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Approved by:	Oliver Bartholet, Oliver Pauly
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General scope:	Legal Entities worldwide

Julius Baer Group	Significant regulated entities	All other Advisory Offices	Group WMCs	Other
	Bahamas, Germany, Guernsey, Hong Kong, India, Luxembourg, Monaco (Bank), Singapore, Switzerland (Bank), U.A.E., UK	Austria, Bahrain, Chile, Ireland, Israel, Lebanon, Monaco JBWM, Russia, South Africa, Spain, Uruguay	Fransad Gestion, GPS Brazil, JB Fiduciaria (Milano), JBWM Nomura, Kairos, NSC, Wergen & Partner	Small Offices, TRCM

SUMMARY

This Policy defines the basic structure and formal standards for the Julius Baer Group policy management framework. It defines the general policy concept including the drafting and consultation process, the approval process, the publication, the maintenance, revision and revocation of policies as well as roles, responsibilities, competences, supervision, implementation principles and organization of the policy management framework.

Key aspects of this policy

- Definition of policy hierarchy
- Roles and responsibilities of all participants in the policy consultation process
- Implementation of global policies (global minimum standards) in legal entities of the Julius Baer Group
- Definition of approval authority for global and local policies
- Adherence to policies and sanctions in case of non-compliance

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Violation of this policy may result in disciplinary action.

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1. DEFINITION OF TERMS

Global policy owner (GPO): The GPO is responsible for global policies (global minimum standards, GMS) and global minimum controls (GMCs).

Global risk type owner (global RTO): The global RTO is responsible for the Risk Type Owner Assessment for its risk type[1].

Document owner in NAVEX: The document owner in the terminology of NAVEX leads the policy consultation process in the system and therefore is not necessarily the content owner of the policy.

Significant regulated entities: All Booking Centres of the Group as well as the Advisory Offices Julius Baer (Middle East) Ltd. and Julius Baer International Limited.

Non-Significant entities: All other legal entities of the Group not classified as significant regulated entities.

Head office: Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd. in Switzerland.

NAVEX: NAVEX is the policy management system for administration, publication, search, storage and archiving of all Julius Baer policies worldwide.

2. POLICY HIERARCHY

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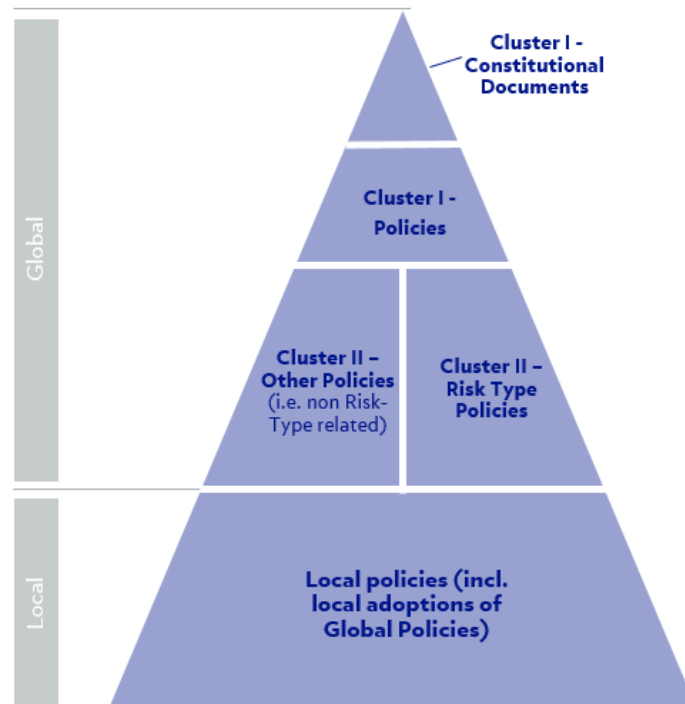
[1] For the specific risk types, reference is made to Appendix A of the Risk Management Framework

2.1. Laws and regulations

Laws and regulations are provisions, which are issued by an appropriately empowered external issuing body (e.g. national governments, regulators, self-regulating organizations). Laws and regulations have to be complied with unless the external issuing body has provided an exemption or variance.

2.2. Constitutional documents

Constitutional documents, such as Organizational and Management Regulations, Articles of Incorporation and Charters, govern the organization and regulate the structure and control of a company.

Such documents are applicable to all legal entities of the Group in scope as soon as published and have to be considered, although there is no need to implement them locally.

2.3. Policies

Policies ensure compliance in accordance with applicable laws, regulations and other risk identified and are binding statements of principles, standards, instructions, rules and/or values, which regulate detailed organizational matters, maintain business activities or specify contract requirements.

