

Organizational Regulations of Vontobel Holding AG

Regulation

R 3.1-216



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1. Basic principles

These Organizational Regulations are issued by the Board of Directors in accordance with Art. 716b of the Swiss Code of Obligations and Art. 23 of the Articles of Association. They define the duties, powers and responsibilities of the Board of Directors, the Chairman and Vice-Chairman of the Board of Directors, the committees of the Board of Directors, the Executive Board and any of its committees, the Chief Executive Officer (CEO), and the heads of divisions.

Vontobel Holding AG (referred to hereinafter as the 'holding company') is the parent holding company of the Vontobel Group (referred to hereinafter as the 'Group'). In this capacity, it performs strategic, financing and management functions not only for itself but also for all the companies in which it has a significant controlling interest (referred to hereinafter as 'Group companies'). The Group companies comprise all of the companies listed in Appendix 1; this list shall be updated periodically.

2. Board of Directors

2.1. Composition

The Chairman and members of the Board of Directors shall be elected by the General Meeting of Shareholders. The members of the Compensation Committee shall be elected by the General Meeting of Shareholders from among the members of the Board of Directors. In all other areas, the Board of Directors shall be self-constituting.

2.2. Secretary

The Chairman of the Board of Directors shall nominate a Secretary, who need not be a shareholder or a member of the Board of Directors.

2.3. Duties and powers

The Board of Directors of the holding company shall be responsible for the overall direction of the company and shall exercise supervision and control over the executive body unless prescribed otherwise by legislation, the Articles of Association or these Organizational Regulations.

In particular, it shall discharge the following duties and shall have the following powers:

1. Overall direction of the holding company and the Group and issuing of 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 these Organizational Regulations and the assignment of powers;
3. Determining the principles for accounting, financial control and financial planning for the holding company and the Group to the extent that this is required for the management of the company. This shall include the approval of the annual budget, annual targets, capital planning and medium-term planning as the multi-year income and capital expenditure planning for various scenarios regarding the operating environment. This shall also encompass the approval of the combined Group-wide stress test results and measures to ensure

that risk exposures and risk capacity are adequately aligned as part of capital planning;

4. Appointing or removing the CEO and other members of the Executive Board as well as the Head of Internal Audit; the Board of Directors shall base its decision on the recommendations of the Nomination and Compensation Committee when discharging this duty;
5. Appointing or removing individuals entrusted with representing the holding company (particularly with 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 for the General Meeting of Shareholders and implementing the motions approved by shareholders;
9. Defining the Group's risk policy and periodically analyzing 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, asset and liability management (ALM), lending, operational risks, management transactions, ad-hoc publicity, Group compliance, internal audit and consolidated supervision. The Board of Directors shall be 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 shall take account of the recommendations of the Nomination and Compensation Committee when discharging this duty;
13. Monitoring and evaluating the internal audit process and periodically ensuring that 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 internal audit regulations;
14. Deciding on strategic initiatives in the area of information technology (IT);
15. Notifying the judicial authorities in the event of overindebtedness;
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 at the conclusion of the next Ordinary General Meeting of Shareholders if the post 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 duty falls within the remit of the Board of Directors of the holding company according to the lending regulations;
 - e) Approval of 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;
 - 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 Internal Audit.
 - k) Approval of gestures of goodwill (accommodating 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.

2.4. Meetings

The Board of Directors shall meet at the invitation of its Chairman or of the Secretary, acting on behalf of the Chairman, as often as required for business purposes but at least four times a year.

Each member may ask the Chairman to immediately convene a meeting of the Board of Directors; this request must be submitted in writing and must set out the relevant reasons.

Meetings shall be convened in writing at least five days in advance. The written notification shall include details of the business to be transacted. In urgent cases, the Chairman may

call a meeting by providing notification in writing or in another appropriate form without observing the five-day notice period.

Meetings of the Board of Directors shall be presided over by the Chairman or – in his absence – by the Vice-Chairman.

Unless the Chairman of the Board of Directors decides otherwise, the CEO and the Head of the Finance & Risk division (CFO) shall attend the meetings of the Board of Directors in an advisory capacity. The Chairman shall determine which other participants may attend a meeting of the Board of Directors. The CEO shall be entitled to make recommendations regarding other participants.

In urgent cases, a meeting of the Board of Directors may be conducted by telephone, video conference or via a similar communication channel. In such cases, the participating members shall be deemed to be present.

2.5. Resolutions

The Board of Directors shall constitute a quorum when the absolute majority of its serving members is present.

A quorum is not required in order for the Board of Directors to pass a resolution on a capital increase report or for resolutions that have to be officially authenticated.

