

Corporate Governance

| | |
|----|--|
| 34 | Group structure and shareholders |
| 36 | Capital structure |
| 37 | Board of Directors |
| 48 | Executive Board |
| 52 | Shareholders' participatory rights |
| 53 | Change of control and defense measures |
| 54 | Statutory auditor / Group auditor |
| 55 | Information policy |

Corporate Governance

Vontobel is committed to responsible, value-oriented company leadership and management. Corporate governance is a central factor in our business success. It is an essential prerequisite in attaining our strategic corporate goals and creating lasting value for our shareholders and for all our stakeholders. The core elements of our corporate governance are:

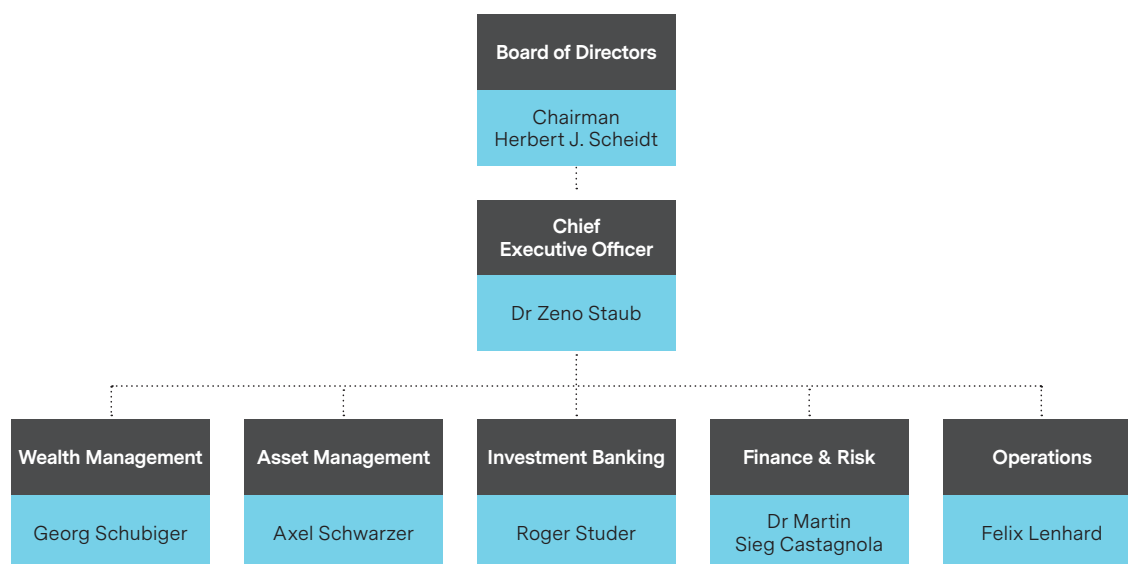
- 1 Clearly defined, well-balanced division of responsibilities between the Board of Directors and group management
- 2 Protecting shareholder interests
- 3 Providing transparent public information

The Articles of Association of Vontobel Holding AG, the Organizational Regulations and the Minutes of the Annual General Meeting are available on the Internet (www.vontobel.com/agm).

The SIX Swiss Exchange AG issued a “Directive on Information relating to Corporate Governance”, which entered into effect on 1 July 2002. The following information meets the requirements of this directive (in the current version of 1 September 2016) and takes into account the SIX commentary last updated on 10 April 2017. If information required by this directive is published in the Notes to the financial statements, a reference indicating the corresponding section of the notes is given.

Group structure and shareholders

Structure of Vontobel as of 31 December 2017



The most important Group companies that are to be consolidated (scope of consolidation) are listed in the Notes to the consolidated financial statements on page 205 together with details of the company name, registered office, share capital, stock exchange listing and the interest held by the Group.

Major shareholders and groups of shareholders with pooled voting rights (audited information)

| | 31.12.2017 | | 31.12.2016 | |
|--|-------------------|---------------|-------------------|---------------|
| | NOMINAL CHF MN | SHARE IN % | NOMINAL CHF MN | SHARE IN % |
| With voting rights on share capital of CHF 56.875 mn of Vontobel Holding AG | | | | |
| Advontes AG | 5.7 | 10.0 | - | - |
| Community of heirs of Dr Hans J. Vontobel | - | - | 11.8 | 20.7 |
| Vontrust AG (Holding of the Vontobel family shareholders) | 8.1 | 14.3 | 8.1 | 14.3 |
| Other shares of family shareholders | - | - | 4.1 | 7.2 |
| Vontobel Foundation | 8.5 | 14.9 | 7.1 | 12.5 |
| Pellegrinus Holding AG (public utility foundation Corvus) ¹ | 2.7 | 4.7 | 2.7 | 4.7 |
| Extended Pool | 3.9 | 6.8 | - | - |
| Vontobel Holding AG including subsidiaries (own shares without voting rights) ² | - | - | 2.1 | 3.7 |
| Executive members | - | - | 0.1 | 0.1 |
| Total voting rights on share capital | 28.9 | 50.7 | 36.0 | 63.2 |
| <i>of which members of the pool (with and without voting rights)</i> | 28.9 | 50.7 | 36.0 | 63.2 |
| <i>of which members of the pool (with voting rights)</i> | 28.9 | 50.7 | 33.8 | 59.5 |
| <i>of which pooled shares</i> | 28.9 | 50.7 | 26.0 | 45.8 |

1 Usufruct including voting right by Pellegrinus Holding AG, ownership by Vontobel Foundation

2 31.12.2016: Excluding option rights amounting to 0.1 % of shares outstanding

Information on the disclosure notifications concerning significant shareholders of the Company in accordance with the Swiss Stock Exchange Act can be found on the SIX Swiss Exchange AG website at: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

Shareholders pooling agreement

Until August 2017, the major shareholders (community of heirs of Dr Hans J. Vontobel, comprising: Hans Dieter Vontobel, Regula Brunner-Vontobel, Kathrin Kobel-Vontobel), Vontrust AG, other family shareholders, the Vontobel Foundation, Pellegrinus Holding AG, Vontobel Holding AG and the pool of executive members) were parties to a pooling agreement. This agreement encompassed specific Vontobel Holding AG shares defined in the agreement. As of 31 July 2017, 45.8% of all shares issued were bound by the pooling agreement. The members of the pool were able to freely dispose those of their shares not specifically mentioned in the pooling agreement. This shareholder pooling agreement imposed restrictions on the transfer of shares and granted pre-emptive rights to acquire shares held in the pool. It also stated that votes should be pooled. In the course of the succession to the estate of Dr Hans J. Vontobel, the existing shareholder pool was transferred to a successor pool – consisting of a core pool and an extended pool – which holds a total of 50.7% of the voting shares. The agreements on the transfer of shares to the successor pool were signed on 21 November 2016. The agreements were implemented after all regulatory approvals were obtained in August 2017.

A total of 43.9% of votes are controlled through the core pool, comprising the existing pool members, i.e. the Vontobel Foundation and Pellegrinus Holding (total of 19.6% of votes), as well as the family holding company Vontrust AG (14.3% of votes), and the new family holding company Advontes AG (10% of votes). The remaining 6.8% of votes are bound through the extended pool with one family member (Kathrin Kobel-Vontobel). The core pool imposes restrictions on the transfer of shares and grants pre-emptive rights in favour of the members of the core pool. The shares bound in the core pool are subject to a vote pooling requirement and votes have to be cast at the Annual General Meeting of Vontobel Holding AG in accordance with the preceding resolutions of the core pool or, for its duration, of the extended pool. The earliest possible date for termination of the core pool is the end of 2026. The extended pool was concluded for an indefinite period of time and can be terminated at the end of any year, subject to an 18-month notice period. The members of the core pool have a right of purchase or a pre-emptive right to acquire the pool shares bound in the extended pool. Pool shares acquired in this way become part of the core pool. Shares bound in the extended pool, together with shares bound in the core pool, are subject to a joint vote pooling requirement, and votes have to be cast at the Annual General Meeting of Vontobel Holding AG in accordance with the preceding resolutions of the extended pool. Vontobel Holding AG and its executives are no longer members of the successor pool.