Policies promote operational efficiencies, reduce institutional, operational and reputational risk, rule duties and responsibilities and ensure an integrative handling of business processes and procedures.

Procedures, step-by-step and/or non-binding instructions are not to be considered a policy.

2.3.1. Global policies

Global policies (GMS) are issued by the head office, are written in principle-based language and contain clear and coherent standards for the legal entities in scope of applicability. Location specific laws and regulations must not be content of global policies.

2.3.2. Local policies

Local policies regulate affairs for a specific legal entity or location and contain local laws, regulations and requirements as well as requirements defined in global policies (GMS).

Global policies (GMS) have to be fully implemented by all affected legal entities of the Group.

2.4. Guidelines, manuals and procedures

2.4.1. Guidelines

Guidelines are binding provisions designed to complement policies by achieving the objectives and/or standards. The issuance of guidelines is at the discretion of the respective policy owner/author and is not required for each policy. A guideline must

not contravene and shall not be more restrictive than the respective policy. The policy owner and the owner of the respective guideline are responsible for maintaining the consistency between the policy and any guideline, whereas policies take always priority over guidelines.

2.4.2. Manuals

Manuals are compilations of laws and regulations, policies, guidelines and procedures. They assist their stakeholders by providing a summary of relevant laws and regulations, policies, guidelines, procedures and principles. Manuals do not substitute or supersede policies.

2.4.3. Procedures

Procedures are binding specifications for the execution of certain business activities. They are often composed of step-by-step working instructions on e.g. how to perform certain tasks and/or to use established methods or forms and are designed to achieve a uniform approach to comply with applicable policies. Procedures govern repeating operating schedules in detail. Procedures shall not modify or over-rule policies.

3. ROLES AND RESPONSIBILITIES

The roles and main responsibilities of all participants in the process to define, review and implement a global or local policy are defined in this section. Further and more specific requirements and information are to be found in the JBG-G-1004-00 Policy Management Framework Guideline, which is an integrated part of this Policy and binding for all role holders.

3.1. Global policy owner / RTO / local policy owner

3.1.1. Global policy owner (GPO)

For policies not linked to a risk type or if the GPO is different from the global RTO, the GPO is responsible for the following tasks:

- is responsible to set minimum standards through global policies (GMS) and guidelines

- identifies and defines, in collaboration with CRO function, GMCs for its risk type(s), thus ensures the implementation and maintenance of an effective control framework

- initiates measures to ensure the implementation of the global policy (GMS) and bears the main responsibility for their implementation in legal entities of the Group by assuring that the local policy owner issues the local policy (if applicable)

- is responsible for implementation status of global policies (GMS) and GMCs

3.1.2. Global RTO

For policies linked to a risk type[2], the RTO is responsible for the GPO tasks mentioned above as well as for the Risk Type Owner Assessment.

In case the policy is linked to a risk type but global RTO and GPO are different, the global RTO is not responsible for the GPO tasks mentioned above. However, the global RTO remains responsible for the Risk Type Owner Assessment and considers the input of the respective GPO.

3.1.3. Local policy owner

The local policy owner acts as main point of contact for all local policy related clarifications, tasks and questions and is responsible to locally implement

- the global policy (GMS) taking into account applicable local laws and regulations;
- GMCs related to global policies.

The responsibility to define a local policy owner lies in the responsibility of the local management.

3.1.4. Policy author

The policy owner (GPO and local policy owner) is accountable for the implementation of a policy, however a delegation to a policy author who is the subject matter expert (SME) for the respective topic is permitted. The policy author is responsible to initiate and manage the policy consultation process and acts as document owner in NAVEX.

3.2. Policy Desk

3.2.1. Global Policy Desk

The global Policy Desk at the head office is part of the Consolidated Supervision team within Compliance and is the contact point for all head office policy-related issues. The global Policy Desk in particular

- accompanies all processes and matters concerning global policies;
- supports GPOs, global RTOs and local Policy Desks with the policy consultation and approval process;
- monitors compliance with the required policy consultation process and is entitled to shorten the process in case of justified reasons.

3.2.2. Local Policy Desk

The local Policy Desk shall be part of local Compliance or local Legal and is the local point of contact for all local policy-related issues as well as for the implementation of global policies (GMS). The responsibility of the local Policy Desk is to support local

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[2] Reference is made to Appendix A of the Risk Management Framework

policy owners and policy authors regarding the policy implementation process and to acts as administrator of the local NAVEX site.