Board resolutions and appointments shall be decided by the absolute majority of the members present. In the event of a tied vote, the chairman of the meeting shall cast the deciding vote.

Resolutions may also be passed by circular letter, provided no member calls for a verbal consultation on the matter.

2.6. Minutes

Minutes shall be kept of the business transacted during the meeting, as well as resolutions passed and appointments made by the Board of Directors. The minutes shall be signed by the chairman of the meeting and the Secretary to the Board of Directors.

Decisions reached by circular letter shall be confirmed at the next meeting of the Board of Directors and then included in the minutes. The minutes shall be distributed to all the members of the Board of Directors, stored in the central archives of the holding company and classified as 'CONFIDENTIAL'. All other participants who attended the meeting shall receive extracts of the minutes concerning topics that were discussed in their presence.

2.7. Right to obtain information and reporting

Each member of the Board of Directors shall be entitled to request information on any matters relating to the holding company or the Group from other members of the Board or the CEO at meetings of the Board of Directors.

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.

2.8. Establishment of committees

If the Board of Directors comprises a minimum of five members, it may delegate part of its duties to committees.

The following standing committees have been established:

- Risk and Audit Committee;
- Nomination and Compensation Committee, of which the Compensation Committee forms part.

Their duties and powers are defined as follows:

Nomination and Compensation Committee:

The Compensation Committee that is governed by the Articles of Association forms part of the Nomination and Compensation Committee, which comprises at least three non-executive members. The Chairman of the Board of Directors does not sit on the Nomination and Compensation Committee.

The General Meeting of Shareholders shall elect the members of the Nomination and Compensation Committee from among the members of the Board of Directors. The members of the Nomination and Compensation Committee shall be elected for a term of one year ending at the conclusion of the next Ordinary General Meeting of Shareholders. The members of the Compensation Committee (and consequently also the members of the Nomination and Compensation Committee) shall be individually elected by the General Meeting of Shareholders. They may be re-elected. The Chairman of the Nomination and Compensation Committee shall be appointed by the Board of Directors.

If one or more members of the Nomination and Compensation Committee step(s) down or if the Compensation Committee is not complete, the Board of Directors may make appointments to the committee from among its own members for the period ending at the conclusion of the next General Meeting of Shareholders.

In principle, the Compensation Committee shall have 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 members of the Board of Directors and the Executive Board and submitting it to the Board of Directors in order for a resolution to be passed on this matter;
- 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 a resolution regarding the maximum aggregate compensation (fixed and performance-related compensation) of the Board of Directors and the Executive Board and for the proposal of a corresponding motion to the General Meeting of Shareholders by the Board of Directors;
- d) Submitting proposals to the Board of Directors for the motion that will be proposed to the General Meeting of Shareholders 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 in order for a resolution to be passed on this matter;
- f) Within the framework of the requirements of 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 shall prepare all important personnel and related organizational matters for the Board of Directors. In particular, this shall include the human resources policy, share participation plans, the compensation policy and recommendations for the election of the CEO and other members of the Executive Board.

In addition, the Nomination and Compensation Committee shall determine the compensation paid to the CEO and to other members of the Executive Board (within the scope of – or subject to – the approval of aggregate compensation by the General Meeting of Shareholders as set out in the Articles of Association).

The Nomination and Compensation Committee shall take note of the compensation, including any special payments and expenses, of members of the Board of Directors of Group companies. It shall also consider all management-related matters and regulations that affect aggregate compensation in the 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 Nomination and Compensation Committee shall meet at least three times a year.

Risk and Audit Committee:

The Board of Directors shall appoint the Risk and Audit Committee from among its own members for a term of one year and shall nominate its Chairman. The Chairman of the Board of Directors shall not be a member of the Risk and Audit Committee. The majority of the members of the Risk and Audit Committee shall meet independence criteria as defined by supervisory law.

The Risk and Audit Committee shall monitor and assess risk policy, the integrity of financial statements, internal controls in the area of financial reporting, the effectiveness of the audit company and its interaction with Internal Audit. It shall also evaluate the internal control system that goes beyond the area of financial reporting, as well as 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 division, the lead auditor who represents the external auditors, and the Head of Internal Audit; submission of a report to

- the Board of Directors and issuing of recommendations regarding motions to be proposed to the General Meeting of Shareholders.
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 shall ensure that the internal control system in the area of financial reporting is adapted 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 company; analysis of audit reports produced by the external audit company and discussion of them with the lead auditor; verification that any deficiencies have been addressed and that recommendations made by the audit company have been complied with; evaluation of the performance and fees of the external audit company and verification of its independence; assessment of interaction between the external audit company and Internal Audit.
 4. Assessment of the effectiveness of internal controls that go beyond the area of financial reporting, such as the Compliance function and risk controls; regular contact with the Head of Internal Audit and discussion of the findings of the 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 with the scenarios used and the relevant methods, as well as the approval of the detailed results of these stress tests.
 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.