Registered shareholders as of 31 December 2017

| | NUMBER OF SHAREHOLDERS | IN % | NUMBER OF SHARES | IN % |
|----------------------------------|---------------------------|--------------|---------------------|--------------|
| Natural persons | 5,410 | 93.9 | 13,859,326 | 24.4 |
| Legal persons | 353 | 6.1 | 32,951,672 | 57.9 |
| Unregistered shares ¹ | – | – | 10,064,002 | 17.7 |
| Total | 5,763 | 100.0 | 56,875,000 | 100.0 |

1 Of which 1.6 million shares (2.8%) owned by Vontobel Holding AG and its subsidiaries

Cross shareholdings

No cross shareholdings exceeding 5% of capital or voting rights exist between Vontobel Holding AG or its subsidiaries and other corporations.

vontobel.com/en-ch/about-vontobel/investor-relations/financial-reporting/).

Capital structure**Capital**

The share capital of Vontobel Holding AG amounted to CHF 56,875,000 as of 31 December 2017. The registered shares of Vontobel Holding AG (security no. 1 233 554, ISIN CH001 233 554 0) are listed on the SIX Swiss Exchange and are included in the Swiss Performance Index SPI®. Further information on the composition of capital can be found in the Notes to the consolidated financial statements, note 27.

Shares and participation certificates

The share capital of Vontobel Holding AG is divided into 56,875,000 fully paid in-registered shares with a par value of CHF 1.00 each. Vontobel Holding AG does not have any outstanding participation certificates.

Profit-sharing certificates

Vontobel Holding AG does not have any outstanding profit-sharing certificates.

Restrictions on transferability and nominee registrations in the share register

This information is provided in the “Shareholders’ participatory rights” section, page 52.

Details of contingent and authorized capital

Details of contingent and authorized capital can be found in the Notes to the consolidated financial statements, note 27.

Convertible bonds and options

There were no bonds or convertible bonds outstanding as of 31 December 2017. The volume of the entire share capital recorded for outstanding structured products and options amounts to a net 19,605 shares (previous year: 31,107 shares). This means that option rights issued by Vontobel amounting to 0.0% (previous year: 0.1%) of share capital were outstanding on 31 December 2017. No conditional capital is used to hedge these option rights as they are hedged through market transactions.

Changes in capital

The reduction of share capital from CHF 65,000,000 to CHF 56,875,000 through the cancellation of 8,125,000 registered shares held as treasury shares, each with a nominal value of CHF 1.00, which was approved by shareholders of Vontobel Holding AG at the Annual General Meeting of 28 April 2015, was completed following the end of the statutory period for the submission of creditors’ claims. The corresponding changes to the Commercial Register of the Canton of Zurich were published in the Swiss Official Gazette of Commerce (SOGC of Friday, 4 September 2015, no. 171, 133rd year).

Information on the composition of capital, changes in capital during the past two years and authorized capital is given in the Statement of Equity and in the Notes to the consolidated financial statements, note 27. For information on earlier periods, please refer to the relevant Annual Reports (2015: note 28 and 2016: note 28, <https://www.vontobel.com/en-ch/about-vontobel/investor-relations/financial-reporting/>).

Board of Directors

Members of the Board of Directors as of 31 December 2017

| NAME | FUNCTION | NATIONALITY | COMMITTEE MEMBERSHIP ¹ | INITIAL ELECTION | TERM EXPIRES |
|----------------------|---------------|-------------|-----------------------------------|------------------|--------------|
| Herbert J. Scheidt | Chairman | CH/D | | 2011 | 2018 |
| Dr Frank Schnewlin | Vice-Chairman | CH | RAC ² | 2009 | 2018 |
| Bruno Basler | Member | CH | NCC ² | 2005 | 2018 |
| Dr Maja Baumann | Member | CH | RAC | 2016 | 2018 |
| Dr Elisabeth Bourqui | Member | CH/F/CA | RAC | 2015 | 2018 |
| David Cole | Member | US/NL | NCC | 2016 | 2018 |
| Nicolas Oltramare | Member | CH | RAC | 2013 | 2018 |
| Clara C. Streit | Member | D/US | NCC | 2011 | 2018 |
| Björn Wettergren | Member | CH/S | NCC | 2016 | 2018 |

¹ Further information on the Committees is provided below under “Internal Organization”

NCC: Nomination and Compensation Committee

RAC: Risk and Audit Committee

² Chair

Dr Hans J. Vontobel (deceased on 3 January 2016) was Honorary Chairman of Vontobel Holding AG and Bank Vontobel AG from 1991. No member of the Board of Directors of Vontobel Holding AG exercised any operational management functions for the Company or any of its subsidiaries in the year under review. Any previous executive functions are detailed below. Herbert J. Scheidt performed the function of CEO of Vontobel until 3 May 2011, when he was elected Chairman of the Board of Directors of Vontobel Holding AG. He had a seat on the Board of Directors of Helvetia Holding AG until 28 April 2017 as part of Vontobel’s cooperation with Helvetia. Bruno Basler was Vice-Chairman of the Board of Trustees of the Vontobel Foundation until 31 December 2015 and thus represented the interests of the majority shareholders thereof until that date. As of 31 December 2017, the majority of members of the Board of Directors of Vontobel Holding AG met the independence criteria prescribed in the FINMA Circular 2017/1 “Corporate governance – banks” margin no. 17–22. They are: Herbert J. Scheidt, Dr Frank Schnewlin, Bruno Basler, Dr Elisabeth Bourqui, David Cole, Nicolas Oltramare and Clara C. Streit. Dr Maja Baumann and Björn Wettergren are members of the Vontobel and de la Cour families who serve on the governing bodies of certain entities, representing the interests of majority shareholders thereof. They also participate in family holdings.

Other activities and functions

See curricula vitae of the Members of the Board of Directors, page 38.

Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)

Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Board of Directors may perform more than nine additional mandates outside Vontobel, of which no more than four additional mandates may be performed in listed companies. Additionally, a member of the Board of Directors may perform up to ten mandates in not-for-profit or charitable legal entities outside Vontobel.

The provisions set out in the applicable Organizational Regulations also apply (please refer to www.vontobel.com/agm).



Herbert J. Scheidt

Chairman of the Board of Directors

born 1951,
Swiss and German citizen

Education

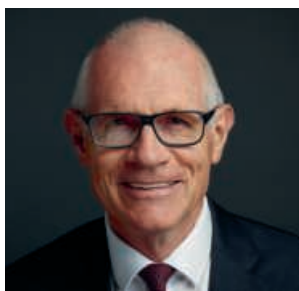
Business Management
M.A. in Economics, University of Sussex, UK
MBA, New York University, USA

Professional background

Since 2002 Vontobel, Zurich, Switzerland
Since 2011 Chairman of the Board of Directors
2002–2011 Chief Executive Officer
1982–2002 Deutsche Bank
2001–2002 Chief Executive Officer, Geneva, Switzerland
1996–2002 Head of Private Banking International, Geneva, Switzerland
1982–2002 Various functions in Germany, USA, Italy and Switzerland

Mandates

- Chairman of the Board of Directors of the Swiss Bankers Association, Basel, Switzerland
- Vice-Chairman of the Board of Directors of Hero AG, Lenzburg, Switzerland
- Member of the Board of Directors of SIX Group AG, Zurich, Switzerland
- Member of the Board of Economiesuisse, Zurich, Switzerland
- Member of the Board of European Banking Federation, Brussels, Belgium



Dr Frank Schnewlin

Vice-Chairman of the Board of Directors and Chairman of the Risk and Audit Committee

born 1951,
Swiss citizen

Education

Dr. ès. sc. écon., University of Lausanne, Switzerland
MBA, Harvard Business School, USA
MSc, London School of Economics, UK
lic. oec., University of St. Gallen, Switzerland

Professional background

2002–2007 Bâloise Holding Ltd., Basel Switzerland
Group CEO, Head of the Group Corporate Executive Committee and CEO of the International business division
1983–2001 Zurich Insurance Group Ltd., Zurich, Switzerland
2000–2001 Head of Corporate Center, Member of the Group Executive Committee, Chairman of the Group Finance Council
1993–2000 Head of the Southern Europe, Asia/Pacific, Middle East and Africa, Latin America business division, Member of the Group Management Board, Senior Executive Vice President
1989–1993 Head of the Corporate Development department, Senior Vice President
1987–1989 CFO & Senior Vice President at Universal Underwriters Group, Kansas, USA
1986–1987 Senior Territorial Manager at Zurich American Insurance Group, Cleveland, USA
1984–1986 Zurich American Insurance Group, Schaumburg, USA
1983 Zurich Insurance Company, Zurich, Switzerland

