Vontobel

Chapter of the Annual Report

# 2021

## Corporate Responsibility & Sustainability

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# Corporate Responsibility & Sustainability


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# Foreword

## Assuming responsibility, taking action

2021 was another eventful and challenging year. The coronavirus and measures to contain the pandemic impacted on our daily lives – both professional and personal. Travel bans imposed by many countries and the requirement to work from home severely restricted our movements again this year. However, these steps were essential to protect the health of our employees, clients and families.

The effect of these restrictions is also visible in our environmental key performance indicators for the year under review – primarily the figures for air travel, which – for the first time – did not represent the largest proportion of our operational carbon footprint. The majority of our communication with clients, internal discussions and training or development courses took place on a virtual basis. In this context, we benefited from our forward-looking investments in videoconference and communications technology. And the use of new virtual technologies, tools and platforms provide guaranteed access for all our colleagues, wherever they are located around the globe.

In Switzerland, the $CO_2$ Act – which I personally campaigned for – was just rejected by Swiss voters. They opposed the law in the very year in which Switzerland and Germany experienced exceptionally strong storms, which caused devastation and suffering. It is difficult to determine whether or not this was due to climate change – though scientists believe that this has at least partly shaped these weather conditions. Above all, it is becoming clear that further education on this topic is needed. Vontobel has long recognized its responsibility to actively contribute to the development of a more sustainable economy and society. Achieving the transition to a carbon-neutral economy is one of the major challenges of our time. This historic transformation process creates opportunities for investors but also entails risks. As a globally operating investment firm, we engage in an active dialogue with our private and institutional clients about known and future risks and opportunities. It is of decisive importance for our clients that our sustainable investment solutions generate a financial return and enable them to align their investment decisions with specific investment objectives as well as their personal values.

The Sustainable Finance Disclosure Regulation (SFRD) – which forms part of the EU Action Plan for Financing Sustainable Growth – entered into force in March 2021. Since Vontobel is a globally active financial expert, not all of our products fall within the scope of this European regulation. To ensure transparency and comparability, however, we have decided that all of our investment solutions that take account of ESG criteria will not only be classified according to our own “Integrated ESG” and “Sustainable” product categories but also according to the SFDR. In the case of investment solutions that are not subject to this regulation, we apply the classification mutatis mutandis. In the year under review, Vontobel Asset Management and TwentyFour Asset Management became first list signatories to the UK Stewardship Code 2020. To become a signatory to the Code, which sets high stewardship standards, asset managers must submit a Stewardship Report to the UK Financial Reporting Council for review.

Vontobel is also actively involved in industry associations to support efforts to strengthen the position of the Swiss financial center as a leading hub for sustainable investing. In 2021, we actively assisted the Association of Swiss Asset and Wealth Management Banks (VAV) – which plays an important role in the financial center – in formulating 16 priorities in the area of sustainable finance. This initiative demonstrates how its members can make a concrete contribution towards the realization of the climate targets set out in the Paris Agreement.

Vontobel further developed its Sustainability Governance in 2021: The Group-wide Corporate Sustainability Committee now consists of management representatives from all Client Units and Centers of Excellence. In parallel to this, Vontobel has expanded its sustainability positioning to include six commitments that set out our contribution to a more sustainable economy and society. Further information is provided on page 110 in the section on Governance.

We will continue to face multiple challenges in the year ahead. However, we also see them as a source of new opportunities – for Vontobel, our employees and clients, as well as for the economy and society.

**Dr Zeno Staub**
CEO Vontobel

# Sustainable Investing

## Product portfolio

**103-1 Explanation of the material topic and its boundary**
Vontobel has been committed to acting and investing in a value-oriented and farsighted manner for generations. As a pioneer in this field, we have been offering our clients a wide range of sustainable investment solutions since the 1990s.

The integration of environmental, social and governance (ESG) factors into our product and service portfolio is a key part of Vontobel's Sustainability Strategy as a globally active financial expert. We regard the integration of these factors as an effective lever in order to foster the sustainable development of the economy and society.

Our aim is for our clients to be able to contribute to sustainable development, generate financial returns and select investment themes that reflect their own values and investment objectives. Our three Client Units (Wealth Management, Asset Management, Digital Investing) work together closely to help achieve this.

**103-2 The management approach and its components**
**No investments in controversial weapons**
All our investments have to fulfil certain minimum requirements. Cluster bombs and land mines are banned by international conventions. In 2011, Vontobel therefore approved Group-wide guidelines that prohibit investments in companies that manufacture these types of arms. Stringent processes ensure that no manufacturers of cluster bombs and land mines are included in our investment funds, discretionary mandates or investment recommendations.

Our guidelines on cluster bombs and land mines can be found here: www.vontobel.com/principles-policies.

**Investment solutions**
As a globally active financial expert with a long track record in sustainable investing, Vontobel can offer interested clients the opportunity to achieve financial success with our sustainable investment solutions and align their investment decisions with specific investment objectives and personal values.

We focus on active asset management based on a multi-boutique model with independent centers of competence, highly specialized investment teams and dedicated ESG analysts. This organizational setup allows us to align the boutiques' investment processes with the specific requirements of the respective asset classes and geographies and to pursue a clear investment philosophy. A universal ESG approach would not allow these different requirements and goals to be met. We therefore develop specialized ESG strategies that are tailored to each investment strategy. Based on this ESG approach, Vontobel Asset Management received the Scope Award for "Best Asset Manager ESG Boutiques" in Switzerland in 2021. The analysts of the Scope Analysis rate the risk/return profile of investment funds and the quality of asset managers.

The ESG Investment Forum is responsible for the coordination of the various investment strategies with a focus on sustainability themes as well as overarching principles and policies. It also advances ESG topics across all investment teams at Vontobel and meets on a monthly basis. The Committee consists of representatives of all the investment boutiques. The Chair of the Investment Forum is a member of the Vontobel Corporate Sustainability Committee (page 110).

All our investment solutions that incorporate ESG criteria are based on our ESG integration philosophy with these five components:

- To gain a holistic view of companies and issuers, Vontobel – as an active manager – does not generally rely on a single source of information. We work with various leading providers of sustainability data, e.g. MSCI ESG or Sustainalytics, as well as with local or specialized ESG data providers. Our investment specialists also use their direct contact with companies to obtain additional ESG insights.
- Based on these sources of information and our own ESG research, we form our own opinion about companies and themes. Our ESG specialists are an integral part of our investment teams: They work together to develop processes and tools that are tailored to the specific goals of each strategy.
- The continuous monitoring of ESG risks is also a key element of our risk management. Our ESG specialists and investment teams discuss current ESG risks during research meetings.
- We believe that active ownership adds value between long-term partners, e.g. investors and management. This approach is set out in our Voting Policy and our Engagement Policy Statement. Further information on our active ownership activities are provided on page 94.
- Finally, we assign a high level of importance to transparency. Our reporting methods are designed to provide an accurate account of our investment processes, to meet the needs of our clients, and to comply with applicable regulations. We strive to make ongoing improvements to our reporting.

We have defined two product categories for investment solutions that incorporate ESG criteria: "Integrated ESG" and "Sustainable". Each boutique presents its investment solutions to the ESG Investment Forum in order for them to be analyzed and categorized. Depending on the ESG investment approach and objective, the Forum assigns the investment solutions to one of these two product categories. Minimum criteria have been defined for both categories.

With "Integrated ESG" products, the focus for each of the five components mentioned is on analyzing ESG risks and transparently communicating how those risks influence our investment decisions.

For "Sustainable" products, we additionally apply sector exclusions (e.g. tobacco, controversial arms, coal extraction) based on values and standards, we engage in an active dialogue with companies or other stakeholders and exercise our voting rights. Some strategies go one step further, e.g. our Listed Impact solutions: They invest in companies that contribute to the sustainable development of the economy and society and capture opportunities arising from this transition.

### — Equities

Our equities solutions follow a clearly defined investment philosophy that is based on strong convictions. Environment, social and governance are important elements of our bottom-up investment approach.

The ***Quality Growth strategies*** invest with a long-term investment horizon, managing long only equity portfolios. The investment philosophy focuses on "High Quality Growth at a Sensible Price". The aim is to deliver returns based on long-term investments in solid businesses with the ability to sustain stable growth rates.

Alongside growth, the approach seeks to identify and understand ESG risks that can influence the predictability of investment potential. ESG is seen as a range of real risks and opportunities where management choices can impact long-term returns for investors.

Quality Growth considers its approach to stock ownership as Active Stewardship. Active Stewardship involves regular engagement with Boards of Directors, management teams and other stakeholders to deepen the understanding of strengths and risks as they evolve over time. Quality Growth exercises its votes independently and in the way that the team believes will best represent the interests of its investors. This represents a key element of Active Stewardship.

Deep-dive research effort is backed by a dedicated team of experienced ESG analysts with a broad range of skills, including in the area of investigative journalism.

The ***mtx strategies*** are based on the belief that there is a strong positive correlation between improvements in a company's return on invested capital (ROIC) and its share price. We focus on a limited number of stocks that are in the top quartile in terms of their ROIC and their industry ranking and are trading at a discount relative to their intrinsic value.

For all assets managed according to the mtx strategies, we seek to examine whether ESG data is material to the alpha source of the investment strategy in a selected group of top-performing stocks and whether ESG performance can support ROIC.

Central to this ESG integration approach is our in-house benchmark, the so-called minimum standard framework (MSF). Sector-specific MSFs with up to 25 material ESG factors that have a possible influence on future cash flows help us evaluate both the companies' ESG risks and opportunities. In 2021, we modified and strengthened our approach to the ESG analysis of China-A shares.

For clients with a focus on Switzerland, the ***Swiss Equities team*** has been offering sustainable investment solutions for more than 20 years and has a broad range of strategies.

With the "Integrated ESG" approach, ESG criteria are an important component of the investment process. The analysts assess companies from both a financial and a sustainability perspective. As part of this process, they define qualitative ESG information for all portfolio stocks – similar to the mtx approach – with ESG criteria being assigned different weightings depending on the sector.

In the case of dedicated sustainable investment solutions, we additionally apply sector exclusions and "best-in-class" approaches, with analysts and portfolio managers working primarily with external sustainability rating agencies such as Inrate or Ethos. The team has one of the largest volumes of actively managed Swiss equities in the sustainable investing space.

Our ***Listed Impact Equity strategies*** address global challenges such as climate change, the scarcity of natural resources, population growth and urbanization based on a targeted approach.

The strategy focusing on clean technology invests in companies whose products and services help to reduce the

environmental impacts of processes, buildings and infrastructure. There are various ways to measure this. For example, we assess energy savings achieved as a result of innovative product developments or optimized processes, such as energy-efficient electric motors, weight reductions in the area of transportation or the use of high-performance processors. In this context, we consider the entire value chain of these products and services, since the largest environmental impact often occurs during the phase when they are in use.