Regular contact shall be maintained with representatives of the Group's management, Internal Audit, external auditors and relevant specialist units within the Group in this context.

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 the holding company.

The Risk and Audit Committee shall meet at least three times a year. In addition, individual members of the Risk and Audit Committee may receive special mandates from the Chairman of the Risk and Audit Committee. 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 the Finance & Risk division and representatives of Internal Audit and the external auditors. Furthermore, specialists from within the Vontobel Group – particularly from Finance & Risk (Head of Risk Control unit, Head of Legal, Compliance & Tax unit and Head of Finance & Controlling unit) are regularly consulted about specific topics.

Rules of procedure (for all committees):

The Chairmen of the individual committees shall be responsible for convening meetings and shall endeavour to adhere to the predefined meeting schedule wherever possible.

The Secretary to the Board of Directors of the holding company shall serve as the Secretary to the individual committees. The business transacted and resolutions passed shall be minuted in the same format as the meetings of the Board of Directors.

The Chairmen of the respective committees shall determine which members of the Executive Board or other participants shall attend the meetings. Resolutions shall be passed according to the rules that apply to the entire Board of Directors.

The Chairman of each committee shall inform the Board of Directors about the committee's activities at the next meeting of the Board of Directors.

3. Chairman of the Board of Directors

In addition to the matters described in the preceding chapters, the Chairman's remit shall include the following duties in particular:

- Integrated Board management in terms of the leadership and development of the Board of Directors in consultation with the CEO and the Executive Board.
- Ensuring the balanced consideration of shareholders' interests.
- Shaping the company's strategy, structure and culture.
- Initiating and overseeing the necessary further developments in processes and instruments that are of regulatory importance.

The Chairman shall also discharge the following duties and shall have the following powers:

- a) Preparing the agenda for the General Meeting of Shareholders and meetings of the Board of Directors. This duty shall generally be discharged in consultation with the CEO and with the assistance of the Secretary to the Board of Directors;
- b) Presiding over the General Meeting of Shareholders and meetings of the Board of Directors;
- c) Administrative supervision of the Head of Internal Audit and – in parallel to the Risk and Audit Committee – receiving reports produced by Internal Audit in accordance with internal audit regulations;
- d) Representing the holding company and the Group in public, either in person or through appropriate arrangements;

- e) Signing entries in the Commercial Register relating to the holding company.

If the Chairman is unable to discharge his function, it shall be performed by the Vice-Chairman or – if he is also prevented from exercising the relevant duties – by another member of the Board of Directors who shall be selected by the Board.

4. Executive Board

4.1. Organizational aspects

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 divisions.

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

The Executive Board shall generally report to the Board of Directors of the holding company through the CEO. In the case of delegated duties or powers, the Executive Board shall report to the relevant committee of the Board of Directors. The CEO shall inform the Board of Directors about the current performance of the business and important business transactions in Group companies. The CEO shall coordinate the flow of information within operational areas and to the Board of Directors.

If necessary, the Executive Board may establish committees with specific duties.

4.2. Duties and powers

The Executive Board shall be responsible for all Group matters that do not expressly fall within the remit of the Board of Directors of the holding company or of a Group company according to legislation, the Articles of Association or these Organizational Regulations. The Executive Board shall operate under the leadership of the CEO. If the members of the Executive Board are unable to agree on a matter, the CEO shall reach the final decision. Each member of the Executive Board shall have the right to inform the Chairman of the Board of Directors if opinions are divided over important matters.

The Executive Board shall be responsible for the following duties in particular:

- a) Developing a Group-wide business strategy for presentation to the Board of Directors;
- b) Implementing decisions reached by the Board of Directors of the holding company in the Group;
- c) Monitoring the execution 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 the multi-year income and capital expenditure planning for various scenarios regarding the operating environment, as well as its risk policy, and 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 shall submit this policy to the Risk and Audit Committee for approval by the Board of Directors and shall regularly review the risk policy and submit 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 shall include the organization of the internal control system, while ensuring the necessary separation of powers 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 to a member of the Executive Board 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;
- j) Assigning specialist responsibility for the Compliance function and risk controls, including all related notification and reporting duties, to a member of the Executive Board;
- k) Issuing directives to representatives of the holding company regarding the exercising of voting rights at the General Meeting of Shareholders 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 shall generally submit proposals regarding all matters that require a decision to be reached by the Board of Directors. The CEO shall present 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.

