

The calls for the different players in the economy to adopt a more sustainable approach to business grew louder than ever before in 2009, both in response to the global financial crisis and in anticipation of the Copenhagen Climate Conference. These demands were targeted especially at banks and financial services providers. Growing numbers of observers voiced the opinion that the private sector – and the banks in particular – need to assume more social responsibility. These trends confirm that Vontobel is taking the right approach by strengthening its focus on sustainability issues across all areas of the business. The following chapter discusses selected aspects of the Vontobel Group's commitment to sustainability.

Sustainability as an integral part of corporate strategy

As an independent Swiss private bank with a strong family shareholder base, the Vontobel Group is committed to sustainable business management. It understands that stability, financial success and responsibility go hand in hand and it applies this knowledge in every area of its work. These values are clearly defined in Vontobel's sustainability principles.

Vontobel's Sustainability Committee, which is chaired by the CEO Herbert J. Scheidt, ensures that these sustainability principles are implemented in practice. The Sustainability Committee consists of representatives of the three business units Private Banking, Investment Banking and Asset Management, as well as various Group functions such as Operations, Corporate Communications, Investor Relations and Human Resources. The annual recording of sustainability data, which was conducted for the second time in 2009, serves as the basis for the definition of the Group's sustainability approach. This information is published on Vontobel's sustainability webpage (www.vontobel.com/sustainability) and is used to formulate concrete sustainability measures, which are explained in detail in the section entitled "Sustainability within the company".

Commitment to society and the economy

Vontobel actively promotes the incorporation of sustainability principles into the activities of the finance industry through its involvement in various organizations. For example, it is a member of The Sustainability Forum Zurich (TSF), an international network that aims to increase the importance assigned to sustainability principles within the financial markets by cultivating a forward-looking dialogue between key players within the industry. Zeno Staub, Head of Vontobel Asset Management, has been the President of TSF since the start of 2010. In 2009, the Sustainability Leadership Symposium, which is held annually by TSF, was dedicated to the theme "Restoring Trust in the Financial Markets" and provided a fascinating platform for the exchange of views and ideas about the basic responsibility of banks to ensure a stable financial system. The participants debated topics such as the importance of corporate culture, the role of rating agencies, and aspects of behavioural finance in the context of the financial crisis.

Vontobel is a founding member of the Climate Foundation Switzerland, which launched its operations in 2009 and subsequently lent its support to several climate protection projects conducted by Swiss small and medium-sized enterprises (SMEs).

For example, it provided funding for the "CO₂ monitor for SMEs" project, which enabled an online platform with advice on ways to reduce carbon emissions to be adapted in line with the needs of SMEs. The Climate Foundation Switzerland also supported a project run by the Swiss Federal Institute of Technology (ETH) Zurich, which advises SMEs on the development of individual climate strategies. In addition, the Foundation contributed to the launch of a product that reduces the loss of heat energy through ventilation pipes. These and other projects helped to promote climate protection measures among SMEs either directly or indirectly.

In 2009, Vontobel also strengthened its cooperation with the Forum on Sustainable Investments, which is active in Germany, Austria and Switzerland. By assuming the role of Deputy Chairman of the Swiss branch of the organization, Vontobel has positioned itself as an active member of the Forum and is supporting efforts to educate investors and the public in Switzerland about this form of investing. It is also a member of Öbu – the Swiss network for environmentally conscious management. Vontobel has thus created a good basis for its comprehensive sustainability commitments.

Sustainability in the field of investment

As a wealth and asset manager, Vontobel believes that the increased consideration of sustainability aspects in the field of investment is an essential part of any comprehensive sustainability strategy. The signing of the Principles for Responsible Investment by Vontobel at the start of 2010 represents an important milestone in this context. These Principles, which were drawn up by the United Nations Environment Programme (UNEP) Finance Initiative and the UN Global Compact, set out a range of possible actions to facilitate the increased incorporation of environmental, social and governance issues in the areas of wealth and asset management. By becoming a signatory to the Principles for Responsible Investment, Vontobel has clearly demonstrated its commitment not only to offering special sustainability products but also to taking greater account of general sustainability aspects in all areas of investing. Its specific range of sustainable investment products remains of considerable importance.

