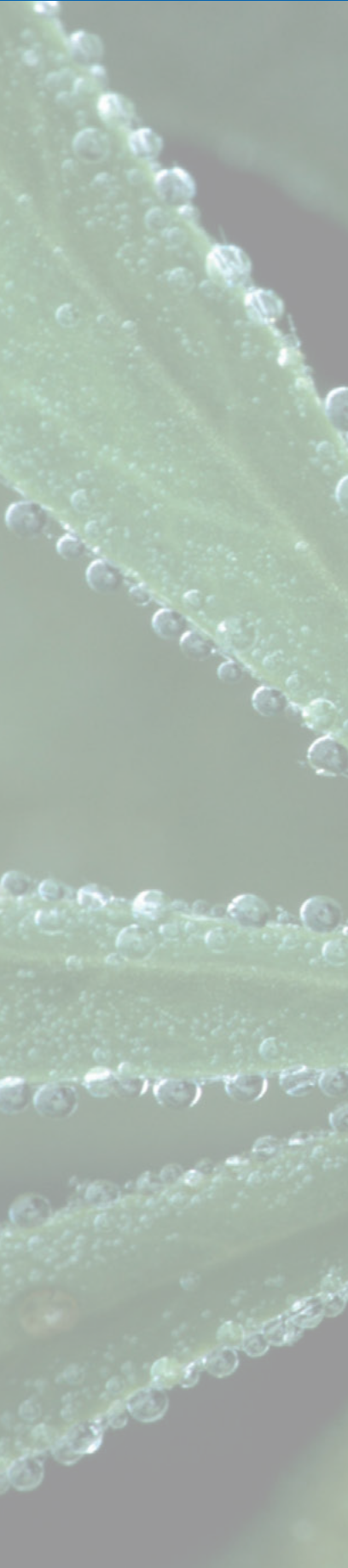


Corporate Responsibility & Sustainability Report

Chapter of the Annual Report 2016



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Vontobel and Sustainability

Our commitment to corporate responsibility and sustainability in 2016

We strive to fulfil our corporate responsibility by focusing on environmental and social sustainability and by offering a comprehensive range of sustainable investment solutions.

Against this backdrop, Vontobel signed up to the United Nations (UN) Principles for Responsible Investment (PRI) in 2010. Our status as a signatory requires us to submit a comprehensive report each year. In 2016, we reached a further milestone when we achieved the benchmark for half of the modules that were evaluated and were clearly above average for the other half. This confirms our expertise in the area of sustainable investing, which we have been building and expanding continuously since the 1990s. We are currently working on implementing a more strategic focus in the area of voting and engagement and on maintaining our PRI rating at above average.

All three of our divisions offer sustainable investment solutions and advice and they work together closely in this area. They are thus responding to the continued growth in demand for this investment theme, which is reflected by the increasing volume of sustainable investments. We were able to expand Vontobel's existing competencies through the acquisition of Vescore. We want to play a leading role in the field of sustainable investing and intend to grow this business internationally. Measured as a proportion of total assets under management, assets managed according to sustainability criteria increased from 4.7% to 7.7% in the year under review.

At Vontobel, we assign a high level of importance to climate protection. We therefore structure our products and processes in a way that ensures they have a minimal impact on the climate and promote measures to protect the climate, as well as adaptation measures. In this context, we perform a dual role in the CDP (formerly the Carbon Disclosure Project). First, Vontobel 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. We are very pleased that with an "A-" score in the CO₂ ratings, Vontobel achieved the status of "Sector Leader Financials" in the DACH region (Germany, Austria and Switzer-

land) and the status of "Index/Country Leader in Switzerland" in 2016.

We assume responsibility for the welfare and stability of the communities in which we operate. For example, we have been supporting the Munich Security Conference (MSC) since 2014. Over the past five decades, the MSC has become a leading global forum for the discussion of security policy issues. We are also an active member of the Corporate Support Group of the International Committee of the Red Cross (ICRC). For further details, please visit our homepage www.vontobel.com/sustainability, which has been fully updated and now features additional information.

We believe that business success, stability and sustainability go hand in hand. In 2016, Vontobel was named the "Best Private Bank in Switzerland" for the third consecutive year. This award – together with our sustained success during the year under review – confirm that Vontobel is on the right track in the area of sustainability.



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:

- **Swiss Sustainable Finance (SSF)** strengthens Switzerland's position in the international marketplace for sustainable finance by informing, educating and catalyzing growth. Vontobel is a founding member of SSF and played a significant role in establishing the organization. The members and network partners of the association, which was founded in 2014, include financial service providers, investors, universities and business schools, as well as public sector entities and other interested organizations.
- **PRI (Principles for Responsible Investment)**, a UN initiative. When it became a signatory to the PRI in 2010, Vontobel pledged to gradually implement six principles relating to the broad-based integration of sustainability criteria into the investment processes. Our status as a signatory requires us to submit a comprehensive report each year. The implementation of the Principles for a total of eight modules was once again assessed and rated in 2016. Vontobel achieved the benchmark for half of the modules that were evaluated and was above average for the other half.
- **CDP** (formerly the Carbon Disclosure Project) 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". With its "A-" score in the CO₂ ratings, Vontobel achieved the status of "Sector Leader Financials" in the DACH region (Germany, Austria and Switzerland) and the status of "Index/Country Leader in Switzerland" in 2016.
- **Climate Foundation Switzerland** provides financial support for projects to improve the energy efficiency of small and medium-sized enterprises (SMEs). Vontobel is one of its founding members and is represented on the Board of Trustees and Advisory Board.
- **Öbu** is an association of Swiss firms that addresses sustainability and management topics. It provides practical tools and knowhow to promote a sustainable approach to business.
- **Energy Agency for the Economy (EnAW)** was founded by business associations with the aim of enhancing energy efficiency among its members and encouraging them to reduce their CO₂ emissions.
- **Forum per la Finanza Sostenibile**, the Italian forum for sustainable investing.

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:


- Vontobel Fund – Clean Technology: Vontobel Fund – Clean Technology: Winner of the "Best Environmental Fund" category in the "2015 Sustainable Investment Awards".
- Vontobel Fund – Clean Technology: Named the best fund in the "Natural Resources Equity" category of the "2015 Investment Week Specialist Investment Awards".

Our "Corporate Responsibility & Sustainability" web presence has been fully updated and expanded. It contains comprehensive information about all aspects of sustainability as well as the "Vontobel Sustainability Signature Story", which describes the long tradition and importance of sustainability at our company since it was founded.

Sustainable Investing

Sustainable investment solutions combine environmental, social and governance criteria with competitive return potential.

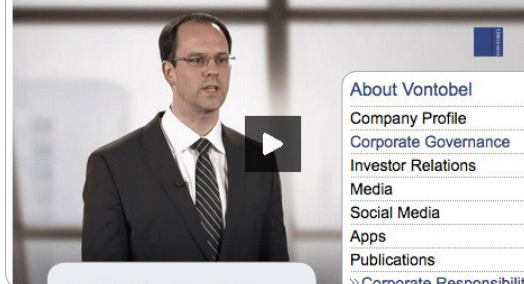
Sustainable factors play an increasingly important role in investment decisions globally. The focus is on generating a positive long-term impact on the environment and society without compromising on returns.