Moreover, we have developed a method to measure "Potential Avoided Emissions" (PAE) together with the ISS ESG consultancy. This solution-oriented approach records the contribution that these products and services are expected to make to the reduction of $CO_2$ while in use compared to a conventional product or process.

When a company is being considered for possible investment, the responsible analysts not only look at financial and standard ESG criteria but also at the company's contribution to the achievement of the UN Sustainable Development Goals (SDGs) and the quantifiability of the positive impact generated using indicators defined by us. An Impact Calculator that is available on our website for the relevant products shows the potential impacts of the products and services on the environment.

In 2021, we expanded our offering to include a strategy that considers environmental challenges and also social change. We invest here in companies that offer innovative solutions to manage challenges such as population growth, the ageing population, healthcare provision and food distribution. The strategy builds on the investment and impact approach of our environment-oriented strategy that has proven effective for more than a decade.

**— Bonds**

When investing in government or corporate bonds, we apply a series of sustainability approaches that meet a variety of client needs and take account of the characteristics of different fixed income market segments.

In ***Fixed Income strategies***, ESG factors form part of the fundamental risk analysis for countries and companies across all managed portfolios. In terms of companies, we not only take account of financial data but also of ESG factors and we assess their influence on credit quality and credit ratings.

Our country analysis covering government issuers not only takes account of macro data and political analysis but also ESG factors in order to evaluate their impact on a country's credit rating. We use data and information from recognized ESG research agencies, with our own credit and ESG specialists carrying out follow-up research to explore these topics in more depth. In the case of matters that are highly controversial from an ESG perspective, we strive to achieve improvements through additional engagement activities.

Our qualitative research distinguishes us from a passive approach that is implemented on a purely quantitative basis in respect of sustainability. Our dedicated sustainability strategies place an emphasis on social and environmental factors in addition to financial performance. Four topics – Basic Needs, Empowerment, Environmental Capital and Climate Change – serve as our sustainable map and we have defined relevant ESG indicators on that basis. Each sustainable investment strategy relates to a selected focus theme.

The main characteristic of our Green Bond strategy is the careful selection of environmentally sustainable projects in areas such as solar energy or climate-friendly transportation to generate the largest possible contribution in terms of avoided emissions. In addition to return opportunities, this strategy enables our clients to invest in projects that make a measurable contribution to climate protection.

Our subsidiary ***TwentyFour Asset Management*** (TwentyFour) manages all portfolios using an ESG integration approach, where ESG factors are evaluated alongside traditional credit metrics in its proprietary relative value database.

For TwentyFour's sustainable fund range, further integration and screening methods are applied. It seeks to avoid investing in companies that are involved to a significant extent in the production of tobacco, alcohol or controversial weapons, are active in the gambling or adult entertainment industries, or produce carbon-intensive energy. It also avoids investments in companies that carry out animal testing for cosmetics. Further, TwentyFour conducts a comprehensive analysis process which means that we only invest in companies whose ESG scores fall within the top two-thirds of potential scores according to our in-house scoring model.

Engagement is a key factor for fixed income investors who are unable to vote in the same way as shareholders. TwentyFour is convinced that active engagement makes it possible to influence the conduct of companies. Engagement activities are published on its website and are discussed in regular client reporting. TwentyFour Asset Management

LLP is a signatory to the UK Stewardship Code 2020 and the UN PRI.

**— Multi Asset**

Binding minimum ESG standards have applied to all underlying securities for all mandates managed by the ***Global Balanced Solutions*** team since 2018. In this context, we exclude certain arms manufacturers, thereby applying the exclusion lists of the Swiss Association for Responsible Investment (SVVK-ASIR) and of Vontobel. This approach excludes particularly high-risk securities, improves risk management, and allows for the structuring of more robust portfolios.

We rely on the experience of our own ESG analysts, which is also recognized by external agencies. The existing and proven best-in-class approach naturally remains a key pillar of our multi-asset offering for clients who wish to have a stronger sustainability focus. Here, companies in critical sectors must meet more stringent requirements. In addition, individual values-based exclusion criteria are applied in customized solutions.

The basic portfolio of the quantitative Multi Asset funds consists of bonds with a minimum ESG rating. The active positions are built using index investments. We observe the market for sustainable indices in this context and take account of relevant products with sufficient liquidity.

In the area of ***Wealth Management***, our product range includes two dedicated sustainable portfolio management mandates. The first solution is a Multi-Asset mandate. This is a standard solution based on three sustainable investment strategies defined by Vontobel – Conservative, Balanced and Growth – and aligned with the client's risk profile. This mandate solution invests according to sustainability criteria via collective investment vehicles (funds and certificates) in the asset classes cash, fixed income and equities, and it is diversified across various sustainability approaches. Sound, long-term strategic asset allocation provides a robust basis for this mandate. We also cover "high conviction" themes (e.g. clean tech, water and healthy living).

The second mandate solution is an individual mandate that is tailored to the client's wishes regarding sustainability criteria, investment strategy, and the use of asset classes and financial instruments. A specialized portfolio management team is responsible for managing the mandates. Our relationship managers – together with the portfolio manager and sustainability experts – conduct personal consultations with clients to regularly discuss the performance of the portfolio in terms of financial returns and the generation of positive environmental and social impacts.

**— Investment solutions that incorporate ESG criteria**

The Sustainable Finance Disclosure Regulation (SFDR), which forms part of the EU Sustainable Finance Action Plan, entered into effect in March 2021. We have implemented the provisions across all those products that fall within the scope of the SFDR.

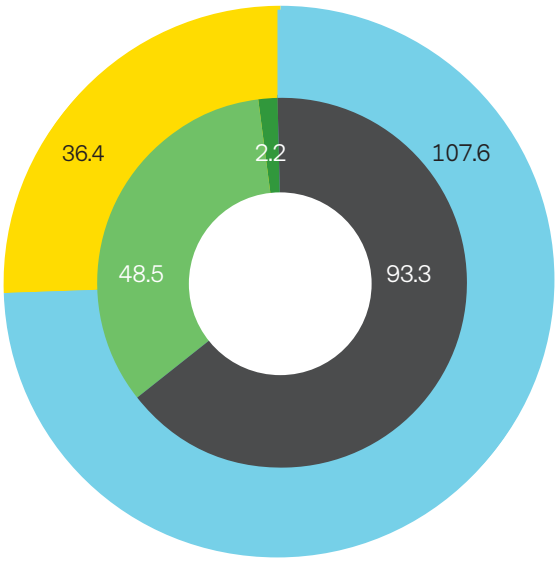
The regulation divides financial products into three categories:

- Financial products where transparency is provided about the management of sustainability risks (Article 6)
- Financial products that promote environmental and/or social characteristics (Article 8)
- Financial products with sustainable investments as their objective (Article 9)

Since Vontobel is a globally active financial expert, not all of our products fall within the scope of the European regulation SFDR. At present, there is no uniform internationally recognized framework for financial products that integrate ESG criteria. To ensure transparency and comparability, we have classified all of our investment solutions that integrate ESG criteria according to the SFDR. In the case of investment solutions that are not subject to SFDR, the classification has been applied mutatis mutandis (see chart).

Since in 2020, the reported product categories were redefined and the requirements governing existing products were tightened the 2019 figures are only comparable with subsequent years to a limited extent. Further information on the product categories is provided in the section "Investment solutions" (page 87).

**Investment solutions that incorporate ESG criteria[1]**




**Vontobel Categories**
- Integrated ESG
- Sustainable

**SFDR Categories[2]**
- Article 6 (Consider ESG risks)[4]
- Article 8 (Promote ESG characteristics)
- Article 9 (Sustainable investment objective)

| IN B CHF | 2021 | 2020 | 2019 |
|---|---|---|---|
| Sustainable | 36.4 | 30.4 | 30.5 |
| Integrated ESG | 107.6 | 95.9 | - |
| **Total** | **144.0** | **126.3** | **-** |
| | | | |
| **IN % OF AUM[3]** | | | |
| Sustainable | 14.9 | 13.8 | 15.3 |
| Integrated ESG | 44.2 | 43.7 | - |
| **Total** | **59.1** | **57.5** | **-** |

1 Excludes Structured Solutions
2 To ensure transparency and comparability, we have classified all of our investment solutions that integrate ESG criteria according to the SFDR. In the case of investment solutions that are not subject to SFDR, the classification has been applied mutatis mutandis.
3 Assets under management, see page 11.
4 Article 6 of the SFDR relates to products that disclose if and how ESG risks are taken into account. For all of the investment solutions considered here, the continuous monitoring of ESG risks forms part of the risk management process. This chart only shows those products covered by Article 6 of the SFDR that take account of ESG criteria.

## — Structured Solutions

For years, Vontobel has ranked as one of the leading issuers in Switzerland and Europe with its structured solutions. We actively offer various structured products that focus on sustainable themes. At the same time, our clients have the option of structuring individual products based on sustainable underlyings. When defining and implementing ESG criteria, we draw on the expertise of in-house specialists as well as external ESG ratings and ESG data providers.

In the case of theme-based, publicly offered investment products, the specific ESG approach is indicated in the term sheet. We offer these types of thematic ESG investment products via the online product platform “derinet”. Products with sustainable underlyings now appear with the ESG logo in derinet and can easily be identified by interested investors using the relevant filter in the product search function. With derinet, products can be offered to a broad public via a central marketplace.

This makes it possible to place sustainable products with a large community of investors. The demand for such solutions is constantly increasing. At the end of 2021, CHF 326.1 million were invested in products issued by us, compared to CHF 258.5 million at the end of 2020.

In addition to the traditional range of investment and leverage products, the range of solutions offered to clients includes indices on themes such as climate change, hydrogen as an energy source, sustainability leaders, meat alternatives, the circular economy, diversity, etc. Selected solutions from our range of sustainability-themed investments is provided below:

Vontobel is one of the market leaders in Swiss equity research. Our analysts integrate ESG criteria directly into our valuation methods for the equities that are covered. The Vontobel Swiss ESG Research Index is offered via an open-end tracker certificate and shows the development of the 25 Swiss equities with the highest ESG scores together with a “hold” or “buy” rating by our analysts.

The certificate on the Vontobel Impact for Good Index enables investors to participate in companies that have committed to achieving positive environmental and social impact in the areas of healthcare, education, combating poverty and environment. The companies included in the certificate offer products and services that make consumers’ lives more sustainable, protect the environment or support the launch of innovative start-ups.

In many places, water is considered a ubiquitous resource. However, numerous regions of the world also suffer from water shortages and the problem is much more widespread than often thought. The Vontobel Aqua Index pursues a strategy that involves selecting the stocks of companies that offer commercial solutions to challenges such as water shortages and water pollution.

