

Julius Bär

CORPORATE SUSTAINABILITY REPORT 2017

JULIUS BAER GROUP



JULIUS BAER IS PROUD TO BE THE ABB FIA FORMULA E FOUNDING GLOBAL PARTNER.

ABOUT THIS REPORT

Content, scope and materiality considerations:
definition of the boundaries applicable to this report
(legal entities, geographic reach, time period) and
the process of deriving the content: pages 7–9.

Global Reporting Initiative (GRI) Content Index:
overview of the GRI Standards used in this report
based on the materiality analysis conducted in
alignment with the GRI Standards: pages 53–57 for
improved clarity.

**This report forms part of the Corporate
Publications suite of Julius Baer Group Ltd.
together with:**

Annual Report and Half-year Report: they provide
information on the financial results for the period
under review. Specifically, the Annual Report
also provides details on the corporate governance
and remuneration framework of the Group.

Business Review: is published every six months as
part of the full-year and half-year financial results.
It provides a comprehensive overview of the
business development in the respective reporting
period.

The cover photo of Julius Baer's Corporate Sustainability
Report 2017 depicts a fully electric, official Formula E vehicle
on the Arctic ice cap in Greenland. The image, shot in 2016,
embodies a symbolic action to put the spotlight on global
warming. Julius Baer, as the FIA Formula E Championship's
exclusive global partner, shares its mission to raise awareness
for issues related to global warming and to embrace
sustainable technologies to create solutions for the future.
Note that the event was made possible thanks to cooperation
with and assistance from Greenland's government. In order
to learn more about the effects of the melting ice cap,
Formula E has teamed up with Southampton University.
During the trip, researchers from the university placed a
tracking beacon upon an iceberg that had broken away from
the ice sheet. This will allow climate scientists and the broader
public to understand more about the journey these ice
sheets undertake as they drift into the open sea.
#projectice

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ABOUT JULIUS BAER

The Julius Baer Group is the leading Swiss private banking group with a rich Swiss heritage and independence since 1890. This long history attests to our successful corporate development and commitment to sustainable long-term relationships built on mutual trust.

Our business focus continues to be on the demands of sophisticated private clients, family offices and independent asset managers from around the world. Present in over 25 countries and more than 50 locations, we have a broad international network to meet our clients' local and global investment needs.

Headquartered in Zurich, Switzerland, Julius Baer has over the years developed a second home base in Asia. The Group's shares are listed on the SIX Swiss Exchange as a blue chip company and it is a member of the Swiss Market Index (SMI).

Based on the *Julius Baer open product platform*, the Group offers holistic advice and comprehensive services in the areas of wealth planning, wealth management and wealth financing.

Wealth planning

We provide unbiased advice on financial planning, wealth structuring, succession, taxation, retirement, relocation and philanthropy.

Wealth management

Our professional wealth management services enable our clients to choose their preferred level of service and delegation using a selection of discretionary and advisory mandates. Our services are underpinned by a systematic investment process with constant risk monitoring, complemented by in-house research and the Julius Baer open product platform.

Wealth financing

From Lombard lending and mortgages right through to structured financing transactions, we offer a wide range of financing solutions and advisory services to help our clients reach their financial goals.

	2017	2016
Key Financials		
Assets under management, AuM (CHF bn)	388.4	336.2
BIS total capital ratio (%)	22.0	17.5
Moody's long-term bank deposit rating of Bank Julius Baer & Co. Ltd.	Aa2	Aa2

Listing

Zurich, Switzerland	SIX Swiss Exchange under the securities number 10 248 496 Member of the Swiss Market Index SMI
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Ticker symbols

Bloomberg	BAER:SW
Reuters	BAER.S

GLOBAL PRESENCE

Europe



Switzerland



Our locations in other parts of the world



- Location
- Booking centre
- GPS, a fully owned subsidiary
- NSC Asesores, strategic minority participation of 40%
- Kairos Julius Baer SIM S.p.A., strategic participation of 80% in its holding company (increased to 100% at the beginning of 2018)
Julius Baer is present in Milan with Julius Baer Fiduciaria S.p.A.

¹ Additional advisory locations in Bangalore, Chennai, Kolkata and New Delhi

STATEMENT FROM THE CHAIRMAN AND THE CEO

Dear stakeholders,

On behalf of the Board of Directors and the Executive Board, we are pleased to introduce you to the Corporate Sustainability Report of Julius Baer Group Ltd. for 2017.

Sustainability entails the act of taking responsibility for today's actions to the benefit of the generations to come. To be considered sustainable, financial firms therefore need to think long-term with regards to its impact on the economy, society and the environment. At Julius Baer, we take guidance from global, national and local initiatives that translate goals aimed at sustainable and inclusive growth of our business, and strive to integrate the underlying concepts and criteria into our business considerations and decision-making processes. Two of these initiatives are the Paris Agreement and the 17 Sustainable Development Goals (SDGs) of the United Nations.

Today, environmental, social and governance (ESG) factors are embedded in our advisory and investment management process, as well as in the Group's corporate governance framework. By adopting the initiatives described in this report, Julius Baer is continuously improving its approach of assessing and managing the long-term material risks to the portfolios of its clients and to the Group itself.

Encouraged by the positive response from our stakeholders, we intend to further deepen our ESG engagement across the board – in our core client activities of financial advisory and investment management, in our societal commitments in support of our charitable employee organisation Julius Baer Cares and our Group's non-profit grant foundation, the Julius Baer Foundation, as well as in our efforts to continuously improve our ecological footprint.

‘We achieved a major milestone with the roll-out of our
Responsible Investment campaign.’

In 2017, for example, we achieved a major milestone with the roll-out of our Responsible Investment campaign, helping us to build awareness of sustainability and its principles among our client-facing teams and educate them on our offering. Another important accomplishment in our inclusion efforts targeting our employees was the introduction of a mentorship programme for our female workforce. We also were able to fully integrate our ESG criteria into a formal guideline on responsible procurement.