Mandates

- Vice-Chairman of the Board of Directors of Swiss Life AG and Swiss Life Holding AG, Zurich, Switzerland; Member of the Chairman's & Corporate Governance Committee, Chairman of the Nomination & Compensation Committee, Member of the Investment and Risk Committee
- Chairman of the Board of Directors of Twelve Capital AG and Twelve Capital Holding AG, Zurich, Switzerland
- Vice-Chairman of the Board of Trustees of the Drosos Foundation and Chairman of the Finance Committee, Zurich, Switzerland



Bruno Basler

Member of the Board of Directors
and Chairman of the Nomination and
Compensation Committee

born 1963,
Swiss citizen

Education

Degree in civil engineering
from the Swiss Federal Institute
of Technology (ETH), Switzerland
MBA INSEAD

Professional background

Since 1994 EBP Schweiz AG and EBP Global AG, Zollikon, Switzerland
Since 2001 Chairman of the Board of Directors
1994–2001 Delegate of the Board of Directors
1992–1994 McKinsey & Company, Erlenbach, Switzerland
1989–1991 Holinger AG, Baden, Switzerland

Mandates

- Chairman of the Board of Directors of EBP Schweiz AG and EBP Global AG, Zollikon, Switzerland
- Member of the Board of Directors of NorthStar Holding AG, Schindellegi, Switzerland
- Member of the Board of Directors of Baumann Federn AG, Rüti, Switzerland
- Chairman of the Monique Dornonville de la Cour Foundation, Zurich, Switzerland



Dr Maja Baumann

Member of the Board of Directors
and Member of the Risk and
Audit Committee

born 1977,
Swiss Citizen

Education

Dr. iur., lawyer, University of Zurich, Switzerland
LL.M. in Corporate Law, New York University, USA
Certified Specialist SBA in Real Estate and Construction Law
CAS in Banking, Capital Markets and Insurance Law, University of Zurich, Switzerland

Professional background

Since 2014 REBER, Zurich, Switzerland
Partner (Corporate, Contract and Real Estate Law)
2009 Bank Vontobel AG, Zurich, Switzerland
Compliance, Internal Audit, Corporate Finance
2007–2014 Lenz & Staehelin, Zurich and Geneva, Switzerland
Senior Associate (Corporate, Banking, Contract and
Real Estate Law)
2006–2007 Covington & Burling LLP, New York, USA Foreign Associate
(Corporate and M&A)

Mandates

- Member of the Foundation Board of Vontobel-Stiftung, Zurich, Switzerland
- Member of the Board of Directors of Vontrust AG, Zurich, Switzerland
- Chairperson of the Board of Directors of BlicoFinRe AG, Zurich, Switzerland
- Chairperson of the Board of Directors of Advontes AG, Zurich, Switzerland
- Member of the Board of Directors of Swisspearl Group AG, Niederurnen, Switzerland



Dr Elisabeth Bourqui

Member of the Board of Directors
and Member of the Risk and
Audit Committee

born 1975,
Swiss, French, Canadian citizen

Education

Dr. sci. math at the Swiss Federal Institute of Technology (ETH), Switzerland
Dipl. Math at the Swiss Federal Institute of Technology (ETH), Switzerland

Professional background

Since 2012 ABB Group, Zurich, Switzerland
Since 2014 Head of Group Pension Management
2012–2014 Head Pension Asset Management
2009–2012 Mercer, Montréal, Canada
Principal Head National Funds Group Canada
2004–2009 Société Générale, New York, USA / Montréal, Canada
Responsibilities included:
Director Risk Management, Structuring, New Products
Director Asset and Liabilities Management
Head Institutional Derivatives Sales Canada
1998–2004 Credit Suisse Group, Zurich, Switzerland
Various Risk Management functions

Mandates

– Member of the Board of Directors and Member of the Compensation
Committee of Swiss Prime Site, Olten, Switzerland



David Cole

Member of the Board of Directors
and Member of the Nomination and
Compensation Committee

born 1961,
US and Dutch citizen

Education

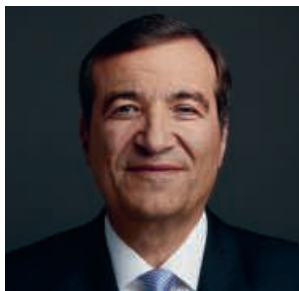
Bachelor of Business Administration, University of Georgia, USA
International Business Program, Nyenrode Universiteit, Netherlands

Professional background

Since 2010 Swiss Reinsurance Ltd., Zurich, Switzerland
Since 2014 Group Chief Financial Officer
2011–2014 Group Chief Risk Officer
1984–2010 ABN AMRO Holding, Netherlands, USA and Brazil
2008–2010 Chief Financial Officer Netherlands
2008 Chief Risk Officer Netherlands
2006–2008 Head Group Risk Management Netherlands
1984–2006 Various functions

Mandates

– Member of the Supervisory Board of IMC, B.V., Amsterdam, Netherlands



Nicolas Oltramare

Member of the Board of Directors
and Member of the Risk
and Audit Committee

born 1956,
Swiss citizen

Education

lic. rer. pol. University of Geneva, Switzerland
MBA, National University of Singapore

Professional background

Since 2002 Hamberg AG, Zurich, Switzerland
Managing Director

1999–2002 PPBS Private Bank
Switzerland Ltd., Zurich, Switzerland
CEO

1996–1999 Independent Asset Manager / Asset Management Company
in Switzerland

1986–1996 Deutsche Bank AG in Germany, France, the UK and Switzerland
Various management functions, Corporate Finance and Trading

1984–1986 MBA National University of Singapore

1982–1983 UBS AG, Singapore

Mandates

- Member of the Board of Trustees of Pestalozzi-Stiftung für die Förderung der Ausbildung Jugendlicher aus schweizerischen Berggebieten, Zurich, Switzerland
- Member of the Board of Trustees of Schloss Regensburg, Regensburg, Switzerland
- Member of the Board of Trustees of Fondation Alfred et Eugénie Baur-Duret (Collections)
- Member of the Board of Directors of Stramongate S.A., Luxembourg



Clara C. Streit

Member of the Board of Directors
and Member of the Nomination and
Compensation Committee

born 1968,
German and US citizen

Education

lic. oec. University of St. Gallen, Switzerland

Professional background

Since 2013 The Lisbon MBA, Nova and Católica Universities, Lisbon, Portugal
Adjunct Professor of Management

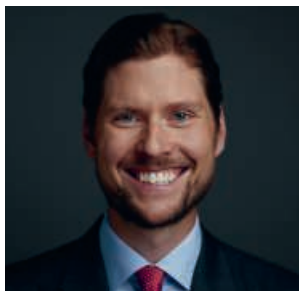
1992–2012 McKinsey & Company

2003 Elected as Senior Partner
Chair Global Principal Candidate Evaluation Committee
Partner responsible for EMEA recruiting
Head of Financial Institutions Practice Germany / Austria

1998 Elected as Partner

Mandates

- Member of the Supervisory Board of NN Group, Amsterdam, Netherlands
- Member of the Supervisory Board of Vonovia SE, Bochum, Germany
- Member of the Board of Directors of Jerónimo Martins SGPA, SA, Lisbon, Portugal
- Member of the Board of Directors of Unicredit S.p.A., Milan, Italy
- Member of the Board of Trustees of the Bundesstiftung Kinderhospiz, Germany



Björn Wettergren

Member of the Board of Directors
and Member of the Nomination
and Compensation Committee

born 1981,
Swiss and Swedish citizen

Education

MBA, University of St. Gallen, Switzerland
M.Eng. Mechanical Engineering, Lunds University, Sweden

Professional background

2012–2017 etventure Zurich, Switzerland
Associate & Partner
2007–2012 Bank Vontobel AG, Zurich, Switzerland
2012 Project Manager, Human Resources
2010–2011 Project Leader, Group Services
2009–2011 Portfolio Management, AM&PB
2007–2009 Structured Products, Investment Banking

Mandates

- Chairman of the Board of Directors of Cagson AG, Baar, Switzerland
- Member of the Board of Directors of Vontrust AG, Zurich, Switzerland
- Member of the Board of Directors of StartupInvest AG, Altendorf, Switzerland
- Member of the Board of Directors of Portfolio Helvetia AG, Altendorf, Switzerland

Election and term of office

In accordance with statutory provisions, the Chairman of the Board of Directors and all other members of the Board are elected individually by the Annual General Meeting.

