Inversión Sostenible de España:** spainsif.es
- **The Austrian Ecolabel:** umweltzeichen.at
- **Öbu** (the Swiss association for sustainable business): oebu.ch
- **Climate Foundation Switzerland:** klimastiftung.ch
- **Energy Agency for the Economy (EnAW):** enaw.ch

The awards we have received for our sustainable investment solutions in the recent past underscore our leading position in the field of sustainable and thematic investing:

- **Asia Asset Manager:** Vontobel Fund – Clean Technology: “Best Asset Manager in the Global Infrastructure category”
- **Asset View Awards:** Vontobel Fund – mtX Sustainable Asian Leaders (ex-Japan): “Best fund in the category Asia ex-Japan”
- **Citywire Asia Awards:** Vontobel Fund – mtX China Leaders: “Best Group in the category China Equity”
- **Citywire Italy Awards:** Vontobel Fund – mtX Sustainable Emerging Markets Leaders: “Best manager in the category Emerging Markets Equity”
- **Gouden Stier Awards:** Vontobel Fund – mtX Sustainable Emerging Markets Leaders: “Best sustainable fund”
- **Il Sole 24Ore:** Vontobel Fund – mtX Sustainable Emerging Markets Leaders: “Best Fund in the Emerging Markets Equity category”
- **Investment Week, Sustainable Investment Awards:** Vontobel Fund – Clean Technology: “Best sustainable fund”
- **Lipper:** Five awards for the Vontobel Fund – mtX Sustainable Emerging Markets Leader

Our understanding of corporate responsibility and sustainability

We fulfill our corporate responsibility by considering the needs of our clients and pursuing a risk-conscious approach while operating successfully on a long-term basis. By doing so while complying with ethical business standards, we can make a contribution to the economy.

As an employer and taxpayer and also as an active participant in economic life – e.g. in our role as a purchaser and investor – we contribute to the creation of value at a regional level in the locations in which we operate. This includes the corporate taxes that we pay annually, as well as the payment of salaries and the provision of innovative and sustainable financial services for private and institutional clients. We also make a contribution through the efficient use of energy and resources, by serving communities and by engaging in an active dialogue with the general public about the role of financial services providers.

We permanently strive for sustainability, since it goes hand in hand with business success and stability. Sustainability and an effective business strategy are closely interconnected. For this reason, Vontobel is committed to the continuous optimization of sustainable business management in all our divisions in the long term.

A systematic client focus, a long-term growth strategy, and a solid capital and risk policy are core elements of economic sustainability at Vontobel. Information and explanations on this topic can be found in the relevant chapters of Vontobel's Annual Report.

Vontobel has been committed to value-oriented and far-sighted investing for generations. As a pioneer in this field, we have been offering our clients a wide range of sustainable investment solutions since the 1990s. Our growth strategy is focused on our competencies and on our offering in the area of sustainable investing. In terms of environmental sustainability, we take targeted measures when conducting our operations to achieve a significant reduction in CO₂ emissions and other factors that are harmful to the environment. Based on our strong commitment to supporting communities, we invest in initiatives and projects to promote social sustainability. A dedicated team addresses these topics.

Sustainability commitment and management

As a financial services provider, Vontobel is closely connected with the economy and society in all the locations in which we operate. Consequently, the nature and design of our products and services and the way we conduct our banking operations have an impact on sustainable devel-

opment in this integrated world. We believe that promoting sustainable development in our markets is both an economic necessity and an ethical duty.

Two key documents form the basis of Vontobel's sustainability commitments:

- The Code of Conduct defines basic principles that employees must observe to ensure that we perform our business activities in a fair and forward-looking manner.
- The Sustainability Guidelines define the areas in which we take action to implement our sustainability strategy.

Vontobel strives to continuously improve its own sustainability performance and has two committees that work towards this goal: The Vontobel Sustainability Committee consists of representatives from all divisions and reports to the CEO. Based on Vontobel's Sustainability Principles, the Committee defines the Sustainability Strategy and specific targets. In the context of our "Strategy 2020", the Committee defined strategic objectives and KPIs for the area "Corporate Responsibility & Sustainability". Corporate Sustainability Management coordinates the implementation of the measures that have been decided in conjunction with the relevant specialist units.

The ESG Investment Committee (ESG: Environmental, social, governance) determines the Sustainable Fund Universe and core sustainability themes that are to be covered in various sustainability-oriented financial solutions. It defines the architecture of all ESG investment products and determines the applicable investment thresholds and exclusion criteria. The Committee consists of representatives from the boutiques in Asset Management, as well as Wealth Management and Corporate Sustainability Management. The ESG Investment Committee reports to Vontobel's Executive Board.

Our sustainability commitments center on our main groups of stakeholders: clients, shareholders, employees, society and the environment (G4–24, G4–25). The gathering of key sustainability data is an important means of measuring our progress and of prioritizing our next steps. We have defined material topics and indicators for this purpose (see chapter: Notes on the report) and we report in accordance with GRI guidelines.

Compliance is key

Effective compliance forms the basis of our long-term success and is therefore one of the most important aspects of our business. Vontobel takes comprehensive measures to ensure continuous compliance with laws and regulatory

requirements, and this is also essential in order to identify and prevent reputational risks. As part of our Group-wide risk analysis, teams of specialists continuously assess all our divisions using appropriate compliance processes to ensure they are legally compliant.

Our business philosophy centers on maintaining both the satisfaction and trust of our clients, as well as on protecting and building the wealth they have entrusted to us. These tasks have become increasingly complex as the financial sector is faced with growing requirements and stricter regulations. At the same time, clients have become more discerning, and the demand for individually tailored solutions has increased. Sustainability aspects have become more important in this context, including from an economic risk perspective.

Offering each of our clients the right solution or best possible service is the primary goal of our three divisions – Wealth Management, Asset Management and Investment Banking. Compliance with the product naming requirements defined by regulators is vital for all our divisions. In the year under review, there were no cases of misconduct or financial penalties for non-compliance with regulations governing the provision of products and services.

To continue developing our business, each of our three divisions – Wealth Management, Asset Management, Investment Banking – carries out product development, client communications and marketing activities. The Principles for Responsible Investment (PRI) guide us in this area and we also comply with the requirements set out in the European SRI Transparency Code.

One of the main areas of focus of our risk analysis is the identification of risks arising from money laundering (including the financing of terrorism). Our aim is to avoid business relationships that are used for money laundering or terrorist financing. In addition, we have a special process to monitor our relationships with politically exposed persons (PEPs).

Vontobel also assigns key importance to the protection of client data and to complying with all applicable legal requirements in this area. The cross-divisional Legal, Compliance & Tax department defines the parameters for compliance with these requirements and monitors them. There were no cases involving breaches of client privacy in 2017.

Training and raising awareness

All new employees have to attend an introductory compliance course, complete an e-learning basic module on compliance topics and pass an online test. In addition to this basic module, classroom learning is carried out each year on specific topics within the divisions. At departmental level, further training courses are offered on certain subjects to also address the handling of specific risks.

Other training courses were carried out on the subject of compliance issues in international markets. These measures prevent infringements of internal and external rules and regulations. New employees are also issued with the Employee Handbook, which contains specific regulations and instructions, as well as the Code of Conduct. The most recent version of the Employee Handbook is available on the Intranet. All employees can access current and comprehensive policies at any time.

In 2017, we updated various internal policies that raise employee awareness about money laundering and PEPs. In the case of suspected breaches of legal or regulatory requirements, internal guidelines or ethical standards, a whistleblowing system is in place to allow employees to report these incidents anonymously. No such reports were made in 2017.

The Markets in Financial Instruments Directive (MiFID) is an EU directive designed to harmonize financial markets within the single European market. We have given our employees intensive training in connection with the forthcoming implementation of the MiFID II regulations to prepare them for the changes that will take effect from January 2018.

During the year under review, Wealth Management continued to conduct training courses for relationship managers, known as the “Vontobel Curriculum”. Compliance topics also feature prominently in this Curriculum. Further information can be found in the chapter “Sustainable Investing – Wealth Management”.

Sustainable Investing

Vontobel has been committed to value-oriented and far-sighted investing for generations. As a pioneer in this field, we have been offering our clients a wide range of sustainable investment solutions since the 1990s. For a wealth and asset manager, the consideration of environmental, social and governance (ESG) factors in the investment business is a key part of a comprehensive sustainability strategy. This reflects the fact that the integration of sustainability criteria into the product and services portfolio is a very effective lever when it comes to fostering sustainable development.

All three divisions (Wealth Management, Asset Management, Investment Banking) offer sustainable investment solutions and advice in one form or another and cooperate closely in this area. The aim is for clients to be able to generate a financial return while also contributing to sustainable development. Here, our clients can select investment themes that reflect their own values and investment objectives.

Vontobel considers it important to promote a sustainable approach to finance and to actively participate in a dialogue on this topic. Reflecting this commitment, Vontobel representatives gave presentations or took part in panel discussions at the following events in 2017: “Die Zukunft im Portfolio”, Swiss Sustainable Finance, Zürich; Impact Forum, Berlin; Deutscher Stiftungstag, Osnabrück; Seminar “The Evolving Landscape of ESG & Impact Investing”, Amsterdam; ESG & Pensions Forum, Asia Asset Management, Singapore.

1 Principles for Responsible Investing (PRI)

Vontobel has been a signatory to the PRI, a UN initiative to promote sustainable investing, since 2010. The Principles were developed by an international group of institutional investors in 2006. They were launched by the then UN Secretary General and take account of the growing relevance of ESG themes in investment practice. Vontobel is also a signatory to the European SRI Transparency Code.

2 No investments in controversial weapons

All our investments have to fulfil certain minimum requirements. Cluster munitions and land mines are banned by international conventions. In 2011, Vontobel therefore approved a Group-wide policy that prohibits investments in companies that manufacture these types of arms. Stringent processes ensure that no manufacturers of cluster munitions

and land mines are included in our investment funds, discretionary mandates or investment recommendations.

3 Wealth Management

At Vontobel Wealth Management, we strive to protect and build the assets entrusted to us by our clients. This promise is growing increasingly important in today’s more complex and uncertain world. We focus on the active and forward-looking management of our clients’ assets across generations based on a holistic approach. With our “Vontobel advisory philosophy”, we see ourselves as a personal advisor to our clients, partnering with them throughout their lives. We want to gain a precise understanding of our clients, their personal circumstances and their objectives so that we can draw on our expertise to meet their expectations. We do so based on a continuous and recurring dialogue, since client needs can change over time.