Economic Sustainability

A systematic client focus, a long-term growth strategy and a solid capital and risk policy are core elements of economic sustainability at Vontobel.

"In today's rapidly evolving financial world, it is essential that we remain true to our values," says Dr Maja Baumann, a member of Vontobel's Board of Directors. As part of the fourth generation, she represents the Vontobel family's legacy with its strong focus on values.



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No investments in controversial arms



Cluster munitions and land mines are banned by international conventions. In 2012, Vontobel approved a Group-wide guideline that prohibits investments in companies that manufacture these types of arms.

» [Vontobel Policy on Cluster Bombs and Land Mines](#)

UN PRI Eurosif Code FNG Profile Voting & Engagement

Signatory to the Principles for Responsible Investment



As one of the signatories to the Principles for Responsible Investment (PRI), Vontobel has pledged to take sustainability principles into account in its investment process and to encourage other market participants to do the same. This includes actively

Vontobel Sustainability Signature Story


Read the Vontobel Sustainability Signature Story to discover the entire history of sustainability within our company.

» [Download](#)

Environmental Sustainability

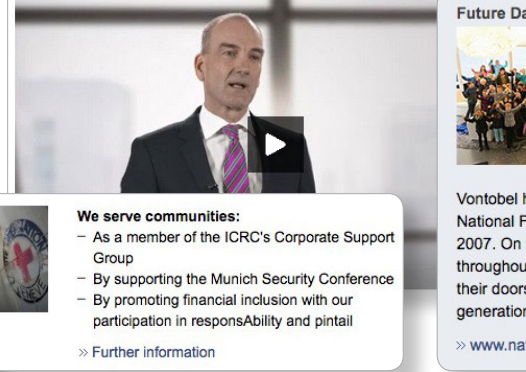
Environmental and climate protection are closely interconnected. Many of the measures that help to lower CO2 emissions also reduce other environmental impacts such as the use of resources and air pollution.

When conducting our operations, we consider it important to use materials as sparingly as possible and we place an emphasis on energy efficiency and the reduction of greenhouse gas emissions.




Social Sustainability

We recognize our corporate responsibility to promote the welfare, cohesion and stability of the communities in which we work. This belief is firmly enshrined in Vontobel's culture and is therefore part of the way we see ourselves as a company.



Future Day at Vontobel




Vontobel has taken part in National Future Day since 2007. On this day, companies throughout Switzerland open their doors to the younger generation.

» www.nationalerzukunftstag.ch

Vontobel's Climate Strategy **Climate Neutrality** CDP Environmental Protection

Climate neutrality



Vontobel has been carbon neutral since 1 January 2009. We purchase emission credits relating to a forest and biodiversity project in Brazil, a waste gas recovery project in China and a water and cooking stove project in Kenya.

- » Brazil – forest project
- » China – waste gas project
- » Kenya – water and cooking stove project

Sustainability Report

The Sustainability Report forms part of Vontobel's Annual Report. It contains detailed information about Vontobel's sustainability commitments and thus fulfils the G4 standard of the Global Reporting Initiative (GRI).





Vontobel now among top 10 climate-friendly financial institutions according to CDP

Our understanding of corporate responsibility and sustainability

To fulfil our corporate responsibility, our first priority is to consider the needs of our clients and to pursue 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, taxpayer and 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 by saving 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 strive to take greater account of sustainability aspects across every area of our business and we view this as a permanent commitment based on our belief that business success, stability and sustainability go hand in hand. Sustainability and a successful business strategy are closely interconnected. Consequently, Vontobel aims to deliver continued improvements in all fields of sustainable business management over 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.

Our competencies and our offering in the area of sustainable investing are a strategic area of focus of our growth strategy. 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 topics 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 development in this integrated world. We believe that promoting sustainable development in our markets in a variety of ways is both an economic necessity and an ethical duty.

Our mission statement forms the basis of Vontobel's sustainability commitments. The core values and action principles defined by the Board of Directors in our mission statement are expressed in concrete terms in two documents:

- 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.

Our sustainability commitments centre on our main groups of stakeholders: clients, shareholders, employees, society and the environment (G4–24, G4–25). 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. 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 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 Private Banking and Corporate Sustainability Management. The ESG Investment Committee reports to Vontobel's Executive Board.

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

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 compliance with laws and regulatory requirements. This is also essential in order to avoid reputational risks. All of our divisions are therefore monitored constantly as part of our Group-wide risk analysis using appropriate compliance processes to ensure they are legally compliant.

Our business philosophy centres on achieving client satisfaction, on gaining and maintaining client trust, and on protecting and building the wealth that clients have entrusted to us. These tasks have become more complex in view of the increasing demands being placed on the financial sector as well as stricter regulatory requirements (both in Switzerland and globally). At the same time, clients have become more discerning, and the demand for individually tailored solutions has increased. Sustainability aspects are playing a more significant role in this context, even purely in terms of economic risk considerations.

Offering each of our clients the right product or best possible service is therefore the primary focus of our three divisions – Private Banking, Asset Management and Investment Banking. Compliance with the product naming requirements defined by regulators is mandatory 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 ensure the continued development of our business, each of our three divisions – Private Banking, Asset Management, Investment Banking – performs functions relating to product development, client communications and marketing. The PRI guide us in this area. We also comply with the requirements of the European SRI Transparency Code.

Our risk analysis covers areas including the risks arising from money laundering (including the financing of terrorism). The aim is to ensure that our business relationships are not used for either purpose. Politically exposed per-

sons (PEPs) are also subject to a special monitoring process in this context.

Vontobel assigns the highest importance to protecting client data and to complying with all applicable legal requirements in this context. The Legal, Compliance & Tax department is responsible for regulating and monitoring both of these aspects throughout Vontobel. There were no cases involving breaches of client privacy in 2016.

Training and raising awareness

In 2016, all existing employees had to complete an e-learning basic module on compliance topics and pass an online test. This will be a mandatory requirement for all new employees going forward. 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 address specific risks. These measures prevent infringements of internal and external rules and regulations. In addition, new employees are issued with the Employee Handbook. This document 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.

In 2016, further training courses were held on the topic of money laundering in order to raise awareness among our employees of the risks related to money laundering and relationships with PEPs in particular. During the year under review, Vontobel published further policies on these topics to better address risks resulting from our business model. 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 2016.

In connection with the introduction of the Automatic Exchange of Information (AEOI), Group-wide training was provided to inform employees in detail about the new regulations. The AEOI is aimed at ensuring that bank accounts held in other countries by natural persons and legal entities who are liable for taxation outside Switzerland are duly taxed. The AEOI basically requires the tax authorities in the accountholder's country of domicile to report information on the person's identity, assets and income.

During the year under review, Private Banking restructured its existing training courses for relationship managers and launched a comprehensive programme in which compliance topics also feature prominently. Further information can be found in the chapter “Sustainable investing – Private Banking”.

Sustainable Investing

For a wealth and asset manager, the consideration of environmental, social and governance (ESG) aspects in the investment business is a key element of its 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.