3.3. Policy reviewer

For the different reviewer groups involved in the policy consultation process, reference is made to the JBG-G-1004-00 Policy Management Framework Guideline.

3.4. Regional functional responsible (if applicable)

Where departments are staffed with regional functional responsibles, the latter support the local implementation of global policies (GMS) and may have regional competences in this regard.

4. REVISION AND REVOCATION OF POLICIES

Existing policies are reviewed and updated at least every two years to properly reflect e.g. relevant developments of laws and regulations, organizational changes, changes in duties and responsibilities. A revision must be initiated by the policy owner, if the content of a policy is not up-to-date anymore and needs to be amended before the due date[3]. The material amendment of an existing policy requires a review process, whereas editorial amendments may be published without a repeated consultation process.

Constitutional documents are not in scope of the two years review cycle.

For the revocation of a policy or a constitutional document the approval of the responsible approval authority is required.

5. CONSULTATION PROCESS

5.1. Global policies

The policy consultation process for global policies consists of several steps and involves all units affected by the policy, first and final review by the global Policy Desk as well as the consultation of head office and international reviewer. For details to the policy consultation process, reference is made to the JBG-G-1004-00 Policy Management Framework Guideline.

5.2. Local policies

Legal entities of the Group are obliged to create their own policy consultation process, whereas significant regulated entities follow a similar consultation process as defined for global policies (reference is made to the JBG-G-1004-00 Policy Management Framework Guideline). For non-significant entities the 4-eye principle is sufficient.

5.3. Constitutional documents

Content, review and approvals are the responsibility of the owner of the constitutional document, hence no predefined consultation process is necessary.

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[3] The due date is set in NAVEX

6. LANGUAGE OF POLICIES

All policies must be available in English[4], although local policies may be written in another language.

7. APPROVAL AUTHORITY

All policies must be approved collectively. This applies for new policies as well as for the material amendment of existing policies.

Global policies are approved by a member of the senior management (N-1 or delegated direct report) together with the GPO.

Legal entities define their own approval authority in line with the local requirements.

8. IMPLEMENTATION DATE OF POLICIES

The earliest a policy can enter into effect is on the date it is published, however constitutional documents enter into effect as soon as approved by the respective committee.

Grace period: Additional time for the implementation of e.g. a process, system or control needs to be defined in the respective policy, in such a case the effective implementation date of the policy may be later then the publication date.

9. COMMUNICATION

The global Policy Desk communicates global policies related news to all locations, whereas the local Policy Desk communicates local policies related news to local staff.

10. GLOBAL POLICIES (GMS) IMPLEMENTATION

According to topic and content of the global policy (GMS), legal entities of the Group have different possibilities for the local implementation[5]:

- Direct implementation;

- Direct implementation with local supplement;

- Local implementation with a local policy;

- Implementation of a policy by reference in broader document

In justified reasons, legal entities may ask for a temporary suspension of local implementation of a global policy or may request for an exception to the requirements defined in the global policy (GMS).

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[4] Corporate language of the Julius Baer Group is British English
[5] Reference is made to the JBG-G-1004-00 Policy Management Framework Guideline

11. POLICIES APPLICABLE WITHOUT LOCAL IMPLEMENTATION REQUIRE-MENT

11.1. Passively applicable

Although the scope of a policy is defined as applicable to a specific legal entity only, the policy may be passively applicable[6] to other legal entities. Therefore, no active action is required by legal entities where the policy applies passively.

11.2. Information and cooperation

A policy may apply to a specific legal entity (e.g. specific Booking Centre) whereas local information and cooperation[7] by another legal entity is required. Therefore, the local Policy Desk ensures that the employees concerned are informed and cooperate with such policies.

12. ADHERENCE TO POLICIES AND SANCTIONS IN CASE OF NON-ADHERENCE

It is the duty and responsibility of each employee to read and adhere to all policies governing the respective area of work and to be informed about their content. The line manager shall raise awareness of his/her staff regarding the relevant policies, as well as ensures adherence to such policies in the respective area of work.

Non-adherence is defined as a breach of policy and may result in disciplinary action as stated on the cover page of every policy document.

FS JBG-1004 Policy Management Framework

References to Policy Management Framework Guideline:
– JBG-G-1004-00 Policy Management Framework Guideline

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[6] i.e. if legal entity "A" covers the process for another legal entity "B" or a system is operated by legal entity "A" for legal entity "B".

[7] e.g. duties and responsibilities of a relationship manager within a process led by a specific Booking Centre. This constellation may apply when the client is booked at a Booking Centre and is managed by a relationship manager located in another legal entity.