An in-depth knowledge of our clients – especially their understanding and experience of the financial markets and their related risk capacity and risk tolerance – are also important when offering comprehensive and future-oriented advice that is tailored to the client’s objectives. The suitability and appropriateness of investment services are important parameters for the provision of long-term, fair and transparent service to our clients, whether it takes the form of an investment or portfolio management mandate, a financing solution or an offering to safeguard their financial position in the future based on financial, succession, inheritance or retirement planning.

At Vontobel, we are committed to operating with foresight, prudence, personal responsibility and transparency in the areas of portfolio management and investment advisory. We also strive for continuity of client service. Our clients gauge our performance based on these values. The regular feedback from our clients, which is supplemented by the analysis of input from our client survey in January 2017, help us to continuously develop our offering for their benefit. In the survey, 90% of the respondents reported a high or very high level of client satisfaction and an above-average proportion said they would recommend Vontobel. For all components of client satisfaction, we achieved improvements compared to the last survey in 2013. Furthermore, our clients indicated that we had achieved a better positioning than our peers, resulting in continued increases in client loyalty.

Our last client survey also makes it clear that the topic of “sustainable investing” is becoming increasingly important among private clients. A total of 63% of our clients want sustainable investment opportunities – with almost 30%

indicating that for them, the topic is an absolute must. The consideration of personal values and the assumption of responsibility towards society and the environment play an important role in this context. As a result, new criteria for sustainable investing were defined in Wealth Management.

3.1 Investment solutions

In 2017, we adapted our entire investment offering across both portfolio management and investment advisory. Our new product range now also incorporates sustainable investment solutions aimed specifically at private clients. One example is the “Vontobel Conviction Sustainable” portfolio management mandate that invests according to sustainability criteria and is diversified across various asset classes. Sound, long-term strategic asset allocation serves as the robust basis for the mandates. We also cover “high conviction” themes (e.g. healthy living, clean tech, new power or microfinance). In the area of investment advisory, we now also offer clients the opportunity to invest on the basis of our sustainability universe. Since 2017, we have been working together with the renowned international sustainability rating agency Sustainalytics in this field. Based on its sustainability research, our relationship managers can filter the investment universe using a Web-based tool (“VT Invest”) to identify sustainable stocks. This allows them to compile sustainable portfolios more efficiently and to provide our clients with appropriate advice about sustainable investments.

In cooperation with our partners, we continue to offer flexible investment solutions in the areas of vested benefits, management pensions and Pillar 3a pension provision. Depending on the needs of the client, Vontobel offers mandates or fund solutions. The Vontobel funds “Pension Invest Yield” and “Pension Invest Balanced” invest globally and combine the goals of capital preservation and capital growth with ethical, environmental and social aspects.

In spring 2017, we launched a structured product incorporating sustainability criteria – the Sustainable Global Food Basket. It enables private investors to participate in the development of solid and sustainable companies in the food sector. As a result of drivers such as population growth, the expanding middle class in developing countries or the trend towards healthy eating, the outlook for this sector remains positive. The basket focuses on small to mid-sized, undervalued quality companies. These firms meet Vontobel’s sustainability criteria, which take account of economic, social and environmental criteria.

In addition, Vontobel has developed a concept for Impact Investing, which we define as an investment that is intended to resolve a specific problem or generate a concrete and measurable social or environmental impact, as

well as a financial return. Our five-step investment process takes account of the individual sustainability wishes and goals of our clients when determining the composition of the portfolio.

3.2 Investment communications

In 2017, we once again used a variety of communication channels to keep our clients informed about the topic of sustainability. These included an introduction to the “climate change” megatrend in our monthly Investors’ Outlook. In addition, we launched a number of sustainable investment initiatives, e.g. on the topics “Water” and “Electrification 2.0” for our clients.

Sustainability is positioned as a Group-level topic and we additionally addressed it in Wealth Management and specifically incorporated it into our offering for private clients. As part of these efforts, we established our “Expert Circle Sustainable Investing” in Wealth Management in the course of the year. The Expert Circle is designed to foster a regular dialogue about sustainability themes and to ensure the transfer of knowledge with a view to constantly promoting the topic of sustainability within the organization. At the same time, we want to ensure through the Expert Circle that the topic features prominently in our client communications.

Vontobel has been a partner of Sustainable Finance Geneva (SFG) since the start of 2017 in order to help promote a sustainable approach to business within the finance industry in French-speaking Switzerland. In the context of this partnership, Vontobel provided financial support to the association for the publication of a book about sustainable financial innovation. The book features 60 innovations to resolve 10 global challenges and was launched in September 2017.

3.3 Transparency & Services

At Vontobel Wealth Management, enhanced transparency and improved protection in the area of investing are becoming increasingly important. We have therefore used the introduction of the new European Markets in Financial Instruments Directive (MiFID II) as an opportunity to realign our services and processes. These efforts focused on the provision of greater client benefits, the streamlining and more flexible use of the product range, and increased transparency – especially with regard to fees. When implementing these measures, we basically focused on the following aspects:

1. Gaining a comprehensive overview of the client’s situation, including an in-depth analysis of his/her circumstances, the detailed profiling of the client and the determination of his/her risk capacity and risk tolerance.

2. Aligning all financial transactions with the individual client profile to ensure the targeted composition of the portfolio.
3. Detailed reports about transactions as well as periodic reporting.
4. General organizational aspects such as the prevention of conflicts of interests, best execution or access to discounted fund classes for both portfolio management and investment advisory clients.

3.4 Digitization

Digitization remains one of our focus themes in Wealth Management and we are investing in it selectively for the benefit of our clients. Digital development is mainly driven by our efforts to streamline and improve the quality of processes, to provide swifter access to key information, to offer new functionalities and, in particular, to make our offering more user-friendly for clients. Digitization also helps to reduce paper consumption.

Our digital solution “Vontobel Wealth” has been incorporated into our new offering and its design has been aligned to Vontobel’s new brand presence. At the same time, we have made it even more user-friendly: The functions are shown more clearly and key information can be found more rapidly. This digital round-the-clock access to Vontobel ideally complements the physical presence of our relationship managers. MyPrivateBanking ranked “Vontobel Wealth” among the top-three online wealth management solutions globally in its study “Behind the Log-in 2017”.

In addition, we launched a client app that serves as a digital mailbox. Here, clients can find information including updates from Vontobel investment specialists and can access the latest publications as well as market data. With the digital mailbox, we ensure that our clients promptly receive information about the purchase of financial instruments (transaction fees, as well as product information where applicable) for stock market transactions in accordance with the regulatory requirements. They can also manage a wide range of digital documents, including their statement of assets, via the app – thus helping to reduce paper consumption. Our goal is to connect our various digital points of contact with clients in order to provide them with the smoothest and most integrated access to Vontobel possible.

3.5 Training

The knowledge of our employees is the most important factor determining Vontobel’s success, stability and our ability to operate effectively in the future. Against this backdrop, we once again invested intensively in the training and development of our relationship managers in 2017. In addition to

regular training courses about specialist themes and regulatory aspects, Vontobel’s new advisory philosophy was a prominent topic in the training we provided during the year.

In 2017, around 150 people completed the Vontobel Curriculum for Relationship Managers. This training course, which was developed specifically for Vontobel Wealth Management, consists of four days of classroom learning as well as around 25 hours of online training about topics such as finance, regulation and advisory capabilities. The structured program is based on the certification efforts (ISO 17024) of other banks but exceeds minimum requirements in terms of its scope and content. A key component of the curriculum is the transfer of knowledge about sustainable investing and the expansion of expertise in this field across the whole of Wealth Management. Relationship managers complete a certification test at the end of the program. In line with our new advisory philosophy, our employees also receive training about client communications. In view of the complex needs of our clients, it is essential that we take account of their overall circumstances when offering service and advice. We can ensure a comprehensive multi-solution approach that incorporates the client’s various objectives.

In addition to our usual compliance training, we responded to the introduction of MiFID II and the Swiss Federal Financial Services Act (FIDLEG) by placing a focus on these new regulations and their impacts on systems and processes at Vontobel in our training program. It encompassed both introductory and in-depth modules as well as supplementary online training.

We continued our “Entry Training First Week” in 2017. This induction program, which lasts several days, allows new employees in Vontobel Wealth Management to get to know the company and ensures they are ideally prepared for their challenging new role.

3.6 Vontobel charitable foundation

Since 2004, clients have been able to lend their support to a variety of projects focusing on social issues, culture, ecology, education or medicine through the Vontobel Charitable Foundation. In 2017, the Charitable Foundation contributed almost CHF 580,000 of donations and sponsorship funding (2016: CHF 660,000). During the year under review, it supported projects including “Coaching Transfair Zurich” in view of the growing need for coaching projects to benefit school leavers and young adults. This offering is intended as an individual measure to combat youth unemployment and is targeted at young adults looking for support in order to embark on a career or begin the work process.

Vontobel also supports the foundation TRIGON, a soil fertility fund. The intensive use of agricultural land is leading to a

general decline in soil fertility, including in the area of organic farming. This is reflected by the degradation within a few decades of the humus layer of soil that is formed over long periods of time. The soil fertility fund is committed to ensuring that as much fertile soil as possible can be handed on to future generations by providing financial support and advice on the implementation of sustainable cultivation methods to farmers both on the ground and at training events. The fund carries out active public relations work on this subject – partly also with the aim of ensuring long-term funding opportunities to maintain and increase soil fertility. TRIGON has therefore launched a three-year pilot project involving more than 30 partner organizations and covering 1,000 hectares of land in Switzerland, Germany, Austria and Liechtenstein.

4 Asset Management

Vontobel Asset Management focuses on active asset management and has a multi-boutique model with independent centers of competence. As a global asset manager with a long track record in sustainable investing dating back to the 1990s, our main goal is to generate higher returns and to allow our clients to invest according to their moral and ethical values. The multi-boutique set-up allows Vontobel Asset Management to cover the entire spectrum of potential client needs: Our organizational structure ensures that the various investment teams have a high degree of independence, thus also fostering innovation. Vontobel therefore offers various sustainable portfolios with different investment approaches and processes.

Vontobel's sustainability-oriented funds incorporate aspects of global change and sustainable business practices. In addition, Vontobel manages numerous individual sustainable mandates. The ESG Investment Committee oversees the architecture of all ESG investment products (e.g. investment approach and processes), as well as the applicable investment thresholds and exclusion criteria, and it is responsible for the Vontobel Sustainable Universe. The Committee consists of portfolio managers and portfolio advisors from the various sustainable strategies, as well as representatives of Wealth Management and Corporate Sustainability Management.

Vontobel is a signatory to the European SRI Transparency Code. Various Vontobel funds where sustainability aspects are incorporated in the investment process bear the Eurosif transparency logo. This guarantees that comprehensive information is provided to investors about the funds' investment processes and selection criteria.