We hope you will enjoy reading our report: its comprehensive disclosure is a testament to our renewed commitment to integrating sustainability considerations in our day-to-day activities.

Best regards,



Daniel J. Sauter
Chairman



Bernhard Hodler
Chief Executive Officer



OUR CORE VALUES AND CORPORATE SUSTAINABILITY STRATEGY

CORE VALUES

Long-standing core values of Julius Baer – Care, Passion, Excellence (the ‘Core Values’) – form the aspirational foundation for all activities of our company and, respectively, the Group’s corporate sustainability framework.



Care

We cultivate mutual respect, understanding and sustainable relationships with our clients, employees and the communities in which we do business.

EMPATHY – INTEGRITY – PARTNERSHIP

Passion

We are passionate about our business in all its facets and strive for continual betterment. We shape a culture of openness, enthusiasm and curiosity that inspires entrepreneurship.

ENTREPRENEURSHIP – FOCUS – HERITAGE

Excellence

We take a client-centric approach in everything we do and provide best-in-class services. We empower our employees and invest in their further development to ensure a consistent level of excellence. As a result we are the international reference in private banking.

GLOBAL EXPERTISE – PERFORMANCE – INNOVATION

CORPORATE SUSTAINABILITY

Focus areas and goals

Julius Baer's corporate sustainability strategy is organised in three pillars: economy – managing our business for the long-term; society – managing relationships with our stakeholders; and ecology – managing the environmental impact of our business. Our long-term goals within these three pillars are:

- Embed sustainability principles into our operational activities
- Integrate environmental, social and governance (ESG) factors into our investment processes
- Maintain a culture of responsible leadership, supportive working environment, diversity and inclusion
- Play an active role in society, beyond our direct business activities
- Proactively reduce Julius Baer's ecological footprint

The Corporate Sustainability department has a Group-wide reach and reports directly to the CEO of Bank Julius Baer with oversight by the Bank's Executive Board (ExB). Additionally, initiated in 2017, each year three ExB members serve as champions to further integrate corporate sustainability into the organisation's daily business activities. In this first full calendar year, collaboration with the champions proved successful, including the launch of the Responsible Investment campaign and digitalisation efforts that significantly impact our paper reduction targets. As a result, the ExB has committed to keep building upon this framework and (re)elected champions for 2018.

Report boundary and materiality analysis

Unless indicated otherwise, the boundary of this report covers the Julius Baer Group with all its Group companies (see also Annual Report 2017, Note 26A)¹.

The content of this report centres on topics that are relevant to Julius Baer's business strategy and success, and that represent areas of interest to our stakeholders. As in the previous year, this focus was determined through a materiality assessment, which we conducted in accordance with the GRI Standards Core reporting option. The update of the materiality framework and its aspects used the 2016 materiality framework as a starting point and are a result of a formal assessment of both internal and external stakeholders, including management, employees, clients, investors, political representation and sustainability consultants.

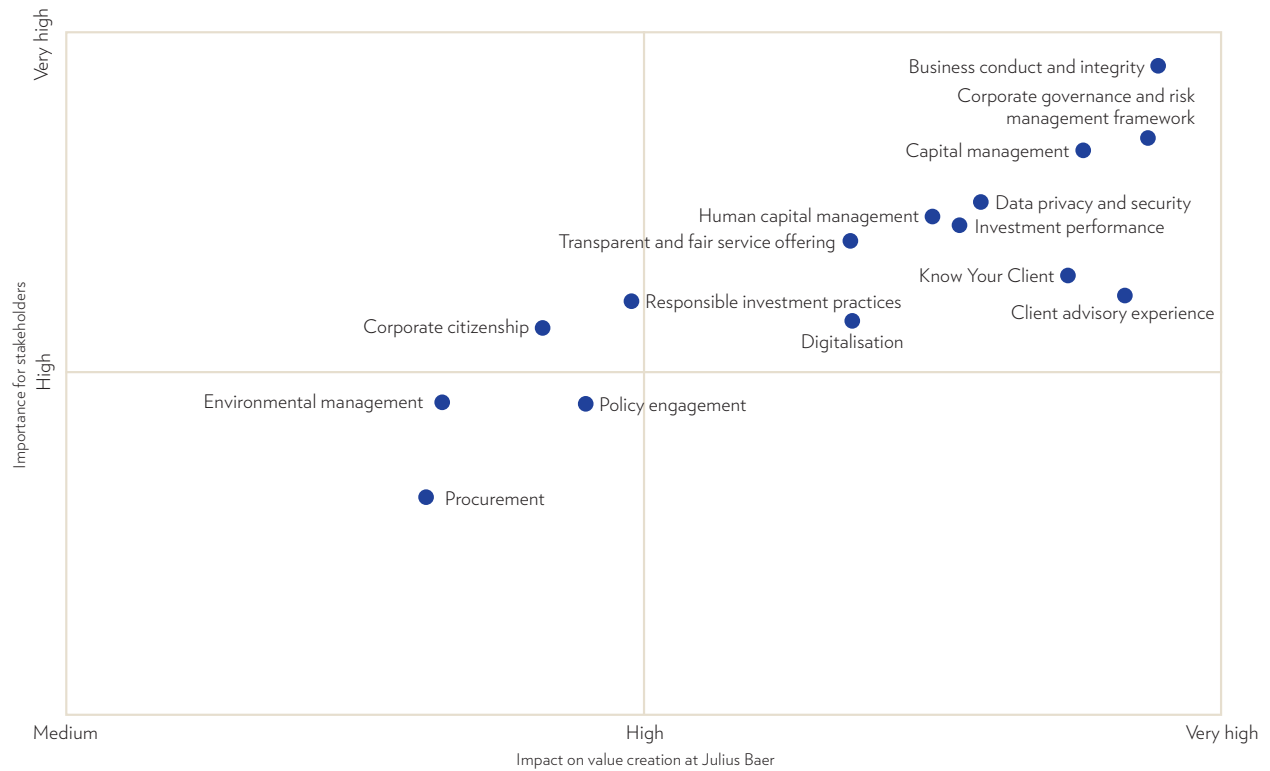
In addition to using the GRI Standards as the underlying reporting framework, the report highlights which business practices directly influence the Sustainable Development Goals (SDGs), by listing them at the end of the paragraph or chapter.