The Chairman of the Board of Directors and the other members of the Board are elected for one year, with their term of office ending at the conclusion of the next Annual General Meeting. The members of the Board of Directors may be reelected.

Ballots for members seeking re-election or for the election of new members are held at Ordinary General Meetings; however, if the number of members of the Board of Directors falls below three as a result of death, resignation or dismissal, an Extraordinary General Meeting must be convened within a reasonable period so that replacements can be elected. If the post of Chairman of the Board of Directors is vacant, the Board of Directors appoints a new Chairman for the remainder of the term of office.

The members of the Compensation Committee (the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee according to internal Organizational Regulations) are elected by the Annual General Meeting from among the members of the Board of Directors, each for a term of one year ending at the conclusion of the next Annual General Meeting. The General Meeting elects the members of the Compensation Committee individually. They may be re-elected. If one or more members of the Compensation Committee step(s) down or if the Compensation Committee is not complete, the Board of Directors may make appointments to the Compensation Committee from among its own members for the period until the conclusion of the next General Meeting.

Except for the election of the Chairman of the Board of Directors and the election of the members of the Compen-

sation Committee, the Board of Directors shall be self-constituting. The Board of Directors also appoints the Chairman of the Compensation Committee.

Internal Organizational Regulations stipulate that members of the Board of Directors are required to step down from their function at the Annual General Meeting in the calendar year in which they reach the age of 70. Further information regarding the year in which the individual members of the Board of Directors were first elected can be found in table “Members of the Board of Directors as of 31 December 2017” on page 37.

The Annual General Meeting elects the independent proxy for a term that ends at the conclusion of the next Ordinary General Meeting. The independent proxy may be reelected. If the Company does not have an independent proxy, the Board of Directors shall appoint one until the conclusion of the next General Meeting.

Internal organization

Board of Directors

The Board of Directors appoints a Vice-Chairman from among its own members. The Chairman of the Board of Directors appoints a Secretary, who need not be a shareholder or a member of the Board of Directors. The Board of Directors meets at the invitation of its Chairman or of the Secretary, acting on behalf of the Chairman, as often as required for business purposes – generally once or twice a quarter but at least four times a year. The meetings usually last around eight hours. A total of five meetings were held during the year under review (in February, April, July, October and December); this included a two-day strategy meeting. The Board of Directors is quorate if an absolute majority of its serving members is present. A quorum is not required in order for the Board of Directors to pass resolutions on capital increase reports or for those that require official authentication. Board resolutions and appointments are decided by the absolute majority of the mem-

bers present. In the event of a tied vote, the chairman of the meeting casts the deciding vote. Resolutions may also be passed by circular letter, provided no member calls for a verbal consultation on the matter.

The Board of Directors may delegate some of its duties to committees. The standing committees are: the Nomination and Compensation Committee and the Risk and Audit Committee. Their duties and powers of authorization are defined in the Articles of Association and in internal regulations. Information on the composition of the individual committees can be found in table “Members of the Board of Directors as of 31 December 2017” on page 37. The Chairman of each committee informs the Board of Directors about the committee’s activities at the next meeting of the Board of Directors. When necessary, ad-hoc committees are formed to deal with specific topics, such as mergers and acquisitions projects. During the year under review, an ad hoc meeting was held in which certain members of the Board of Directors, the Executive Board and technical specialists discussed a complex loan application.

Nomination and Compensation Committee (NCC)

Internal Organizational Regulations state that the Compensation Committee, which is governed by the Articles of Association, forms part of the Nomination and Compensation Committee, which is comprised of at least three non-executive members.

In principle, the Compensation Committee has the following duties and powers in respect of compensation matters relating to the Board of Directors and the Executive Board:

- (a) Developing and regularly reviewing the compensation system for the members of the Board of Directors and the Executive Board and submitting it to the Board of Directors for approval by resolution;
- (b) Monitoring compliance with the compensation principles of the Company and the Group and informing the Board of Directors about the compensation policy and compensation matters;
- (c) Submitting proposals to the Board of Directors for resolutions and for the proposal of motions to the Annual General Meeting by the Board of Directors regarding the maximum aggregate compensation (fixed and performance-related compensation) of the Board of Directors and the Executive Board;
- (d) Submitting proposals to the Board of Directors for motions to be proposed to the Annual General Meeting by the Board of Directors regarding amendments to compensation-related provisions in the Articles of Association;

- (e) Preparing the Compensation Report and presenting it to the Board of Directors for approval by resolution;
- (f) Within the framework of and as required by the Articles of Association, setting out detailed regulations governing participation-based compensation (share participation plan), defining the applicable objectives and evaluating the achievement of those objectives.

The Nomination and Compensation Committee prepares all important personnel and related organizational matters for the Board of Directors. In particular, this includes the human resources policy, share participation plans, compensation policy and recommendations for the election of the CEO and other members of the Executive Board. In addition, the Nomination and Compensation Committee determines the compensation of the CEO and other members of the Executive Board (within the scope of – or subject to – the approval of aggregate compensation by the Annual General Meeting as set out in the Articles of Association).

The Nomination and Compensation Committee takes note of the compensation, including any special payments and expenses, of members of the Board of Directors of Group companies. It also considers all management-related matters and regulations that affect aggregate compensation in a broader sense (insurance benefits, holiday entitlement, participation in special payout schemes, expenses, etc.).

The Executive Board may submit proposals to the Nomination and Compensation Committee on all matters that fall within the Committee’s remit with the exception of the compensation paid to members of the Board of Directors. The Chairman of the Board of Directors is not a member of the Nomination and Compensation Committee but regularly attends its meetings as a guest. Meetings of the Nomination and Compensation Committee are also attended by the CEO and occasionally also by the Head of Human Resources. The Nomination and Compensation Committee meets at least three times a year. The meetings usually last around four hours. A total of four meetings were held during the year under review (in February, June, October and December).

Risk and Audit Committee (RAC)

The Risk and Audit Committee monitors and assesses risk policy, the integrity of financial statements, internal controls in the area of financial reporting, the effectiveness of the audit firm and its interaction with Group Internal Audit. It also evaluates the internal control system that goes beyond the area of financial reporting, as well as Group Internal Audit.

This entails the following specific duties:

1. Critical analysis of financial statements (individual and consolidated financial statements, as well as annual and interim financial statements); discussion of financial statements with the Head of the Finance & Risk Support Unit, the lead auditor representing the external auditors, and the Head of Group Internal Audit; submission of a report to the Board of Directors and issuing of recommendations regarding motions to be proposed to the Annual General Meeting.
2. Planning, monitoring and evaluating the existence, appropriateness and effectiveness of the internal control system in the area of financial reporting; the Risk and Audit Committee ensures that the internal control system in the area of financial reporting is adjusted in the event of any significant changes to the Group's risk profile.
3. Annual assessment of the resulting audit strategy and the corresponding risk-oriented audit plan of the external audit firm; analysis of audit reports produced by the external audit firm and discussion of them with the lead auditor; assurance and verification that any deficiencies have been addressed and that recommendations made by the audit firm have been complied with; evaluation of the performance and fees of the external audit firm and verification of its independence; assessment of interaction between the external audit firm and Group Internal Audit.
4. Assessment of the effectiveness of internal controls beyond financial reporting, such as Compliance and Risk Controls; regular contact with the Head of Group Internal Audit and discussion of the findings of Group Internal Audit.
5. Preparation of the activities of the Board of Directors in respect of regulations governing risk policy, investment banking, asset and liability management (ALM), lending, operational risks, management transactions, ad-hoc publicity, Group compliance and consolidated supervision, as well as any other regulations issued by the Board of Directors in connection with the risk policy.
6. Periodic review of the Group's risk policy to determine its appropriateness and effectiveness, including the approval of the combined Group-wide stress tests together with the scenarios used and the relevant methods, as well as the approval of their detailed results.
7. Receiving reports regarding the evaluation of compliance risk and the activities of the Compliance function.
8. Receiving and reviewing the periodic consolidated risk reports for submission to the Board of Directors.
9. Submitting proposals to the Board of Directors to obtain approval of decisions reached by the Executive Board regarding new products, business activities or markets if they have a significant impact on the Group's risk profile.
10. Receiving periodic reports by the Executive Board about the existence, appropriateness and effectiveness of the front-office internal control system..