4.1 Sustainable & Thematic Boutique

In this boutique, Vontobel manages various sustainable investment strategies for clients who want ESG criteria to be incorporated into the investment process.

4.1.1 mtX Strategies

In the case of our investment funds in the "mtX" strategy group, "mtX" is an abbreviation of "matrix" and is derived from the underlying investment process used by the portfolio management team. Our analysis is based on four pillars: Profitability, industry position, intrinsic value and the examination of specific ESG criteria. Sustainability-related issues and challenges that apply to each sector are defined in detail in "Minimum Standard Frameworks" (MSFs) and divided into nine different fields. Within each MSF, companies must meet the defined minimum criteria in order to be considered for investment.

The assessment of the sustainability performance of individual companies using MSFs is conducted in house by specialist financial analysts with many years of experience in evaluating sustainability criteria. Their combined expertise in the areas of financial and ESG analysis is an important success factor when identifying financially attractive and highly sustainable companies in each sector.

In their analysis, Vontobel analysts use information from the companies themselves (e.g. annual reports and sustainability reports) as well as information from external research agencies and publicly accessible analyses by non-governmental organizations (NGOs). We believe that companies that adopt an active and long-term approach to challenges based on a sustainable perspective have better prospects of success in an increasingly globalized and dynamic world and thus gain a competitive advantage over their peers.

Our regular performance assessments based on ESG criteria are an indication that the consideration of ESG criteria can create clear value for our clients. In regular sustainability meetings, analysts and portfolio managers discuss company-specific ESG assessments and ensure that the findings are incorporated into the investment process.

4.1.2 Global Trend Strategies

Here, our clients can select funds that focus on the trends New Power, Clean Technologies, Future Resources and Sustainable Water. These funds address long-term trends such as the restructuring of the energy system, resource efficiency, the supply of clean technologies and the sustainable management of water as an essential resource.

The funds invest in companies which, thanks to their products and processes, either have a positive impact on the environment or have a less negative impact on the environ-

ment than their peers. In this context, we take account of the entire life cycle of these products and processes, since the largest environmental impact very often occurs while the product is in use.

A positive impact on the environment can take very different forms. For example, we assess reductions in the energy consumption of innovative products due to optimized processes or weight reductions in the area of transportation. New materials or special coatings can also result in enhanced energy efficiency. Closed loop systems, modern cleaning technologies, improved infrastructure or targeted irrigation in agriculture reduce the consumption, pollution and wastage of water. In the case of traditional energy sources such as oil and gas, modern technologies can often also significantly reduce environmental impacts during the generation, transportation and consumption of energy. This is important because the transition to renewable, emissions-free energies takes time and can only be achieved in stages.

If a company is considered for potential investment, the responsible analysts not only take financial but also ESG criteria into account. While social and governance criteria are mainly considered in the risk evaluation, a positive impact on the environment is a compelling investment criterion and should also make a positive contribution to the company's financial success. When assessing social and governance criteria, we consult with external ESG research agencies. To ensure a holistic approach to environmental aspects, an additional comprehensive analysis by our own analysts is essential.

— 4.1.2.1 Global Trend Strategy “Clean Technology”

Here, we focus on the following investment areas: Resource-efficient industry; building technology; clean energy infrastructure; low-emission transportation; life-cycle management; clean water.

— 4.1.2.2 Global Trend Strategy “New Power”

Here, we focus on the following investment areas: Biofuels, geothermal energy and other demand-side energy savings; efficient power generation and transmission; natural gas markets; solar panel producers and operators; wind turbine manufacturers and suppliers of equipment for wind turbines.

— 4.1.2.3 Global Trend Strategy “Future Resources”

Here, we focus on the following investment areas: Advanced materials technology; agriculture and water technology; unconventional energies.

— 4.1.2.4 Global Trend Strategy “Sustainable Water”

Here, we focus on the following investment areas: Water infrastructure; water technology; water quality; water efficiency; water supply.

— 4.1.2.5 Climate Change: Presentation of potential avoided emissions

There is broad consensus among politicians, scientists and the business community that global warming needs to be restricted to 2° Celsius. The Paris Agreement, which entered into effect on 4 November 2016, will accelerate the transition to a climate-friendly society. It is therefore necessary for the finance industry to take greater account of the risks of climate change and to report on them transparently. This is why Vontobel works with ISS Ethix Climate Solutions (formerly South Pole Group), a specialist in the measurement of CO₂ and environmental factors.

The current carbon footprint of an investment portfolio is measured primarily for risk assessment purposes. This is the most common method used and shows which sectors and companies – in absolute terms – are responsible for the highest emissions in the portfolio. The focus here is primarily on the calculation of the emissions generated as a result of the company's operations, e.g. when manufacturing goods and products.

With the additional presentation of potential avoided emissions (PAE), we are pursuing a solution-oriented approach: We record the contribution that energy-efficient, climate-friendly products and services are expected to make to the reduction of CO₂ emissions in the portfolio. After all, the emissions generated during the phase when a product is in use are often significantly higher than the emissions generated during the production phase. For example, a refrigerator generates substantially more emissions while in use than during production. The energy efficiency of appliances such as these is therefore the decisive factor when determining the amount of avoided CO₂ emissions.

This approach is especially pronounced in the Clean Technologies and New Power themes. The funds focus on companies that have a positive effect on the environment with an emphasis on positive climate impacts, which we quantify in collaboration with ISS Ethix Climate Solutions based on PAE. With this methodology, we show the level of emissions that can be avoided at company or portfolio level thanks to energy-efficient products or services.

At the same time, PAE help us to reach investment decisions: To achieve the ambitious targets set out in the Paris Agreement, countries will implement stricter regulatory measures to reduce emissions. This, in turn, will drive a shift in demand towards energy-efficient products. PAE serves

as an important indicator in this context in order to identify those companies that stand to benefit most from this change in demand – thus enabling us to allocate capital on a solution- and return-oriented basis.

4.1.3 Swiss Equities

The Swiss Equities team provides an extensive offering for clients seeking sustainable investment solutions with a focus on Switzerland. The team has been addressing the topic of sustainable investing for more than 15 years and offers a broad range of sustainability strategies.

When determining exclusion criteria and “best-in-class” approaches, analysts and portfolio managers work primarily with external sustainability rating agencies such as Inrate or Ethos. In the integrated approach, ESG criteria form an integral part of the investment process. The responsible analyst assesses the company from both a financial and a sustainability perspective. Analysts record MSFs for all of the investee companies – similar to the mtX approach – with ESG criteria being assigned different weightings depending on the sector.

The three sustainability funds managed by the Swiss Equities team have achieved an extremely successful performance. They all outperformed their benchmark over the last three and five years. With an investment volume exceeding CHF 1.6 billion, we also have one of the largest volumes of actively managed Swiss equities in the sustainable investing space and we once again outperformed the Swiss Performance Index by more than one percent in 2017. Since 2006, Vontobel has received a number of awards from Lipper in recognition of this performance, including being named the best fund in the category “Equity Switzerland” five times in succession over a period of 10 years.

Legal information: Past performance is not a reliable indicator of current or future performance. Performance data does not take into account any commissions and costs charged when shares of the fund are issued and redeemed, if applicable. The return of the fund may go down as well as up due to changes in rates of exchange between currencies.

4.1.4 Sustainable Balanced/Sustainable Bonds

Our investment philosophy is based on the belief that we can create value for our clients through a sustainable investment style on the one hand, and through active management in the form of tactical asset allocation and stock selection on the other. In this context, we carry out quantitative and qualitative analyses at different levels of the investment process. Portfolio managers can exercise a high level of discretion when making investment decisions and

pursue what they believe to be the best approach in a challenging market environment.

Our client service offering provides access to flexible and client-specific investment universes and includes reports about the impacts of portfolios on sustainable development in general as well as on specific parameters. For example, we have developed a proprietary methodology for the disclosure of CO₂ risks that both quantifies CO₂ emissions from companies and assesses business risks related to the ongoing energy transition process.

The sustainability analysis forms the starting point for our investment process. The first stage of the process involves the exclusion of issuers whose activities are highly controversial and therefore present an unacceptable level of risk. Investee companies should not generate more than 5% of their turnover from controversial activities such as nuclear energy, gene technology or arms. Countries are subject to exclusion criteria such as human rights violations (according to Freedom House) or threats to freedom and security (according to the Global Peace Index). We can apply further exclusion criteria to direct investment mandates at the request of clients.

In the second stage of the process, we evaluate the remaining issuers. This analysis is performed using external raw data from recognized data suppliers, which we review and assess using our own in-house methods. The analysis results in a sustainability rating that consist of two different dimensions: The sustainability performance of an issuer (e.g. a company) and its environment (e.g. the industry in which it operates). The principle that applies here is: The higher the level of risk associated with the issuer’s environment from a sustainability perspective, the stricter are the requirements that the individual stocks must meet in order to be included in our sustainability universe.

4.1.5 Sustainable Real Estate

Our real estate experts manage a Swiss and a European real estate fund in conjunction with external partners. They measure the success of the investments using economic categories such as rental income or changes in market value. These categories, which our experts assess using a two-stage process, are in turn affected by a number of economic and socio-demographic factors.

The first part of the analysis involves the Vontobel location rating, which assesses 450 conurbations with a total of 500 cities across 30 European countries. The aim is to identify prosperous, high-potential areas that qualify as sustainable locations. In this context, we also analyze the political, legal and general economic conditions at country level. The other factors we evaluate are the population and economic struc-

ture, quality of life and the infrastructure at conurbation level. Based on this, we produce a differentiated location quality ranking for European cities.

The careful real estate sector analysis of the respective conurbation, together with the detailed assessment of micro-locations and buildings, is carried out in a second stage. The aim is to invest in sustainable mid-sized buildings with the most diverse tenant structure possible. The evaluation of specific properties is carried out according to clearly defined criteria: Here, we take account of both energy and environmental factors, as well as other key aspects that could have a significant negative impact on the rental capacity of the property (and consequently on risk and return). These factors include mobility and the surrounding area, comfort and wellbeing, as well as quality of use and flexibility. We also take account of reputational risks – particularly with regard to tenants.

4.1.6 Vontobel Sustainable Universe

In addition to the above-mentioned sustainable investment solutions and its expertise in respect of individual mandates, Asset Management offers a sustainable investment universe. Portfolio managers and clients across all divisions can select stocks from this universe for their investments. Here, the goal of our sustainability analysis is to determine which companies are ahead of their peers in terms of an active sustainability approach. The most progressive issuers are selected for the sustainable investment universe (equities and bonds).

