

The global credit crisis, the turbulence in the financial markets and the looming prospect of a worldwide recession dominated the headlines in 2008, diverting attention away from long-term issues such as climate change. Unsustainable business models and inadequate risk management have repeatedly been named as the causes of the financial crisis. Good corporate governance structures, comprehensive risk controls and a business strategy that takes account of future challenges are important components of sustainable business management. The calls for new rules to be implemented in the economy and the financial system are a good reason for companies – particularly banks – to take greater account of sustainability aspects in their operations.

Sustainability as an integral part of business strategy

As an independent Swiss private bank with a strong family shareholder base, the Vontobel Group has maintained its freedom to make its own decisions and to adopt a forward-looking approach to business. Its activities are based on the knowledge that stability, financial success and responsibility go hand in hand. For generations, the bank has been committed to operating in an ethical and far-sighted manner. These values are clearly defined in Vontobel's sustainability principles.

The Vontobel Group's Sustainability Committee, which is chaired by the CEO Herbert J. Scheidt, ensures that these sustainability principles are applied in practice and that Vontobel achieves continuous improvements in the relevant areas. The Committee consists of representatives from the three business units Private Banking, Investment Banking and Asset Management, as well as from various Group functions such as Corporate Communications, Investor Relations and Human Resources. In 2008, Vontobel gathered sustainability data about the entire Group for the first time. The information is published on its sustainability webpage and is always updated to show the latest available data. Vontobel uses this information as the basis for the definition of concrete sustainability measures, which are explained in detail in the chapter "Sustainability within the company".

In 2008, Vontobel joined The Sustainability Forum Zurich (TSF), an international network that promotes a dialogue about sustainability issues between different groups of stakeholders. As a co-founder of the Climate Foundation Switzerland, Vontobel also supports the climate protection efforts of Swiss SMEs. The net income Vontobel receives in the form of a CO₂ tax refund is donated to this foundation. Together with its membership of "Öbu" – an association promoting sustainability among Swiss companies – and the Forum on Sustainable Investments, which is active in Germany, Austria and Switzerland, Vontobel has established a broad basis for its comprehensive activities in the field of sustainability.

The new brochure "Sustainability opens new vistas" informs clients and other interested parties about the principle of sustainability and its importance in the field of investing, as well as providing details about the sustainable investment products offered by Vontobel. It clearly defines what is meant by the widely used term "sustainability",

how the principle can be applied profitably by companies, and the form in which sustainable investments are now available in the market. Vontobel's various activities in this area are also explained. A glossary clarifies the range of terminology used in this context. The brochure contains eye-catching images of landscapes in which the renowned photographer Bernhard Edmaier captures the beauty of the earth from unusual new perspectives. He focuses on landscapes that have been shaped solely by the forces of nature, and the resulting images convey the message that this wealth of colour and form is worth protecting. The brochure can be ordered or downloaded via the sustainability webpage.

Launch of various sustainable investment products

Vontobel creates innovative sustainable investment products that enable its clients to invest in future-oriented themes and to thus achieve a financial return while contributing towards sustainable development.

In 2008, Vontobel extended its range of investment funds to include a family of sustainable products. The four new sustainability funds – Global Responsibility European Equity, Swiss Equity, US Equity, and Asia ex Japan Equity – invest in the most sustainable companies in each of these regions. At a time when shortages of resources and environmental impacts are being exacerbated by continued population growth and increasing prosperity around the globe, the incorporation of sustainability aspects into business management has become a basic prerequisite in order for companies to achieve a good reputation and financial success. The Global Responsibility funds enable clients to invest according to this principle. Investors can implement a global investment strategy by participating in all four regional equity funds, which are actively managed and focus on companies that satisfy strict sustainability criteria defined by Vontobel. The Global Responsibility funds are based on a transparent process that comprises both a comprehensive sustainability review and a detailed financial analysis. To take account of local market conditions, Vontobel's Sustainability Research team works with the best research partners in the different regions. This partnership provides Vontobel with access to in depth local market knowledge and enables uniform sustainability criteria to be applied globally.

Vontobel also offers a Global Trend product line, which was created through the launch of the Global Trend Future Resources fund and the Global Trend Clean Technology fund to complement the established Global Trend New Power fund. The Global Trend funds invest in companies that can benefit from shortages of energy and resources, as well as the global search for efficient technologies.

The Global Trend funds and the Global Responsibility funds collectively form the "Global Change" range, which is now one of the key pillars of Vontobel's activities in Asset Management.

In 2008, Vontobel introduced a type of asset management portfolio for private clients that takes account of sustainability criteria. This product is based on Bank Vontobel's proven investment expertise as an asset manager and offers clients a broadly diversified range of investments spanning various asset classes. Unlike other forms of asset management portfolio, all the investments also undergo a clearly defined sustainability review based on the same criteria as the Global Responsibility funds. This gives investors the opportunity to participate in the success of sustainable companies and to combine their personal values with their investment activities.