Within this context regular contact is maintained with representatives of the Group's management, Group Internal Audit, external auditors and relevant specialist units within the Group. The Risk and Audit Committee may conduct special reviews or studies on important issues and request additional internal and/or external resources in consultation with the Chairman of the Board of Directors of Vontobel Holding AG. In addition, individual members of the Risk and Audit Committee may receive special mandates from the Chairman of the Risk and Audit Committee.

The Risk and Audit Committee meets at least three times per year. The meetings usually last four to eight hours. A total of six meetings were held during the year under review (in January, June, July, November and December).

As of 31 December 2017, the majority of members of the Risk and Audit Committee met the independence criteria prescribed by supervisory law. Meetings of the Risk and Audit Committee are attended by the Chairman of the Board of Directors as a guest, as well as by the CEO, the Head of Finance & Risk support unit (CFO) and representatives of Group Internal Audit and the external auditors. Furthermore, specialists from within Vontobel – particularly the Head of Risk Control, the Head of Legal, Compliance and Tax and the Head of Finance – are regularly invited to attend meetings when specific topics concerning their areas of responsibility are discussed.

Attendance of meetings of the Board of Directors and the Committees 2017

| | BOARD OF DIRECTORS | RISK AND AUDIT COMMITTEE (RAC) | NOMINATION AND COMPENSATION COMMITTEE (NCC) |
|---------------------------|--------------------|--------------------------------|---|
| Number of meetings | 5 | 6 | 4 |
| Herbert J. Scheidt | 5 | Guest | Guest |
| Dr Frank Schnewlin | 5 | 6 | |
| Bruno Basler | 5 | | 4 |
| Dr Maja Baumann | 5 | 6 | |
| Dr Elisabeth Bourqui | 5 | 6 | |
| David Cole | 4 | | 4 |
| Nicolas Oltramare | 5 | 6 | |
| Clara C. Streit | 5 | | 4 |
| Björn Wettergren | 4 | | 4 |

In addition, in 2017 training was provided in the course of, and supplementary to, the ordinary meetings of the Board of Directors.

Group Internal Audit

Group Internal Audit (GIA) assists the Board of Directors to exercise its statutory supervisory and control duties within Vontobel and performs the audit functions assigned to it. The duties and rights of Group Internal Audit are detailed in separate regulations. It has an unlimited right of inspection within all Group companies; all business documents are available for it to inspect at any time. Group Internal Audit reports to the Board of Directors and regularly attends the meetings of the Risk and Audit Committee. Its audit activities are based on the guidelines issued by the Swiss Institute of Group Internal Auditing (SVIR). Group Internal Audit coordinates its activities with the external auditor in accordance with professional standards and guidelines.

Powers of authorization

Board of Directors

The Board of Directors of Vontobel Holding AG is responsible for the overall direction of the Company and supervision and control over its executive body unless prescribed otherwise by legislation, the Articles of Association or internal Organizational Regulations. The delegation of powers and responsibilities to the Board of Directors and the Executive Board is set out in the Organizational Regulations of Vontobel Holding AG (www.vontobel.com/agm).

In particular, it discharges the following duties and has the following powers:

1. Overall direction of the holding company and the Group and issuing the necessary directives – particularly through the approval and periodic revision of the Mission Statement and the strategy of the holding company and the Group;
2. Defining the organizational structure of the holding company and the Group, and issuing and amending

the Organizational Regulations and the assignment of authority;

3. Determining the principles for accounting, financial control and financial planning for the holding company and the Group to the extent required for the management of the Company. This includes the approval of the annual budget, annual targets, capital planning and medium-term planning as well as the multi-year income and capital expenditure planning for various scenarios within the operating environment. As part of Capital planning this also encompasses the approval of the combined Group-wide stress test results and measures to ensure that risk exposures and risk capacity are adequately aligned;
4. Appointing or removing the CEO and other members of the Executive Board as well as the Head of Group Internal Audit. When discharging this duty the Board of Directors bases its decision on the recommendations of the Nomination and Compensation Committee;
5. Appointing or removing individuals entrusted with representing the holding company (and particularly its management) and determining their signatory powers. The principle of joint signatory powers (dual authorization) shall apply;
6. Overall supervision and control of individuals with management responsibilities – particularly to ensure compliance with legislation and regulatory requirements, as well as with the Articles of Association, regulations and directives of the holding company and the Group;
7. Reporting to shareholders and, in particular, producing the Annual Report and the Compensation Report;
8. Preparing the Annual General Meeting and implementing the motions approved by shareholders;
9. Defining the Group's risk policy and periodically analysing its appropriateness;

10. Receiving reports on the existence, appropriateness and effectiveness of the internal control system;
11. Issuing, regularly reviewing and monitoring compliance with regulations governing risk policy, investment banking (IB), asset and liability management (ALM), lending, operational risks, management transactions, ad-hoc publicity, Group compliance, Group Internal Audit and consolidated supervision. The Board of Directors is assisted by the Risk and Audit Committee when discharging this duty. The Board of Directors may issue further regulations;
12. Issuing a human resources policy for the Group at the request of the CEO; the Board of Directors takes account of the recommendations of the Nomination and Compensation Committee when discharging this duty;
13. Monitoring and evaluating the Group Internal Audit process and periodically ensuring that Group Internal Audit has the appropriate resources and capabilities as well as the necessary independence and objectivity to conduct its audit function within the institution. Further details are defined in the Group Internal Audit regulations;
14. Deciding on strategic initiatives in the area of information technology (IT);
15. Notifying the judicial authorities in the event of over-indebtedness;
16. Drawing up a capital increase report and implementing the corresponding amendments to the Articles of Association (Art. 652g of the Swiss Code of Obligations);
17. Appointing an interim Chairman of the Board of Directors, interim members of the Compensation Committee and the independent proxy ad interim for the period ending with the conclusion of the next Annual General Meeting if the position of Chairman of the Board of Directors, of members of the Compensation Committee or of the independent proxy become vacant in the course of the year;
18. Purchase or sale of real estate by the holding company and Group companies in the amount of CHF 2 million or more if not included in the budget or in the amount of CHF 5 million or more if included in the budget;
19. Capital expenditure by Group companies in the amount of CHF 2 million or more per item if not included in the budget or in the amount of CHF 5 million or more per item if included in the budget;
20. Approving the following transactions:
 - (a) Acquisition or disposal of participations by the holding company and Group companies;
 - (b) Establishment or dissolution of Group companies as well as any subsidiaries, branch offices and representative offices of Group companies;
 - (c) Raising of loans by the holding company and Group companies;
 - (d) Issuing or authorization of secured and unsecured loans, bonds or guarantees by Group companies, where this falls within the remit of the Board of Directors of the holding company according to applicable lending regulations;
 - (e) Approving decisions by the Executive Board relating to new products, business activities or markets, if they have a significant impact on the Group's business policy or risk profile;
 - (f) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute exceeds CHF 2 million;
 - (g) Election of members of the Board of Directors of Bank Vontobel AG, Zurich; the Chairman and the other members of the Board of Directors of Vontobel Holding AG are permitted to occupy a seat on the Board of Directors of Bank Vontobel AG, Zurich;
 - (h) Conclusion or termination of strategically important cooperation agreements;
 - (i) Approval of external mandates held by members of the Executive Board;
 - (j) Approval of the promotion of members of senior management of a Group company, members of the Executive Board of a Group company or the Head of Group Internal Audit;
 - (k) Approval of gestures of goodwill (concessionary measures without any legal obligation) and receiving reports on cases involving losses (out-of-court proceedings) exceeding CHF 500,000.
21. Annual evaluation of the achievement of the Board of Directors' objectives and of its working practices;
22. Other matters which, by law, fall exclusively within the remit of the Board of Directors.

Executive Board

The Executive Board is the Group's executive body that reports to the Board of Directors. It is composed of the CEO and the heads of the business units and support units.

The Executive Board meets as often as business dictates. Where sensible and necessary, it is extended to include members of the Executive Boards of Group companies and representatives of senior management with Group-wide responsibilities, acting in advisory capacity.