Comprehensive evaluation criteria cover sector-specific ESG themes and serve as a basis to assess a company's sustainability performance. Environmental themes include the reduction of environmental impacts caused by the company's products, such as cars with reduced fuel consumption, recyclable appliances, and products with reduced energy consumption and a lower toxic-material content. Social criteria include progressive employee conditions, such as the promotion of employee diversity and the implementation of occupational health and safety management systems, as well as the inclusion of social criteria into strategic and management processes. In addition to the division of powers and the enhancement of transparency, governance themes include progressive risk and information management systems, the functional independence of the supervisory board and advisory staff, or measures to combat corruption. The exclusion criteria include nuclear arms, gene technology, tobacco, coal and serious infringements of human rights or the UN Global Compact.

5 Investment Banking

Vontobel Investment Banking is one of the leading issuers of structured products in Switzerland and the rest of Europe. We rank second in Switzerland, while in Germany, our market share has risen to 10% over the last seven years. In the Northern European markets of Sweden and Finland, we have a market share of around 9% and 20%, respectively. In Italy, we had a market share of around 5% at the end of 2017. We continued our expansion within Europe during the year under review with our successful market debut in France and the Netherlands. In addition, Vontobel launched its first structured products in Hong Kong – the world's largest market for leverage products – in 2017. We also made further investments in technology and new platforms: With the launch of the Investment Scout app, we built a direct distribution channel to our end-clients. The app enables clients to make targeted use of market opportunities by issuing their own individual investment certificates rapidly and easily. Based on deritrade® technology, we also further developed our new issuing platform mein-zertifikat.de in Germany. Securities and foreign exchange trading, securities services supplied by Transaction Banking, Brokerage, the External Asset Managers (EAM) business and Corporate Finance complete the range of services offered by Vontobel Investment Banking.

Our clients have the option of individually structuring products based on a sustainable underlying through the Vontobel Sustainable Investment Universe, which is used across our divisions. Vontobel also offers various sustainability-themed structured products, including the “Solactive Global Sustainability Leaders Performance Index” launched in 2017. In addition to traditional investment criteria such as liquidity, this index incorporates environmental, social and governance aspects in its analysis. The index includes companies that rank as best-in-class in their industry and excludes firms that engage in controversial business practices. Further structured products address sustainable themes in a broader sense or are dedicated to megatrends. One example is the “Solactive Demographic Opportunity Performance Index”. The elderly are increasingly becoming a key factor for the economy and represent their own long-term demographic trend, benefiting various areas of business as well as investors.

The “Solactive Smart Grid Performance Index” also focuses on a sustainable mega trend. A “smart grid” is an intelligent electricity network that optimizes the collaboration between electricity producers, storage facilities, consumers and energy transmission and distribution networks. The aim is to secure the energy supply based on efficient and reliable systems. Energy transition and the related expansion of renewable energies is automatically leading to a restructur-

ing of the electricity network, with electricity no longer being generated solely in large power plants but now also on a decentralized basis.

The more women who are in decision-making roles, the better a company performs, according to the findings of various studies. The percentage of female executives is also an important indicator that is considered in the context of sustainability analyses.

With the “Top Executive Women Basket”, investors can participate in a group of companies where women hold a key position in top management or have served as CEO or a member of the Board of Directors for at least two years.

The independent sustainability rating agency Inrate is responsible for the composition of the “Vontobel Climate Protection Index”. It considers the shares of companies from five different areas that combat the causes of climate change and it places an emphasis on innovation and efficiency when selecting stocks. An index is compiled using the companies and it is calculated, updated and published daily.

The Markets in Financial Instruments Directive (MiFID) is leading to fundamental changes in market infrastructure, facilitating and fostering competition in the area of securities trading. Today, European equities are traded in various markets, new markets known as Multilateral Trading Facilities (MTFs) have been established, and trading volumes are becoming fragmented. At the same time, this growing complexity is making it more difficult for investors to benefit directly from greater competition and increased transparency. Investors are therefore dependent on the expertise of specialized financial services providers such as Vontobel to ensure the efficient execution of the orders in this fragmented stock market landscape.

Vontobel is clearly one of the leading companies in Switzerland in this context. It is connected to over 100 markets around the globe, either as a direct member or through its own network of brokers. An innovative IT infrastructure allows us to use market data as well as our access to different markets to ensure best execution for our clients – meaning we place their orders in accordance with their interests. It also allows us to protect them against adverse influences by means of client order protection (COP). In this context, our transaction cost analysis (TCA) reports meet the very highest standards across Europe in terms of content and transparency. With our extensive expertise, we are able to create significant value for our clients.

The “Vontobel Best Execution Policy” contains a summary of the measures taken by us to achieve the best possible

results for clients when executing stock market orders. This policy safeguards client interests. Clients who conduct their securities transactions via Vontobel can count on our professional, fair and transparent services.

In January 2018, many Swiss financial institutions will implement extensive regulations in connection with MiFID II. Investment Banking played an important role in this transition process by actively preparing its clients for this step – including holding detailed workshops with clients aimed at building and transferring knowledge about this complex topic. Through these efforts, we help to ensure that our clients are sustainably positioned in terms of regulatory compliance.

6 Volume of sustainable investments

In total, Vontobel manages CHF 13,962 million of sustainable investments, with mtX Strategies funds reporting a total fund volume of CHF 2,346 million at the end of 2017. The various theme funds had a fund volume of CHF 830 million at the end of 2017.

Vontobel Asset Management also manages sustainability and theme funds and mandates with a volume of CHF 5,655 million for its cooperation partners. Vontobel also has a stake in responsAbility, one of the world’s leading asset managers in the field of development investments. It offers professionally-managed investment solutions to both private and institutional investors.

Sustainable and theme funds managed by Vontobel

CHF MN	2017	2016
Volume of sustainable funds	9,157	6,380
Volume of theme funds	830	647

Sustainable investments

	2017	2016
Volume of sustainable investments (CHF mn) ¹	13,962	10,704
Proportion of sustainable investments (in % of AuM) ²	8.4	7.7

1 Including volume of structured products
2 Excluding volume of structured products

The volume of sustainable investments managed by Vontobel rose by almost 30% in 2017 compared to the previous year. Measured as a proportion of total assets under management, sustainable investments increased from 7.7% to 8.4%.

7 Voting and engagement

Material ESG issues can impact the success of a company and consequently its capacity for future investments and growth. At Vontobel, we believe that voting and engagement can have a positive influence on a company's values and behavior and strengthen its longer-term contribution towards building more sustainable economies and societies and protecting the environment.

7.1 Voting

Vontobel exercises its voting rights for all investments in the mtX and Global Trends strategies. We have been working with Hermes Equity Ownership Services (Hermes EOS) in this context since 2011. All other funds come under our internal "Management Company Voting Policy", which is in line with the corporate governance recommendations of the European Fund and Asset Management Association.

The guidelines followed by Hermes EOS have been reviewed and approved by Vontobel. Hermes EOS uses the research of its proxy voting provider and adds its own research in order to issue recommendations to its clients on how they should exercise their voting rights. Our portfolio managers and analysts receive alerts of forthcoming shareholder meetings together with voting recommendations that are based on standardized Hermes policies and approved by Vontobel. Portfolio managers and analysts review the voting recommendations and if they agree with them, Vontobel will vote accordingly. If they disagree, which may occasionally happen if the standard recommendation does not match our in-depth knowledge of the company in question and its management, the analyst or portfolio manager can change the vote directly via the online proxy voting platform. This process ensures that we execute all of our voting obligations and that our analyst and portfolio managers retain the authority to personally make decisions in the interests of our investors.

Each year, Vontobel publishes a Voting and Engagement Report (www.vontobel.com/voting). The report for 2017 will be published in mid-2018. In 2016, we voted on a total of 5,325 resolutions at 455 general meetings worldwide for the above-mentioned strategies. At 52% of the meetings, we voted with the management. At 46% of the meetings, we voted against the management (or voted against it and abstained) on at least one agenda item. At 2% of the meetings, we abstained or voted with the management by exception.

7.2 Engagement

We consider active ownership to be a key part of sustainable investing. At Vontobel, we have both indirect engagements, based on our partnership with Hermes EOS, as well as direct engagements, which are undertaken by our analysts and portfolio managers. The Hermes EOS, service covers funds that take account of sustainability criteria (mtX strategy), as well as our global trends funds. Our cooperation with Hermes EOS strengthens our position by enabling us to join forces with other investors. This allows us to exercise greater influence than the size of our holdings would otherwise permit.

In 2016, Hermes EOS, engaged in a critical dialogue with 60 companies on a total of 171 issues on our behalf, of which 15% related to environmental, 29% to social and 17% to strategy and risk matters. Corporate governance was once again the main topic discussed in 2016, accounting for 39% of all issues.

In addition to the formal engagement process through Hermes EOS, our analysts and portfolio managers engage with the management of companies informally on relevant topics as part of their fundamental research activities. Frequently, ESG topics are not covered in company reports or by our research providers. We therefore carry out informal fact-finding engagements to better understand a company's performance and standards (e.g. its governance policies or environmental performance). This includes assessing the impact of its products and services on the environment – looking in particular at whether they can help to reduce or eliminate carbon emissions.

Through these consultations, we encourage companies to improve their risk management practices and ESG disclosures in general and to also report on the impacts of their products over their entire life cycle. For example, we have contacted all holding companies included in our Clean Technologies and New Power strategies to assess and measure potential avoided emissions. We asked these companies to report on their products and services and how they can improve energy efficiency and reduce emissions over their entire life cycle.

The engagement activities of our mtX team, for example, included the dialogue with a Russian consumer staples company over the past two years. When the company was first considered for investment, it did not fulfil our minimum ESG standards. While gathering information about the company, our analysts were able to make specific suggestions for improvement, including improved transparency regarding ESG issues. We were pleased to see that the company has since improved its ESG disclosures in its annual report.

Environmental Sustainability

The Vontobel Sustainability Committee ensures the targeted management of our environmental responsibilities. The Committee, which is chaired by the CEO, meets at least twice a year and includes representatives from Human Resources, Operations, Investor Relations, Finance & Risk and the divisions.

1 Climate protection

We have engaged in various activities to protect the environment for many years and are particularly committed to climate protection.

1.1 Climate neutrality

Vontobel has been carbon neutral since 1 January 2009 (Scope 1, 2 and 3). We offset the greenhouse gas emissions we produce each year by purchasing CO₂ emissions certificates to support projects that save the same volume of emissions. In 2015, the Sustainability Committee selected three new climate neutrality projects for the period from 2015 to 2017 with a focus on the areas of forestry, water and landfill gas, since they effectively complement the GoldPower certificates purchased separately by Vontobel. Projects were selected in Brazil, China and Kenya to ensure broad diversification across different regions. Information about the projects is available at: www.vontobel.com/sustainability.