Companies that help to combat climate change are selected for the universe of the Climate Impact Index. Further ESG criteria are included in the analysis. The portfolio consists of companies in areas such as photovoltaics, wind energy, thermal insulation, recycling, sustainable forestry, electromobility, efficient water usage and public transport infrastructure.

With the MSCI World IMI Select Sustainable Impact Top 20 Index, investors participate in the performance of companies whose core business activities contribute to the realization of at least one of the UN SDGs (Sustainable Development Goals).

With the Solactive Global Sustainability Leaders Performance Index, investors gain access to a dynamic index of 20 stocks that are selected semi-annually according to strict ESG criteria. The companies are chosen according to a best-in-class approach, with the exclusion of controversial stocks.

### Investment advisory

In the area of investment advisory, we support our private clients when investing in equities, fixed income or collective investments that are in line with Vontobel Wealth Management's sustainability approach and are covered by primary or secondary research providers, as well as our in-house fund research team.

To deliver systematic and efficient sustainable investment advisory to clients, our offering has been strengthened with internal and external ESG research and analysis that is available to all Relationship Managers and Investment Advisors via our web-based tool. They can therefore screen the investment universe not only based on fundamental analysis but also on the basis of ESG assessments and any controversial activities in combination with the list of recommendations of sustainable and ESG investments. Our team of Swiss equities analysts has fully integrated ESG criteria into its company valuations and thus supports advisory services by providing in-depth guidance on sustainability issues related to Swiss stocks.

Additionally, our systems incorporate ESG criteria, providing systematic oversight over client portfolios and supporting active communication and the provision of appropriate advice.

We are currently in the process of certifying our Relationship Managers and Investment Advisors with the AZEK certificate ESG for Client Advisors (ESG-CA), enhancing our in-house ESG expertise.

All of these measures allow Relationship Managers and Investment Advisors to compile sustainable portfolios more efficiently and systematically, and to offer our clients more in-depth advice about the sustainability of investments on an ongoing basis. We guide our clients by providing sustainable investment ideas as well as a comprehensive holistic portfolio view that considers overall exposures to ESG risks and opportunities while remaining aligned with the Vontobel market outlook and the respective risk profile.

With sustainable solutions, we offer our clients the opportunity to align their investment decisions with their personal values and to participate in solutions for a sustainable future, while reducing the ESG risks in their portfolios.

In the area of wealth planning, we offer our clients the opportunity to invest in pension solutions (Pillar 3a, vested benefits and management pensions) that focus on investments that combine the goals of capital preservation and capital growth with ethical, environmental and social aspects.

### Client communications

Our investors receive comprehensive information about the investment processes, ESG approaches and selection criteria of the individual funds and mandates based on the respective investment policy. Examples include methodology white papers, benchmark comparisons, impact reports (including $CO_2$ reporting) or impacts based on the UN SDGs. We also provide ESG profiles and assessments for underlying individual positions. We are committed to continuously improving our reporting.

As products that incorporate ESG criteria become more widely available, the number of ESG options and approaches is also growing. We have created the "Act ESG" symbol. Where it appears on our websites and in our publications, this symbol leads to ESG-relevant content and encourages our clients and interested parties to explore the topic of sustainable investing. For example, in December 2021, we conducted our "ESG: Breaking Through the Barriers" survey to ask more than 200 financial advisors around the globe how they expect demand for ESG products to develop in the future. The majority of

respondents expressed the view that they can attract new clients by offering ESG products and that the ESG topic strengthens the client relationship. Nevertheless, only a small number of respondents said that they integrate the topic into the advisory process.

In the third issue of our "ESG knowledge barometer" we consider the question of how investor attitudes have changed as a result of the "new normal": The pandemic, climate change and issues such as diversity, equal opportunity and inclusion have led to increased awareness of sustainability (ESG) in recent years. We asked over 5,000 end investors from 16 markets about their perception of how sustainable investments have developed over the last 12 months and whether they plan to adjust their approach to sustainability in the future. The results showed that the awareness about sustainable investment opportunities has growth and this theme is playing an ever greater role in investment decisions. However, 60 percent of respondents still believe that too few companies take their social responsibility seriously.

In 2021, we once again shared a livestream on the topic "Sustainable investing" in spring and autumn based on studies about ESG published by our team of analysts.

### Training

To embed the topic of sustainability and ESG in client advisory, all Relationship Managers and Investment Advisors participate in the ESG for Client Advisors (ESG-CA) course run by AZEK. This training course concludes with an examination that participants must pass to obtain the corresponding certificate, thus ensuring a high and consistent standard of training.

Targeted training was provided about the Sustainable Finance Disclosure Regulation (SFRD) and its impact on our products, processes and communications.

In 2021, 42 people completed the Vontobel Curriculum for Relationship Managers. This training course, which was developed specifically for Vontobel Wealth Management, consists of four days of classroom learning as well as around 25 hours of online training about topics such as finance, regulation, and advisory capabilities. A key component of the curriculum is the transfer of knowledge about sustainable investing and the broadening of our expertise in this field across the whole of Wealth Management.

On-the-job training is an effective tool to expand and firmly establish knowledge about ESG themes within investment teams: Through close daily collaboration between ESG analysts, financial analysts and portfolio managers, we foster the ongoing exchange of expertise. General developments in the field of ESG are discussed in research meetings. In addition, we regularly invite specialists from our external ESG research providers to come and share a new perspective on relevant topics.

Training courses on ESG strategies and general training about ESG themes are regularly integrated into mandatory global sales training.

In 2021, we once again presented sustainable investing as part of our Entry Training for new employees in Wealth Management. This induction program, which lasts several days, introduces them to the company and is an ideal preparation for their demanding roles.

The Vontobel Academy offers four e-learning modules from the industry association Swiss Sustainable Finance in English and German that all interested employees can complete. The modules provide a short insight into how sustainability creates value for companies and thus also for investors.

**103-3 Evaluation of the management approach**
**FS6 Percentage of the portfolio for business lines by specific region, size and by sector**

See pages 21 and 211–213.

**FS8 Products and services designed to deliver a specific environmental benefit**

**FS11 Percentage of assets subject to positive and negative environmental or social screening**

At December 31, 2021, Vontobel had a total of CHF 144,022 million of assets under management invested into solutions that incorporate ESG criteria (excludes Structured Solutions).

Also see "Investment solutions that incorporate ESG criteria" on page 90 and the graph on page 91.

## Active Ownership

**103-1 Explanation of the material topic and its boundary**
Material ESG issues can impact the success of a company and consequently its capacity for future investments and growth. At Vontobel, we believe that active ownership can have a positive influence on a company's values and behavior and strengthen its longer-term contribution towards building more sustainable economies and societies and protecting the environment.

**103-2 The management approach and its components**
**Exercising of voting rights**
Vontobel works with specialist research providers who support portfolio managers with their research and voting recommendations. However, the final decision is made by the portfolio manager in consultation with the relevant management company.

We exercise voting rights for our investment funds where possible, working together with proxy voting service providers.

The guidelines followed by the proxy voting service providers have been reviewed and approved by Vontobel. Due diligence is also regularly performed on the services used. The proxy voting providers use their own research in order to issue recommendations to their clients on how they should exercise their voting rights. Our portfolio managers and analysts receive alerts about forthcoming shareholder meetings together with voting recommendations that are based on standardized proxy voting provider guidelines approved by Vontobel.

Portfolio managers and analysts may review the voting recommendations and if they agree with them, Vontobel votes accordingly. If they disagree because the standard recommendation does not match their in-depth knowledge of the company in question and its management, the analyst or portfolio manager can change the vote on an item on the agenda. This process ensures that we execute all of our voting obligations and that our analyst and portfolio managers retain the authority to make decisions in the interests of our investors.

Further information on the exercising of voting rights can be found at: am.vontobel.com/sustainable-investing.

### Engagement

We consider active cooperation with companies to be an essential part of sustainable investing. At Vontobel, we have both direct and indirect engagements.

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

Through these engagements, we encourage companies to improve their risk management practices and ESG disclosures in general and to also report on the impacts of their products over their entire life cycle. For the Listed Impact strategies, a questionnaire was sent to all the companies in the investment fund in connection with our annual Impact Report. In the questionnaire, we outline our request for data for the nine environmental indicators in the Impact Report. More than 30 companies took the time to complete the questionnaire in 2021. As a result, we were able to update the environmental indicators based on the relevant data from the firms.

In addition to direct engagement activities, we also carried out collaborative engagements for our mtx and Listed Impact strategies through a service provider specialized in this area. Our collaboration with the provider strengthens our position by enabling us to join forces with other investors. This allows us to exert greater influence than our own investment volume would allow.

**103-3 Evaluation of the management approach**
**FS10 Portfolio-based engagement on social or environmental issues**

Each year, Vontobel publishes a Voting and Engagement Report (www.vontobel.com/voting), which provides examples of engagement. The report for 2021 will be published in mid-2022.

Further information on sustainable investing at Vontobel can be found at: www.vontobel.com/sustainable-investing.

# Economic Sustainability

## Economic Performance and Indirect Economic Impacts

**103-1 Explanation of the material topic and its boundary**
We assume our corporate responsibility by considering the needs of our clients and pursuing a risk-conscious approach while running our business successfully on a long-term basis. By doing so while complying with ethical business standards, we can make a contribution to the economy.

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

**103-2 The management approach and its components**
As an employer and taxpayer and as an active participant in economic life – e.g. in our role as a purchaser and investor – we contribute to the creation of value at a regional level in the locations in which we operate. This includes the corporate taxes that we pay annually, as well as the payment of salaries and the provision of innovative and sustainable financial services for private and institutional clients. We also make a contribution through the efficient use of energy and resources, by serving communities, and by engaging in an active dialogue with the general public about the role of financial services providers.

Since 2004, our 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.

**103-3 Evaluation of the management approach**
**201-1 Direct economic value generated and distributed**
Value creation increased by around 25 percent compared to the previous year, while taxes paid rose by more than 30 percent. The Board of Directors' confidence in Vontobel's strategy and its active capital management are demonstrated by the proposed dividend of CHF 3.00 (previous year: CHF 2.25). Further information on the operating result is provided on page 122.

**Economic value distributed**

| CHF M | 2021 | 2020 | 2019 |
|---|---|---|---|
| Value creation[1] | 1,209.8 | 967.2 | 945.5 |
| Taxes[2] | 90.3 | 68.9 | 46.6 |
| Dividend for the fiscal year[3] | 167.7 | 127.1 | 126.5 |

1 Income less general expense and depreciation of property, equipment (incl. software) and intangible assets
2 Includes income tax, tax on capital and other taxes and contributions
3 As per proposal submitted to the General Meeting

**201-3 Defined benefit plan obligations and other retirement plans**
Information on pension and other employee benefit plans and benefit pension liabilities is provided in the tables on pages 157 and 174.