4.3. Authority

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

- a) Formulating and proposing the Group's annual budget and annual targets – broken down by division – 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 shall refer 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 shall obtain 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 these Organizational Regulations; issuing directives relating to the Compliance function, credit and counterparty risk and asset and liability management (ALM) that apply to individual divisions;

- 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 shall delegate 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 - 2 million;
- h) Issuing an employee handbook (in the form of a Group-wide directive).

4.4. CEO

The CEO shall propose the Group-wide business strategy decided by the Executive Board to the Board of Directors for approval and, based on the corresponding resolutions of the Board of Directors, shall ensure the targeted management and development of the Group. The CEO shall inform the Executive Board about the meetings and resolutions of the Board of Directors and shall be responsible for the implementation of these resolutions. Furthermore, the CEO shall be responsible for ensuring that the Executive Board fulfils its duty to provide information to the Board of Directors.

The CEO shall define the budgets, targets and priorities of the divisions in consultation with their respective heads. As part of this process, he shall ensure cooperation across divisions.

The CEO is the Head of Group Services. Where necessary, the CEO shall be mandated by the Board of Directors to recruit new members of the Executive Board and shall appoint them following approval by the Board of Directors.

The CEO shall be responsible for preparing, convening and conducting meetings of the Executive Board. He shall prepare the agenda for these meetings and arrange for further individuals to be consulted where necessary. The CEO shall also coordinate the timing and content of the meetings of the Executive Board with the meetings of the Board of Directors.

The CEO shall be responsible for managing the operations of the holding company. He shall inform the Board of Directors about the current performance of the business and important business transactions conducted at the holding company at the meetings of the Board of Directors.

He shall agree on the internal and external communication strategy with the Chairman of the Board of Directors.

He shall immediately inform the Chairman of the Board of Directors of any unusual transactions or events.

Subject to the approval of the Chairman of the Board of Directors, the CEO may issue individual mandates to the Head of Internal Audit.

In the absence of the CEO, his functions and duties shall be discharged by another member of the Executive Board, subject to the approval of the Chairman of the Board of Directors.

He shall propose the Group's human resources policy to the Board of Directors.

4.5. Heads of business divisions

The Group comprises the following business divisions: Private Banking, Investment Banking and Asset Management.

The heads of these divisions shall be responsible for the functional management of their respective divisions across all legal structures and locations. They shall oversee their division's operational management, market activities, product management and the front-office internal control system (always subject to the powers of the Executive Board and the Board of Directors). They shall also bear responsibility for budgeting, the management of human resources, the achievement of targets and the review of internal controls in their area.

The heads of divisions shall inform the CEO and other members of the Executive Board about the current performance of the business and important business transactions in their respective divisions at the meetings of the Executive Board. They shall immediately provide the CEO with due notification of any unusual transactions or events.

The heads of divisions shall issue directives that apply to their division (excluding directives relating to the areas of compliance, lending or asset and liability management (ALM)) in accordance with the applicable legislative and regulatory requirements, as well as regulations and Group-wide directives issued by the Executive Board.

4.6. Heads of support divisions

The Group's support functions are bundled within the Finance & Risk and Operations divisions. The heads of these divisions shall be responsible for the functional management of their respective divisions across all legal structures and locations. Where necessary, support functions shall be provided within the Group companies and shall be coordinated by representatives in the individual locations. The heads of divisions shall be responsible for logistical support, Group management instruments and the front-office internal control system within their division. They shall also bear responsibility for budgeting, the management of human resources, the achievement of targets and the review of internal controls within their area.

The heads of divisions shall inform the CEO and the other members of the Executive Board about the current performance of their division and any important operations within their respective divisions at the meetings of the Executive Board. They shall immediately provide the CEO with due notification of any unusual transactions or events.

The heads of divisions shall issue directives that apply to their respective divisions (excluding directives relating to the areas of compliance, lending or asset and liability management (ALM)) in accordance with applicable legislative and regulatory requirements, as well as regulations and directives that apply to the Group and the divisions.

The Head of the Finance & Risk division shall generally also serve as the specialist within the Executive Board with responsibility for reporting on the existence, appropriateness and effectiveness of the internal control system. Equally, he

shall be responsible for downstream risk control duties defined in the risk policy.

The Head of the Operations division shall additionally be responsible within the Executive Board for legal, compliance and tax issues and IT risks defined in the risk policy.