The material aspects, our management approaches to these and the dialogues around them with stakeholders are discussed in more detail throughout this report, the Annual Report 2017 and the Business Review 2017. Additional information is available on our website.

¹ GRI 102-45, 102-46, 102-49

In summary:

Materiality assessment 2017



Aspect ²	Relevance to our long-term success	Location of content
Business conduct and integrity	<ul style="list-style-type: none"> Creating a sustainable corporate culture for our employees Fulfilling the trust of our clients Being a responsible corporate citizen 	Sustainability Report 2017, 'Business conduct and integrity'
Capital management	<ul style="list-style-type: none"> Running a capital-efficient business that meets regulatory requirements and optimises the company's capital and leverage structure to create value for our shareholders and to ensure a reputable credit rating 	Annual Report 2017, 'Capital structure'; Annual Report 2017, 'Comment on risk and capital management'
Client advisory experience	<ul style="list-style-type: none"> Ability to acquire and retain clients Sustainable competitive advantage 	Sustainability Report 2017, 'Responsibility to our clients'; Business Review 2017, 'Business development in 2017'
Corporate citizenship	<ul style="list-style-type: none"> Fulfilling our responsibility to create a positive impact beyond our core business Supporting engagement of our staff 	Sustainability Report 2017, 'Responsibility to society'

² GRI 102-47

Aspect ²	Relevance to our long-term success	Location of content
Corporate governance and risk management framework	<ul style="list-style-type: none"> Protecting our activities in and relations with the markets in which we operate Sound risk management and controls are an integral part of creating sustainable value for shareholders and stakeholders 	Sustainability Report 2017, 'Corporate governance and risk management framework'; Annual Report 2017, 'Corporate governance'
Data privacy and security	<ul style="list-style-type: none"> Fulfilling the trust of our clients 	Sustainability Report 2017, 'Business conduct and integrity'
Digitalisation	<ul style="list-style-type: none"> Enhancement of client experience Operational efficiency and effectiveness Enabling new business opportunities 	Sustainability Report 2017, 'Operational responsibility'; Business Review 2017, 'Business development in 2017'
Environmental management	<ul style="list-style-type: none"> Proactively addressing climate change risks and opportunities Operational efficiency and effectiveness 	Sustainability Report 2017, 'Operational responsibility'
Human capital management	<ul style="list-style-type: none"> Being able to recruit and retain employees by motivating and engaging them 	Sustainability Report 2017, 'Responsibility to our employees'; Business Review 2017, 'Our employees'
Investment performance	<ul style="list-style-type: none"> Creating value for clients, shareholders and the organisation 	Sustainability Report 2017, 'Responsible investment practices'; Business Review 2017, 'Business development in 2017'
Know Your Client	<ul style="list-style-type: none"> Being able to fully comprehend the needs of our clients Systematic and in-depth screening of existing and new clients for money-laundering and other illegal practices 	Sustainability Report 2017, 'Corporate governance and risk management framework'
Policy engagement	<ul style="list-style-type: none"> Being well prepared for future policy implementation and being able to shape the policy in a way that best fits our business model Contributing to a competitive framework for the Swiss financial centre 	Sustainability Report 2017, 'Corporate governance and risk management framework'
Procurement	<ul style="list-style-type: none"> Taking responsibility for our impact in activities beyond our direct operations 	Sustainability Report 2017, 'Operational responsibility'
Responsible investment practices	<ul style="list-style-type: none"> Integration of ESG into our investment selection process can help us identify companies with better perennial profitability and creditworthiness Being a positive contributor to the economy of the markets in which we operate 	Sustainability Report 2017, 'Responsible investment practices'
Transparent and fair product and service offering	<ul style="list-style-type: none"> Fulfilling the trust of our clients Treating our clients fairly and acting in good faith to meet their specific needs 	Sustainability Report 2017, 'Responsibility to our clients'; Business Review 2017, 'Business development in 2017'

² GRI 102-47

OVERVIEW OF STAKEHOLDER DIALOGUES

An important element of ensuring the sustainability of our business is the continuous dialogue with our various stakeholder groups, whose relationships with the Bank have a significant impact on our business success. The aspects that are most material

to our organisation's long-term value creation are central in such dialogues. Julius Baer uses a number of different approaches to ascertain the continuation of our successful relationships³.

Key stakeholder groups engaged	Top 3 material aspects of interest to the stakeholder group	Main dialogue mechanisms and frequencies
Clients	<ul style="list-style-type: none"> • Client advisory experience • Data privacy and security • Investment performance 	<ul style="list-style-type: none"> • Ongoing dialogue with our relationship managers • Client events and conferences
Employees	<ul style="list-style-type: none"> • Business conduct and integrity • Corporate governance and risk management framework • Human capital management 	<ul style="list-style-type: none"> • Team meetings and discussions • Intranet • Town hall meetings (at least once a year at Group, department and/or location level) • Annual performance review discussions
Investors	<ul style="list-style-type: none"> • Business conduct and integrity • Capital management • Corporate governance and risk management framework 	<ul style="list-style-type: none"> • Annual General Meeting of shareholders • Regular road shows and participation in conferences • Dialogue with the Investor Relations and Corporate Sustainability teams
Local communities	<ul style="list-style-type: none"> • Business conduct and integrity • Corporate citizenship • Human capital management 	<ul style="list-style-type: none"> • Grant proposal discussions with non-profit partners of the Julius Baer Foundation • Input through employees for causes needing support in the local communities (projects to receive backing by Julius Baer Cares) • Sponsorships
Regulators	<ul style="list-style-type: none"> • Business conduct and integrity • Capital management • Corporate governance and risk management framework 	<ul style="list-style-type: none"> • Direct discussions with regulators • Interaction via industry associations by our Public Policy team and internal risk, legal and compliance specialists

³ GRI 102-40, 102-42, 102-43, 102-44

CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

A sound corporate governance and risk management framework ensures prudent management of the company and its financial resources as well as an environment conducive to producing sustainable results. At Julius Baer, this forms the backbone of our daily activities and underpins our ultimate goal of achieving long-term success for the benefit of our stakeholders.