1.2 Climate Foundation Switzerland

As a founding member of the Swiss Climate Foundation, we donate a significant proportion of our refunded CO₂ levy to the Foundation, which then uses these funds to support projects to improve the energy efficiency of SMEs. The projects supported by the Climate Foundation in 2017 included various heating innovations.

Digitization is, in particular, creating new opportunities in the area of wood-fueled heating, where a wide range of materials are used. To ensure that the maximum benefits are achieved when burning these different types of wood, the Thurgau-based company Schmid Energy is developing a technology that analyzes the raw material used for larger wood-fueled heating systems in order to optimize combustion.

The company Dolder Electronic also focuses on increasing efficiency. Waste heat from refrigerated shelves in shopping centers or from computers or machines needs to be used more efficiently, e.g. to produce hot water or for heating. Dolder Electronic aims to improve the heat cycles in shopping centers and in industrial sectors and to ensure that energy cycles are linked. In this way, companies can avoid having to use a lot of energy for the cooling of equipment on the one hand and having to use oil for heating on the other.

“Battere” is a project involving solar-charged reusable batteries. Companies in Zurich as well as private individuals can now use this service for solar-charged batteries. As soon as their batteries are flat, Batterie sends out a bike courier to replace them with newly recharged batteries. Over a period of five years, a rechargeable battery can replace up to 100 disposable batteries.

Finally, the project “FluidSolids” involves the production of plastics from natural fibers. A Zurich-based SME has developed an alternative to conventional plastics, where it produces “FluidSolids” primarily from agricultural waste and natural binding agents. The end-product is odorless and stable. To date, it has been used to manufacture chairs and coat hangers.

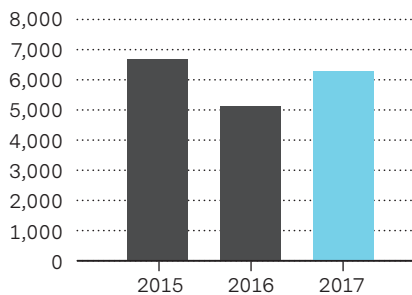
1.3 CDP (formerly the Carbon Disclosure Project)

The CDP provides companies with a scoring system that they can use to measure and disclose their environmental impacts. Based on the data provided in questionnaires completed by the companies, the CDP produces an annual “CDP Climate Score”. Vontobel performs a dual role with regard to the CDP. First, it is one of the signatory investors that use the CDP database as a source of research information for sustainable investments. Second, Vontobel is a CDP reporting company.

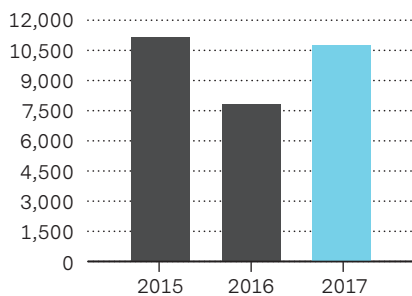
2 Environmental protection

Vontobel is committed to using processes that reduce the environmental impacts of our activities and help to protect the climate. Each year, we gather comprehensive environmental data in order to measure our progress. When conducting our operations, we strive to use materials as sparingly as possible and place an emphasis on energy efficiency and the reduction of greenhouse gas emissions.

Total energy consumption
per Full Time Equivalent (in kWh)



Business travel
per Full Time Equivalent (in km)



2.1 Lighting

The use of energy-saving LED lighting is a standard feature of all new and renovated office buildings at Vontobel. Wherever possible, we switch to LED lighting in existing buildings in view of the massive reductions in electricity and maintenance costs that can be achieved. This form of lighting also results in less waste that requires special disposal. During the year under review, Vontobel switched the lighting systems in another large area of office space on the Zurich Campus to LED. The remaining areas will be equipped with LED lighting in the coming years.

2.2 Disposal of waste

When disposing of waste at Vontobel, all paper products are sent for recycling. PET bottles, aluminum and special waste such as fluorescent light tubes are also collected separately. The recycling rate is 35%. Employees are required to separate waste into PET bottles, aluminum, paper and other waste in all the buildings on the Zurich Campus. This waste disposal concept will be implemented in all new and renovated offices in future.

Electronic appliances that are used within the business must comply with the highest standards and requirements. Many electrical devices disposed of by Vontobel still work, meaning they can be put to reliable use in a non-profit environment. In 2017, Vontobel therefore donated a variety of electronic equipment to “AfB social & green IT”. This foundation provides IT services while generating social and environmental value. It does so by reconditioning and remarketing used equipment from companies and public institutions. AfB partners with the Swiss foundation GEWA, which employs people with mental illnesses to help them reintegrate into the world of work after a period of crisis.

The reconditioning and remarketing of the equipment conserves scarce resources and prevents electronic waste. This reduces the need to produce new equipment and leads to improvements in terms of the carbon footprint. In addition to taking account of social aspects, AfB’s concept thus makes an effective contribution to the protection of the environment, resources and the climate.

2.3 Office buildings

When selecting and renovating office buildings, we systematically focus on environmentally friendly and energy-efficient measures to achieve energy savings. High energy standards and good insulation of the building envelopes are part of this approach.

2.4 Supply chain

Vontobel purchases a large quantity of products and services from external providers, including facility management services, IT infrastructure, and the design and production of printed materials, as well as catering and cleaning services. Wherever possible, we work with local suppliers and we are committed to building fair, long-term partnerships with them. We purchase fruit for our employees from a Swiss family-owned company, for example, and all of our print orders in Switzerland are awarded to Swiss printing companies. A major proportion of the advertising and Christmas gifts used throughout the company are also purchased from Swiss providers.

Vontobel strives to conduct its own operations according to high environmental and social standards and we also expect our business partners to help protect the environment and to offer good employment conditions. These aspects are incorporated into our tendering process and serve as a guide for us when selecting suppliers. The relevant details are set out in Vontobel’s “Guidelines for sustainable procurement”. They address matters such as employment conditions, child labor and forced labor, environmental protection and the prevention of corruption. These guidelines are available at www.vontobel.com/sustainability and form part of Vontobel’s general purchasing guidelines.

2.5 Mobility

Vontobel continued its commitment to sustainable mobility in 2017. Our participation in the “bike to work” initiative proved successful, with 64 employees in 16 teams cycling to work. They covered a total of 27,500 kilometers by bike. Based on the principle that each kilometer cycled saves

the equivalent to 160 grams of CO₂ (the CO₂ output of an average Swiss mid-sized car, according to the Swiss Federal Statistical Office), this corresponds to a CO₂ saving of 4.4 tons. In 2015, Vontobel purchased two Citroën Berlingo electric vehicles for its Mail Services department. During the year under review, they covered 12,000 diesel-free kilometers, corresponding to around 2.2 tons of CO₂ savings.

2.6 Catering

In 2017, we continued with the “One Two We” program introduced in our employee restaurant in 2013 and the related “One Climate Menu” launched in connection with the program. “One Two We” is a sustainability program launched in conjunction with WWF Switzerland. Its aim is to offer more meals that mainly use seasonal produce and include fewer products that are transported by air and less meat, while making increased use of different types of cereals as an alternative to rice – thus reducing the carbon footprint in the food chain.

Since the program began, the Uto employee restaurant has saved almost 250 tons of CO₂ as a result of the measures taken, corresponding to a reduction of over 15%. On average, our partner SV Group served 840 meals to employees and guests each day. In the cafeteria of the employee restaurant in Zurich, around 40% of the coffee consumed comes from Fair Trade sources. The coffee served from the other coffee machines on the Zurich Campus is certified according to UTZ.

2.7 Electricity

Vontobel has been purchasing electricity from renewable sources for all 21 of its locations globally since 2013 – either directly or otherwise indirectly via the “Gold Power” solution offered by South Pole. With “GoldPower”, companies can purchase renewable energy irrespective of the actual electricity used. This promotes the building of global capacity for the production of electricity from renewable sources.

3 Environmental key figures

The first table contains environmental key figures on an absolute basis, while the second table shows the figures per full-time equivalent (FTE). Total energy consumption was higher in 2017 than in the previous year. This was partly due to low temperatures in January 2017, which increased heating requirements, and partly to a further rise in electricity usage during the year under review.

The growing number of employees are working with two or more computer screens and the opening of a second restaurant during the year under review are factors that contributed to this development. As part of the acquisition of Vescore, additional locations were temporarily taken over, with a corresponding effect on the energy balance.

Paper consumption per employee rose slightly, reflecting the initial impacts of our rebranding, which resulted in the printing of new materials as well as the disposal of old documents and brochures. However, the paper recycling rate increased significantly to more than half during the year under review. The consumption of foodstuffs, which was assessed for the first time in the previous year, declined slightly.

There was a significant increase in business travel, with a clear rise in the number of business flights in particular. This is attributable to Vontobel’s international expansion, which has resulted in higher levels of activity outside Switzerland and therefore in more air travel. Flights are the main driver of higher CO₂ emissions, which also grew due to an increase in commuter travel as well as the previously mentioned rise in heating requirements.

Environmental key figures, absolute

	2017 ^{1,5}	2016 ¹	2015 ¹
Total energy consumption (MWh)	10,487	9,403	9,447
<i>Electricity consumption (MWh)</i>	7,009	6,578	6,362
<i>Heat consumption (MWh)</i>	3,478	2,494	2,709
<i>District heating/cooling usage (MWh)</i>	0	331	376
Business travel (1,000 km)	17,952	14,346	15,773
<i>of which business flights (1,000 km)</i>	17,227	13,192	13,017
Commuting (1,000 km)	17,458	16,545	
Paper consumption (t)	101	88	155
<i>Proportion of recycled paper used (%)</i>	58	42	29
Water consumption (drinking water, m³)	22,902	18,807	18,217
Volume of waste (t)	155	151	218
<i>Recycling ratio (%)</i>	35	51	49
Food (t)	91	103	
Total greenhouse gas emissions (CO₂ equivalents in t)²	7,720	6,316	3,513
<i>Greenhouse gas emissions: scope 1 and 2 (CO₂ equivalents in t)^{2,3}</i>	857	912	1,174
<i>Greenhouse gas emissions: scope 3 (CO₂ equivalents in t)^{2,4}</i>	6,863	5,405	2,339

1 Figures are based on the period from 1 October in the previous year to 30 September

2 Definition according to the Greenhouse Gas Protocol

3 Greenhouse gas emissions associated with electricity consumption of 21 t CO₂ equivalents are reported according to the market-based approach, as defined in the Greenhouse Gas Protocol Scope 2 Standard.

4 Of which 5,840 t CO₂ equivalents from business travel by air, rental car and train. Other Scope 3 categories covered: Commuting, water, paper, dispatch, food, waste.