The Executive Board generally reports to the Board of Directors of Vontobel Holding AG through the CEO. In the case of delegated duties or powers, the Executive Board reports to the relevant committee of the Board of Directors. The CEO informs the Board of Directors about the current performance of the business and important business transactions involving Group companies. The CEO coordinates the flow of information within operational areas and to the Board of Directors.

If necessary, the Executive Board may establish committees with specific duties. The Executive Board is responsible for all Group matters that do not expressly fall within the remit of the Board of Directors of Vontobel Holding AG or of a Group company according to legislation, the Articles of Association or the Organizational Regulations. The Executive Board operates under the leadership of the CEO. If the members of the Executive Board are unable to agree on a matter, the CEO reaches the final decision. Each member of the Executive Board has the right to inform the Chairman of the Board of Directors if opinions are divided over important matters.

In particular, the Executive Board is responsible for the following duties:

- a) Developing a Group-wide business strategy for presentation to the Board of Directors;
- (b) Implementing decisions within the Group reached by the Board of Directors of the holding company;
- (c) Monitoring the implementation of these decisions;
- (d) Managing and supervising the Group's daily operations, which must be conducted in accordance with its financial planning, annual budget, annual targets, capital planning and medium-term planning as well as the multi-year income and capital expenditure planning for various scenarios within the operating environment and the risk policy, all of which must also comply with the other guidelines and instructions issued by the Board of Directors;
- (e) Managing income and the balance sheet structure;
- (f) Formulating the risk policy; the Executive Board submits this policy to the Risk and Audit Committee for approval by the Board of Directors and regularly reviews the risk policy and submits its findings to the Board of Directors;
- (g) Implementing the risk policy, particularly through the regulation of basic aspects of risk responsibility, risk management and risk controls; in particular, this includes the organization of the internal control system, while ensuring the necessary separation of authority and functions; the implementation of the risk policy also involves the regular execution and analysis of stress tests as well as the analysis of risk capacity;

- (h) Reporting to the Board of Directors and the Risk and Audit Committee about the existence, appropriateness and effectiveness of internal controls;
- (i) Assigning specialist responsibility for the submission of reports to the Board of Directors and the Risk and Audit Committee about the existence, appropriateness and effectiveness of the internal control system to a member of the Executive Board;
- (j) Assigning specialist responsibility for the Compliance function and risk controls, including all related notification and reporting requirements, to a member of the Executive Board;
- (k) Issuing directives to representatives of the holding company regarding the exercising of voting rights at the Annual General Meeting of Group companies;
- (l) Appointing members of the Boards of Directors and other governing bodies of Group companies (with the exception of Bank Vontobel AG, Zurich);
- (m) Ensuring compliance with legal and regulatory requirements as well as applicable industry standards.

The Executive Board generally submits proposals regarding all matters that require a decision to be reached by the Board of Directors. The CEO presents the proposals on behalf of the Executive Board at meetings of the Board of Directors. Subject to the approval of the Chairman of the Board of Directors, the CEO may also appoint another member of the Executive Board or a member of senior management of a Group company to discharge this duty.

The Executive Board has the authority to decide on the following matters (unless they are subject to the approval of the Board of Directors, in which case this is expressly stated in the Organizational Regulations):

- (a) Formulating and proposing the Group's annual budget and annual targets – broken down by business unit and support unit – for approval by the Board of Directors;
- (b) Decisions on new products, business activities or markets; if this matter will have a significant impact on the Group's business policy, the Executive Board refers the matter to the Board of Directors directly; if the matter will have a significant impact on the Group's risk profile, the Executive Board obtains the approval of the Board of Directors through the Risk and Audit Committee;
- (c) Ensuring that a professional investment policy is permanently in place and is implemented promptly throughout the Group;
- (d) Issuing directives that apply to the entire Group and that fall exclusively within the remit of the Executive Board according to legal provisions, the Articles of Association or the Organizational Regulations; issuing

directives relating to the Compliance function, credit and counterparty risk, and asset and liability management (ALM), which apply to individual business units or support units;

- (e) Granting loans in accordance with the powers defined in the lending regulations;
- (f) Assumption of trading positions on own account within the defined limits; the Executive Board delegates the permissible limits to the responsible business areas and units within the Group;
- (g) Initiation of legal proceedings or filing of appeals, conclusion of composition agreements, settlement or recognition of lawsuits where the value in dispute amounts to CHF 1 million to CHF 2 million;
- (h) Issuing an employee handbook (in the form of a Group-wide directive).

Information and control instruments relating to the Executive Board

The Board of Directors meets at least four times a year as specified in the Organizational Regulations; in practice, there are five to eight meetings a year. The ordinary meetings usually last an entire day. Unless the Chairman of the Board of Directors decides otherwise, the CEO and the Head of the Finance & Risk division (CFO) attend the meetings of the Board of Directors in an advisory capacity. The Chairman determines which other participants may attend a meeting of the Board of Directors (other members of the Executive Board or specialists). The CEO is entitled to make recommendations regarding other participants. The Board of Directors receives monthly reports about the performance of the business and is informed about the development of risk as well as the Group's compliance with legal, regulatory and internal rules and requirements at least every six months. Its control instruments include semi-annual reporting requirements, the annual budgeting process and internal and external audits. The periodic reporting requirements include a monthly financial report, which provides information on the current performance of the business and the corresponding realization of targets at both Group level and business unit level (MIS), as well as information about the meetings of the Executive Board. As part of its risk reporting, Vontobel discloses information about the development of market, liquidity, credit, operational and reputational risks. Detailed information on the management and monitoring of these risks can be found in the Notes to the consolidated financial statements (pages 135 to 147). Group Internal Audit reports to the Chairman of the Board of Directors and the Risk and Audit Committee about its audit activities on an ongoing basis and provides the Board of Directors with consolidated reports twice annually. The audit company produces its annual statutory report (report about the statutory audit)

as well as further reports on audits addressing specific topics for submission to the Board of Directors. The statutory report is addressed to the Board of Directors and a copy of the report is submitted to the Swiss Financial Market Supervisory Authority (FINMA) as well as the Executive Board and the Head of Group Internal Audit.

During the meetings of the Board of Directors, any member of the Board may request information on any matters relating to Vontobel Holding AG and the Group from the other members of the Board of Directors or the CEO. Any member of the Board of Directors may submit a request for information about the Group's performance to the CEO outside a meeting of the Board of Directors. Subject to approval by the Chairman of the Board of Directors, the member of the Board of Directors may obtain information about specific business transactions and/or inspect business records.

Executive Board

Members of the Executive Board as of 31 December 2017

| NAME | FUNCTION | NATIONALITY |
|---------------------------|----------|-------------|
| Dr Zeno Staub | CEO | CH |
| Dr Martin Sieg Castagnola | CFO | CH |
| Felix Lenhard | Member | CH |
| Georg Schubiger | Member | CH |
| Axel Schwarzer | Member | D |
| Roger Studer | Member | CH |

Other activities and functions

See curricula vitae of the Members of the Executive Board, page 49.

Rules in the Articles of Association governing the number of permitted activities in accordance with Art. 12, para. 1, item 1 of the Ordinance against Excessive Compensation in Listed Stock Corporations (VegüV)

Article 25 of the Articles of Association of Vontobel Holding AG states that no member of the Executive Board may perform more than five additional mandates outside Vontobel, of which no more than two additional mandates may be performed in listed companies. Additionally, a member of the Executive Board may perform up to seven mandates in not-for-profit or charitable legal entities outside Vontobel.

The provisions set out in the applicable Organizational Regulations also apply.
(please refer to www.vontobel.com/agm).