CORPORATE GOVERNANCE

Julius Baer Group's corporate governance framework, definitions and reporting are in accordance with the Corporate Governance Directive of the SIX Swiss Exchange, with the guidelines and recommendations of the 'Swiss Code of Best Practice for Corporate Governance' of the Swiss business federation *economiesuisse* and the Federal Council's 'Ordinance against excessive compensation in listed companies'.

As a result, we have the necessary structures, policies and processes in place to ensure strong corporate governance. This is reflected in our solid financial footing, our independent oversight bodies responsible for defining the company's strategic direction, our thorough corporate risk-controlling framework, and our effective compensation schemes and equity-based incentives within the Group.

The financial year 2017 saw some regulatory changes that affected the corporate governance requirements for Swiss banks. Swiss Financial Market Supervisory Authority (FINMA) revised its corporate governance requirements for banks in a new circular 2017/1 entitled 'Corporate governance – banks'. The altered supervisory requirements relating to corporate governance, internal control systems and risk management for banks entered into force on 1 July 2017 and must be implemented within one year from this date. Julius Baer decided to start implementing these revised corporate governance requirements effective 1 January 2018. The changes led to a shift of risk-related responsibilities from the Audit Committee to the newly named Governance and Risk Committee (formerly Chairman's and Risk Committee). The Charters of the two committees were amended accordingly, effective 1 January 2018, to reflect the committees'

new responsibilities. Further details of these changes will be incorporated on our website and in the Corporate Governance section of the Group's Annual Report 2018.

With the changed structure of the Governance and Risk Committee, corporate sustainability has become part of its responsibilities as of 1 January 2018.

Detailed information on the corporate governance framework of the Julius Baer Group can be found in our Annual Report 2017 and on the dedicated webpage.

The Group's overall compensation framework, including compensation governance, compensation elements and their application in the period under review is described in detail in chapter 'II. Remuneration Report' of the Annual Report 2017.

COMPLIANCE AND RISK MANAGEMENT

Compliance and risk management are material business and management functions in any organisation. Within a heavily regulated industry such as the financial services industry, they support senior management in ensuring compliance with external and internal regulations by actively managing operational, regulatory and reputational risks across all areas of activity.

Internal control system and global minimum controls

Maintaining an internal control system (ICS) is a process for assuring achievement of an organisation's objectives in terms of operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. As a broad concept, the ICS involves the entirety of actions and processes that controls risks in an organisation.

Julius Baer maintains a solid and adequate ICS in line with currently applicable regulations and good practice. It is largely aligned with the internal control framework of COSO, the Committee of Sponsoring Organizations of the Treadway Commission, which is widely used in the financial industry. Julius Baer's ICS ensures that risks are identified and assessed in

a precautionary and systematic manner, and that mitigating measures are implemented. Effective controls and reporting ensure compliance with regulatory requirements and Julius Baer's own focus points and goals.

Julius Baer maintains a 'three lines of defence' model to ensure clear accountability for risk taking, oversight and independent assurance:

- First line of defence: the line management is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which it is accountable.
- Second line of defence: organisationally independent functions are complementing the line management's risk management activities, e.g. legal, compliance, risk management, reporting to the Chief Risk Officer (CRO).
- Third line of defence: Group Internal Audit performs an independent review and challenges the company's risk management framework and respective controls, processes and systems.

The primary responsibility for risk management resides at all levels within the Group, from the Board of Directors and the Executive Board down through the organisation to each line manager and functional head, and ultimately to each employee.

The control plans of the Julius Baer entities contain controls tightly related to the Global Standards laid down in a broad set of globally applicable policies. Such controls are defined as Global Minimum Controls and are part of the entities' key controls. Besides those, entities have local key controls adapted to their particular business model and business and regulatory environment. Independent quality reviews of the key controls performed by the first line of defence ensure a safe and sustainable business practice, both at an entity level and from a consolidated supervision perspective at Julius Baer Group level.

Compliance framework

The compliance framework consists of distinct pillars: (1) a global compliance programme annually approved by the Group's Executive Board (ExB),

(2) global compliance policies with Global Standards that must be implemented in all entities of the Group, (3) periodic compliance training, (4) global minimum key controls, (5) periodic risk assessments and (6) regular reporting and communication.

In the next paragraphs we will discuss the five key focus areas in our compliance framework: prevention of corruption and money-laundering, tax compliance, regulatory and cross-border risks, market conduct, training.

First, anti-corruption and anti-money-laundering (AML) processes form an integral part of the Code of Business Conduct, and corresponding policies are defined and implemented in all entities of Julius Baer, with regular awareness training held for all staff. The policies include but are not limited to the client acceptance policy defining the client risk categories and corresponding approval processes, Know Your Client (KYC) policy, anti-corruption and AML policy, anti-bribery policy, and sanctions and embargoes policy. All these policies define global standards that are implemented in all entities of the Julius Baer Group.

Specified controls are designed to identify and manage any corresponding risks:

- Client onboarding includes an assessment of the clients' risks and triggers approvals at defined (senior management) levels.
- Compliance performs independent checks of high-risk relationships – such as politically exposed persons (PEPs), risk countries, sensitive industries, large clients – during the onboarding and periodic reviews.
- Electronic transaction monitoring systems are implemented to identify unusual transactions that need to be assessed. The parameterisation of these tools takes client risk indices, type and size of the transactions as well as a change in behaviour into account. We are regularly reviewing these systems and parameters and implement changes when required. As part of the global AML framework programme, Julius Baer is committed to making further substantial investments to enhance or upgrade our current systems.

- Ongoing name screening against a globally accepted list of exposed persons (such as PEPs, sanctioned persons, convicted criminals) is being performed.
- A payment-filtering system ensures compliance with sanctions and embargoes.
- A Group-wide policy on gifts, entertainment and anti-corruption measures is issued with a corresponding compliance framework.