Vontobel has been active in the growing market for sustainable investments since the 1990s. The volume of assets managed according to sustainability criteria has increased continuously and reached a new record level following the acquisition of Vescore in 2016. All three divisions offer sustainable investment solutions and advice in one form or another and cooperate closely in this area – enabling our clients 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, representatives of Vontobel Asset Management gave presentations or took part in panel discussions at the following events in 2016: Impact Forum, Berlin; “Nachhaltige Geldanlagen 2016” conference, Frankfurt; 8th Annual Southeast Asia Institutional Investment Forum, Singapore; Zürcher Debatte 2016 (The Foundation); Governance & Responsible Investment Conference, London; GreenBuzz, Zurich.

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.

Our status as a signatory requires us to submit a comprehensive report each year. We achieved an excellent performance in this year’s reporting. Vontobel’s implementation of the Principles was reviewed and rated in a total of eight modules. We achieved the benchmark for half of the modules that were evaluated and were clearly above aver-

age for the other half. This confirms our expertise in the area of sustainable investing, which we have been building and expanding continuously since the 1990s. 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 2012, 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. Private Banking

In Private Banking, we offer a comprehensive range of services to address a wide variety of financial needs, from portfolio management to investment advice and inheritance planning. During the year under review, we launched a new sustainable investment project at Vontobel. Its aim is to expand and sharpen our sustainable advisory capabilities through targeted investments in systems and processes.

The individual service we provide is at the heart of our good relationship with clients. Our relationship managers take time to understand the wishes and needs of each client and make a structured assessment of their personal circumstances in order to offer them services that are tailored to their individual requirements. A specially developed risk profile is used to ensure that our clients only purchase products that are suitable and appropriate for them in terms of their personal financial market experience and risk capacity. This enables our relationship managers to issue investment recommendations that are in line with the risk profile of each client, taking account of both their personal experience and the expected development of the market. In this way, we make sure that our investment recommendations are tailored specifically to clients and their needs.

We conduct regular surveys of our private clients. In our 2013 client survey, 84% of the respondents reported a high level of client satisfaction. We carried out a further client survey at the end of 2016, the findings of which will be available in the first quarter of 2017. In addition to this survey, we conducted specific interviews with selected clients about the topic of sustainability at Vontobel in 2016. The results of these interviews will be incorporated into further project work.

3.1 Investment solutions

Vontobel offers private clients a portfolio management mandate that takes account of sustainability criteria and is broadly diversified across several asset classes, the "Vontobel Sustainable Mandate". Three different investment strategies are available. All of the investments additionally undergo a clearly defined sustainability review. This gives investors the opportunity to participate in the success of sustainable companies and to combine their personal values with their investment activities. Like all our other portfolio management mandates, the "Vontobel Sustainable Mandate" is retrocession-free.

In cooperation with our partners, Vontobel provides 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. For all sustainable investment products, Private Banking works closely with specialists in Vontobel Asset Management in line with the concept of the integrated business model.

3.2 Investment communications

In 2016, we held our "Investment Perspectives" event series in the autumn on the topic "Clean investing". In addition to providing a market outlook, we invited various experts to give presentations about sustainable investing. These events met with a very positive response from clients.

Through our "Market Updates", our clients obtain comprehensive and transparent information about how we view and rate current market events. For example, we pro-

vided detailed and up-to-date information during the market turmoil in early 2016, the government crisis in Brazil and the UK referendum about EU membership, as well as about central bank activities and the US presidential election.

In 2016, we again published our magazine for private clients. The issues of the magazine focused on the three topics "Embracing multiplicity", "The sky is the limit" and "The power of competence" – thus appealing to a broad and interested readership. The monthly "Investor's Outlook", which was published in January, May and September, was devoted to various aspects of the megatrend climate change.

3.3 Digitalization

Digitalization remains one of our focus themes in Private Banking and we are investing intensively in order to streamline processes and create value for our clients. In the course of the year, we continued to develop our online banking solution "Vontobel Mobile Private Banking" and added new functions to it. This solution can now be used not only on tablets and smartphones but also on desktop and laptop computers and is available in all countries. This allows our clients to access their portfolios and accounts, current market prices, detailed research information and investment ideas at any time on any device from any location worldwide.

Since spring 2016, the platform has also featured a simple trading function. In summer 2016, it replaced our former online banking solution (VEB), meaning that all clients with VEB access automatically obtained the new solution. "Vontobel Mobile Private Banking" has the same design across all devices and it synchronizes user-specific settings.

The new features also enable clients to electronically generate statements of assets, performance overviews and accounts statements, as well as accessing bank records. In future, this function will also make it possible to reduce the need for physical paper records. In addition, "Vontobel Mobile Private Banking" offers a performance overview and a list of all income, including market and foreign exchange income. The very highest security measures – which are fully in line with industry standards – are

used for the security and encryption of “Vontobel Mobile Private Banking”.

3.4 Training

In 2016, we invested intensively in training for our relationship managers. We have developed a course that is specially aligned to the requirements of Vontobel Private Banking. All Vontobel relationship managers will have to complete the course in the near future. It will enable them to further expand their financial expertise and to acquire additional knowledge about products and services. In this way, we can ensure a high level of advisory expertise and a further improvement in client satisfaction, while fulfilling all (future) regulatory requirements governing training. In addition, we are positioning Vontobel as a clear leader in terms of quality within the market.

The course for Vontobel relationship managers consists of three pillars: “Finance”, “Regulation” and “Advice”. The “Finance” pillar encompasses topics such as portfolio management, wealth and pension planning, and risk management. For the “Regulation” pillar, we provide our relationship managers with training about the Automatic Exchange of Information, FATCA, Cross-border & Taxes, and Governance, among other topics. The “Advisory” pillar looks in detail at the specific advisory process at Vontobel.

In terms of content, the training course for Vontobel relationship managers is based on the training and certification efforts (ISO 17024) of other banks. The content and scope of our training for relationship managers exceeds minimum requirements.

Most modules consist of both e-learning and classroom learning. In addition, testing is carried out on all aspects of the course. In the case of e-learning modules, participants are required to complete a test immediately after working through the module. In the case of classroom learning, our relationship manager complete a large final examination. This allows us to make any improvements or adjustments at the end of each training cycle.

In 2016, we continued our “Entry Training” induction programme, which lasts several days and allows new employees in Vontobel Private Banking to get to know the company and ensures they are optimally prepared for their challenging new role.

3.5 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 the year under review, for example, the Charitable Foundation provided support to the project “1,000 blood stem cell donors against Leukaemia” launched by the Swiss Red Cross Blood Donor Service. Ensuring a match of so-called HLA markers is of key importance for the success of blood stem cell transplants to treat leukaemia and other diseases of the blood. The more people who are registered as blood stem cell donors, the greater is the chance of finding a match. In concrete terms, the focus was on helping to raise the financial resources needed to finance cost-intensive laboratory tests for the 1,000 blood stem cell typifications. Thanks to this project, people with leukaemia will have better chances of recovery.

Support was also given to the SILVIVA Foundation for its project “The world of forestry – learning and taking action in woodland”. The project is targeted at schoolchildren aged between 8 and 14. The classes participating in the project are allocated their “own” area of woodland close to their school, which they regularly visit together with a forester and care for – thus enabling a long-term and sustainable relationship to develop between schoolchildren, woodland and foresters. In total, the Charitable Foundation contributed more than CHF 660,000 (2015: 840,000) of donations and sponsorship funding in 2016.