**203-1 Infrastructure investments and services supported**
In 2021, the Vontobel Charitable Foundation contributed a total of around CHF 369,600 of donations and grants (2020: CHF 552,500). In the year under review, the Charitable Foundation supported initiatives including a project run by the organization FREETHEBEES to provide larger tree cavities as a refuge for wild honeybees and to help them thrive. Further information: www.freethebees.ch.

In addition, Vontobel made donations totaling CHF 193,800 in the year under review. Of this sum, a significant amount was donated to the Swiss Climate Foundation and the International Committee of the Red Cross (ICRC). Through our annual Vontobel Fundraising Initiative, we supported a program to provide aid to the people of Lebanon in 2021.

## Anti-corruption

**103-1 Explanation of the material topic and its boundary**
We operate our business with a focus on maintaining the satisfaction and trust of our clients, as well as on protecting and building the wealth they have entrusted to us. We always strive to pursue these goals in accordance with applicable laws, rules and regulations – especially when taking steps to combat terrorism and corruption.

**103-2 The management approach and its components**
Anti-corruption measures are an important part of our compliance system. Effective compliance forms the basis of our long-term success and is therefore a core aspect of our business. Vontobel implements comprehensive, state-of-the-art measures to ensure continuous compliance with laws and regulatory requirements. As part of our Group-wide risk analysis, teams of specialists regularly assess all our areas of business using appropriate compliance processes to ensure they are legally compliant.

One of the main areas of focus of our risk analysis is the identification of risks arising from money laundering or terrorist financing. The aim is to avoid business relationships that are used for money laundering or terrorist financing. In addition, we have a special process in place to monitor our relationships with politically exposed persons (PEPs). Material cases are discussed by participants at the monthly Legal & Compliance meeting, which is also attended by two members of the Global Executive Board. In urgent cases, the Board meets on an ad hoc basis or reaches decisions via circular letter. Legal and Compliance produce half-yearly compliance reports for the Global Executive Board.

A key area of focus in adhering to our compliance requirements is the provision of employee training on relevant topics in the area of anti-corruption. All new employees have to attend an introductory compliance course that also addresses the subject of corruption. In addition, classroom training is carried out each year on specific topics within the Client Units. At departmental level, further training courses are offered to address the management of specific risks. Our objective is to provide training for all employees on an annual basis. These measures prevent breaches of internal and external rules and regulations. New employees are also issued with the Employee Handbook, which sets out specific guidelines and instructions, as well as the Code of Conduct. The most recent version of the Employee Handbook is available on the Intranet. All employees can access current and comprehensive policies at any time. They include the “Group policy on anti-corruption and the handling of gifts”, as well as the “Group policy on conflicts of interest”.

**103-3 Evaluation of the management approach**
**205-1 Operations assessed for risks related to corruption**
Our Group-wide risk management framework also addresses the topic of anti-corruption. It covered all of our locations globally in the reporting year.

**205-2 Communication and training about anti-corruption policies and procedures**
In the year under review, we rolled out an updated Compliance eLearning course that includes a test component. The training covers topics such as money laundering and terrorist financing, market conduct rules, anti-corruption measures and the protection of personal data. The training is mandatory for all Vontobel employees (with the exception of Corporate Real Estate, the Reception as well as external employees). VAMUS and TwentyFour Asset Management employees receive the adapted training courses. New employees are automatically enrolled for training and must complete compliance training related specifically to their role or business area.

**205-3 Confirmed incidents of corruption and actions taken**
There were no incidents of corruption involving employees at Vontobel in the year under review.

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 2021.

Further information on economic sustainability at Vontobel can be found at: www.vontobel.com/economic-sustainability.

# Environmental Sustainability

**103-1 Explanation of the material topic and its boundary**
Vontobel is committed to using processes that reduce the environmental impacts of our activities and help to protect the climate. For many years, we have engaged in various activities to protect the environment and are particularly focused on climate protection. Our stakeholders also expect this of us. The sparing use of resources, energy efficiency and the reduction of greenhouse gas emissions therefore have an important role to play in our operations. As a result of the more efficient use of resources, we are often able to generate an additional economic benefit in different areas.

**103-2 The management approach and its components**
Vontobel's Corporate Sustainability Committee defines the Sustainability Strategy, which includes the areas of environmental and climate protection.

The business divisions and units have responsibility for the operational implementation of measures in the areas of environmental and climate protection. In particular, the Facility Management, Procurement, and Logistics units have an important role to play in this context.

Our Corporate Real Estate Strategy is linked to our Sustainability Strategy. When selecting and renovating office buildings, we systematically focus on environmentally friendly and energy-efficient measures to achieve energy savings. High energy standards and the good insulation of building envelopes are part of this approach. The use of energy-saving LED lighting is a standard feature of all our new and renovated office buildings. Wherever possible, we also install LED lighting in existing buildings in view of the massive reductions in electricity and maintenance costs that can be achieved. This form of lighting results in less waste that requires special disposal. Vontobel has been purchasing electricity from renewable sources for all of our locations globally since 2013 – either directly or otherwise indirectly through regional Guarantees of Origin. The indirect purchase of renewable energy in the form of regional Guarantees of Origin is the approach taken if it is not possible to directly purchase electricity from renewable sources. This is the case if, for example, Vontobel leases its offices in one location and cannot influence the electricity mix used in those premises. When purchasing Guarantees of Origin, we comply with the requirements of the CDP. It calls for the expansion of global capacity for the production of electricity from renewable sources. Since 2021, all buildings on the Zurich Campus have been heated and cooled using heat pumps that are fed with water from Lake Zurich.

Vontobel strives to conduct its own operations in accordance with high environmental and social standards and we therefore also expect our business partners to adhere to the principles of responsible business conduct. These aspects are incorporated into our tendering process and serve as a guide when awarding contracts. The relevant details are set out in Vontobel's "Guidelines for sustainable procurement". They address matters such as employment conditions, child labor and forced labor (modern slavery), environmental protection, and the prevention of corruption. These guidelines are available at: www.vontobel.com/principles-policies. Compliance with the guidelines is a prerequisite in order to work with Vontobel. As part of the supply management framework introduced in 2021, new partners have to provide information about their environmental and social standards. In addition, Vontobel makes use of an external rating platform to monitor the volume and relevance of sustainability risks related to its main suppliers.

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

In the year under review, we once again donated desktop computers that are no longer needed to the charitable foundation "AfB social & green IT". The foundation takes corporate IT equipment and refurbishes it for reuse following certified data deletion. The equipment is supplied to private individuals, schools and non-profit organizations. In total, Vontobel has donated almost 2,000 computers to the foundation to date.

In the reporting year, we continued the "One Two We" program introduced in our employee restaurant in 2013 and the "One Climate Menu" launched in connection with the program. The 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. The permanent vegan buffet "Vegan Corner", which was intro-

duced in the previous year, has become popular with vegans and non-vegans alike. In 2021, the offering was expanded to include a selection of raw vegetables and fruit. The SV Group that operates the employee restaurant on behalf of Vontobel sends its chefs to Hiltl, the world's oldest vegetarian restaurant, for further training in this area.

Vontobel's operations have been carbon-neutral since January 1, 2009 (Scope 1, 2 and 3). We offset the greenhouse gas emissions we produce each year by purchasing $CO_2$ emissions certificates to support projects that save the equivalent volume of emissions. The Corporate Sustainability Committee once again selected a climate neutrality project with a focus on rainforest conservation and the protection of biodiversity in 2021. Detailed information about the project is available at: www.vontobel.com/environmental-sustainability. As a founding member of the Swiss Climate Foundation, we donate a significant proportion of our refunded $CO_2$ levy to the Foundation, which then uses these funds to finance projects to improve the energy efficiency of small- and medium-sized companies. The projects supported by the Climate Foundation in the year under review included a technology that can be used to filter $CO_2$ directly from ambient air and to reduce it into fixed carbon and oxygen, as well as a solution for the cost- and energy-efficient insulation of buildings.

## Materials[1]

**103-3 Evaluation of the management approach**
**301-1 Materials used by weight or volume**
**301-2 Recycled input materials used**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Materials (absolute)** | | | |
| Water (drinking water, $m^3$) | 22,369 | 29,053 | 24,006 |
| Food (t) | 86 | 111 | 103 |
| Paper (t) | 68 | 95 | 99 |
| Proportion of recycled paper used | 94% | 90% | 93% |
| **Materials (per full-time position)** | | | |
| Water (drinking water, l / FTE) | 10,787 | 14,403 | 11,826 |
| Food (kg / FTE) | 41 | 55 | 51 |
| Paper (kg / FTE) | 33 | 47 | 49 |

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

The consumption of all recorded resources and materials declined in the year under review. These reductions were mainly driven by new ways of working and more limited mobility due to the pandemic. Many employees worked primarily from home, and the proportion of home office usage was even higher than in the previous year as a result of the obligation to work from home during certain periods. Our buildings nevertheless have to be maintained in a state of operational readiness at all times.

Water consumption data can only be compared to prior years to a limited extent: We receive invoices at different times, depending on the water supplier. It is not always possible to clearly determine the amount of water supplied for each year of operation.

## Energy[1]

**103-3 Evaluation of the management approach**
**302-1: Energy consumption within the organization**
**302-3: Energy intensity**
**302-4: Reduction of energy consumption**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Energy (absolute)** | | | |
| Heat consumption (MWh) | 2,524 | 3,180 | 3,570 |
| Renewable energy consumption (MWh) | 98 | 189 | 107 |
| Electricity consumption (MWh) | 6,275 | 6,818 | 6,863 |
| District heating / cooling usage (MWh) | 3,103 | 993 | 804 |
| Total energy consumption (MWh) | 11,999 | 11,180 | 11,343 |
| Business travel (1,000 km) | 3,493 | 8,619 | 18,387 |
| *of which business flights (1,000 km)* | *3,043* | *8,068* | *16,955* |
| Commuting (1,000 km) | 12,005 | 18,036 | 24,420 |
| **Energy (per full-time position)** | | | |
| Total energy consumption (kWh / FTE) | 5,786 | 5,542 | 5,588 |
| Business travel (km / FTE) | 1,685 | 4,273 | 9,058 |
| *of which business flights (km / FTE)* | *1,467* | *4,000* | *8,352* |
| Commuting (km / FTE) | 5,789 | 8,941 | 12,030 |

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

Total energy consumption rose slightly in the year under review. We believe that this increase is attributable on the one hand to the growth in the number of employees and the increase in building space (absolute increase) that was maintained despite the pandemic and home office operations, and on the other hand to the more limited waste heat from the IT infrastructure and employees.

In terms of environmental key figures, the measures taken to prevent the spread of Covid-19 had a significant impact on business travel in particular: Since almost no travel was

possible at certain times due to the obligation to work from home and because of travel bans, both air travel and commuting decreased substantially once again. Even before the pandemic, we invested in the latest video-conferencing and communications technology. These investments mean that all our employees can hold meetings with clients and colleagues at any time, wherever they are located around the globe.