Dr Zeno Staub
Chief Executive Officer

born 1969,
Swiss citizen

Education

Dr. oec., University of St. Gallen, Switzerland

Professional background

- Since 2001 Vontobel, Zurich, Switzerland
- Since 2011 Chief Executive Officer Vontobel
- 2008–2011 Head of Asset Management and Member of the Group Executive Management
- 2006–2007 Head of Investment Banking and Member of the Group Executive Management
- 2003–2006 CFO and Member of the Group Executive Management
- 2001–2002 Head of the CFO management support unit (Controlling and IT project portfolio)
- 2000 BZ Informatik AG, Freienbach, Switzerland
Member of the Executive Management
- 1994–2000 Almafín AG, St. Gallen, Switzerland
Founding shareholder and Managing Partner

Mandates

- Member of the Board of Trustees of the Max Schmidheiny Foundation, St. Gallen, Switzerland
- Member of the Swiss Society of Financial Market Research, St. Gallen, Switzerland
- Member of the Advisory Board of the Society of Investment Professionals in Germany (DVFA), Frankfurt, Germany
- Member of the Board of the Association of Swiss Asset and Wealth Management Banks (VAV), Zurich, Switzerland



Dr Martin Sieg Castagnola
Chief Financial Officer

born 1965,
Swiss citizen

Education

Dr. oec., University of Zurich, Switzerland

Professional background

- Since 2008 Vontobel, Zurich, Switzerland
Chief Financial Officer Vontobel
- 1994–2008 Zürcher Kantonalbank (ZKB), Zurich, Switzerland
- 2007–2008 Member of the Executive Board
and Head of Investment & Private Banking
- 2007 Head of Asset Management
- 2005–2006 Head of Treasury
- 2003–2005 Head of Portfolio Management of ZKB Axxess Vision
- 1999–2003 Head of Equities & Equity Derivatives Trading
- 1994–1999 Head of the Economy department and Risk Controlling
- 1994–1999 University of Zurich, Switzerland
Lecturer in empirical economic research/econometrics; assistant
at the Institute for Empirical Research in Economics

Mandates

- Vice-Chairman of the Regulatory Board of the SIX Swiss Exchange AG and Chairman of the Participants & Surveillance Committee of the SIX Swiss Exchange AG, Zurich, Switzerland



Georg Schubiger
Head of Wealth Management

born 1968,
Swiss citizen

Education

lic. oec. HSG Business Administration/Management, University of St. Gallen, Switzerland
Master of Arts, European Studies Arts, College of Europe Bruges, Belgium

Professional background

- Since 2012 Vontobel, Zurich, Switzerland
Head of Wealth Management Vontobel
- 2008–2012 Danske Bank Group, Denmark
 - 2010–2012 Chief Operating Officer, Member of the Group Executive Board
 - 2008–2010 Head of Business Development, Member of the Group Executive Committee
- 2002–2008 Sampo Group, Finland
 - 2004–2008 Head of Eastern European Banking, Member of the Executive Board
 - 2002–2004 Head of Business Development, Member of the Group Management Committee
- 1996–2002 McKinsey & Company Zurich, Schweiz und Helsinki, Finnland
Associate Principal Financial Services Group



Axel Schwarzer
Head of Asset Management

born 1958,
German citizen

Education

1st and 2nd Law examinations, Johann Gutenberg University in Mainz and Frankfurt, Germany

Professional background

- Since 2011 Vontobel, Zurich, Switzerland
Head of Asset Management Vontobel
- 1989–2010 Deutsche Bank
 - 2009–2010 Vice Chairman Deutsche Asset Management DeAM und Global Head of Relationship Management DWS Investments, Frankfurt, Germany
 - 2005–2009 CEO of DWS Investments (formerly Scudder) and Head of Deutsche Asset Management Americas, New York, US
 - 1999–2005 Head of Sales, Products, Marketing and Services for DWS Investments and European Head of Distribution for the institutional and fund business of Deutsche Bank Asset Management, Frankfurt, Germany
 - 1997–1999 Head of Sales Support and later Head of Securities Product Management for the German Private and Retail Banking of Deutsche Bank, Frankfurt, Germany
 - 1989–1997 Various operational and strategic functions in the Private Banking division of Deutsche Bank, Frankfurt, Germany

Mandates

- Vice-Chairman of the Supervisory Board of Fink und Fuchs Public Relations AG, Wiesbaden, Germany



Roger Studer
Head of Investment Banking

born 1967,
Swiss citizen

Education

MBA Rochester-Bern
Swiss Certified Financial Analyst and Portfolio Manager (CIIA)
Swiss Certified Expert in Finance and Investments (CIWM)

Professional background

Since 2001 Vontobel, Zurich, Switzerland
 Since 2008 Head of Investment Banking Vontobel
 2003–2007 Head of Financial Products
 2001–2002 Head of Risk Management and Development of Derivative Products
 1999–2000 ABN AMRO (Switzerland) Bank AG, Switzerland
 Head of Portfolio Management and Research
 1999 Rentenanstalt/Swiss Life
 Head of Quantitative Asset Allocation
 1997–1998 DG Bank AG, Switzerland
 Head of Private Clients Austria
 1984–1996 Vontobel Zurich, Switzerland
 1995–1996 Head of Market Making Derivative Products
 1992–1995 Head of Warrants and Options Trading
 1984–1992 various positions

Mandates

- Vice President of the European Structured Investment Products Association (Eusipa), Brussels, Belgium



Felix Lenhard
Chief Operating Officer

born 1965,
Swiss citizen

Education

lic. oec., University of St. Gallen, Switzerland

Professional background

Since 2001 Vontobel, Zurich, Switzerland
 Since 2010 Chief Operating Officer Vontobel
 2009 Head of IT within the Operations support unit
 2003–2009 Head of Business Applications division within the Operations support unit
 2001–2003 Project Manager (implementation of functional organization; central project controlling)
 2000 BZ Informatik AG, Freienbach, Switzerland
 Member of the Executive Management
 1996–2000 Almafir AG, St. Gallen, Switzerland
 Partner with responsibility for the area of consulting
 1991–1996 PwC, Zurich, Switzerland and London, UK
 Senior Consultant Financial Services division

Management contracts

There are no management contracts.

Compensations, shareholding and loans

Information about compensation, shareholdings and loans can be found in the Vontobel compensation report commencing on page 57.

Shareholders' participatory rights**Voting rights: restrictions and representation**

The transfer of registered shares requires the approval of the Board of Directors or a committee designated by the Board of Directors. If listed registered shares are acquired through the stock market, title to the shares is transferred at the time of their transfer to the acquirer. If listed registered shares are acquired other than through the stock market, title passes to the acquirer when the latter applies to the Company for recognition as a shareholder. However, in any event, the acquirer may not exercise voting rights associated with the shares or any other rights associated with the voting rights until the Company has recognized the acquirer as a shareholder. The acquirer is not subject to any restrictions on the exercise of any other shareholder rights.

The Board of Directors may refuse to recognize an acquirer of registered shares as a full shareholder:

- (a) if the number of registered shares held by the acquirer exceeds 10% of the total number of registered shares recorded in the Commercial Register. Legal entities and partnerships with a legal capacity who are united in terms of capital or votes in a single management or in some other similar manner together with natural or legal entities or partnerships, who act in a coordinated way to circumvent registration restrictions, are deemed for the purposes of this provision to be one acquirer; the vested rights of shareholders or shareholder groupings (including the right, whilst retaining beneficial ownership, to contribute shares in companies over which they have full control or to remove the same together with the right to transfer shares within a shareholder grouping without restriction under this percentage clause and relating to the participation of individual shareholders, in all cases with full retention of voting power), who together already held more than 10% of the share capital at the time restricted transferability was introduced by means of a public notice on 25 January 2001, are not affected;
- (b) if the acquirer, at the request of the Company, fails to confirm expressly that the shares were acquired in his/her own name and on his/her own account.

After the share transfer has been approved, it is entered in the share register. The Company recognizes as shareholders or beneficiaries of registered shares only those entities entered in the share register. If the Company has not yet approved the acquirer on the date legal title is transferred, the acquirer is entered in the share register as a shareholder without voting rights and in this case, the relevant shares are deemed unrepresented at any Annual General Meeting.

See section "Statutory quorums" for information on the conditions that apply to the lifting of restrictions on voting rights set out in the Articles of Association.

In the year under review there were no exceptions granted according to the statutory quorums (please refer to next paragraph).

No nominee registrations are made in the share register.

Each share gives entitlement to one vote. A shareholder may grant a written power of attorney in order to be represented at the Annual General Meeting by a third party, who need not be a shareholder, or by the independent proxy. The Articles of Association do not contain any other rules on the issuing of instructions to the independent proxy or on electronic participation in the General Meeting of Shareholders.