4. Asset Management

Vontobel Asset Management focuses on active asset management and has a multi-boutique model with independent centres 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 incorporate their moral and ethical values into their investments. 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’s “sustainable” portfolios can thus differ significantly from each other in terms of investment approach and processes.

Vontobel's sustainability-oriented funds incorporate aspects of global change and sustainable business practices. In addition, Vontobel manages numerous individual sustainable mandates. All sustainable strategies are determined by the ESG Investment Committee within Asset Management. The Committee defines the architecture of all ESG investment products (investment approach, universe, processes), determines the applicable investment threshold as well as exclusion criteria, and is responsible for the Vontobel Sustainable Universe. All of Asset Management's boutiques, as well as Private Banking and Corporate Sustainability Management, are represented on the Committee.

Vontobel is a signatory to the European SRI Transparency Code. All Vontobel funds where sustainability aspects are incorporated in the investment process bear the Eurosif transparency logo, which guarantees that investors are fully informed about the funds' investment processes and selection criteria.

4.1 Thematic Investing Boutique

In this boutique, the "mtx", "Global Trends" and "Swiss Equities" teams manage various sustainable investment strategies for clients who want ESG criteria to be incorporated into the investment process.

4.1.1 mtx Sustainable Global Leaders

In the "mtx Sustainable Global Leaders" fund line, the "mtx" component of the name 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 relating 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 individual companies using MSFs is conducted by specialist internal 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.

For 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 (Vigeo, GMI, Inrate, Bloomberg), reports by Hermes Equity Ownership Services (HEOS) 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 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 Theme funds

With the Trend team, our clients can choose between the Vontobel Funds – New Power, Clean Technology, Future Resources and Notenstein Sustainable Water. These funds address current 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 smaller impact on the environment 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.

The 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, the 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 Vontobel Fund – Clean Technology

The fund focuses on the following area of investment: Resource-efficient industry; building technology; clean energy infrastructure; low-emission transportation; life-cycle management; clean water.

4.1.2.2 Vontobel Fund – New Power

The fund focuses on the following investment areas: Bio-fuels, 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 Vontobel Fund – Future Resources

The fund focuses on the following investment areas: Advanced materials technology; agriculture and water technology; unconventional energies.

4.1.2.4 Notenstein – Sustainable Water

The fund focuses on the following investment areas: Water infrastructure; water technology; water quality; water efficiency; water supply.

4.1.2.5 Climate change: Measuring 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 South Pole Group, which offers innovative sustainability solutions and has extensive expertise in the measurement of 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 measurement of potential avoided emissions (PAE), we are going one step further: We record the expected avoided emissions of a company's products. This methodology provides a relative view of harmful emissions and thus follows a solution-oriented approach that shows the specific contribution that energy-efficient, climate-friendly products and services make to the reduction of CO₂ emissions.

This is all the more important since the emissions generated during the use of a product are often significantly higher than the emissions generated while it is being produced. For example, a refrigerator generates substantially more emissions while in use than during the manufacturing phase. The energy efficiency of appliances such as these is therefore the most important environmental and also economic aspect.

This approach is especially pronounced in the case of the Vontobel Fund – Clean Technology. The fund focuses on companies that have a positive effect on the environment with an emphasis on positive climate impacts, which we quantify in collaboration with the South Pole Group 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. MSFs are recorded for all of the companies analyzed – similar to the mtX Sustainable Global Leaders approach – with the ESG criteria being assigned different weightings depending on the sector.

The three sustainability funds managed by the Swiss Equities team (Raiffeisen Futura Swiss Stock, Vontobel Sustainable Swiss Equity and Vontobel Ethos Swiss Mid & Small) have achieved an extremely successful performance. In 2016 and over the last three and five years, the team outperformed its benchmark. Over a longer investment horizon, the Raiffeisen Futura Swiss Stock fund achieved an especially impressive performance. This fund has received a number of awards from Lipper since 2006: Between 2012 and 2016, it was the best fund in the category “Equity Switzerland” over a period of 10 years five times in succession. Taking all asset classes into account, Raiffeisen Futura Swiss Stock is one of the largest actively managed sustainability funds in Switzerland, with an investment volume exceeding CHF 750 million.

4.2 Sustainable Investing Boutique

The Sustainable Investing boutique manages various sustainable funds and mandates. It also pursues an active investment approach based on fundamental, in-house sustainability and financial research. The sustainability

analysis forms the starting point and is used to filter avoidable sustainability risks with negative financial impacts out of the portfolio. Since this type of risk cannot be properly recorded using traditional financial analysis – and therefore cannot be fully evaluated – the use of the risk filter has the potential to generate an excess return. In addition, investors benefit from a substantial reputational gain thanks to this proven and credible sustainability concept, which excludes investments with a low level of social acceptance.

A specialized team of analysts with many years of experience and in-depth industry knowledge carries out the sustainability analysis. The investable universe is defined using a combination of negative screening (exclusion criteria) and positive screening (sustainability ratings), which are applied to companies, governments, public sector financial institutions and real estate investments. The sustainability analysts are also involved in the search for appropriate investment opportunities and thus support the portfolio management team in generating new investment ideas. As a result of the well-established collaboration between Research and Portfolio Management, sustainability – as an integral part of the investment process – can create value for clients.

The investment style is geared towards earning attractive risk premiums. Fundamental valuation approaches form the basis – both when structuring portfolio allocation and in stock selection. Our portfolio managers have a large degree of freedom, allowing them to reach their own investment decisions and maintain them, even in turbulent periods. This is dependent on a relationship of trust, which is founded on their successful track record. The Sustainable Investing boutique implements the sustainable investment approach both in mixed mandates and funds and in pure equities or fixed income mandates via various investment universes.

4.3 Vontobel Sustainable Universe

In addition to the above-mentioned sustainable investment solutions and its expertise in respect of individual mandates, Asset Management also offers what is known as the “Vontobel 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 firm'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 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 (OHSMS), as well as the integration of social criteria into strategic and managerial processes. In addition to the division of powers and the enhancement of transparency, governance themes include progressive risk and information management systems (e.g. COSO, COBIT), the functional independence of accounting and advisory staff, or measures to combat corruption. The exclusion criteria include nuclear arms, gene technology, tobacco, and serious infringements of human rights or International Labour Organization (ILO) standards.

5. Investment Banking

Vontobel Investment Banking is one of the leading issuers of structured products in Switzerland and Europe. We rank second in Switzerland and our market share in Germany has risen to 7.5% over the last six years. In Sweden and Finland, we have a market share of over 20%. In 2016, we made our market debut in Italy, France and the Netherlands. During the year, we also launched our new issuing platform mein-zertifikat.de – based on [deritrade](http://deritrade.com)® technology – 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 the divisions.

Vontobel itself offers various sustainability-themed structured products, such as the "VONCERT Open End" certificate on the "Solactive Smart Grid Performance Index". 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 restructuring 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 "Dynamic VONCERT Open End" on 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 "Dynamic VONCERT" – a tracker certificate – on the "Vontobel Climate Protection Index" facilitates long-term and sustainable investments through a single transaction. The independent sustainability rating agency Inrate is responsible for the composition of the investment universe. 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 by Bank Vontobel AG.