## Emissions[1]

**103-3 Evaluation of the management approach**
**305-1 Direct (Scope 1) GHG emissions**
**305-2 Energy indirect (Scope 2) GHG emissions**
**305-3 Other indirect (Scope 3) GHG emissions**
**305-4 GHG emissions intensity**
**305-5 Reduction of GHG emissions**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **Emissions (absolute)** | | | |
| Total greenhouse gas emissions (t $CO_2$e) | 2,866 | 5,103 | 7,953 |
| Greenhouse gas emissions scope 1 (t $CO_2$e) | 626 | 781 | 939 |
| Greenhouse gas emissions scope 2 (t $CO_2$e) | 377 | 356 | 293 |
| Greenhouse gas emissions scope 3 (t $CO_2$e) | 1,863 | 3,966 | 6,720 |
| *of which business flights (t $CO_2$e)* | *1,103* | *2,927* | *5,637* |
| *of which commuting (t $CO_2$e)* | *236* | *413* | *408* |
| **Emissions (per full-time position)** | | | |
| Total greenhouse gas emissions (kg $CO_2$e/FTE) | 1,382 | 2,530 | 3,918 |
| *of which business flights (kg $CO_2$e/FTE)* | *532* | *1,451* | *2,777* |
| *of which commuting (kg $CO_2$e/FTE)* | *114* | *205* | *201* |

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

Since business travel has a large influence on our $CO_2$ footprint, total emissions decreased significantly during the reporting period.

In the year under review, greater use was made of district heating instead of natural gas as a heating energy source. This led to a shift from scope 1 to scope 2 emissions and resulted in an overall reduction in emissions. Electricity consumption and commuting arising from work in a home office were included in the calculation.

It is essential to have a solid set of data in order to develop and implement environmental and climate protection measures in a targeted and effective manner. In the year under review, we achieved further improvements in data quality for various environmental key figures at our international locations.

Further information on environmental sustainability at Vontobel can be found at: www.vontobel.com/environmental-sustainability.

# Social Sustainability

We define social sustainability as our responsibility as an employer and our comprehensive commitment to serving communities.

Further information about our support for the International Committee of the Red Cross (ICRC) and other social commitments is available here: www.vontobel.com/serving-communities.

Promoting art and integrating it into our everyday lives is a part of our corporate culture. We collect works of art from the field of contemporary photography, which we display at our premises, and we support young artists by helping them realize new projects. Learn more: www.vontobel.com/art.

## Employment

**103-1 Explanation of the material topic and its boundary**
The skills and expertise of our employees are vital to Vontobel's long-term success. We are aware of the competition that exists for skilled employees: As a globally active financial expert, Vontobel has to compete with major players and increasingly also with small new companies in our industry, both in our Swiss home market and internationally. We therefore want to offer our employees attractive employment conditions.

**103-2 The management approach and its components**
Corporate Human Resources, which reports to the Executive Committee, is responsible for positioning Vontobel as an attractive employer.

In Switzerland, the Employee Handbook contains comprehensive information about employment conditions, social security benefits, training, compliance regulations and security guidelines. It applies to all permanent employees and is supplemented by internal policies. Locations outside Switzerland have their own employee handbooks, which take account of country-specific requirements. The latest versions of these documents are always available on the Intranet.

As a future-oriented employer, Vontobel offers employees extensive benefits:

- Holiday entitlement that exceeds the statutory requirement: Since 2016, our employees in Switzerland have had the option of purchasing a maximum of ten individual days of holiday in addition to their normal holiday entitlement.
- Employees can join collective agreements offered by health insurers at reduced rates together with their spouse or registered partner and their children.
- We offer an attractive share participation plan, mortgage products and attractive pension products at preferential rates.
- In the case of both maternity and paternity leave, the benefits that Vontobel grants to working parents go beyond the statutory minimum requirements: Employees in Switzerland are granted six months of maternity leave or four weeks of paternity leave on full pay. Depending on their personal needs, this period of leave can be taken on a fixed or flexible basis. This benefit is granted irrespective of their number of years of service.
- In 2020, a peer coaching program was launched for parents in collaboration with parents@work. The program supports working parents when they return to the workplace or helps them address the challenges of combining professional and family life. The coachees are supported by a colleague for a period of one year. In view of the positive feedback received, the program was continued in 2021.
- For a number of years, we have been a member of kcc group (globegarden), an organization that offers families complete childcare solutions.
- In Zurich, we offer lunches to employees free of charge in our staff restaurant.
- Wherever possible from an operational perspective, Vontobel endeavors to meet requests for part-time working arrangements from employees, including members of middle management.

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.

In 2021, we conducted another employee survey. The findings provide helpful insights into areas where our organization as a whole has scope for improvement.

The professional Talent Acquisition team assists in the hiring of new employees through a well-structured and skills-based recruitment process. The HR employees and interview partners involving in hiring are given training and are closely supported during the process.

To intensify informal discussions and feedback within small groups across departmental and hierarchical boundaries, we organize regular Skip Level Sessions (online and international) with senior management.

The Vontobel Graduate Trainee Program (GTP) has been promoting the successful integration of young talents

within our organization since 2011. In October 2021, the largest group of trainees to date embarked on the program, which was extended to all areas of the business for the first time. We now run the GTP, which is in its tenth year, in all our international locations.

We set ourselves ambitious targets in terms of employee diversity when hiring graduates. For example, almost half of the graduates we have attracted are women. The program incorporates a development plan that includes various opportunities for networking and further development.

**103-3 Evaluation of the management approach**
**401-1 New employee hires and employee turnover**
Compared to the previous year, the number of employees increased (see also 102-8 Information on employees and other workers, page 108).

**Employee turnover**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Turnover rate (in %) | 10.7 | 11.1 | 14.2 |

Employee departures by age category: up to 20: 0; 21–30: 36; 31–40: 53; 41–50: 69; 51–60: 36; 61–64: 9; from 65: 1
Hires by age category: up to 20: 2; 21–30: 79; 31–40: 106; 41–50: 69; 51–60: 19; 61–64: 2

In 2021, the employee turnover rate decreased from 11.1 to 10.7 percent (see table). A total of 65 female employees and 139 male employees left Vontobel during the year. Meanwhile, a total of 277 new employees were hired during the year under review (107 women and 170 men).

**401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees**
Around 6 percent (previous year: 7 percent) of employees have made use of the option of purchasing individual days of holiday in addition to their normal holiday entitlement.

## Training and Education

**103-1 Explanation of the material topic and its boundary**
Vontobel's ability to achieve our business and professional goals depends to a significant extent on the skills and motivation of our people. Employees have high expectations regarding the provision of training and development opportunities within a company. Moreover, life-long learning is growing increasingly important. To remain attractive as an employer, we are committed to offering targeted training and development opportunities.

**103-2 The management approach and its components**
Training and development are essential to keep pace with the competition, meet the increasing demands of our clients, and reinforce workplace engagement. Recognizing our responsibility as an employer, we offer a development curriculum with an exciting range of topics, covering different skills and learning needs.

In 2021, we continued to be confronted with challenges due to the Covid-19 pandemic: Most of our training was carried out virtually. This approach led to the use of new technology and platforms that made training more accessible to all colleagues globally.

We further developed our onboarding program for new joiners at Vontobel. Across our global network, new joiners can now connect to our systems and meet other new joiners during the live and virtual onboarding sessions. They all have access to the internal platform "Getting started" that offers comprehensive information to ensure their career at Vontobel gets off to a smooth start. During the onboarding phase, new joiners also benefit from a Q&A and networking session with our CEO.

In addition to the professional skills development curriculum for all employees, Vontobel invests in learning resources that are specific to different Client Units and supports external training where appropriate for employees around the globe. These courses mainly involve business-specific qualifications such as the Master in Banking and Finance, Bachelor or Master in Business Administration, CFA or CIIA.

Employees have access to the online learning platform Degreed, which offers self-directed online learning resources from LinkedIn Learning and Udemy, amongst others.

To review the quality of the courses and programs that are completed, we provide participants with a questionnaire on aspects such as content, design and applicability, and

we evaluate their responses. In addition to qualitative reporting, we generate 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.

We consider it important for employees to assume responsibility for their own professional development. We therefore continue to invest in the "myPerformance Development" tool. Setting clear goals and managing performance are key for managers and employees to ensure a clear focus and alignment around the delivery of our priorities. Vontobel's Performance Development process covers goal setting, ongoing and annual reviews and feedback. Employees can also draw up a personal development plan in consultation with their line manager. This forms the basis for career planning and continuous performance improvement. To further strengthen the process, a pilot for peer feedback was carried out in 2020, giving employees the opportunity to actively seek structured feedback from their colleagues. This feedback module has now been launched for all employees at Vontobel.

As a rapidly growing organization, we believe that the development of managers from within our own ranks is a priority to achieve our strategic objectives and drive our success. While leading a team is a privilege, it comes with responsibility. Our Leadership Development Framework is therefore designed to ensure that our managers have the necessary skills and confidence to effectively meet the diverse needs of the business units and teams they lead.

The IMD Leadership Program for senior managers that was launched in 2020 continued in the year under review. Program participants learn how to strengthen their role as leaders in an organization that is undergoing transformation. The program focuses on the following topics: inspiring leadership, global and cross-cultural thinking, and self-reflection. The senior managers meet across locations and divisions in order to build networks and apply what they have learned to their everyday work. For all managers not attending the IMD program, we have launched a course entitled "Leading high-performing teams through feedback" in collaboration with the University of St. Gallen. Over 330 managers have been invited to attend this program that focuses on building trust, delivering direct and constructive feedback, and managing performance evaluations.

**103-3 Evaluation of the management approach**
**404-1 Average hours of training per year per employee**

**Training**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Training costs (1,000 CHF) | 1,805 | 1,262 | 1,773 |
| Training costs (CHF/FTE) | 856 | 626 | 895 |
| Number of apprenticeships (incl. trainees) | 38 | 33 | 33 |

Overall training costs as well as training costs per employee increased in 2021. The number of apprenticeships and traineeships also increased compared to the previous year (38).

**404-2 Programs for upgrading employee skills and transition assistance programs**
In 2021, we offered professional skills training for all our employees. The topics were prioritized by Vontobel managers and employees and covered feedback discussions, a client-centric approach to innovation, data literacy and digital interaction. The programs offered a combination of online content and virtual instructor-led classes, as well as peer-to-peer assignments that helped participants embed their learning in their day-to-day work.

To support our emerging talent, we developed a pioneering internal mentoring program for 45 employees at Vontobel. Each of the participants had a senior mentor who enabled them to articulate their personal goals, prepare an action plan and progress towards their objectives. We worked with the Singapore-based training company Protégé, which ran skills development workshops virtually for the participants and their mentors to help them make the most of the mentoring relationships.