All transactions (defined as asset in- and outflows, e.g. payments or securities deliveries) are being monitored by Julius Baer's electronic transactions monitoring system. In case predefined parameters are met, an AML alert is being generated that must be analysed and documented by the relationship manager (RM) and his or her superior. Compliance monitors timely completion of the clearing of these alerts and checks its quality on a sample, risk-oriented basis. In addition, all in- and outflows on the client accounts are screened against the sanctions/embargoes list.

High-quality KYC information serves different purposes: (1) meeting regulatory requirements such as AML standards, (2) using the information as a basis for actively managing client-related potential reputational risks, (3) being in a position to provide the appropriate services to our clients.

We are continuously monitoring the regulatory development in this area and adjusting the above framework when required.

'The revision of anti-money-laundering standards (e.g. KYC standards) is regularly being discussed at ExB level.'

In addition, the revision of AML standards (e.g. KYC standards) is regularly being discussed at ExB level. The ExB approved the launch of the global AML framework programme with the strategic goals to review the current standards, make substantial investments into tools and processes to strengthen the money-laundering prevention framework and to

improve the quality of KYC information. The ExB is regularly informed about the progress made. Communication and training initiatives at all levels (e.g. from the ExB to the individual RM) are important measures to support this global programme.

Secondly, Julius Baer has established a client tax compliance framework some years ago and further developed it since then. Julius Baer does not provide assistance to clients in acts aimed at breaching their fiscal obligations. We have also implemented the necessary frameworks to tackle recent global developments, such as FATCA and Automatic Exchange of Information, as well as tax offences seen as a predicate to money laundering based on the FATF standard. In addition to regular communication to clients about upcoming changes, our employees were trained and a compliance monitoring programme was rolled out.

Furthermore, the Group established a comprehensive framework consisting of cross-border country manuals, training programmes and a monitoring concept for the material markets we do business in, so as to ensure compliance with local regulations when offering financial services and interacting with clients from those countries. We are consistently monitoring the developments in these markets so that our policies and processes are up-to-date.

We also have established a framework to comply with market conduct rules that prohibit the misuse of inside information, fraudulent trading activity and general market-abusive activities. All client orders in financial instruments are handled in accordance with Best Execution standards applying the respective selection criteria. A control framework aims at preventing market manipulation such as insider dealing, front-, parallel-, after running and also addresses potential conflicts of interests.

Finally, our in-house training facility, Julius Baer Academy, established a comprehensive framework ranging from staff induction training to periodic refreshers, to special training on specific subjects, people's development, leadership, business specifics, etc. Many compliance-related topics are included in the different modules, and every year, money-laundering prevention is integrated in the

compliance refresher training for all business staff. In 2017, a special focus was placed on the newly applicable KYC standards.

Besides the periodic compliance training of all front office staff (with an annual focus on money-laundering prevention), the ExB members also receive training on money-laundering prevention.

Prohibited war material producer exclusion

In line with the international conventions, Julius Baer recognises the manufacture of prohibited war material (nuclear and bio-chemical weapons, landmines and cluster bombs) as violating the fundamental humanitarian principles. This issue is therefore being addressed in a Group-wide policy and a blacklist of prohibited war material producers with associated comprehensive monitoring processes across all business units. The scope of the prohibitions extends to investments in all financial instruments issued by companies and their subsidiaries on Julius Baer's proprietary blacklist. Measures are taken to signal employees and clients.

The restrictions relate to the inclusion of such financial instruments in Julius Baer's products and services. For instruments on the blacklist, Julius Baer will have:

- No research coverage
- No solicitation or reverse solicitation
- No inclusion in discretionary mandates, Julius Baer issued products and funds
- No inclusion in the Bank's treasury book or proprietary Markets' books
- No assigning of Lending Value
- No corporate account openings

PUBLIC POLICY ENGAGEMENT

Monitoring policy developments allows the organisation to be well-prepared for future policy implementation, to assess policy proposals at an early stage and to engage in the shaping of the policy in a way that best fits our business model (thereby managing and mitigating risks). This is particularly critical in an industry that is as heavily regulated as the financial services industry.

Furthermore, policy engagement is an important tool to support the growth of our business and to ensure that the regulatory framework in our key locations and growth markets is as business-friendly as possible. For example, policy engagement in our home market of Switzerland contributes to creating a competitive framework for the Swiss financial centre. It also ensures that regulation within the sector is proportionate to our business model and positioning. In this context, one of our main public policy missions is the positioning of the private banking sector as a key export industry of Switzerland.

'Monitoring policy developments allows the organisation to be well-prepared for future policy implementation.'

To reach our policy engagement goals, Julius Baer has continuous dialogues with regulators and representatives of political parties. In addition, the organisation holds memberships at various business associations and umbrella industry organisations that play a part in shaping the political opinion on issues affecting the financial industry, and that represent members' shared interests in the governing bodies.

We currently focus our engagement on Switzerland and the European Union (started in 2017) and aim to start engaging in our second home market, Asia, beginning with Singapore and Hong Kong.

Political engagement initiatives in Switzerland

As an engagement unique to Julius Baer's home market of Switzerland and as a way to support and foster the Swiss direct democratic system, the company actively supports political participation of local staff. In order to facilitate this, we established a framework and respective internal policy that enables flexible time management for employees' engagements at any political level and in any established political party in Switzerland. Additionally, we organise panel discussions with leading politicians of all major parties in the lead-up to national referendums for our Swiss-

based employees to encourage the voting as well as a dialogue on economic, social and political issues.

Generally, Julius Baer highly appreciates the work of Swiss political parties and will support them financially on a project-by-project basis whenever we identify certain initiatives that have an economic link, as they are mainly privately funded.