Sustainable investment products grow in importance

Vontobel's offering of innovative sustainable investment products enables clients to invest in future-oriented themes and to thus achieve a financial return while contributing towards sustainable development.

Vontobel Asset Management offers its clients various sustainability and theme funds. The four Global Responsibility (GR) funds (European Equity, Swiss Equity, US Equity, and Asia (ex Japan) Equity) invest in the most sustainable companies in each of these regions. At a time when shortages of resources and environmental impacts are becoming more acute, the incorporation of sustainability aspects into business management has become a basic prerequisite for companies seeking to maintain a good reputation and to achieve financial success. The GR funds enable clients to invest according to this principle. Investors can implement a global investment strategy by participating in the four regional equity funds, which are all actively managed and focus on companies that satisfy the strict sustainability criteria defined by Vontobel. These funds are based on a transparent process that comprises both a comprehensive

sustainability review and a detailed financial analysis. To take account of local market conditions, Vontobel's Sustainability Research team works with the best research partners in the different regions. This partnership provides Vontobel with access to in-depth local market knowledge and enables uniform sustainability criteria to be applied globally. In the 12 months since they were launched, the GR funds attracted a total of CHF 158 mn of assets. All four funds delivered a very pleasing performance during their first year, which ranged from 23% in the case of GR European Equity to 63% for GR Asia (ex Japan) Equity. The entire family of funds bears the Eurosif transparency logo, which guarantees that investors are informed fully about the investment process as well as the fund criteria. In addition, Vontobel manages sustainability funds with a volume of more than CHF 1 bn of assets on behalf of cooperation partners such as Raiffeisen. Through its participation in responsAbility, an organization specializing in social investments and microfinance investing, Vontobel also supports the provision of microfinance funds and other innovative financial products.

Sustainable investment funds managed by Vontobel

	Fund class	Performance 2009
Vontobel Global Responsibility Swiss Equity	Equity fund	31%
Vontobel Global Responsibility European Equity	Equity fund	23%
Vontobel Global Responsibility Asia (ex Japan) Equity	Equity fund	63%
Vontobel Global Responsibility US Equity	Equity fund	24%
Raiffeisen Futura Swiss Stock	Equity fund	31%
Raiffeisen Futura Global Stock	Equity fund	28%
Raiffeisen Futura Swiss Franc Bond	Bond fund	4%
Raiffeisen Futura Global Bond	Bond fund	(1%)
Raiffeisen Multi Asset Class Futura	Investment target fund	12%
Raiffeisen Pension Invest Futura 50	Investment target fund	17%
Harcourt Belair (Lux) Sustainable Alternatives SRI	Fund of hedge funds	0%

In addition to its sustainability funds, Vontobel offers clients a range of theme funds from the Global Trend family that focus on various key trends such as the restructuring of the energy system, the more efficient use of resources and the supply of clean technologies. At the end of 2009, the three Vontobel funds Global Trend New Power, Global Trend Future Resources and Global Trend Clean Technology reported total assets under management of CHF 750 mn. In the year under review, these funds also achieved a very pleasing performance, which ranged from 24% in the case of GT New Power to 50% for GT Future Resources.

Theme funds managed by Vontobel

	Fund class	Performance 2009
Vontobel Global Trend New Power	Equity fund	24%
Vontobel Global Trend Clean Technology	Equity fund	40%
Vontobel Global Trend Future Resources	Equity fund	50%

Vontobel offers private clients a type of asset management portfolio that takes account of sustainability criteria and is diversified broadly across various asset classes.

Three different investment strategies are available. Unlike other forms of portfolio management, all of the investments undergo a clearly defined sustainability review based on the same criteria as the Global Responsibility funds. This gives investors the opportunity to participate in the success of sustainable companies and to combine their personal values with their investment activities.

Investment Banking offers a variety of structured products that focus on sustainability themes. Since 2009, clients have been able to obtain an overview of this range of offerings by consulting a special webpage (www.derinet.ch/nachhaltigkeit) that is available in German. A new quarterly newsletter also provides updates on the performance of the three Dynamic Vonzerts (Climate Protection, Smart Mobility and Sustainable Consumption) and offers readers a more detailed insight into individual products. Clients can subscribe to the newsletter via the above webpage. In 2009, Vontobel launched a Solar Basket, which enables investors to participate in the performance of 10 different solar stocks.