5 Figures are based on a broader scope and adapted emissions factors

Environmental key figures per full-time position (FTE²)

	2017 ^{1,4}	2016 ¹	2015 ¹
Total energy consumption (kWh/FTE)	6,279	5,125	6,677
<i>Electricity consumption (kWh/FTE)</i>	4,197	3,585	4,497
<i>Heat consumption (kWh/FTE)</i>	2,082	1,359	1,915
<i>District heating/cooling usage (kWh/FTE)</i>	0	180	265
Business travel (km/FTE)	10,750	7,818	11,149
<i>of which business flights (km/FTE)</i>	10,316	7,189	9,201
Commuting (km/FTE)	10,454	9,017	
Paper consumption (kg/FTE)	61	48	110
Water consumption (drinking water, l/FTE)	13,714	10,249	12,876
Volume of waste (kg/FTE)	93	82	154
Food (kg/FTE)	55	56	
Total greenhouse gas emissions (CO₂ equivalents in kg/FTE)³	4,623	3,442	2,483
<i>Greenhouse gas emissions: scope 1 and 2 (CO₂ equivalents in kg/FTE)³</i>	513	497	830
<i>Greenhouse gas emissions: scope 3 (CO₂ equivalents in kg/FTE)³</i>	4,110	2,945	1,653

1 Figures are based on the period from 1 October in the previous year to 30 September

2 FTE = full time equivalent

3 Definition according to the Greenhouse Gas Protocol

4 Figures are based on a broader scope and adapted emissions factors

Social Sustainability

At Vontobel, we define social sustainability as our responsibility as an employer, our comprehensive commitment to serving communities, and our efforts to promote culture and education.

1 Responsibility as an employer

The skills and expertise of our employees are vital to Vontobel's long-term success. Vontobel is aware of the competition that exists for skilled employees: As an internationally active Swiss wealth and asset manager and product specialist, we have to compete with major players both in our Swiss home market and internationally.

We therefore want to offer our employees attractive employment conditions. Training and development, employee health and wellbeing, and a good work/life balance are especially important in positioning Vontobel as an attractive employer. Another key factor is the provision of a pleasant working environment that is free from discrimination and promotes diversity and equal opportunities. To prevent discrimination in the workplace, the principle of non-discrimination is enshrined in our Employee Handbook. Both the Employee Handbook and the Vontobel Code of Conduct form an integral part of the employment contract. No cases of discrimination were reported in 2017.

The Employee Handbook also sets out our Human Resources Principles, which define the objectives of our human resources and leadership processes and the measures taken to achieve them. In addition, the Employee Handbook contains comprehensive information about employment conditions, social benefits and training, as well as compliance and security guidelines, and it is supplemented by internal policies. Up-to-date information is always available to employees on the Intranet.

1.1 Number of employees

As of 31 December 2017, a total of 1,767 employees held full-time positions at Vontobel and were based in 21 locations – 6 in Switzerland and 15 abroad. In addition to employees with permanent contracts, a total of 104 temporary employees worked for Vontobel at the end of 2017. These individuals either have fixed-term contracts or are available on an "on call" basis to assist the company when needed. Headcount remained largely stable compared to 2016. In Switzerland, all employees up to and including middle management are covered by the Agreement on Conditions of Employment for Bank Employees (VAB) issued by the Employers Association of Banks in Switzerland (AVG).

In 2017, the employee turnover rate decreased from 13.7% to 10.7%. A total of 77 female employees and 112 male employees left the bank during the year. Meanwhile, a total of 239 new employees were hired during the year under review (77 women and 162 men).

Employee turnover and training

	2017	2016
Turnover rate (in %)	10.7	13.7
Training costs (1,000 CHF)	1,464	1,532
Training costs (CHF/FTE)	867	915
Number of apprenticeships (incl. trainees)	28	28

Employee departures by age category: up to 20: 1; 21–30: 25; 31–40: 68; 41–50: 54; 51–60: 27; 61–64: 13; from 65: 1
Hires by age category: 21–30: 17; 31–40: 87; 41–50: 83; 51–60: 51; 61–64: 1

1.2 Compensation concept

Vontobel is convinced that compensation should be determined solely on the basis of an employee's abilities and function. Consequently, Vontobel does not measure wage equality on an individual basis or by gender. Vontobel's compensation system has the following objectives: To promote a performance-oriented culture and foster an entrepreneurial mindset and actions and a prudent approach to risk among employees; to promote a long-term commitment to the company among top performers; and to position Vontobel as a competitive employer. The share participation plan, which has a long-term focus, also incorporates risk aspects. It thus provides incentives for employees to contribute to the sustained success and stability of Vontobel in accordance with the principles defined by the Swiss Financial Market Supervisory Authority FINMA. Further information on this topic can be found in the Compensation Report (Vontobel Annual Report 2017, page 57 ff.).

1.3 Performance evaluations and development planning

We consider it important for employees to assume responsibility for their own professional development. As part of the annual definition of performance objectives and behavioral competencies (performance management) and their evaluation, all employees are given the opportunity to draw up a personal development plan. This development plan, which employees define in consultation with their line manager, forms the basis for their personal career progression. Vontobel provides appropriate online tools for this process and employees are supported by Human Resources and business partners in the individual divisions.

Number of employees by domicile

	NUMBER OF WOMEN	NUMBER OF MEN	31.12.2017 TOTAL	NUMBER OF WOMEN	NUMBER OF MEN	31.12.2016 TOTAL
Switzerland	403	1,021	1,424	410	1,008	1,418
Germany	42	63	105	44	66	110
USA	31	51	82	28	46	74
United Kingdom	17	40	57	15	36	51
Hong Kong	10	13	23	12	10	22
Italy	8	9	17	7	9	16
Luxembourg	8	9	17	8	9	17
Liechtenstein	7	10	17	9	8	17
Singapore	4	6	10	4	7	11
U.A.E	2	9	11	2	11	13
Spain	1	2	3	1	2	3
Australia	0	1	1	1	1	2
Austria	0	0	0	2	0	2
Total	533	1,234	1,767	543	1,213	1,756

Number of employees by nationality

	31.12.2017		31.12.2016	
	NUMBER	IN %	NUMBER	IN %
Switzerland	1,132	64	1,146	65
Germany	228	13	225	13
Italy	71	4	64	4
USA	68	4	66	4
United Kingdom	67	4	60	3
France	36	2	30	2
China	21	1		
Austria	18	1	24	1
Spain	14	1	13	1
Other	112	6	128	7
Total	1,767	100	1,756	100

Since the skills and expertise of our employees are the most important factor determining Vontobel's long-term success, we carry out a "People Day" process each year. Its goal is to manage our internal talent pool more actively and to give employees the opportunity to continue developing professionally. As part of this process, top management discusses succession planning and identifies key high performers as well as talented employees – particularly with a view to increasing the proportion of women in management functions and at senior management level. It also discusses nominations for the Senior Leadership Program and the "SeitenWechsel" program.

1.4 Training and development

Continuous learning is essential to keep pace with industry developments. We recognize our responsibility as an employer and therefore offer a broad range of training courses adapted to Vontobel's business objectives on an ongoing basis.

1.4.1 Training and development measures in 2017

In 2017, we once again invested intensively in training and development measures for our relationship managers in Wealth Management (see "Sustainable Investing – Wealth Management"). We regularly run leadership courses in which members of the Executive Board play an active role

as part of our executive dialogue. Diversity & Inclusion is one of the topics discussed in our leadership courses: To bring about change and realize our objectives in this area, we actively address this subject with our management team at Vontobel.

The completion of various e-learning and classroom training modules is now a mandatory requirement for new employees. In addition, a "Welcome Day" is held four times a year at which the divisions present themselves and employees obtain valuable information about Vontobel's strategy, objectives and corporate culture. Welcome Day is mandatory for all employees in Switzerland and for all employees from the rank of Director in international locations. The Intranet also features "getting started" pages to facilitate the employee onboarding process at an international level. This includes a video welcome message from the CEO and useful information and tips to help employees settle into their new roles at Vontobel.

All Vontobel employees worldwide attended "Vontobel Experience Workshops" focusing on our new brand presence in 2017. During these events, they discussed Vontobel's new values and competencies in order to internalize them and to be able to implement them in their daily work going forward.

To review the quality of the courses and programs that are completed, we provide participants with a questionnaire on aspects such as content, design, applicability and transferability and we evaluate their responses. In addition to qualitative reporting, we also produce quantitative reports. This enables us to produce a comparison with training and development activities in previous years and also in comparison with the industry benchmark. Training costs declined slightly in 2017 compared to the previous year on both an absolute and per capita basis.

1.4.2 Training and development

In 2017, the Vontobel Academy once again offered a large number of internal and external courses on specialist, personal development and management topics. The third version of the Vontobel Ambassador e-learning program was expanded to include further modules and is now mandatory for all employees. Its aim is to inform all employees about Vontobel's most important products and services. Since 2017, we have offered employees the opportunity to take a test at the end of the e-learning course.

Vontobel also supports its employees in completing external training courses where appropriate. These courses mainly involve business-specific qualifications such as the Master in Banking and Finance, Bachelor or Master in Business Administration, CFA or CIIA. The "SeitenWechsel" program gives senior managers the opportunity to further develop their personal and leadership skills.

1.4.3 Training for apprentices and graduates

Vontobel offers a range of apprenticeships to enable young people to embark on a career in a fascinating industry. This, in turn, benefits Vontobel by giving it access to a pool of well-qualified young professionals who can be offered a permanent position. In 2017, Vontobel once again offered attractive training positions to future professionals in the form of 28 apprenticeships (commercial or IT apprenticeships, including three traineeships). Apprentices can also obtain a vocational "Matura" when completing their training at Vontobel.

In 2013, Vontobel piloted the Graduate Trainee Program (GTP), which is targeted at university graduates with professional prospects and leadership potential. The GTPs have different areas of focus in the fields of Investment Banking and Information Technology. The programs last two years. In 2017, a total of 21 graduate trainees were employed at Vontobel.

1.5 Diversity & Inclusion

Vontobel wants to strengthen employee awareness of the topic of Diversity & Inclusion. We have therefore defined three main areas that we will focus on going forward: "Gender", "Nationality" and "Demography". We have formulated appropriate and realistic goals – referred to as our "Aspirations 2020" for each area. We provide detailed information about our various activities on the Intranet on an ongoing basis.