Furthermore, we more indirectly contribute to political engagements through our membership of the Swiss Bankers Association. Likewise, we occasionally provide ad hoc funding for studies from independent research institutions, with the goal to increase awareness about the mechanisms of the Swiss political system. Past examples were the studies 'Parlamentswirkung

2011–2015' on parliamentary impact and 'Bausteine zur Stärkung des Schweizer Politsystems' on how to strengthen the Swiss political system, both by gfs.bern.

In 2017, Julius Baer's total membership contributions and other spending for public policy engagements added up to around CHF 2.5 million (cf. CHF 2.5 million in 2016). Over 75% of this amount went to five organisations: the Swiss Bankers Association, the World Economic Forum, the Swiss Structured Products Association, the International Swaps and Derivatives Association, and Avenir Suisse. Direct political contributions were limited to a low six-digit amount in 2017.

Through this business practice
Julius Baer contributes to the UN Goal:



BUSINESS CONDUCT AND INTEGRITY

For nearly 130 years, our clients have trusted in our ability to manage their wealth not only because of our deeply rooted values and our integrity, but also because we have always put the interests of our clients at the centre of our activities. We base our work on the principles of integrity, trust, respect and responsibility through our distinct and strong corporate values: Care, Passion and Excellence. These are integral factors for long-term value creation and stakeholder management.

CODE OF BUSINESS CONDUCT

Led by the Core Values of Julius Baer – Care, Passion and Excellence – the daily activities of our company are governed by the set of guiding principles and professional standards for ethical business conduct. These are summarised in Our Professional Standards – Code of Business Conduct (the ‘Code’) that is available on our website.

‘Julius Baer’s Core Values:
Care, Passion and Excellence.’

Since Julius Baer has a comprehensive range of internal policies in place, the Code was formulated not as an additional policy, but rather as a summary of our corporate ethics and behavioural principles for all persons representing Julius Baer. It is complemented by our internal policies and regulations implemented at the corporate and local levels. All employees of our Group worldwide are expected to meet these standards. The Code is distributed to all new joiners of Julius Baer as part of the global standard for all locations. Further, a dedicated manual describing hands-on tips and detailed examples of bringing the Core Values to life is available to all employees on our Intranet.

The Board of Directors and the Executive Board fully support the Code and are personally committed to ensuring that it is lived by. While the Code focuses on the most important issues, it

cannot cover all circumstances. Therefore, Julius Baer relies on the good judgment and responsibility of our staff in case they find themselves in a situation that is not explicitly covered by the Code.

INTEGRITY, TRUST, PERFORMANCE, RESPECT AND RESPONSIBILITY

Julius Baer Integrity Platform

Julius Baer’s reputation for integrity is one of its most important assets. To enhance our already existing internal reporting channels we implemented the ‘Julius Baer Integrity Platform’. The platform allows anonymous reporting of incidents by the employees; and beyond compliance with internal policies, laws and regulations, the reporting platform also addresses issues such as human resource concerns. As local requirements may vary, a global standard can be further adjusted to local needs. By the end of 2017, the global roll-out had nearly reached completion; the few remaining locations are expected to follow in 2018.

The reporting system can be used to report suspected misconduct relating to categories such as: threats, stalking, theft, vandalism, damage to Julius Baer Group’s property, embezzlement, fraud, disloyal management of business, accounting fraud, information security breaches, money laundering, terrorism, bribery, corruption, violation of laws (including foreign laws), improper behaviour, bullying, harassment, conflicts of interest, environmental pollution and misconduct with regard to community engagement activities.

During 2017, no major cases were flagged through the platform.

Dealing with adversities

Trust and credibility are imperative in all activities with our various stakeholders, and they are an integral part of our values and professional standards. We do however acknowledge that issues between and with certain employees or stakeholders can arise in everyday activities, despite the best of intentions. Objective and sometimes heated debates are signs of a vigorous, self-renewing and open corporate culture. But when critical differences remain, employees

have access to various units that can help resolve the situation through mediation with internal and/or external support.

Generally, our employees are encouraged to discuss workplace issues with the direct line management and/or Human Resources. Whenever this cannot be done, other channels remain open to report a concern or a complaint, such as contacting the Group's Ombudsman or filing the case through the Julius Baer Integrity Platform described in the previous paragraphs.

We also issued directives designed to prevent discrimination, sexual harassment and workplace bullying. Employees who are the victims of the aforementioned violations, or who observe such behaviour being directed at third parties, can contact their line manager and/or Human Resources. At all times, we assure the greatest possible discretion and confidentiality. However, the investigations may require the involvement of additional persons, such as the Group's Ombudsman or third parties, including authorities. Any involvement of such further persons or bodies is aligned with the affected employee to the extent possible. Depending on the gravity of the reported issue, we take disciplinary or other measures, including the termination of employment and/or the initiation of legal proceedings against wrongdoers.

INFORMATION AND DATA SECURITY

Our clients need to trust that we live up to our responsibility to protect their personal data. They must feel that this data is in good hands and that the utmost care is given to the protection of their privacy. As a result, the safeguarding of our client confidentiality as well as the availability of our services to our clients and counterparties are key priorities for Julius Baer.

To meet these expectations, Julius Baer maintains a strong, state-of-the-art information security programme, which is a formal component of the overall risk management framework. It addresses the current risks and prepares us for future threats. This ensures sound, effective and efficient protection of data as

well as continuous operation. The information security risk management framework ranges from the strategic to the operational level.

At the strategic level, an Executive Board (ExB) security subcommittee decides annually on the three-year security road map and mitigating actions for escalated risks. It reviews the medium-term challenges to Julius Baer's standing in a rapidly changing, complex environment. The ExB as well as the Audit Committee of the Board of Directors take note of the roadmap and are regularly informed about current threats and progress in the implementation of measures.

At the tactical level, the Security Programme Board drives the enforcement and remediation initiatives, and the IT Risk Management Committee deals with the risks related to information security in the information technology (IT) area. Further, a Cyber Risk and Threat Management Committee continuously monitors the cyber-threat landscape and escalates developments that require action or remediation.

Finally, at the operational level, various specialist units ensure the implementation of measures in their daily operations. These include a dedicated Security Operations Centre, a data leakage prevention unit, as well as active involvement of the security specialists in projects. Key controls ensure continuous monitoring of areas with heightened risk exposure.