An Asset Finance team based in Munich joined Vontobel at the start of 2009. It is responsible for the capital market financing of power stations in the area of renewable energy. In 2009, it focused on entering new markets (particularly in Southern Europe and the US) and on addressing new areas of technology (photovoltaic, solar thermal, geothermal and biomass) that currently offer significant potential. The team examined a large number of projects and selected the most attractive. A photovoltaic portfolio is expected to be placed in the capital market in 2010. Other similar transactions are in the pipeline.

Charitable foundation as a service to clients

Bank Vontobel's foundation helps to promote greater sustainability within society and the environment through its charitable donations. Clients who wish to use part of their wealth to promote good causes can lend their support to projects that focus on social issues, culture, ecology, education and medicine through the foundation. Its activities in 2009 included its support for the "Youth and Ecology" project week organized by the "Mountain Forest Project" – a foundation that gives young people the opportunity to help protect woodland areas by working in the mountain forests. Through its donation, Vontobel enabled a class of schoolchildren from Rütli to spend a week in the vicinity of Schnebelhorn performing conservation work in the state forest at Tössstock. As part of its commitment to supporting social causes, the charitable foundation regularly assists projects run by the "Verein Läbesruum" – an organization in Winterthur that provides work for marginalized and unemployed people to help them reintegrate into society. Founded in 1990, the organization also runs a number of social firms.

Sustainability within the company

Vontobel regularly gathers sustainability data which it subsequently uses as a reference point when defining measures relating to stakeholders or the environment. This information is published on its website (www.vontobel.com/sustainability). Based on these data, the Sustainability Committee formulates measures that help to constantly improve Vontobel's sustainability performance in key areas. The entire Vontobel Group has been carbon neutral since 1 January 2009. In conjunction with the estab-

lished partner First Climate, Vontobel purchased emissions reduction certificates that are equivalent to its annual global CO₂ output, thus fully offsetting its greenhouse gas emissions. The purchase of these certificates enables renewable energy projects to be implemented in developing countries and the emerging markets that would not otherwise be possible. They include pioneering initiatives such as a wind farm in Turkey or the use of rice husks as an alternative to firewood by a ceramics producer in Brazil (thus helping to prevent deforestation).

Although the Vontobel Group's operations are now carbon neutral, it remains committed to gradually achieving further cuts in its CO₂ emissions. Its efforts in this area are based on the climate strategy approved by the Sustainability Committee in May 2009. The strategy focuses on three main areas: climate-friendly products and services, climate-friendly operations, and the raising of employee awareness and a dialogue with the general public. Various measures have already been initiated or executed. The consumption of electricity is one of the major contributors to the CO₂ emissions of service providers. Since Vontobel's offices in Zurich have been powered exclusively using green electricity for a number of years, however, electricity consumption only accounted for around 13% of its CO₂ output. These emissions could be reduced even more significantly by continuing to switch to electricity from renewable sources. It was therefore proposed that Vontobel's other major offices should also begin using green electricity wherever possible and its premises in Lucerne, Frankfurt, Cologne, Munich, Vaduz and Luxembourg switched to this alternative source of power in the course of 2009. Vontobel also intends to make the transition to green electricity in Milan and New York – its only two major locations that still use a conventional mix of electricity.

Business travel represents the main source of Vontobel's emissions and accounts for around two-thirds of its total CO₂ output. These emissions cannot simply be controlled using individual measures because they are closely associated with the nature of Vontobel's business activities. Since the Group extended its videoconferencing facilities, employees are now required to use videoconferencing instead of travelling to meetings in other locations whenever possible. Further measures are currently under discussion. In addition to business travel and the use of electricity, the consumption of heating energy is also a major contributor to Vontobel's CO₂ emissions, representing around 19% of its total output. In 2009, a preliminary assessment for an energy audit was conducted at the company's largest premises in Zurich, which contain almost 400 workplaces. It is planned that a comprehensive energy audit will be carried out in 2010 to identify solutions that will allow for operational improvements and the realization of energy savings (heat energy and electricity).

At the start of 2009, double-sided printing was introduced as the default setting for all decentralized team printers (i.e. the majority of printers). The fact that employees must now actively initiate the execution of print orders has further reduced paper consumption, since orders for printed material that is no longer required can be deleted from the system. Rather than using photocopying and printer paper made from 100% fresh fibres, Vontobel switched to paper that includes a recycled component in 2009. As a result, around 30% of standard photocopying and printer paper now comprises recycled material.