In Investment Banking, the existing series of sustainable index products that are based on Vontobel's cooperation with the rating agency INrate has been extended to include the Dynamic Vconcert on the Smart Mobility Index – a new product that enables investors to participate in companies that contribute to a more sustainable form of mobility. The composition of the index is regularly adjusted in line with the latest trends. Together with the Dynamic Vconcerts on the Climate Protection Index, the Sustainable Consumption Index and the Water Index (only in Germany), Vontobel is thus offering a selection of sustainable index certificates that allow for the diversification of investments over a range of different sustainability themes.

In 2008, Vontobel also strengthened its expertise regarding the financing of sustainable projects. A highly experienced team of project finance experts who specialize in renewable energy – particularly the financing of projects in the areas of wind, solar or geothermal energy – was established.

Bank Vontobel's foundation helps to promote greater sustainability within society and the environment through its charitable donations. Clients who wish to use part of their wealth to promote good causes can lend their support to projects that focus on social issues, culture, ecology, education and medicine through the foundation. Initiatives that benefited from its support in 2008 include an organic farming project aimed at reducing the use of pesticides in agriculture and promoting large-scale biodiversity. The foundation also provided financial assistance to an organization that hires out specially adapted bicycles to people with disabilities and their carers free of charge.

Sustainability within the company

In 2008, Vontobel completed its move to the Campus in Gotthardstrasse. As a result, the majority of Vontobel's employees in Zurich now work within a radius of a few hundred metres. This has simplified many processes and has facilitated the regular exchange of information and ideas – creating benefits from both a social and an environmental perspective and thus enhancing sustainability.

Vontobel gathered sustainability data for the first time in 2008. These data, which relate to the year 2007, will serve as the basis for the definition of measures concerning the environment and the bank's stakeholders. The first measures that were decided and have already partly been implemented are focused on energy usage – since this is one of the main areas in which Vontobel is striving to improve its ecological footprint – as well as to the consumption of paper.

- The Vontobel Group as a whole has been carbon neutral since 1 January 2009. In conjunction with the established partner First Climate, Vontobel purchased emissions reduction certificates that are equivalent to its annual global CO₂ output, thus offsetting the Group's entire greenhouse gas emissions. The purchase of these certificates enables renewable energy projects to be implemented in developing countries and the emerging markets that would not otherwise be possible. They include pioneering initiatives such as a wind farm in Turkey or the use of rice husks as an alternative to firewood by a ceramics producer in Brazil, thus helping to prevent deforestation. Thanks to these projects, it is possible to gain experience with these new forms of energy generation and to help transform them more rapidly into competitive energy sources. The projects often also offer social benefits, such as the creation of jobs or the development of deprived regions.
- The compensation of CO₂ emissions is important – but reducing the actual volume of emissions produced is equally vital. Vontobel is therefore developing a climate strategy that is aimed at actively reducing its own CO₂ emissions. One measure that has already been decided in this context is an energy review of all of Vontobel's major buildings in order to save energy through operational improvements. All of the electricity used at Vontobel's offices in Switzerland is already derived exclusively from renewable energy sources, and the bank is gradually switching to the use of "green" electricity at its international locations.
- When Vontobel relocated to its new premises, central departmental printers were installed for all employees. The introduction of double-sided printing as the default setting should help to reduce paper consumption.
- All of the paper used for photocopying and printing at Vontobel bears the FSC label, which guarantees that the wood used to produce the paper was sourced from sustainably managed forests. Since 2008, FSC paper has also been used for all publications printed externally – including this Annual Report.

Vontobel believes that the provision of attractive working conditions for employees is a key requirement; this includes actively promoting employee health and well-being. In 2008, two attractive new services were added to the range of measures promoting employee health and well-being:

- Vontobel's new head office now includes a staff restaurant that offers a healthy range of meals for employees, including a low-calorie option called "Fit for life". The restaurant is operated by the catering company SV-Service, which also pursues a comprehensive sustainability strategy.
- A course on the topic of work/life balance was included in Vontobel's training and development programme for the first time in 2008. It met with considerable interest from employees and will be offered again this year.

Sustainable compensation concept

Vontobel's compensation concept provides employees with a strong incentive to focus on long-term performance and to commit themselves to the sustained success of the company. It satisfies the demands for modern and sustainable compensation systems that are now the subject of much discussion. Further information on this topic can be found in the Chapter "Information on corporate governance" under the title "Compensation, shareholdings and loans" as well as in note 31 of the Notes to the consolidated financial statements. The compensation system focuses on rewarding sustained, long-term success and defers the payment of part of the variable compensation awarded to employees. Special rewards and support are offered to employees who act responsibly and in the interests of the company.

The various sustainability topics have gained renewed importance against the backdrop of the current financial crisis. Vontobel remains actively committed to achieving ongoing improvements in the many fields of sustainable business management. Information about its progress in this area is continuously updated on the Internet (www.vontobel.com/sustainability).