'Some key aspects in the information security framework are the notions of do-it-right-the-first-time, transparency and people-centric security.'

Some key aspects in the information security framework are the notions of do-it-right-the-first-time (security is embedded in the processes to ensure that an adequate security level is implemented), transparency (which makes security measurable and manageable) and people-centric security (secure behaviour is part of the corporate culture).

This last aspect, in particular, is a key measure to maintain and improve the level of information security. With broadly rolled-out internal awareness campaigns we sensitise our staff continuously. Access to critical data is provided according to the need-to-know/need-to-do principle. Access to data by administrators and power users is being monitored and logged.

Security incidents are handled and processed according to the security incident processes, including IT if IT systems are concerned. The processes are well established and are constantly being refined, taking into account both real incidents and contingency management exercises.

For our clients based in Switzerland, we go one step further. Whenever a client connects to our e-banking platform with a malware-infected device, Information Security will contact the client's relationship manager through the e-banking helpdesk and prompt him/her to get in touch with the client. With this we aim to provide the client with a service, including the notion of 'Care'.

In summary, Julius Baer maintains an adequate, effective and efficient set of measures and processes, both to comply with respective data protection rules and to safeguard the appropriate business and client confidentiality and the continuity of operation. To continue this path we successfully realized a couple of initiatives in 2017, for example:

- A new and significantly leaner global security control framework
- The launch of a new multiyear global cyber business continuity programme to strengthen Julius Baer's cyber resiliency
- The establishment of a successful collaboration with a start-up company originating from the Swiss Federal Institute of Technology (ETH) in Zurich, which aims to implement a new, fully dynamic (no signatures and blacklists) threat and malware detection and prevention technology

RESPONSIBILITY TO OUR CLIENTS

Julius Baer keeps a pure focus on private clients, providing them with a dedicated wealth management service and the best possible client experience. The success of this strategy is reflected in the prestigious awards Julius Baer continuously receives for its expertise in the realm of private banking. This recognition comes from notable independent juries around the world who are experts in the industry. One such prestigious award is the recognition of 'World's Best Bank for Wealth Management 2017' by Euromoney.

CLIENT ADVISORY EXPERIENCE

In the 1890s, Julius Baer, the founder of the Bank, said: 'If contact between people is based on trust and absolute integrity, then it is of benefit for both sides.' Today, Julius Baer's philosophy is continually reflected by serving clients with the highest standards of quality and expertise in the field of private banking.

'Julius Baer's philosophy is continually reflected by serving clients with the highest standards of quality and expertise.'

Julius Baer's advisory services are based on a strong partnership between the client and his or her dedicated relationship manager. Through this personal interaction, the client's specific situation and preferences are considered within the structured advisory approach. Every investment recommendation is the result of a strictly controlled process involving expert committees,

ongoing quality checks and the alignment with the personal client investment profile. Our clients benefit from continuous portfolio monitoring and from increased investor protection. In order to further improve our services, we will continue to invest in our technology infrastructure, and, more importantly, in the skills of our employees. We therefore offer a comprehensive range of training modules for our staff, including a mandatory certification programme for relationship managers (for more details refer to the section 'Responsibility to our employees').

MIFID II AND MIFIR

As of 3 January 2018, our offices in the European Union have to follow the rules set by MiFID II and MiFIR, the new directive and regulation of European Securities and Markets Authority that replaces MiFID I. Julius Baer invested into reaching compliance in a manner that ensures that our clients get quality advice best suited to their personal situation, and by assessing their financial risk capacity and individual knowledge. As a result, our clients are now getting transparent information directly in their inbox or e-banking account, thus ensuring that they can make informed decisions before each trade. Furthermore, at the latest after the trades are executed, they also receive a full report of why our advice suited their individual needs.

More information about Julius Baer's scope of investment, advisory and execution competence is available in the Business Review 2017 and on our website.

RESPONSIBLE INVESTMENT PRACTICES

STATEMENT FROM THE HEAD OF ADVISORY SOLUTIONS AND THE CIO

Dear reader,

We all like to think of ourselves as ‘responsible’ as we set about our daily business, whatever that might entail for us. But what does being responsible really mean and do we all have the same perspective? Most of the time, our innate sense of responsibility is simply second nature and not consciously thought through.

When it comes to investing money in financial markets however, it is imperative to act consciously. So how do we apply our ‘responsible gene’ to the investments we make? How do we decide what is and what is not ‘responsible investing’ and why should it matter? It is all too easy to become distracted by the gains without examining how they are achieved. Investing responsibly can create long-term value, rewarding such investments and benefiting both society and the environment.

The Principles for Responsible Investment are an integral part of our investment process allowing us to improve our abilities to uncover risks and detect opportunities for our clients. This does not mean, however, that we are making moral judgments about investment opportunities. Rather, we acknowledge that a company’s corporate culture can have just as large a role to play in its success as its balance sheet.

‘We acknowledge that a company’s corporate culture can have just as large a role to play in its success as its balance sheet.’

It has been three years since we signed the United Nations-supported Principles for Responsible Investment and we are proud to say that 2017 was a year full of progress in our efforts in this area. For example: we continue to see client interest in our offering growing, it has been the first full calendar year with the Responsible Investment (RI) Board in place, and we launched an internal RI campaign in October.

In this chapter, you will read more about our framework and progress in this area.

Yours faithfully,



Philipp Rickenbacher
Head of Advisory Solutions,
Member of the Bank's Executive Board



Yves Bonzon
Head of Investment Management and CIO,
Member of the Bank's Executive Board

The Julius Baer Investment Approach is about accepting the world for what it is today whilst recognising the major shifts taking place over several years that transform both the economic and political landscape. Confronted with an investment horizon increasingly led by politics and, for example, a longer-term transition into all things digital, traditional asset allocation no longer works and a greater dose of patience to ride out volatility is needed. Responsible investment practices and ESG integration are a key aspect in this investment philosophy.