Further structured products focus on sustainability themes in the broader sense or are devoted to megatrends. Examples include a tracker certificate on the "Solactive Demographic Opportunity Performance Index". The elderly are increasingly becoming a key factor in the economy and are driving their own long-term demographic trend, which is benefiting various areas of business that could prove beneficial to investors.

“Smart home” or “connected home” are terms used to describe a new style of living that could revolutionize life as we know it. This includes a broad range of new concepts, products and services with a focus on energy efficiency, the consumption of resources and the security of occupants. The tracker certificate on the “Smart Home Basket” allows investors to participate in the development of this growth market.

The Markets in Financial Instruments Directive (MiFID) is leading to a fundamental change 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 and our access to different markets to ensure best execution for our clients – meaning we place their orders in accordance with their interests – and to protect them against adverse influences by means of client order protection (CLOP). In this context, our transaction cost analysis (TLA) 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 on a long-term basis. Clients who conduct their securities transactions via Vontobel can count on our professional, fair and transparent services.

6. Volume of sustainable investments

The “mtx Sustainable Global Leaders” fund line reported a total fund volume of CHF 1,100 million at the end of 2016. The various theme funds had a fund volume of CHF 647 million at the end of 2016. The funds within the Sustainable Investing boutique reported a fund volume of CHF 744 million.

Vontobel Asset Management also manages sustainability and theme funds with a volume of CHF 4,510 million for various 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)	2016	2015
Volume of sustainable funds	6,380	4,852
Volume of theme funds	647	516

Sustainable investments		
	2016	2015
Volume of sustainable investments (CHF mn) ¹	10,704	6,445
Proportion of sustainable investments (in % of AuM) ²	7.7	4.7

¹ Including volume of structured products

² Excluding volume of structured products

The volume of sustainable investments managed by Vontobel rose by 66% in 2016 compared to the previous year. Measured as a proportion of total assets under management, sustainable investments increased from 4.7% to 7.7%. This increase was mainly attributable to the acquisition of Vescore, as well as various mandates that were reclassified according to sustainable investment criteria.

7. Voting and engagement

Vontobel regularly exercises its voting rights for all the companies in our sustainable investment funds. We have been working with HEOS in this context since 2011. This strengthens our position as a result of our cooperation with other investors. The HEOS service covers funds that take account of sustainability criteria, as well as our theme funds: mtx Sustainable Global Leaders, mtx Sustainable

Emerging Markets, mtx Sustainable Asian Leaders (ex Japan), Sustainable Swiss Equity, New Power, Clean Technology and Future Resources. All other funds come under the internal "Management Company Voting" policy. This policy is in line with the corporate governance recommendations of the European Fund and Asset Management Association. Further details are available in the Voting & Engagement Report at: www.vontobel.com/voting.

The guidelines followed by HEOS have been reviewed and approved by Vontobel. Whenever voting rights are exercised, the decision-making authority always lies with Vontobel, which reviews the proposals put forward by HEOS on voting and engagement. These proposals may be amended or rejected, depending on the situation. Each year, Vontobel publishes a Voting & Engagement Report. The report for 2016 will be published in mid-2017. In 2015, we voted on a total of 3,450 resolutions at 289 general meetings worldwide for the above mentioned funds. At 55% of meetings, we voted with management, while at 41% of meetings we voted against management (or voted against and abstained) on at least one agenda item. At 3% of meetings, we abstained and at 1% of meetings we voted with management by exception.

In 2015, HEOS engaged in a critical dialogue with 47 companies on a total of 114 different issues on our behalf, of which 11% related to environmental, 18% to social and 21% (previous year: 10%) to strategy and risk matters. Corporate governance was once again the main topic discussed in 2015, accounting for 46% of all issues. In addition to the formal engagement process, our analysts established direct contact with companies on a more frequent basis in 2015. Our industry analyst raised the issue of inadequate ESG reporting with Yutong Bus and successfully obtained additional information on important points. In addition, our automotive analyst conducted a dialogue with the company Maximus about social issues such as employment contracts.

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 portion of our refunded CO₂ levy to the Foundation, which then uses these funds to support projects to improve the energy efficiency of Swiss SMEs. In 2016, projects supported by the Climate Foundation included a scheme to produce vegetable carbon, a reusable system for takeaway food containers and a method to identify leaks in gas pipes more rapidly. These projects also have a positive impact on economic growth and help to enhance the efficiency of the Swiss economy.

The firms Carboforce and Kaskad-E, which received support from the Climate Foundation, are both committed to developing a cost-effective pyrolysis plant for agricultural companies to enable them to carbonize and use plant waste. Vegetable carbon has multiple applications in agriculture: It is added to litter in cowsheds and stables and to manure so that less ammonia and methane gas escape. In

addition, vegetable carbon is ploughed into the earth so that soil can absorb more water and nutrients. Many Western countries are now focussing on using carbon based on modern pyrolysis processes. In Switzerland, research and development specialists and agriculturalists are joining forces to investigate the topic of vegetable carbon.

Everyone knows the vast quantities of waste caused by the packaging of takeaway meals. Since mid-2016, the company ReCIRCLE, which is based in Berne, has been offering an alternative to plastic and polystyrene containers for takeaway meals. Its goal is that as many takeaway outlets as possible should supply the food in plastic containers that can be reused. The boxes can be returned to participating restaurants and takeaway outlets. CO₂ emissions are also produced during the manufacturing and disposal of disposable containers. Thanks to ReCIRCLE, these emissions can also be reduced.

The Climate Foundation also lent its support to a scheme to identify leaks in gas pipes more rapidly. Based on technology developed by the Swiss Federal Institute of Technology (ETH) Zurich, the firm Distran produces acoustic cameras that can recognize and locate leaks in gas pipes within seconds – thus preventing massive harm to the environment. This is because leaking gas pipes result in methane being released, which has a greenhouse effect in the atmosphere that is 25 times greater than that of CO₂.

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.

With our “A-” score in the CDP ratings, Vontobel achieved the status of “Sector Leader Financials” in the DACH region (Germany, Austria and Switzerland) and the status of “Index/Country Leader in Switzerland” in 2016. The CDP measures the greenhouse gas emissions of companies using four areas – only those companies that achieve an excellent performance in all four areas are included in this top 10.

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.

2.1 Lighting

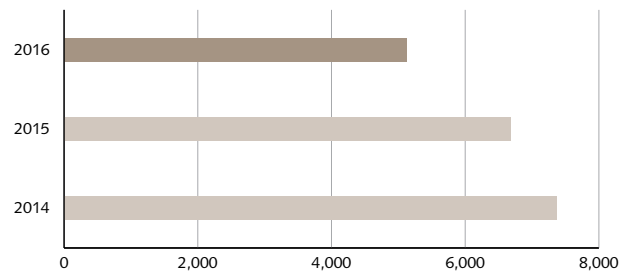
The use of energy-saving LED lighting is a standard feature of all new and renovated office buildings at Vontobel. Wherever possible, we switch to LED lighting in existing buildings in view of the massive reductions in electricity and maintenance costs that can be achieved. This form of lighting does not result in waste products that require special disposal. During the year under review, Vontobel switched 80% of the lighting at our head office in Zurich to LED. The remaining areas will be equipped with LED lighting in the coming years. Our regional office in Lugano now has LED lighting in 100% of the building.