In the "Gender" focus area, we are striving to continuously increase the number of women at senior management level or with leadership responsibilities. Since 2017,

Vontobel has been an official member of "Fondsfrauen", a professional network aimed at promoting the role of women and ensuring they have equal opportunities in the German-speaking investment fund industry. Vontobel began by organizing a presentation and a discussion round with one of the network's founders. In the "Nationality" focus area, we want to ensure that the composition of our workforce reflects our target markets while, at the same time, preserving the "Swissness" that is valued by our clients. The number of different nationalities at Vontobel remained largely stable in 2017 compared to the previous year.

Finally, in the "Demography" focus area, we will aim to achieve a more balanced age mix. Long-term succession planning that addresses the needs of the divisions is an essential part of Vontobel's long-term human resources planning. This is another area in which we take our Diversity & Inclusion focus areas into account. The age structure shows that most employees are aged between 30 and 50. Targeted measures are needed to align the potential of this age group with the divisions' staffing needs.

Of the total of 1,767 employees at Vontobel, 1,485 held full-time positions. There was little change in the proportion of employees who worked on a part-time basis compared to 2016: The proportion of female employees working part-time remained unchanged at 31%, while the proportion of male employees in part-time positions increased slightly from 8 to 9%. In principle, part-time employees receive the same benefits as full-time employees. Different benefits apply in the case of temporary employees or staff who are available on an "on call" basis.

1.6 Health and wellbeing

Employee health and wellbeing is assigned considerable importance at Vontobel. The employee restaurant at Vontobel's head office serves healthy meals every day. The salad buffet, starters, main courses and drinks available on tap are offered free to employees; they only pay for deserts. In 2013, the Vontobel employee restaurant in Zurich introduced SV Group's "One Two We" sustainability program as part of a pilot scheme (see also "Environmental sustainability"). In addition, baskets of fresh fruit are available in Vontobel's offices so that employees can help themselves at any time.

Vontobel employees regularly train together in various sports clubs. Suitable changing facilities are available for employees to use in each of Vontobel's offices. When equipping new work spaces or renovating offices, electronically adjustable desks are usually installed to allow employees to alter their height of their work station – reflecting ergonomic recommendations that employees should switch positions while working. Studies have confirmed the benefits of this approach: By reducing the amount of time that employees spend sitting by up to 30%, it is possible to mitigate health problems.

Age structure

	31.12.2017		31.12.2016	
	NUMBER	IN %	NUMBER	IN %
Up to 20 years old	28	2	27	2
21 to 30 years old	184	10	171	10
31 to 40 years old	527	30	511	29
41 to 50 years old	620	35	602	34
51 to 60 years old	364	21	387	22
More than 60 years old	44	2	58	3
Total	1,767	100	1,756	100
<i>Average age (in years)</i>	43		43	

Age structure of the Board of Directors

	31.12.2017		31.12.2016	
	NUMBER	IN %	NUMBER	IN %
31 to 40 years old	2	22	2	22
41 to 50 years old	2	22	2	22
51 to 60 years old	2	22	3	34
More than 60 years old	3	34	2	22
Total	9	100	9	100

Years of service

	31.12.2017		31.12.2016	
	NUMBER	IN %	NUMBER	IN %
Up to 1 year	220	12	221	13
> 1 up to 5 years	664	38	672	38
> 5 up to 10 years	415	23	455	26
> 10 up to 20 years	371	21	312	18
> 20 up to 30 years	67	4	67	3
> 30 years	30	2	29	2
Total	1,767	100	1,756	100

Breakdown of rank structure by gender as of 31.12.2017

	NUMBER OF WOMEN	PROPORTION OF WOMEN	NUMBER OF MEN	PROPORTION OF MEN
Employee	125	51%	120	49%
Middle management	260	43%	343	57%
Senior management	148	16%	765	84%
Executive Board	0	0%	6	100%
Total	533	30%	1,234	70%
Board of Directors	3	33%	6	67%

Breakdown of full-time and part-time positions by gender as of 31.12.2017

	NUMBER OF WOMEN	PROPORTION OF WOMEN	NUMBER OF MEN	PROPORTION OF MEN	TOTAL NUMBER	TOTAL PROPORTION
20–49%	20	4%	10	1%	30	2%
50–79%	73	13%	44	3%	117	6%
80–99%	74	14%	61	5%	135	8%
100%	366	69%	1,119	91%	1,485	84%
Total	533	100%	1,234	100%	1,767	100%

1.7 Combining family and professional commitments

In the case of both maternity and paternity leave, the benefits that Vontobel grants to working parents go beyond the statutory minimum. Female employees who have been with the company for up to six years are entitled to four months of maternity leave on full pay. After completing six years of service, they benefit from six months of maternity leave on full pay. Vontobel grants new fathers five days of paternity leave. For a number of years, we have been a member of kcc group (globegarden), an organization that offers families complete childcare solutions. Wherever possible from an operational perspective, Vontobel endeavors to meet requests for part-time working arrangements from employees, including members of middle management.

Since 2016, employees in Switzerland have had the option of purchasing up to a maximum of 10 individual days of holiday in addition to their normal holiday entitlement. Almost 12% (2016: 7%) of employees have so far made use of this option.

1.7.1 Swiss National Future Day 2017

In 2017, Vontobel participated in National Future Day for the twelfth time. Hundreds of companies, organizations and universities across Switzerland open their doors on this day and children in grades 5 to 7 are invited to accompany an adult with whom they have close ties (parents, god parents, aunts or uncles) to work. During the morning session of Future Day at Vontobel, the children learn interesting facts about the bank and then spend the remainder of the day – i.e. lunch and the afternoon session – with the accompanying adult. In 2017, more than 80 children took part in Future Day at Vontobel.

1.8 Employee satisfaction

In 2017, we continued working on the topics identified in the 2015 employee survey. This includes measures in the Diversity & Inclusion focus areas, regular town halls at all locations, and the more targeted promotion of talent and employee development. The next regular employee survey is due to take place in 2018.

1.9 Employee engagement

The transfer of knowledge benefits society. A number of Vontobel employees share their expertise with others by giving talks and presentations at training events that are held internally or at external educational establishments. This makes it possible to ensure the transfer of knowledge within the company and to raise public awareness about the complex interrelationships within the financial markets and the importance of the finance industry for the Swiss economy.

During the Advent period in 2017, Vontobel employees set up a market stall in front of Vontobel's office at Bleicherweg and handed out warm punch to passers-by. A donation was made to the University Children's Hospital Zurich (Kispi) for each beaker of punch given out.

2 Serving communities

We have a long tradition of social responsibility at Vontobel. Our company is an integral part of the global economic system and we benefit from the excellent operating environment in our Swiss home market, with its high standards of education, good infrastructure and political stability. We therefore have a responsibility to promote the welfare and stability of the communities in which we work and we invest in a variety of initiatives and projects in this context.

Economic value distributed

CHF MN	2017	2016
Value creation ¹	794.3	829.1
Taxes ²	55.6	61.8
Dividend for the fiscal year ³	117.6	111.8

1 Income less general expense and depreciation of property, equipment and intangible assets

2 Includes income tax, tax on capital and other taxes and contributions

3 As per proposal submitted to the General Meeting

In 2017, value creation declined by 4% compared to the previous year and taxes paid decreased by 10%. In the previous year, value creation and net profit were higher due to significant one-off impacts. However, on an adjusted basis, net profit rose in 2017. The Board of Directors will therefore propose a 5% increase in the dividend to shareholders. The total amount donated by Vontobel in 2017 was CHF 175,391 (2016: 150,750).

2.1 Supporter of the Munich Security Conference

Vontobel is one of the supporters of the internationally renowned Munich Security Conference (MSC). Over the past five decades, the MSC has become a leading forum for the international strategic community. It brings together heads of state and government, ministers, leading figures in international organizations and NGOs, CEOs and other specialists to debate key security policy challenges. In 2017, a study by the University of Pennsylvania once again named the MSC the "Best Think Tank Conference" in the world.

2.2 Founding member of the Corporate Support Group

Vontobel is a founding member of the Corporate Support Group of the International Committee of the Red Cross (ICRC). This Support Group was established by the ICRC and selected Swiss companies in 2005 in order to build an innovative long-term partnership. This cooperation allows complex risks to be better identified and resources to be used more effectively.

Education is increasingly becoming a humanitarian need – especially in countries with long-running conflicts such as Iraq, Syria and Afghanistan. Vontobel therefore works with the ICRC to help children in Syria to attend school safely despite the country's military conflict. In late 2017, Vontobel launched its third fundraising campaign involving all employees to support the ICRC. In addition, we made a donation to this ICRC project for every Christmas card sent by the company.

2.3 Financial inclusion

Access to financial services – which is referred to as “financial inclusion” – has a key role to play in efforts to combat poverty and has been classed as a civil right in many European countries for over a century. We have a stake in responsAbility, one of the world’s leading asset managers in the field of development investments. Through its investment vehicles, responsAbility supplies debt and equity financing to non-listed firms in emerging economies and developing countries.

3 Promoting culture and education

Renowned cultural institutions and events increase the attractiveness of the places where they are located and enhance quality of life. Consequently, we give some of the value we create back to society by promoting culture and education. At present, our primary focus is on classical music. Another area of focus is modern art. On the education side, we are involved in initiating and supporting platforms that promote dialogue about key issues of our time.

3.1 Lucerne Festival

The Lucerne Festival is one of the world’s most renowned classical music festivals. In addition to its unique line-up of top international orchestras and soloists, the Lucerne Festival in Summer features a general theme that is reflected in its program and the artists selected to perform in it. As well as promoting musical excellence, the Lucerne Festival initiates and supports cultural and social projects. In 2017, the theme of the Lucerne Festival in Summer was “Identity”. It therefore provided support to organizations including the charitable organization “hope”, with asylum seekers being given tickets to attend a performance of Mozart’s opera “Idomeneo” that largely focuses on the topic “Identity”, thus closing the circle. Vontobel supports the Lucerne Festival as the theme sponsor. We are also one of the main supporters of the American Friends of Lucerne Festival.

3.2 Contemporary art

Art has always been part of Vontobel’s corporate culture. Since 2015, the Vontobel Art Committee has been building a collection of contemporary photography in consultation with experts in this field. The works in the collection help to promote an inspiring environment and artistic creativity at an international level. In addition to this collection, the Vontobel Art Committee launched “A New Gaze” – a new photography prize for young artists – in 2017. It includes CHF 20,000 of prize money and will enable one young photographer each year to realize his or her own artistic project – from the design phase through to an exhibition and catalogue. “A New Gaze” searches for new perspectives of our world and moves from continent to continent.

The winner of “A New Gaze” in 2017 was Eva O’Leary (born 1989), whose work “Concealer” was exhibited at Vontobel’s head office at the start of the year. With her camera, the young American photographer explored US society with a focus on the conflict between appearance and reality and between security and insecurity. She inter-connected seemingly perfect advertising images with everyday life, which is increasingly defined by the Internet and social media. In 2018, “A New Gaze” will be dedicated to African photography and we will present the winning project in autumn 2018.