Statutory quorums

To be valid, resolutions and elections by the Annual General Meeting require an absolute majority of the votes cast, excluding blank and invalid votes, unless binding legal provisions stipulate otherwise. Resolutions by the Annual General Meeting require a minimum of two-thirds of votes represented and an absolute majority of the nominal share values represented in order to:

- (a) Amend the purpose of the Company
- (b) Introduce voting shares
- (c) Amend or abolish restrictions on the ability to transfer registered shares (restricted transferability)
- (d) Provide an approved or conditional increase in capital
- (e) Provide an increase in capital from equity in return for non-cash considerations or for the purpose of contributions in kind and the granting of special benefits
- (f) Restrict or abolish pre-emptive rights
- (g) Relocate the registered office of the Company
- (h) Remove more than one member of the Board of Directors in the course of one financial year
- (i) Dissolve the Company (with or without liquidation)
- (j) Distribute a dividend in kind
- (k) Increase the share capital (in all cases).

Convening of the Annual General Meeting

Legal regulations apply to the convening of the Annual General Meeting.

Invitations to attend the Annual General Meeting are issued by the Board of Directors or, in the instances specified by law or in the Articles of Associations, by the statutory auditors or liquidators. The Annual General Meeting is to be convened at least 20 days before the date of the meeting in the form specified by the Company for public notices and must indicate the place, time, agenda items and motions proposed by the Board of Directors and shareholders who have asked for a General Meeting to be held or for an item to be placed on the agenda for discussion; in addition, shareholders with registered shares are to be notified of any General Meeting in writing. The notice convening the meeting must indicate the nature of any admission requirements. The notice convening the Ordinary General Meeting must draw attention to the fact that shareholders may inspect the Annual Report, the Compensation Report and the auditors' report at the registered office of the Company and that they may also ask for a copy of these documents to be sent to them without undue delay.

Inclusion of an item on the agenda

Shareholders representing at least 0.5% of the share capital may apply in writing for an item to be included on the agenda for discussion together with any associated motions. Any such application must reach the Company at least two months before the date of the General Meeting.

No resolutions may be passed on motions that are not part of duly notified agenda items. Exempt from this provision are motions to convene an Extraordinary General Meeting, to conduct a special audit and to elect statutory auditors following a request from a shareholder. Similarly, no prior notification is required for motions that are part of items for discussion or where no associated resolution is required.

Entry in the share register

No entries are made in the share register from the date on which the invitations to the Annual General Meeting are sent until one day after the Annual General Meeting.

Change of control and defense measures

Mandatory public takeover offer

The Articles of Association do not include an "opting out" or "opting up" clause with regard to mandatory public takeover offers, as defined in Art. 125 of the Swiss Financial Market Infrastructure Act. The instruments available to the Company to defend itself against hostile takeover bids essentially comprise the following measures already referred to above:

- At present, 50.7% of voting rights are bound by a shareholder pooling agreement on a long-term basis (see section "Major shareholders and groups of shareholders with pooled voting rights", page 35).
- The registration restrictions allow the Board of Directors to refuse to enter shareholders or a group of shareholders in the share register once their shareholdings exceed the 10% threshold (see section "Voting rights: restrictions and representation", page 52).
- A change in the registration restrictions or the removal of more than one member of the Board of Directors in the course of one financial year must be approved by a qualified majority (see section "Statutory quorums", page 52).

Clauses on changes of control

The contracts of members of the Board of Directors (including the Chairman of the Board of Directors) and the Executive Board do not – with the exception of entitlements arising from the share participation plan referred to hereafter – make provision for any agreements in the case of a change of corporate control (change of control clauses). In the event of a change of control, any entitlements arising from the share participation plan will, however, be met immediately if the plan cannot be continued.

Statutory auditor / Group auditor

Duration of mandate and term of office of auditor in charge

The consolidated financial statements and the financial statements of Vontobel Holding AG and the subsidiaries are audited by Ernst & Young. The external auditor of Vontobel Holding AG is elected for a period of one year at the Annual General Meeting. Ernst & Young was elected as auditor for the first time when Vontobel Holding AG was established in 1983. The auditor in charge is Patrick Schwaller, who has held this function since the financial year 2012. The holder of this office changes every seven years, in accordance with banking legislation. The role of statutory auditor was performed by Marco Amato from 2014 to 2015 and has been performed by Stefan Lutz since 2016.

Fees paid to the auditor

| 1,000 CHF | 31.12.2017 | 31.12.2016 |
|--|------------|------------|
| Auditing fees billed by Ernst & Young | 3,072.8 | 2,790.5 |
| Additional fees billed by Ernst & Young for audit-related services | 565.2 | 475.9 |
| of which tax advice | 522.9 | 410.6 |
| of which legal advice | 0.0 | 0.0 |
| of which advice on international accounting | 0.0 | 0.0 |
| of which other consulting services | 42.3 | 65.3 |

Additional fees

The additional fees primarily concern services provided in connection with projects and audit-related services regarding international accounting as well as tax or regulatory issues. Tax advice comprises services related to the tax returns of subsidiaries, work related to the confirmation of Qualified Intermediary status and clarifications related to transfer pricing in Asset Management. Other consulting services provided during the year under review consisted primarily of benchmarking services in Asset Management. The audit firm is permitted to provide these services as well as performing the auditing duties of the external auditor as they do not give rise to any conflicts of interests. The subject of any new audits, as well as special audits that have to be conducted at the request of the supervisory authorities, are subject to the approval of the Risk and Audit Committee.

There is no prescribed catalogue of criteria that has to be consulted when approving these types of additional mandates; the Risk and Audit Committee decides on an individual basis whether the issuing of the additional mandates would impact on the auditor's independence.

Supervision and control instruments relating to audits

The Board of Directors is responsible for the supervision and control of the audit firm. This includes examining the risk analysis and reviewing the reports produced by Group Internal Audit and the audit firm; it is assisted by the Risk and Audit Committee when discharging this duty. The Risk and Audit Committee obtains regular reports from representatives of the audit firm and it discusses these reports and evaluates their quality and comprehensiveness. The audit firm and the Head of Group Internal Audit attended all meetings of the Risk and Audit Committee in the year under review.

Vontobel, as a banking group, is subject to consolidated supervision by the Swiss Financial Market Supervisory Authority (FINMA). Legal requirements and regulations must therefore be observed in the selection of the audit firm. Other material selection criteria applied by the Board of Directors are the audit firm's proven expertise with regard to complex finance and valuation issues in accordance with the accounting standards prescribed by FINMA and the International Financial Reporting Standards (IFRS), as well as its expertise regarding special topics relating specifically to the institution. Considerable importance is also assigned to continuity. Using a defined process and a structured set of criteria, the Risk and Audit Committee conducts an annual evaluation of the audit firm's independence, performance and fees. In addition, a detailed review is conducted every five years. A review of this nature was conducted in 2013. The results are discussed with the audit firm. Vontobel has decided to propose re-election of the audit company EY at the forthcoming Annual General Meeting. The main reasons for this decision are: On the one hand, EY fulfills the defined requirements and has now developed an in-depth knowledge of Vontobel, and on the other hand, regular rotation of employees responsible for the mandate ensures the necessary level of independence and objectivity.

Information policy

As a company listed on the stock exchange, Vontobel Holding AG pursues a consistent and transparent information policy vis-à-vis its shareholders, clients and employees, as well as the financial community and the general public. Its regular reporting activities include the publication of the annual and half-year reports, as well as the organization of events such as the annual and half-year conference with the media, investors and analysts and the Annual General Meeting. When important events occur, the above-mentioned stakeholders are informed simultaneously via press releases, distributed to newspapers of national and international importance (for example NZZ, Handelszeitung, Le Temps, Financial Times and FAZ) and to electronic information systems (e.g. Bloomberg, Reuters, AWP). To subscribe to our financial news and press releases including ad hoc releases, please refer to <https://www.vontobel.com/en-ch/services/newsletter/> as well as <https://www.vontobel.com/en-ch/about-vontobel/investor-relations/financial-news/>. Official notices relating to the Company shall be published in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) unless some other manner of publication is prescribed by law.

Details of the financial calendar and contact addresses are listed on page 227 of the Annual Report and on <https://www.vontobel.com/de-ch/ueber-vontobel/investor-relations/finanzkalender/>.

For our financial reporting please refer to <https://www.vontobel.com/en-ch/about-vontobel/investor-relations/financial-reporting/>.