4.7. Internal Audit

Internal Audit shall perform the audit duties assigned to it. It shall report directly to the Board of Directors and shall assist it in performing its statutory supervisory and control duties in the Vontobel Group. Internal Audit shall regularly attend the meetings of the Risk and Audit Committee. It shall observe the special duties, rights and obligations of the Risk and Audit Committee and of the Chairman of the Board of Directors when conducting its operations.

Organizational aspects of Internal Audit, as well as its duties and powers, are set out in special regulations.

5. General provisions

5.1. Signatory powers

All of the individuals who are authorized to represent a Group company, including members of the Board of Directors who are authorized to represent the holding company, shall have joint signatory powers (dual authority to sign).

5.2. Conflicts of interests

5.2.1. Members of the Board of Directors

Members of the Board of Directors shall conduct their personal and business affairs in such a way as to avoid any conflict of interests with the holding company and its Group companies as far as possible. In particular, this obligation shall apply to matters relating to other mandates they hold or activities they perform that could give rise to a conflict of interests. Members of the Board of Directors shall abstain from voting on personal matters or issues concerning the interests of third parties with whom they are closely associated in a business or personal capacity. If a conflict of interests exists, the relevant member of the Board of Directors shall notify the Chairman of the Board of Directors immediately. If the Chairman of the Board of Directors is exposed to a conflict of interests, he shall inform the Vice-Chairman immediately. The Chairman or, where applicable, the Vice-Chairman shall subsequently call upon the entire Board of Directors to reach a decision that duly reflects the severity of the conflict of interests. The relevant member of the Board of Directors shall not be present during the decision-making process. The following measures, in particular, may be considered appropriate to address a conflict of interests:

- Abstention of the relevant member of the Board of Directors from the consultation process (exclusion from consultation) and/or from voting (exclusion of voting rights);
- Formation of a committee of the Board of Directors (excluding the relevant member of the Board of Directors);
- Restriction of the flow of information to the relevant member of the Board of Directors (implementation of Chinese walls).

If a member of the Board of Directors holds multiple mandates or exercises a function within the governing body of other companies, the flow of information to the relevant member of

the Board of Directors shall, in principle, always be restricted when matters or items on the agenda that relate to competing areas of business are addressed. In this case, the relevant member of the Board of Directors shall subsequently also abstain from participating in the consultation process and from exercising his voting right.

5.2.2. Members of the Executive Board and employees of a Group company

In line with the general rules governing good conduct, members of the Executive Board and all employees of a Group company shall have a duty to avoid all situations that could give rise to a personal conflict of interests (including those involving persons closely associated with them). In particular, this obligation shall apply to matters relating to other mandates they hold or activities they perform that could give rise to a conflict of interests. Members of the Executive Board as well as employees of a Group company shall abstain from participating in decisions that involve personal matters or issues concerning the interests of third parties with whom they are closely associated in a business or personal capacity. If a conflict of interests exists, the relevant member of the Executive Board shall notify the CEO immediately. In consultation with the Chairman of the Board of Directors, the CEO shall reach a decision that duly reflects the severity of the conflict of interests. If the CEO is exposed to a conflict of interests, he shall notify the Chairman of the Board of Directors immediately. All other employees shall notify their direct superior of any conflict of interests.

5.2.3. Legal transactions with related parties

Transactions between the company and members of its governing bodies or individuals with whom they are closely associated shall be disclosed by the individuals concerned and shall be conducted at arm's length.

5.3. Confidentiality

Members of the Board of Directors, members of the Executive Board of the Group and members of the Executive Boards of Group companies shall be bound by a duty of confidentiality regarding all of the information and documents that they obtain or view in connection with their function at the Group. The same duty of confidentiality shall apply to employees who assist them in the handling of these data.

The Group's other employees shall be subject to legal and contractual confidentiality requirements.

Upon stepping down from their function, all members of the governing bodies and all employees of a Group company shall have a duty to return or surrender all documents relating to their function to the relevant Group company.

5.4. Age limit

Members of the Board of Directors of the holding company and of Group companies shall be required to step down from their function at the General Meeting of Shareholders in the calendar year in which they reach the age of 70.

6. Reservations under applicable law

Based on these Organizational Regulations, the Board of Directors, the Executive Board or other governing bodies may reach decisions which, under the applicable local law, fall expressly within the remit of the governing bodies of the

Group companies. In such cases, the powers and responsibilities of the members of the governing bodies of the Group companies shall continue to apply in full.

7. Final provisions

These Organizational Regulations enter into effect on 1 January 2016, replacing the version of 15 September 2014.

Chairman of the Board of Directors



Herbert J. Scheidt

Secretary to the Board of Directors



Dr. Heide Suderow Grob

Appendix 1: Group companies of the Vontobel Group