2.2 Disposal of waste

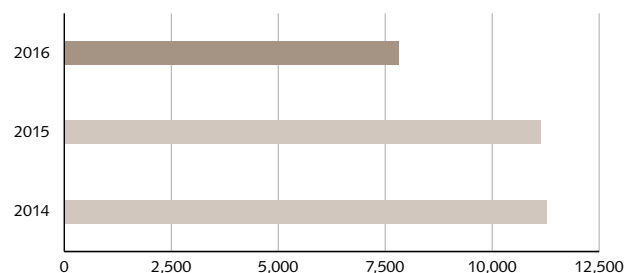
When disposing of waste at Vontobel, all paper products are sent for recycling. PET bottles, aluminium and special waste such as fluorescent light tubes are also collected separately. The recycling rate is around 50%. Strict rules on the separation of waste into PET bottles, aluminium, paper and other waste were introduced for each floor of all the buildings on the Zurich Campus. This waste disposal concept will apply to all new and renovated offices in future.

Electronic appliances that are used within the business must comply with the highest standards and requirements. In the past, Vontobel disposed of equipment as electronic waste as soon as its compliance with these requirements could no longer be guaranteed. However, many of these devices still worked – meaning they could be put to reliable use in a non-profit environment. The extension of the useful lives of electronic equipment also makes sense from an environmental perspective. Since 2015, Vontobel has therefore been giving functioning electronic devices to the Berg Foundation in Gossau in the Canton of Zurich. In 2016, the Berg Foundation supplied equipment for a school project in Congo and a school in

Total energy consumption
per Full Time Equivalent (in kWh)



Business travel
per Full Time Equivalent (in km)



Slovakia. When donating this equipment, the same high standards of data security apply as before.

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 – such as facility management services, IT infrastructure, and the design and production of printed materials, as well as catering and cleaning services – from external providers. Wherever possible, we work with local suppliers and focus on establishing long-term partnerships. For example, we purchase fruit for our employees from a Swiss family-owned company and all of our printing orders in Switzerland are awarded to Swiss printing companies. Advertising and Christmas gifts used throughout the company are also purchased from Swiss providers.

Vontobel strives to achieve high environmental and social standards in its own business activities and expects its 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 the “Guidelines for sustainable procurement at Bank Vontobel”. They address matters such as employment standards, child labour and forced labour, environmental protection and the prevention of corruption. These guidelines are available at www.vontobel.com/sustainability and form part of our general purchasing guidelines.

2.5 Mobility

Vontobel continued its commitment to sustainable mobility in 2016. Our participation in the “bike to work” initiative proved successful, with 48 employees in 12 teams cycling to work despite the poor spring weather. They covered a total of 8,622 kilometres by bike. Based on the principle that each kilometre 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 1,380 kilograms. Vontobel employees participated again in the mobility dialogue for major companies in the City of Zurich. This year, the topics debated were “City Traffic 2025”, the project “Züri Velo” and the strategy of the Zurich Transport Network (ZVV). 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 kilometres, corresponding to around two tons of CO₂ savings.

2.6 Catering

In 2016, we continued with the “One Two We” programme introduced in our employee restaurant in 2013 and the related “One Climate Menu” launched in connection with the programme. On average, our partner SV Group served 736 meals to employees and guests each day. “One Two We” is a sustainability programme 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. As a result of the measures

taken, the volume of CO₂ emissions generated by the employee restaurant fell by more than 11%. Since the programme began, the restaurant has saved more than 165 tons of CO₂. 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 or C.A.F.E. Practices.

2.7 Electricity

Vontobel has been purchasing electricity from renewable sources for all 22 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 shows environmental key figures on an absolute basis, while the second table shows the figures per full-time equivalent (FTE). Total energy consumption remained largely stable in 2016 despite an increase in headcount. Paper consumption has declined in recent years – a positive outcome that reflects our digitalization efforts. Water consumption increased, reflecting the rise in headcount. However, water consumption decreased on a per capita basis, as did overall energy consumption and the volume of waste produced. The recycling rate remained unchanged at around half.

The increase in greenhouse gas emissions is mainly attributable to a change in emission factors for kilometres flown. Like in prior periods, we recorded kilometres flown for all our locations and applied the emissions factors defined by DEFRA (Department for Environment, Food and Rural Affairs). However, we have distinguished between short, medium and long-haul flights as well as between business and economy class. In addition, we now take account of the DEFRA recommendation and have included “radiative forcing” in the emissions factors for air travel. Another reason for the increase is a change of scope: In 2016, we recorded CO₂ emissions from commuter travel, employee catering, data centres and dispatch for the first time.

Environmental key figures, absolute			
	2016 ^{1,5}	2015 ¹	2014 ¹
Total energy consumption (MWh)	9,403	9,447	10,164
Electricity consumption (MWh)	6,578	6,362	6,804
Heat consumption (MWh)	2,494	2,709	2,986
District heating/cooling usage (MWh)	331	376	374
Business travel (1,000 km)	14,346	15,773	15,553
of which business flights (1,000 km)	13,192	13,017	
Commuting (1,000 km)	16,545		
Paper consumption (t)	88	155	161
Proportion of recycled paper used (%)	42	29	19
Water consumption (drinking water, m³)	18,807	18,217	17,432
Volume of waste (t)	151	218	265
Recycling ratio (%)	51	49	67
Food (t)	103		
Total greenhouse gas emissions (CO₂ equivalents in t)²	6,316	3,513	3,884
Greenhouse gas emissions: scope 1 and 2 (CO ₂ equivalents in t) ^{2,3}	912	1,174	1,447
Greenhouse gas emissions: scope 3 (CO ₂ equivalents in t) ^{2,4}	5,405	2,339	2,437

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 237 t CO₂ equivalents are reported according to the market-based approach, as defined in the Greenhouse Gas Protocol Scope 2 Standard.

⁴ Of which 4,607 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)			
	2016 ^{1,4}	2015 ¹	2014 ¹
Total energy consumption (kWh/FTE)	5,125	6,677	7,365
Electricity consumption (kWh/FTE)	3,585	4,497	4,930
Heat consumption (kWh/FTE)	1,359	1,915	2,164
District heating/cooling usage (kWh/FTE)	180	265	271
Business travel (km/FTE)	7,818	11,149	11,271
of which business flights (1,000 km)	7,189	9,201	
Commuting (1,000 km)	9,017		
Paper consumption (kg/FTE)	48	110	116
Water consumption (drinking water, l/FTE)	10,249	12,876	12,632
Volume of waste (kg/FTE)	82	154	192
Food (kg)	56		
Total greenhouse gas emissions (CO₂ equivalents in kg/FTE)³	3,442	2,483	2,815
Greenhouse gas emissions: scope 1 and 2 (CO ₂ equivalents in kg/FTE) ³	497	830	1,049
Greenhouse gas emissions: scope 3 (CO ₂ equivalents in kg/FTE) ³	2,945	1,653	1,766

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 a medium-sized wealth and asset manager, Vontobel has 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 ensure a working environment that is free from discrimination, the principle of non-discrimination is enshrined in our Employee Handbook. No cases of discrimination were reported in 2016.