Focus on employees

Changes in employee behaviour also enable Vontobel to significantly enhance its environmental performance. Vontobel therefore launched various initiatives to raise employee awareness of sustainability issues during the course of the year. In June 2009, Vontobel participated for the first time in the “bike to work” campaign, which encourages employees to cycle to the office. Around 60 members of staff took part in the initiative. In the autumn, a leaflet on the theme “saving energy” was distributed to employees to highlight the potential savings that can be achieved through a few simple steps. For example, employees were asked to turn off their monitors and PCs every evening before leaving work and to unplug mobile phone adapters when not in use. The leaflet also recommended that appliances in the home should be plugged into multi-outlet power bars so that they can easily be disconnected from the mains when not in use.

Vontobel assigns great importance to the provision of attractive working conditions for its employees. This includes promoting a healthy work/life balance. For example, the conditions for maternity leave and paternity leave that it grants to working parents exceed the statutory minimum. After completing six years of service, female employees benefit from six months of maternity leave on full pay, while members of staff who have been with the company for less than six years are entitled to four months of maternity leave. Fathers are granted five days of paternity leave. Vontobel is a member of Childcare Service, an organization that advises parents on childcare issues and runs a group of nurseries. Employees of companies that are members of the organization can register their child for one of these nurseries. Wherever possible from an operational perspective, Vontobel endeavours to meet employee requests for part-time working arrangements – including members of middle management. The following table shows how many Vontobel employees work on a part-time basis.

Proportion of males/females in part-time positions in 2009

	Number of women	Proportion of women	Number of men	Proportion of men	Total number	Proportion of total
20 – 49%	13	2%	6	1%	19	1%
50 – 79%	69	14%	28	3%	97	7%
80 – 99%	71	14%	29	3%	100	7%
100%	354	70%	857	93%	1,211	85%
Total	507	100%	920	100%	1,427	100%

The active promotion of employee health and wellbeing plays an important role at Vontobel. For example, the company regularly offers free influenza immunizations to members of staff. Employees can enjoy a healthy meal each day at the staff restaurant in Vontobel’s head office. The restaurant is operated by SV-Service, which pursues its own comprehensive sustainability strategy. Fresh fruit is also offered to employees in the workplace on a daily basis.

Diversity as a success factor

The diversity of employees – in terms of gender, age, education and training or nationality – is a key factor determining corporate success. Vontobel strives to achieve

the best possible level of diversity among its staff regarding these and other factors, even if this is not always easy. The following table illustrates the proportion of men and women at different levels of management, as well as the various nationalities represented within our company.

Proportion of males/females at different levels of management in 2009

	Number of women	Proportion of women	Number of men	Proportion of men
Employee	208	57%	155	43%
Middle management	210	47%	235	53%
Senior management	89	15%	524	85%
Group Executive Management	0	0%	6	100%
Total	507	36%	920	64%
Board of Directors	1	13%	7	87%

Nationalities of employees in 2009

	Number	in %
Switzerland	1,003	70%
Germany	154	11%
Austria	59	4%
Italy	59	4%
USA	39	3%
Spain	17	1%
France	17	1%
United Kingdom	16	1%
other	63	5%
Total	1,427	100%

Long-term compensation concept

The compensation concept introduced by Vontobel in 2005 provides employees with an incentive to focus on long-term performance and to commit themselves to the sustained success of the company. It largely satisfies the demands for sustainable, integrated compensation systems that are currently being widely debated. Further information on this topic can be found in the chapter "Information relating to corporate governance" in section 5 "Compensation, shareholdings and loans" as well as in the Notes to the consolidated financial statements, note 30f. The compensation system focuses on rewarding sustained, long-term success and defers the payment of part of the variable compensation awarded to participating employees for a period of three years. In particular, Vontobel encourages and rewards responsible conduct that is in the best interests of the company.

Continuous development

Vontobel's efforts to take greater account of sustainability across all areas of the business are part of an ongoing commitment in this area. It will therefore strive to achieve continuous improvements in the many fields of sustainable business management. Information about its progress is continuously updated on the Internet: www.vontobel.com/sustainability