Many discussions with clients and other partners are now taking place via virtual channels. To help prepare for this type of dialogue, employees were offered training courses such as "Improve your impact in digital client meetings" or "Engaging digital interactions".

The Swiss Association for Quality (SAQ) has, since 2020, recognized the further development courses offered to relationship managers in Vontobel Wealth Management as recertification measures. Relationship managers benefit from this by completing training according to this nationally accredited standard, thus further enhancing their own employability.

**404-3 Percentage of employees receiving regular performance and career development reviews**
At the end of 2021, 91 percent of employees had begun or completed their annual performance review process.

## Diversity, Equal Opportunity and Non-Discrimination

**103-1 Explanation of the material topic and its boundary**
The creation of a pleasant working environment that is free from discrimination and promotes diversity and equal opportunity represents a further component of our commitment to our employees.

**103-2 The management approach and its components**
To prevent discrimination in the workplace, the principle of non-discrimination is enshrined in our Employee Handbook. Both the Employee Handbook and the Vontobel Code of Conduct form an integral part of the employment contract.

The Executive Committee takes the topic of Diversity & Inclusion seriously and is committed to ensuring that it is enshrined and developed further within the organization. In the focus areas that we defined – Cultural Diversity, Equal Opportunity, Generations and Inclusion – we have therefore defined appropriate and realistic points of focus. We provide regular updates on our various activities on the Intranet.

In the Equal Opportunities focus area, our aim is to continuously increase the number of women in senior management positions or leadership roles. When hiring new employees, we strive to ensure a balanced selection of female and male candidates. In promotion processes, a high level of importance is assigned to ensuring a fair and transparent selection of talented employees. We also actively invest in networks and alliances such as:
- Fondsfrauen
- Advance (Gender Equality in Business)
- Womenbiz
- Data+Women

In the "Cultural Diversity" focus area, we want to ensure that the composition of our workforce reflects our target markets while, at the same time, preserving our "Swissness" that is valued by our clients.

In the "Generations" focus area, we aim to achieve a balanced age mix. Ensuring long-term talent management and succession planning that are aligned with the needs of the business divisions is of key importance for Vontobel's human resources planning. Most of our employees are aged between 30 and 50. Targeted measures are needed to align the potential of this age group with the divisions' staffing needs.

We actively address the topic of Diversity & Inclusion with Vontobel's management in order to bring about changes and achieve our goals in this area. Consequently, Diversity & Inclusion forms an integral part of our leadership seminars.

**103-3 Evaluation of the management approach**
**405-1 Diversity of governance bodies and employees**
There was only minor change in the proportion of employees who worked on a part-time basis compared to 2020: The proportion of female employees working part-time was 32 percent (2020: 33), while the proportion of male employees in part-time positions was 9 percent.

The Diversity Benchmarking performed annually by the University of St. Gallen, as well as the Gender Intelligence Report published by Advance, confirm that Vontobel has a relatively high proportion of women in more junior management positions as well as a fairly balanced age mix among employees. However, the proportion of women in leadership positions declines as the level of management seniority increases. The Talent Acquisition team therefore places a targeted focus on ensuring an appropriate mix of female and male candidates in the area of recruitment and promotions. When conducting interview training, an emphasis is placed, among other things, on the importance of having a diverse pool of candidates and avoiding unconscious bias. For these as well as further indicators, see the tables starting on page 105.

In the year under review, we commissioned the Competence Center for Diversity & Inclusion (CCDI) of the University of St. Gallen to conduct an equal pay analysis. The findings of the analysis show that Bank Vontobel AG and Vontobel Asset Management AG are essentially complying with the principle of equal pay. The Social Partnership Centre for Equal Pay in the Banking Industry (SF-LoBa) has reviewed the analysis. The results have been certified and we have been awarded the label "Equal pay audited in accordance with the requirements of the Equal Opportunities Act". More on page 79.

**406-1 Incidents of discrimination and corrective actions taken**
No cases of discrimination were reported in 2021.

## Number of employees by domicile

| | NUMBER OF WOMEN | NUMBER OF MEN | 31.12.2021 TOTAL | NUMBER OF WOMEN | NUMBER OF MEN | 31.12.2020 TOTAL |
|---|---|---|---|---|---|---|
| Switzerland | 543 | 1,232 | 1,775 | 511 | 1,202 | 1,713 |
| Germany | 32 | 79 | 111 | 32 | 72 | 104 |
| USA | 33 | 61 | 94 | 29 | 55 | 84 |
| United Kingdom | 26 | 52 | 78 | 26 | 50 | 76 |
| Italy | 16 | 25 | 41 | 14 | 23 | 37 |
| Hong Kong | 13 | 23 | 36 | 13 | 19 | 32 |
| Luxembourg | 7 | 12 | 19 | 7 | 10 | 17 |
| Singapore | 3 | 11 | 14 | 2 | 11 | 13 |
| U.A.E. | 2 | 5 | 7 | 2 | 4 | 6 |
| Spain | 2 | 3 | 5 | 2 | 3 | 5 |
| France | 2 | 1 | 3 | 1 | 1 | 2 |
| Australia | 0 | 2 | 2 | 0 | 2 | 2 |
| Japan | 1 | 1 | 2 | 1 | 2 | 3 |
| **Total** | **680** | **1,507** | **2,187** | **640** | **1,454** | **2,094** |

## Number of employees by nationality

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | NUMBER | IN % | NUMBER | IN % |
| Switzerland | 1,391 | 64 | 1,374 | 66 |
| Germany | 237 | 11 | 220 | 11 |
| Italy | 108 | 5 | 98 | 5 |
| United Kingdom | 89 | 4 | 83 | 4 |
| USA | 87 | 4 | 78 | 4 |
| France | 47 | 2 | 45 | 2 |
| Spain | 18 | 1 | 19 | 1 |
| China | 17 | 1 | 16 | 1 |
| Poland | 17 | 1 | 12 | 1 |
| Austria | 14 | 1 | 13 | 1 |
| Other | 162 | 7 | 136 | 6 |
| **Total** | **2,187** | **100** | **2,094** | **100** |

## Age structure

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | NUMBER | IN % | NUMBER | IN % |
| Up to 20 years old | 3 | 0 | 8 | 0 |
| 21 to 30 years old | 286 | 13 | 264 | 13 |
| 31 to 40 years old | 636 | 29 | 593 | 28 |
| 41 to 50 years old | 685 | 31 | 677 | 32 |
| 51 to 60 years old | 503 | 23 | 493 | 24 |
| More than 60 years old | 74 | 3 | 59 | 3 |
| **Total** | **2,187** | **100** | **2,094** | **100** |
| *Average age (in years)* | *43* | | *43* | |

### Age structure of the Board of Directors

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | NUMBER | IN % | NUMBER | IN % |
| 31 to 40 years old | 1 | 10 | 1 | 11 |
| 41 to 50 years old | 2 | 20 | 2 | 22 |
| 51 to 60 years old | 6 | 60 | 4 | 44 |
| More than 60 years old | 1 | 10 | 2 | 23 |
| **Total** | **10** | **100** | **9** | **100** |

### Years of service

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | NUMBER | IN % | NUMBER | IN % |
| < 1 year | 267 | 12 | 239 | 11 |
| 1 up to < 5 years | 778 | 36 | 745 | 36 |
| 5 up to < 10 years | 525 | 24 | 535 | 26 |
| 10 up to < 20 years | 459 | 21 | 431 | 21 |
| 20 up to < 30 years | 121 | 6 | 103 | 5 |
| from 30 years | 37 | 2 | 41 | 2 |
| **Total** | **2,187** | **100** | **2,094** | **100** |

### Breakdown of full-time and part-time positions by gender as of 31.12.2021

| | NUMBER OF WOMEN | PROPORTION OF WOMEN | NUMBER OF MEN | PROPORTION OF MEN | TOTAL NUMBER | TOTAL PROPORTION |
|---|---|---|---|---|---|---|
| less than 20% | 0 | 0% | 0 | 0% | 0 | 0% |
| 20–49% | 11 | 2% | 4 | 0% | 15 | 1% |
| 50–79% | 83 | 12% | 23 | 2% | 106 | 5% |
| 80–99% | 124 | 18% | 103 | 7% | 227 | 10% |
| 100% | 462 | 68% | 1,377 | 91% | 1,839 | 84% |
| **Total** | **680** | **100%** | **1,507** | **100%** | **2,187** | **100%** |

### Breakdown of rank structure by gender as of 31.12.2021

| | NUMBER OF WOMEN | PROPORTION OF WOMEN | NUMBER OF MEN | PROPORTION OF MEN |
|---|---|---|---|---|
| Employee | 95 | 41% | 134 | 59% |
| Middle management | 352 | 44% | 451 | 56% |
| Senior management | 232 | 20% | 917 | 80% |
| Executive Committee | 1 | 20% | 4 | 80% |
| **Total** | **680** | **31%** | **1,506** | **69%** |
| Board of Directors | 3 | 30% | 7 | 70% |

## Marketing and Labeling, Product Compliance

**103-1 Explanation of the material topic and its boundary**
Offering each of our clients the right solution or best possible service is the primary goal of our Client Units. Regulatory requirements apply in particular to producers and distributors of products and services for retail and private clients. Depending on the jurisdiction and the product or service involved, these duties include the preparation and provision of Key Information Documents describing the characteristics and functions of the products or services and the associated risks and opportunities and should ensure the comparability of products and services.

**103-2 The management approach and its components**
To continue developing our business, each business area carries out product development, client communications and marketing activities. The applicable legal regulations, such as the Swiss Financial Services Act (FinSA), the Swiss Law on Collective Investments or the Markets in Financial Instruments Directive (MiFID II) guide us in this area. We are an active member of various industry associations and help to shape rules in the area of self-regulation that are designed to increase the comparability of products and services and provide greater transparency for investors, as well as complying with the corresponding provisions. In addition, we follow the Principles for Responsible Investment (PRI).

**103-3 Evaluation of the management approach**
**417-1 Requirements for product and service information and labeling**
Our products and services meet the applicable legal and regulatory requirements with regard to labeling and transparency. In the year under review, there were no cases of misconduct or financial penalties for non-compliance with regulations governing the applicable requirements.

## Customer Privacy

**103-1 Explanation of the material topic and its boundary**
The trust that clients place in us forms the basis for our successful long-term collaboration and is an important asset that is highly valued at Vontobel. We therefore assign considerable importance to protecting client data and complying with all legal requirements in this context.

**103-2 The management approach and its components**
The parameters for compliance with legal requirements relating to the protection of client data (such as banking confidentiality and data protection law) are defined and monitored by cross-divisional departments such as Legal & Compliance (with the Group Data Privacy Officer), Group Information Security (with the Chief Information Security Officer) and IT Security.