Our Human Resources Principles define the objectives of our human resources and leadership processes and the measures taken to achieve them. The Vontobel 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. In addition, up-to-date information is always available to employees on the Intranet.

1.1 Number of employees

As of 31 December 2016, a total of 1,756 employees held full-time positions at Vontobel and were based in 22 locations – 6 in Switzerland and 16 abroad. In addition to employees with permanent contracts, a total of 92 temporary employees worked for Vontobel at the end of 2016. These individuals either have fixed-term contracts or are available on an "on call" basis to assist the company when needed. Headcount increased by around 12% year on year, including 70 positions at Vescore companies that remained part of Vontobel and were integrated after the

acquisition. 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 2016, the employee turnover rate increased from 11.4% to 13.7%. A total of 73 female employees and 188 male employees left the bank during the year. Meanwhile, a total of 423 new employees were hired during the year under review (138 women and 285 men).

Employee turnover and training		
	2016	2015
Turnover rate (in %)	13.7	11.4
Training costs (1,000 CHF)	1,532	1,618
Training costs (CHF/FTE)	915	1,083
Number of apprenticeships	28	29

Employee departures by age category: below 24: 6, 25–39: 97, 40–54: 99, 55–64: 20, above 65: 65.

Hires by age category: below 24: 30, 25–39: 216, 40–54: 159, 55–64: 18, above 65: 0.

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 (Annual Report 2016, page 58 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 behavioural competencies (performance management) and their evaluation, all employees are given the opportunity to draw up a personal development plan. This

Number of employees by domicile						
	Number of women	Number of men	31-12-16 Total	Number of women	Number of men	31-12-15 Total
Switzerland	410	1,008	1,418	376	888	1,264
Germany	44	66	110	39	44	83
USA	28	46	74	32	46	78
Austria	2	0	2	2	1	3
U.A.E	2	11	13	2	12	14
Italy	7	9	16	6	9	15
Luxembourg	8	9	17	7	10	17
Liechtenstein	9	8	17	10	6	16
United Kingdom	15	36	51	12	35	47
Hong Kong	12	10	22	9	7	16
Singapore	4	7	11	4	4	8
Spain	1	2	3	1	2	3
Australia	1	1	2	1	1	2
Total	543	1,213	1,756	501	1,065	1,566

Figures include apprentices

Nationalities of employees				
	31-12-16		31-12-15	
	Number	in %	Number	in %
Switzerland	1,146	65	1,048	67
Germany	225	13	173	11
Austria	24	1	18	1
Italy	64	4	64	4
USA	66	4	64	4
Spain	13	1	13	1
France	30	2	23	1
United Kingdom	60	3	55	4
Other	128	7	108	7
Total	1,756	100	1,566	100

forms the basis for their personal career development and is defined by employees in consultation with their line manager. Vontobel provides appropriate online tools for this process and employees are supported by Human Resources and business partners in the individual divisions.

Since the skills and expertise of our employees are the most important factor determining Vontobel's long-term success, we now 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, identifies top performers and talents, and discusses nominations for the Senior Leadership Programme and the "SeitenWechsel" programme.

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 2016

One area of focus of our internal training and development measures in 2016 was the course for Vontobel relationship managers (see "Sustainable investing – Private Banking"). Leadership courses were expanded based on feedback from the pilot courses carried out. We continue to assign importance to the active involvement of members of the Executive Board in training programmes.

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. Since 2016, the Welcome Day has been mandatory for all employees in Switzerland and for all employees from the rank of Director in international locations. In 2016, we also developed our “getting started” pages on the Intranet 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.

To review the quality of the courses and programmes 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 2016 compared to the previous year on both an absolute and per capita basis.

1.4.2 Training and development

In 2016, 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 programme 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. From 2017, we are offering employees the opportunity to take a test at the end of the e-learning course. In our leadership courses, we now also address the topic of Diversity & Inclusion – reflecting the need to actively discuss this topic at management level in order to bring about change and achieve our goals in this area.

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” programme gives senior managers the opportunity to

further develop their personal and leadership skills. Vontobel executives spend one week in a social institution – ranging from homes for people with disabilities and clinics for people suffering from addiction to asylum centres. The programme enables them to discover a very different type of working environment and provides them with a new perspective. Managers from almost all of the bank’s divisions took part in the programme again in 2016. They found the experience to be enriching and gave very positive feedback about the programme.

1.4.3 Apprenticeships

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 2016, Vontobel once again offered attractive training positions to future professionals in the form of 28 apprenticeships (commercial or IT apprenticeships, including one traineeship). Apprentices can also obtain a vocational ‘Matura’ when completing their training at Vontobel.

1.5 Diversity & Inclusion

Among its findings, the 2015 employee survey highlighted the need to strengthen employee awareness of the topic of Diversity & Inclusion. We therefore defined three main areas that we will focus on going forward: “Gender”, “Nationality” and “Demography”. Appropriate and realistic goals – referred to as our “Aspirations 2020” – were formulated for each area and measures were defined that are now being implemented. Detailed information about the various activities is provided 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. The first two “Vontobel Business Women’s Lunches” opened the way for an active dialogue with women at senior management level. These open discussions made it possible to raise awareness of this topic and to facilitate joint efforts to achieve a better gender mix. 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 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 division’s staffing needs.

Of the total of 1,756 employees at Vontobel, 1,494 held full-time positions. There was virtually no change in the proportion of employees who worked on a part-time basis compared to 2015: The proportion of female employees working part-time increased slightly from 30% to 31%, while the proportion of male employees in part-time positions was unchanged at 8%. 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 programme 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. Since summer 2016, Vontobel has been purchasing Fair Trade bananas. The consumption of Fair Trade products makes a direct contribution towards improving living and working conditions for people in the countries where the fruit are cultivated.

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. During the year under review, we were able to install these types of desks almost throughout the Zurich Campus, where the majority of employee work.

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. New fathers are granted five days of paternity leave.

Vontobel is a longstanding member of profawo (formerly Childcare Service), an organization that advises parents on childcare issues and runs a group of nurseries. Vontobel is also a member of kcc group (globegarden), an organization that offers families complete childcare solutions. Wherever possible from an operational perspective, Vontobel endeavours 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 7% of employees have so far made use of this option.

1.7.1 Swiss National Future Day 2016

In 2016, Vontobel participated in National Future Day for the 11th 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 2016, more than 80 children took part in Future Day at Vontobel.