Vontobel also lends its support to leading institutions in the fields of modern and contemporary art. For example, we are one of the supporters of the association of the friends of the Pinakothek der Moderne museum in Munich (PIN) and we support the annual PIN.PARTY, which includes a charitable auction.

3.3 Vontobel Impact

In a globalized world, the permanent exchange of know-how across borders creates value for individuals and society. We make a significant contribution towards this with “Impact”, our platform that enables committed figures from society, science, politics and the arts to share their views. With their expertise, they provide insights into the challenges of our time from a new perspective. In 2017, we published an issue of the magazine “Impact” that was dedicated to the topic “Identity” and established a corresponding digital platform that regularly featured articles and reports during the year (vontobel.com/impact). We also held two events with renowned experts on the topics “100 days of Trump” in Zurich and “Germany has voted – what next?” in Munich.

Global Reporting Initiative (GRI)

Notes on the report

Sustainability reporting according to the Global Reporting Initiative (GRI)

Our sustainability report has been produced in accordance with the principles set out in the Global Reporting Initiative (GRI) for the eighth time. The GRI has set itself the goal of increasing the transparency and comparability of corporate reporting globally (www.globalreporting.org). In implementing this reporting standard, we provide a high level of transparency about our sustainability objectives and performance for all stakeholders. Consequently, our Sustainability Report describes numerous current key performance indicators and changes and it applies the GRI G4 guidelines. As in prior years, we have selected the “core” reporting option.

Material topics and system boundaries for reporting

Vontobel carried out the process defined under G4 to determine material aspects and indicators in various workshops and interviews. During this process, we discussed all the GRI aspects and the Financial Sector supplements that apply specifically to the financial sector and determined their materiality for Vontobel. Corporate Sustainability Management carried out a final review and already included the material aspects in the Sustainability Report in 2014, assigning them the relevant indicators. The following GRI aspects continue to be material for the company and we cover them in the report in accordance with the GRI G4 guidelines (G4–19):

- Economic performance
- Indirect economic impacts
- Materials
- Energy
- Emissions
- Employment
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Anti-corruption
- Product and service labelling
- Customer privacy
- Product compliance
- Product portfolio
- Active ownership

As a provider of financial products, we also incorporate sustainability aspects into our products and services and into partnerships and relationships with suppliers. Further information is available in the preceding chapters (G4 –20, G4–21). Unless stated otherwise, the reporting boundary encompasses Vontobel Holding AG with the subsidiaries listed in the consolidated annual financial statements as well as their locations. Unless stated otherwise, the reporting period is from 1 January to 31 December 2017. The environmental key figures relate to the period from 1 October 2016 to 30 September 2017. Information on the scope of consolidation can be found on pages 205–206 of the Annual Report (G4–17). We have not made any restatements or corrections to the previous year’s disclosures (G4–22, G4–23).

Commitment to stakeholders

An open dialogue (G4–26) is key in order to gain a better understanding of the needs of our clients, employees, suppliers and cooperation partners and to take account of the interests of local communities and NGOs. We want to engage with our stakeholders by providing clear and comprehensible information on different challenges and opportunities relating to ESG matters. Regular employee and client surveys are key tools in this context, as are targeted discussions with our suppliers. In 2017, we implemented measures based on the results of the 2015 employee and client surveys. Issues raised by employees included calls for enhanced internal communication and targeted support in the area of career development. The majority of clients indicated that they were very satisfied with Vontobel but we nonetheless want to achieve improvements in this area and to further strengthen client satisfaction and trust in our company (G4–27).

We are making good progress in these efforts: In 2017, Vontobel once again received numerous awards. After 2014, 2015 and 2016, the Swiss business magazine “Bilanz” assigned us another top-three place in its private banking ratings. In the “Fuchsbrieife TOPs 2017”, we achieved the highest rating “excellent” in Private Banking in the overall evaluation. We also took first place in the “Best advisory team” category and came third in the country rating for Germany.



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core = general standard disclosures; mandatory reporting

m.= aspect defined as material for Vontobel

p.c. = Omissions due to partial coverage. We are working to increase data coverage in the coming years.

* Page numbers refer to the Vontobel Annual Report 2017

UN Global Compact: Communication on Progress

Implementation of the ten principles of the UN Global Compact

Over 9,200 companies from 164 countries have signed the UN Global Compact and pledged to uphold ten principles in the areas of human rights, labor, environment and anti-corruption. Vontobel became a signatory to the Global Compact in 2017. This is the first Communication on Progress (COP) report on the implementation of the ten principles at Vontobel.

The Ten Principles of the UN Global Compact

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	FS7: Contribution of products and services to the facilitation of social capital	92
Principle 2: Make sure that they are not complicit in human rights abuses	FS10: Portfolio-based commitment to social and environmental issues	95-99
	FS11: Assets subject to environmental or social screening	99
	Aspect Organizational Profile	
	G4-12: Organization's supply chain	102
Financial Sector specific indicators: product portfolio and active ownership	FS7: Contribution of products and services to the facilitation of social capital	92
	FS10: Portfolio-based commitment to social and environmental issues	95-99
	FS11: Assets subject to environmental or social screening	99
	Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Aspect Organizational Profile	
	G4-11: Employees covered by collective bargaining agreements	105
Principle 4: Elimination of all forms of forced and compulsory labor	Aspect Organizational Profile	
	G4-12: Organization's supply chain	102
	Aspect Economic performance	
Principle 5: Effective abolition of child labor	G4-EC3: Coverage social benefits	161
	Aspect Organizational Profile	
Principle 6: Elimination of discrimination in respect of employment and occupation	G4-12: Organization's supply chain	102
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Principle 6: Elimination of discrimination in respect of employment and occupation	G4-10: Total number of employees	106
	Aspect Employment	
	G4-LA1: New employee hires and employee turnover	105
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	G4-LA11: Employee performance and career development reviews	105, 106
	Aspect Diversity and equal opportunity	
	G4-LA12: Staff and management structure	108
	Aspect Non-discrimination	
	G4-HR3: Total number of incidents of discrimination and corrective actions taken	105

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PRINCIPLES	IMPLEMENTATION AT VONTOBEL: CONTENT-RELATED ASPECTS AND COVERAGE ACCORDING TO GRI REPORTING	PAGE IN ANNUAL REPORT*	
Environment			
Principle 7: Businesses should support a precautionary approach to environmental challenges	Aspect Materials		
	G4-EN1: Materials used	104	
	G4-EN2: Recycled input materials used	104	
	Aspect Energy		
	G4-EN3: Energy consumption within the organization	104	
	G4-EN5: Energy intensity	104	
	G4-EN6: Reduction of energy consumption	104	
	Aspect Emissions		
	G4-EN15: Direct Greenhouse Gas Emissions	104	
	G4-EN15-FS: Business travel related direct Greenhouse Gas Emissions	104	
	G4-EN16: Indirect Greenhouse Gas Emissions	104	
	G4-EN17: Other indirect Greenhouse Gas Emissions (Scope 3)	104	
	G4-EN17-FS: Other business travel related Greenhouse Gas Emissions	104	
	G4-EN18: Greenhouse Gas Emissions intensity	104	
	G4-EN19: Reduction of Greenhouse Gas Emissions	104	
	Financial Sector specific indicators: product portfolio and active ownership		
	FS10: Portfolio-based commitment to social and environmental issues	95–99	
	FS11: Assets subject to environmental or social screening	99	
	Principle 8: Undertake initiatives to promote greater environmental responsibility	Aspect Materials	
G4-EN1: Materials used		104	
G4-EN2: Recycled input materials used		104	
Aspect Energy			
G4-EN3: Energy consumption within the organization		104	
G4-EN5: Energy intensity		104	
G4-EN6: Reduction of energy consumption		104	
Aspect Emissions			
G4-EN15: Direct Greenhouse Gas Emissions		104	
G4-EN15-FS: Business travel related direct Greenhouse Gas Emissions		104	
G4-EN16: Indirect Greenhouse Gas Emissions		104	
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G4-EN17-FS: Other business travel related Greenhouse Gas Emissions		104	
G4-EN18: Greenhouse Gas Emissions intensity		104	
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Principle 9: Encourage the development and diffusion of environmentally friendly technologies		Aspect Energy	
		G4-EN6: Reduction of energy consumption	104
		Aspect Emissions	
G4-EN19: Reduction of Greenhouse Gas Emissions		104	
Anti-Corruption			
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Aspect Ethics and Integrity		
	G4-S6: Organization values, principles, standards and norms	90	
	G4-SO3: Operations assessed for risks related to corruption	90, 91	
	G4-SO4: Anti-Corruption employee training	91	

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Vontobel Advisory Council: Sparring partners and ambassadors for Vontobel

The Vontobel Advisory Council is a group of individuals with a business or political background from Switzerland and Vontobel's focus markets who are selected to act as sparring partners to the Executive Board and as ambassadors for Vontobel. Their external expertise and experience is to be put to targeted use to identify trends and to discuss Vontobel's further development.

The Vontobel Advisory Council, which will meet twice annually, currently has the following members:



Picture by Caroline Forbes,
courtesy to Penguin Books

The Rt Hon. **Lord Patten** of Barnes CH, whose long career includes posts as European Commissioner and as the last Governor of Hong Kong, who transferred sovereignty over the former British crown colony to the People's Republic of China in 1997. Following his active political life, Lord Patten served as Chancellor of Newcastle University, among other roles, and has been Chancellor of the University of Oxford since 2003.



Vittorio Volpi, who has more than 50 years of experience in management positions across a wide variety of businesses within the international finance industry, including serving as President of UBS in Italy and as Chairman of UBS Japan for many years. Today, Vittorio Volpi is Chairman of a range of companies and consultancies in Europe.



Carlo Pesenti, who has served as Chief Operating Officer of Italmobiliare SpA since 2014. Italmobiliare, a leading Italian holding company with a history spanning more than 150 years manages holdings in a large number of industrial, media and private equity firms. Carlo Pesenti is a member of the governing bodies of numerous companies and has a seat on the Board of the Italian newspaper Il Sole 24 Ore.



Felix Happel, Chairman of the Board of Directors of Porterhouse Group AG, Lucerne, a European holding company that combines innovative firms with unique selling propositions. Porterhouse uses its own funds to acquire majority stakes in small and medium-sized companies and supports their long-term development.

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At Vontobel, we actively shape the future.
We master what we do – and we only do what we master.

From Zurich, Frankfurt am Main and London
over New York and Dubai to Hong Kong – throughout
20 offices, we service our clients.



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