Further information on how we gather and process personal data can be found on our webpage.
- Our data protection guidelines: www.vontobel.com/privacy-policy
- Information about the EU General Data Protection Regulation (GDPR): www.vontobel.com/gdpr

Further information on IT security: www.vontobel.com/it-security.

**103-3 Evaluation of the management approach**
**418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data**
In the reporting year, no authorities issued sanctions against Vontobel for breaches of privacy or losses of client data.

Further information on social sustainability at Vontobel can be found at: www.vontobel.com/social-sustainability.

# General Disclosures

## Organizational profile

**102-1 Name of the organization**
Vontobel Holding AG

**102-2 Activities, brands, products, and services**
Information on our activities, brands, products, and services is provided in the following sections of our Annual Report: "Vontobel", pages 12–16.

**102-3 Location of headquarters**
Vontobel Holding AG, Gotthardstrasse 43, CH-8022 Zurich, telephone +41 58 283 59 00, www.vontobel.com.

**102-4 Location of operations**
A current overview of all our locations can be found on the Internet at: www.vontobel.com/locations.

**102-5 Ownership and legal form**
Further information about the nature of our ownership and our legal form are provided in the section "Major shareholders and groups of shareholders with pooled voting rights", page 31.

**102-6 Markets served**
Information on markets served is provided in "Vontobel", pages 12–16.

**102-7 Scale of the organization**
As of December 31, 2021, Vontobel had a total of 2,187 employees.

Further key figures concerning the scale of the organization are provided on pages 10 and 11.

**102-8 Information on employees and other workers**
Of the total of 2,187 employees at Vontobel as of December 31, 2021, 1,839 held full-time positions (see table on page 106).

In addition to employees with permanent contracts, a total of 121 temporary employees and 605 contingent staff worked for Vontobel at the end of 2021. These individuals either have fixed-term contracts or are available on an "on call" basis to assist the company when needed.

For further key figures concerning our employees see the section on "Diversity, Equal Opportunity and Non-Discrimination" (page 104).

**102-9 Supply chain**
Vontobel purchases a large quantity of products and services from external providers, including facility management services, IT infrastructure, and the design and production of printed materials, as well as catering and cleaning services. Wherever possible, we work with local suppliers. For example, we purchase fruit for our employees from a Swiss family-owned company. All of our print orders in Switzerland are awarded to Swiss printing companies. A major proportion of the advertising and Christmas gifts used throughout the company are also purchased from Swiss providers. At the end of 2021, we had a total of around 2,000 suppliers, of which 80 percent were based in Switzerland.

**102-10 Significant changes to the organization and its supply chain**
Information on the development of the business is provided in the "Business Review", pages 19–27, and in "Changes in the scope of consolidation", page 215. There were no significant changes to the supply chain.

**102-11 Precautionary Principle or approach**
**Sustainability approach**
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 growth strategy includes a focus on our competencies and on our offering in the area of investment solutions that incorporate ESG criteria. In terms of environmental sustainability, we take targeted measures when conducting our operations to achieve a significant reduction in $CO_2$ emissions and other factors that are harmful to the environment. Based on our strong commitment to supporting communities, we invest in initiatives and projects to promote social sustainability. A dedicated team addresses these topics.

**102-12 External initiatives**
Vontobel has been a signatory to the PRI, a UN initiative to promote sustainable investing, since 2010. The Principles were launched by the then UN Secretary General in 2006 and take account of the growing relevance of environmental, social, and governance (ESG) themes in investment practice.

In 2017, our company joined the global network of the "United Nations Global Compact" as well as the "Global Compact Network Switzerland". We have thus pledged to align our operations and strategies with ten universal prin-

ciples in the areas of human rights, labor, environment, and anti-corruption. Within our sphere of influence as a company, we thus help to promote key sustainability principles around the globe.

In the year under review, Vontobel Asset Management and TwentyFour Asset Management LLP became first list signatories to the UK Stewardship Code 2020. The code contains principles for institutional investors as well as service providers in the financial sector. Signatories to this demanding standard must submit a Stewardship Report to the UK's Financial Reporting Council for review. In their report, they must demonstrate how they have applied the Code's principles in the previous 12 months. Signing the Code is testimony to our commitment to effective stewardship.

**102-13 Membership of associations**
Vontobel is a member of various organizations and a co-signatory of several investor initiatives. In this way, we promote sustainable development in an environmental and social context.

A current overview of all initiatives and memberships can be found on the Internet at: www.vontobel.com/ratings-memberships.

## Strategy

**102-14 Statement from senior decision-maker**
See the foreword of the Sustainability Report, page 86.

**102-15 Key impacts, risks, and opportunities**
See the foreword of the Sustainability Report, page 86.

## Ethics and integrity

**102-16 Values, principles, standards, and norms of behavior**
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 business operations have an impact on sustainable development in this integrated world. We believe that promoting sustainable development in our markets is both an economic necessity and an ethical duty.

Two documents form the basis of Vontobel's sustainability commitments:
- The Code of Conduct defines basic principles that employees must observe to ensure that we perform our business activities in a fair and forward-looking manner.
- The Sustainability Guidelines define the areas in which we take action to implement our Sustainability Strategy.

These as well as further principles and guidelines are available at: www.vontobel.com/principles-and-policies.

In parallel to the further development of its Sustainability Governance, Vontobel has expanded its sustainability positioning to include six commitments that set out our contribution to a more sustainable economy and society:
- By 2030, Vontobel aims to reduce net greenhouse gas emissions (GHG) in its own financial investments[1] and operations to net zero. This underscores Vontobel's commitment to the goals of the Paris Agreement on Climate Change.
- Vontobel actively approaches its clients to convincingly demonstrate that meeting the challenges of sustainably transforming the economy and society creates investment opportunities for them – which Vontobel can identify and deliver.
- Vontobel provides dedicated investment solutions focused on companies providing products and services that actively aim to tackle today's pressing challenges, such as resource scarcity and climate change, global inequality, good health and well-being.
- Vontobel's investment decisions are based on state-of-the-art ESG standards and an analysis of material ESG risks including climate change.
- Vontobel creates an environment where everyone who wants to be part of its performance culture can be themselves. It is based on mutual respect and zero tolerance for any form of discrimination.
- Vontobel reports transparently on the relevance and management of sustainability-related opportunities and risks, as well as its own measures in the area of corporate sustainability.

1 Banking book

Vontobel is committed to the objectives of the Paris Agreement. We are currently formulating our net zero climate strategy. We want to reduce net greenhouse gas emissions from our own financial investments in the banking book and from our business operations to net zero by 2030.

## Governance

**102-18 Governance structure**
We permanently strive for sustainability, since it goes hand in hand with business success and stability. Sustainability and an effective business strategy are closely interconnected. For this reason, Vontobel is committed to the continuous optimization of sustainable business management in all our divisions in the long term.

Vontobel strives to continuously improve its own sustainability performance and has two committees that work towards this goal: The Vontobel Corporate Sustainability Committee (CSC) defines the Sustainability Strategy and specific targets based on Vontobel's Sustainability Principles. Vontobel further developed its Sustainability Governance in 2021: The Group-wide Corporate Sustainability Committee now consists of top management representatives from all Client Units and Centers of Excellence. The Committee meets on a quarterly basis and is chaired by the CFO (Head of Finance & Risk). The CSC Terms of Reference, which were approved by Vontobel's Executive Board, set out the Corporate Sustainability Committee's decision-making powers for all sustainability-related matters. In the context of our "Strategy 2022", the Committee defined strategic objectives and key performance indicators for the area "Corporate Responsibility & Sustainability". Corporate Sustainability Management coordinates the implementation of the measures that have been decided in conjunction with the relevant units.

The ESG Investment Forum is responsible for the coordination of the various investment strategies with a focus on sustainability themes as well as the overarching principles and policies. It also advances ESG topics across all investment teams at Vontobel and meets on a monthly basis. The Committee consists of representatives of all the investment boutiques. The Chair of the Investment Forum is a member of the Vontobel Corporate Sustainability Committee.

Information on Vontobel's overall governance structure is provided in the "Corporate Governance" section, starting on page 30.

## Stakeholder engagement

**102-40 List of stakeholder groups**
Our sustainability commitments center on our main groups of stakeholders: clients, shareholders, employees and society.

**102-41 Collective bargaining agreements**
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).

**102-42 Identifying and selecting stakeholders**
For Vontobel, interacting with our stakeholders is a central component of our day-to-day business. We focus on our dialogue with all stakeholder groups on whom Vontobel's business activities have a significant influence or who have a substantial impact on the success of the company. At established points of contact, such as Investor Relations or Corporate Sustainability Management, potential stakeholders are recorded based on the queries we receive.

**102-43 Approach to stakeholder engagement**
An open dialogue 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 non-government organizations (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 discussions with our suppliers.

**102-44 Key topics and concerns raised**
In 2021, we once again carried out employee and client surveys. Issues raised by employees included improving the efficiency of internal processes in order to be able to act in a more client-oriented manner. The findings provide helpful insights into areas where our organization as a whole has scope for improvement.

The majority of clients indicated that they were very satisfied with Vontobel but we nonetheless want to achieve improvements in this area and to further strengthen client satisfaction and trust in our company. We are making good progress in these efforts: In the financial year 2021, Vontobel once again received numerous awards, demonstrating our clients' satisfaction with our services.

## Reporting practice

**102-45 Entities included in the consolidated financial statements**
Information on the scope of consolidation is provided on page 214.

**102-46 Defining report content and topic boundaries**
This report is based on the material topics that Vontobel has identified using the process defined under the GRI G4 guidelines to determine material topics and disclosures in various workshops and interviews. During this process, we discussed all the GRI topics and the Financial Sector Supplements that apply specifically to the financial sector and determined their materiality for Vontobel. The material topics have been transferred to the reporting based on the GRI Standards.

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. 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.

**102-47 List of material topics**
Material topics for our reporting:
- Economic performance
- Indirect economic impacts
- Materials
- Energy
- Emissions
- Employment
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Anti-corruption
- Marketing and Labeling
- Product compliance
- Customer privacy
- Marketing and Labeling
- Product portfolio
- Active ownership

**102-48 Restatements of information**
We have not made any restatements or corrections to the previous year's disclosures.

**102-49 Changes in reporting**
We have not made any changes to our reporting.

**102-50 Reporting period**
Unless stated otherwise, the reporting period is from January 1 to December 31, 2021. The environmental key figures relate to the period from October 1, 2020, to September 30, 2021.

**102-51 Date of most recent report**
February 2021

**102-52 Reporting cycle**
This report has been produced in accordance with the principles set out by the Global Reporting Initiative (GRI) for the twelfth time.