Age structure				
	31-12-16		31-12-15	
	Number	in %	Number	in %
Up to 20 years old	27	2	27	2
20 to 30 years old	171	10	132	8
30 to 40 years old	511	29	468	30
40 to 50 years old	602	34	556	36
50 to 60 years old	387	22	330	21
More than 60 years old	58	3	53	3
Total	1,756	100	1,566	100
Average age (in years)	43		43	

Age structure of the Board of Directors				
	31-12-16		31-12-15	
	Number	in %	Number	in %
30 to 40 years old	2	22	1	14
40 to 50 years old	2	22	1	14
50 to 60 years old	3	34	3	43
More than 60 years old	2	22	2	29
Total	9	100	7	100

Years of service				
	31-12-16		31-12-15	
	Number	in %	Number	in %
Up to 1 year	221	13	201	13
1 to 5 years	672	38	595	38
5 to 10 years	455	26	404	26
10 to 20 years	312	18	268	17
20 to 30 years	67	3	72	4
More than 30 years	29	2	26	2
Total	1,756	100	1,566	100

Breakdown of rank structure by gender as of 31-12-2016				
	Number of women	Proportion of women	Number of men	Proportion of men
Employee	179	45%	219	55%
Middle management	234	43%	310	57%
Senior management	130	16%	678	84%
Executive Board	0	0%	6	100%
Total	543	31%	1,213	69%
Board of Directors	3	33%	6	67%

Breakdown of full-time and part-time positions by gender as of 31-12-2016						
	Number of women	Proportion of women	Number of men	Proportion of men	Total number	Total proportion
20 – 49%	25	5%	5	0%	30	2%
50 – 79%	78	14%	33	3%	111	6%
80 – 99%	65	12%	56	5%	121	7%
100%	375	69%	1,119	92%	1,494	85%
Total	543	100%	1,213	100%	1,756	100%

1.8 Employee satisfaction

In 2016, we implemented or launched a number of initiatives to address the findings of the 2015 employee survey. This includes measures in the Diversity & Inclusion focus areas, intensified compliance training, regular town halls at all locations, and the more targeted promotion of talent and employee development. We will continue to work on all of these topics in 2017. The next 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 2016, 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

There is a long tradition of social responsibility at Vontobel. Our company is an integral part of the global economic system and we benefit, in particular, from the excellent operating environment in our Swiss home market in terms of high standards of education, a good infrastructure and political stability. In this context, we are responsible for promoting the welfare, cohesion and stability of the communities in which we work. We want to get involved in issues and projects that are relevant in terms of the stability and development of the community.

Economic value distributed		
(CHF mn)	2016	2015
Value creation ¹	829.1	755.4
Taxes ²	61.8	47.3
Dividend paid	102.7	86.7

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

In 2016, value creation increased by almost 10% compared to the previous year and taxes paid rose by more than 30%. In addition, the dividend paid by Vontobel Holding AG increased significantly a result of the improvement in net profit in 2016. The total amount donated by Vontobel in 2016 was CHF 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 2016, 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). The Group was established by the ICRC and selected Swiss companies in 2005 in order to build an innovative long-term partnership to provide effective humanitarian aid in the coming years. In 2016, Vontobel carried out its second Christmas fundraising campaign involving all employees. This time, Vontobel supported the ICRC prevention campaign aimed at protecting children living in war-torn areas of Syria from playing with weapons and undetonated bombs they find lying on the ground. In addition, Vontobel made a donation to this ICRC project for every Christmas card sent by the company.

2.3 Financial inclusion projects

Vontobel is actively involved with the Swiss financial services provider pintail, which has developed a digital service to enable people in countries with underdeveloped financial systems to access a full range of financial services. The platform operates exclusively via mobile phones: With pintail, for example, payment transactions for migrant workers from developing countries can be made at a fraction of the current transfer costs. Vontobel has a financial stake in pintail and gives it specialist support.

Through its financial and specialist support for this project, Vontobel is making an important contribution from a

development policy and social perspective: Financial inclusion has a key role to play in efforts to combat poverty and has, in fact, been classed a civil right in many European countries for over a century. We also 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 want to give some of the value we create back to society by promoting culture and education. Our primary focus at present 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 discussions about key issues of our time.

3.1 Lucerne Festival

The Lucerne Festival in Summer is one of the world's most renowned classical music festivals. For more than 75 years, it has been delighting audiences with its unique line-up of top orchestras and soloists from around the globe. The motivation behind our support for the Lucerne Festival in Summer as a theme sponsor can be summarized in a single sentence: Swiss quality shines out into the world. The event, which takes place in an open and modern architectural setting close to Lucerne's historic old town, enjoys worldwide recognition year after year for the exceptional artists who perform there. Vontobel's theme sponsorship reflects our aspiration to play an active part in the Festival. The result is an active partnership – now also at an international level – with the Lucerne Festival that is of mutual benefit. Vontobel is also one of the main supporters of the American Friends of Lucerne Festival.

3.2 Modern Art

In the field of modern art, we are building up our own art collection and additionally lend our support to leading modern art institutions in selected locations where we operate. Vontobel is, for example, one of the supporters of the association of the friends of the Pinakothek der

Moderne museum in Munich (PIN). As part of this commitment, we support the association's annual PIN.PARTY, which includes a charitable auction.

3.3 Vontobel in Dialogue

In-depth knowledge is a valuable asset in a globalized world. The permanent exchange of knowhow across borders creates value for individuals and society. With our "Vontobel in Dialogue" event series, which we launched in 2016, we help to ensure that topics of current relevance are addressed. Questions and challenges in the fields of politics, the economy, culture and science are examined during speeches by recognized experts and in discussions with them. In 2016, "Vontobel in Dialogue" events were held on the topics "Open markets – the future or the past?" in Berne, "Europe: quo vadis? Future prospects for EU countries and Switzerland" in Lugano, and "Identity" in Zurich.

3.4 Professorship of Financial Engineering

As an active wealth and asset manager, we consider it important to promote academic research into financial and investment topics. During his lifetime, the bank's former Honorary Chairman Dr Hans Vontobel personally established the Professorship of Financial Engineering at the University of Zurich. The research projects conducted by the professors and students provide important input for our work.

3.5 NZZ Podium

"NZZ Podium" is an event series organized by "Neue Zürcher Zeitung" and focuses on contemporary topics. Vontobel has been a partner of "NZZ Podium" since it was launched. "NZZ Podium" takes place six to eight times a year. In 2016, it addressed the following topics: "Innovation – what comes next?"; "Switzerland as a centre of innovation"; "Migration"; "The future of mobility"; and "The US election".

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 seventh 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 want to 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 selected the “core” reporting option.

Material topics and system boundaries for reporting

The process defined under G4 to determine material aspects and indicators was carried out at Vontobel in various workshops and interviews. During this process, all GRI aspects and the Financial Sector supplements that apply specifically to the financial sector were discussed and their materiality was determined for Vontobel. Following a final review by Corporate Sustainability Management, the material aspects were already listed in the Sustainability Report 2014 and assigned the relevant indicators. The following GRI aspects continue to be material for the company and are covered 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 2016. The environmental key figures relate to the period from 1 October 2015 to 30 September 2016. Information on the scope of consolidation can be found on page 214–215 of the Annual Report (G4–17). No restatements or corrections were made 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 2016, 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 client trust in our company (G4-27). We are making good progress in these efforts, with Vontobel having been assigned the top rating “excellent” for the third time for its investment proposal in a private banking test carried out by the German investor magazine *€uro*, while the Swiss business magazine *“Bilanz”* named Vontobel “Best private bank in Switzerland 2016”.

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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.

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This report also appears in German. The German version is prevailing.