**102-53 Contact point for questions regarding the report**
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**102-54 Claims of reporting in accordance with the GRI Standards**
This report was produced in accordance with the GRI Standards: "Core" option.

**102-55 GRI Content Index**
See GRI Content Index from page 113.

**102-56 External assurance**
The report has not been externally assured.

# GRI Content Index

| GRI Standard | Title | Page |
|---|---|---|
| **GRI 101:** | **Foundation 2016** | |
| **GRI 102:** | **General Disclosures 2016** | **108** |
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| 102-1 | Name of the organization | 108 |
| 102-2 | Activities, brands, products and services | 108 |
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| | **Reporting practice** | |
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For the Materiality Disclosures Service, the GRI Service Team verified whether the GRI Content Index is clearly presented and the references for Disclosures 102-40 to 102-49 correspond to the relevant sections of the Report.

This GRI service was conducted on the German version of this report.

| GRI Standard | Title | Page | Reason of omission |
|---|---|---|---|
| | **Sustainable Investing** | | |
| | **Product portfolio** | | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 87, 94 | |
| FS6 | Percentage of the portfolio for business lines by specific region, size and by sector | 94 | |
| FS8 | Products and services designed to deliver a specific environmental benefit | 94 | |
| FS11 | Percentage of assets subject to positive and negative environmental or social screening | 94 | |
| | **Active Ownership** | | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 94, 95 | |
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| 201-1 | Direct economic value generated and distributed | 96 | |
| 201-3 | Defined benefit plan obligations and other retirement plans | 96 | |
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| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 96 | |
| 203-1 | Infrastructure investments and services supported | 96 | |
| **GRI 205:** | **Anti-corruption 2016** | **97** | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 97 | |
| 205-1 | Operations assessed for risks related to corruption | 97 | |
| 205-2 | Communication and training about anti-corruption policies and procedures | 97 | |
| 205-3 | Confirmed incidents of corruption and actions taken | 97 | |
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| 301-1 | Materials used by weight or volume | 99 | |
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| 302-1 | Energy consumption within the organization | 99 | |
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| 302-4 | Reduction of energy consumption | 99 | |
| **GRI 305:** | **Emissions 2016** | **100** | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 98, 100 | |
| 305-1 | Direct (Scope 1) GHG emissions | 100 | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 100 | |
| 305-3 | Other indirect (Scope 3) GHG emissions | 100 | |
| 305-4 | GHG emissions intensity | 100 | |
| 305-5 | Reduction of GHG emissions | 100 | |

| GRI Standard | Title | Page | Reason of omission |
|---|---|---|---|
| | **Social Sustainability** | | |
| **GRI 401:** | **Employment 2016** | **101** | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 101, 102 | |
| 401-1 | New employee hires and employee turnover | 102 | |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 102 | |
| **GRI 404:** | **Training and Education 2016** | **102** | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 102, 103 | |
| 404-1 | Average hours of training per year per employee | 103 | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 103 | |
| GRI 404-3 | Percentage of employees receiving regular performance and career development reviews | 104 | |
| **GRI 405:** | **Diversity and Equal Opportunity 2016** | **104** | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 104 | |
| 405-1 | Diversity of governance bodies and employees | 104 | |
| **GRI 406:** | **Non-Discrimination 2016** | **104** | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 104 | |
| 406-1 | Incidents of discrimination and corrective actions taken | 104 | |
| **GRI 417:** | **Marketing and Labeling 2016** | **107** | |
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| 417-1 | Requirements for product and service information and labeling | 107 | |
| **GRI 418:** | **Customer Privacy 2016** | **107** | |
| GRI 103: 103-1/103-2/103-3 | Management approach 2016 | 107 | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 107 | |

# UN Global Compact: Activities and Results

**Implementing and supporting the ten principles of the UN Global Compact**
"Vontobel has been a member of the UN Global Compact and of the Global Compact Network Switzerland since 2017. We have thus pledged to align our operations and strategies with ten universally recognized principles in the areas of human rights, labor, environment, and anti-corruption."
Dr Zeno Staub, CEO of Vontobel

This Sustainability Report is our fifth Communication on Progress (COP) report about the implementation of the ten principles at Vontobel.

### The Ten Principles of the UN Global Compact

| PRINCIPLES | IMPLEMENTATION AT VONTOBEL: CONTENT-RELATED TOPICS AND COVERAGE ACCORDING TO GRI REPORTING | PAGE IN ANNUAL REPORT |
|---|---|---|
| **Human Rights** | | |
| Principle 1:<br>Businesses should support and respect the protection of internationally proclaimed human rights | Topic **Non-discrimination**<br>GRI 406-1 Incidents of discrimination and corrective actions taken<br>**Financial Sector specific indicators: product portfolio and active ownership**<br>FS10: Portfolio-based engagement on social or environmental issues<br>FS11: Percentage of assets subject to positive and negative environmental or social screening | <br>104<br><br>95<br>94 |
| Principle 2:<br>Make sure that they are not complicit in human rights abuses | Topic **Organizational Profile**<br>GRI 102-9 Supply chain<br>**Financial Sector specific indicators: product portfolio and active ownership**<br>FS10: Portfolio-based engagement on social or environmental issues<br>FS11: Percentage of assets subject to positive and negative environmental or social screening | <br>108<br><br>95<br>94 |
| **Labor** | | |
| Principle 3:<br>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | Topic **Organizational Profile**<br>GRI 102-41 Collective bargaining agreements | <br>110 |
| Principle 4:<br>Elimination of all forms of forced and compulsory labor | Topic **Organizational Profile**<br>GRI 102-9 Supply Chain<br>Topic **Economic performance**<br>GRI 201-3 Defined benefit plan obligations and other retirement plans | <br>108<br><br>96 |
| Principle 5:<br>Effective abolition of child labor | Topic **Organizational Profile**<br>GRI 102-9 Supply Chain | <br>108 |
| Principle 6:<br>Elimination of discrimination in respect of employment and occupation | Topic **Organizational Profile**<br>GRI 102-8 Information on employees and other workers<br>Topic **Employment**<br>GRI 401-1 New employees hires and employee turnover<br>Topic **Training and Education**<br>GRI 404-2 Programs for upgrading employee skills and transition assistance programs<br>GRI 404-3 Percentage of employees receiving regular performance and career development reviews<br>Topic **Diversity and Equal Opportunity**<br>GRI 405-1 Diversity of governance bodies and employees<br>Topic **Non-discrimination**<br>GRI 406-1 Incidents of discrimination and corrective actions taken | <br>108<br><br>102<br><br>103<br><br>104<br><br>104<br><br>104 |

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| Principle 9: Encourage the development and diffusion of environmentally friendly technologies | Topic **Energy** | |
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| **Anti-corruption** | | |
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# TCFD Statement

The steady increase in regulation in the area of sustainable finance is having a noticeable effect – both internationally and in Switzerland. In this context, the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) have grown in importance as they have now been recognized as a global standard by the relevant stakeholders. These recommendations pave the way for uniform and transparent rules on the disclosure of financial climate risks for economic actors. In line with the strategy for a sustainable Swiss financial center, Switzerland became an official supporter of TCFD at the start of 2021.

Vontobel is currently in the process of identifying and evaluating climate-related risks that could impact on our business activities. This is our first TCFD Statement – in the coming years, we will continue to adapt and expand our reporting on climate-relevant factors.

## Governance

Climate-related opportunities and risks could potentially influence all areas of Vontobel's business – both in terms of our own business activities and the products and services that we offer our clients. Therefore the ultimate responsibility for this topic lies with the Vontobel Corporate Sustainability Committee (CSC), which is chaired by the CFO. All Client Units and Centers of Excellence are represented in the Committee.

The ESG Investment Forum is responsible for the coordination of the various investment strategies with a focus on sustainability themes as well as overarching principles and policies. It also advances ESG topics across all investment teams at Vontobel and meets on a monthly basis. The Forum consists of representatives of all the investment boutiques. The Chair of the ESG Investment Forum is a member of the Vontobel Corporate Sustainability Committee.

## Strategy

We recognize that we can make a significant contribution towards the realization of the objectives set out in the Paris Agreement through the way in which we structure our product range and our investment solutions for our clients. In addition to measuring our operational footprint and developing measures to reduce it, we focus on offering products that meet our clients' investment objectives and are aligned with their personal values.

For all products that integrate ESG criteria, we analyze climate-related risks and show how they influence our investment decisions. For all "Sustainable" products, we additionally apply sector exclusions (e.g. coal extraction), engage in an active dialogue with the companies or other stakeholders regarding their climate strategy, and exercise our voting rights. When implementing some investment strategies, we go one step further and invest in companies that contribute to the sustainable development of the economy and society and capture opportunities arising from the climate and energy transition.

At an operational level, we disclose the emissions resulting from our own business activities in our Sustainability Report and via the CDP (previously the Carbon Disclosure Project). Our "B" score represents the "Management" disclosure level that is assigned to companies that take coordinated measures on climate topics. We are planning to develop a new climate strategy for the future and to implement TCFD recommendations. We expect to apply one of the recognized scenarios of the IEA, IPCC or a similar approach. Vontobel considers sustainability risks to be a critical element of our risk management.

## Metrics and Targets

In the case of a subset of funds that integrate climate-related aspects into their investment strategies, climate indicators such as $CO_2e$ and weighted average carbon intensity are reported.

Vontobel has been purchasing electricity from renewable sources for all of our locations globally since 2013 – either directly or otherwise indirectly through regional Guarantees of Origin.

We are currently formulating our net zero climate strategy. We want to reduce net greenhouse gas emissions from our own financial investments in the banking book and from our business operations to net zero by 2030. Vontobel is thus underscoring its commitment to the goals of the Paris Agreement.

## Risk Management

In 2021, Vontobel reviewed and updated the basic structure of its Group Risk Management Framework to articulate its risk appetite and to thus facilitate more robust reporting to Executive Management. To underscore the importance of embedding this topic in core processes, key risk indicators and sustainability-related indicators were

included. Like all other aspects of the framework, these indicators are reviewed and refined on an ongoing basis and approved by the Board of Directors.

Our policy on sustainable investing and advisory sets out how we integrate sustainability risks and material negative sustainability impacts into our investment decisions and advisory services.

The investment teams manage a series of investment strategies. In the case of many of these strategies, climate-related themes form an integral part of the ESG investment process that is defined and applied by each investment boutique accordingly. The analysis of sustainability risks – especially climate risks – is a significant part of the investment process for these investment strategies.

Our advisory services may be associated with financial risks for our clients. We regard sustainability risks as material risks that could potentially impact on the long-term risk/return profile of an investment. We therefore integrate considerations about sustainability risks into our advisory-related research and advisory activities.

**Legal information**
This Report is intended solely for information purposes. The information and views contained in it do not constitute a request, offer or recommendation to use a service, to buy or sell investment instruments or to conduct other transactions. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

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