RESPONSIBLE INVESTMENT PROCESS AND ESG INTEGRATION

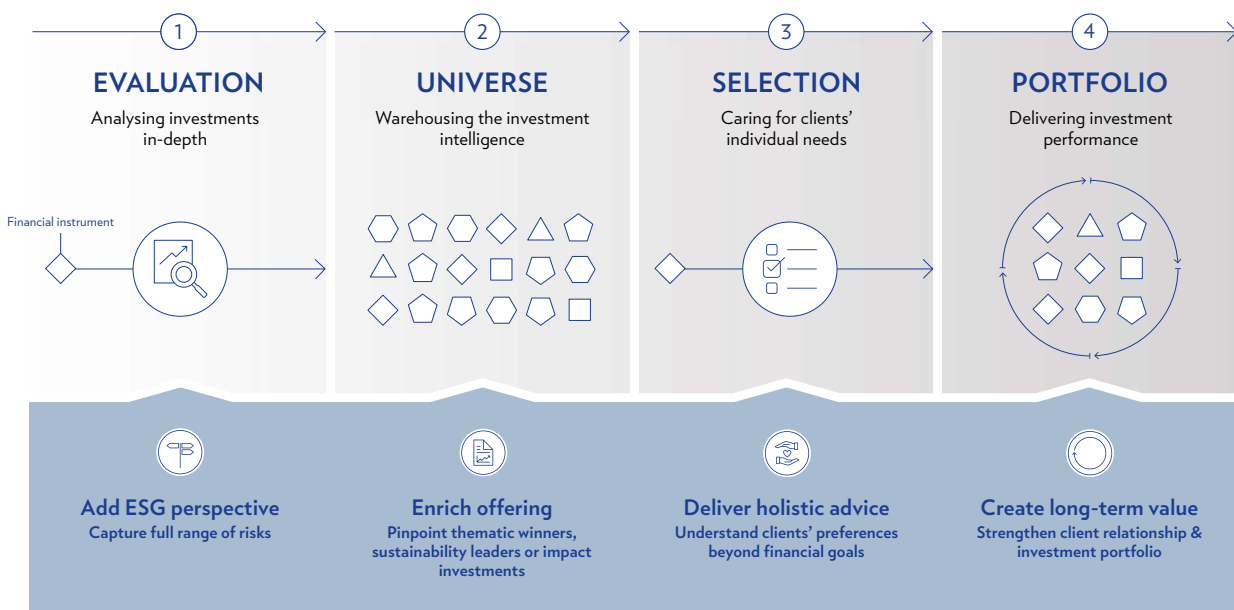
Julius Baer signed the United Nations-supported Principles for Responsible Investment (PRI) in September 2014. As a signatory, we are committed to following the Principles by incorporating environmental, social and governance (ESG) metrics into our overall investment process and ownership practices, and to report our activities and progress under the annual reporting framework.

The Julius Baer definition of Responsible Investment (RI) ensures that Julius Baer's overall investment process takes financially material ESG risks into consideration in order to achieve long-term economic benefits for our clients, and raise awareness and transparency of these risks.

Generally speaking, our approach to RI centres on creating long-term value for our clients. It does so by ensuring that our overall investment process is 'responsible' by integrating ESG into our research process to capture the full range of risks, by raising awareness and transparency of RI with our clients and client-facing staff and ultimately by enriching our RI product and services offering. Not included in our RI approach are making investment horizon and ethical preference choices on behalf of our clients. The final investment decision lies with the client.

Our Responsible Investment Board governs all aspects of RI, such as ESG integration, RI-related offering and overall RI communication. The Board is chaired by the Head of Advisory Solutions and consists of members of the Executive Board of Bank Julius Baer.

Julius Baer Responsible Investment process



ESG integration approach – capturing the full range of risks

The guidelines on responsible investment have become an integral part of our investment process. Integrating ESG factors into investment analysis is both a top-down and a bottom-up process. Top-down, it is a matter of mapping industry-specific opportunities and threats, and understanding how the latter impact an industry's long-term prospects. The business environment is highly dynamic and influenced by factors beyond the ups and downs of the economic cycle, such as changing consumer preferences, innovation or government regulation. Bottom-up, integrating ESG factors is a matter of uncovering a company's strengths and weaknesses and understanding how the dynamic environment is managed. ESG considerations shed light on corporate cultures, which is the defining soft element that separates winners from losers and determines business success. In brief, we expand our analysis toolbox to include additional non-financial information believing that doing so strengthens our ability to evaluate investment risks rationally and without bias.

‘Evaluating sustainability has become an integral and risk-rational part of analysis and should not be confused with selecting investments based on ethical considerations.’

We are convinced that such a holistic approach improves our abilities to uncover risks and detect opportunities, ultimately yielding superior investment performance for our clients. Our investment process mirrors the broader evolution in recent years: evaluating sustainability has become an integral part of analysis, particularly risk-focused, and should not be confused with selecting investments based on ethical considerations.

A dedicated committee challenges the analysts' views

The pivotal element in the investment process is our Responsible Investment Committee, which ensures that the relevant ESG information is incorporated into our recommendations. This dedicated committee actively engages our analysts and portfolio managers and challenges their views and beliefs in order to limit investment risks without touching their independence. Companies with low ESG scores and high public controversies are discussed in-depth among experts to assess whether there are meaningful fundamental risks and whether financial markets properly value these risks. Our experience shows that we need to question externally-sourced ESG information to validate its quality and meaningfulness. Rather than excluding companies with a poor environmental footprint or inferior corporate governance from the investment universe, our approach focuses on risk control and sound investment advice.

Responsible Investment Committee process



Julius Baer Responsible Investment product and services offering

	NEXT GENERATION	SUSTAINABLE INVESTMENT	IMPACT INVESTMENT
	Forward-looking investment philosophy that identifies the secular growth areas linked to global megatrends and seeks the winning companies of the future	Builds upon the Responsible Investment approach, with focus on best-in-class ESG companies alongside capturing financial returns	Aims to generate specific social and/or environmental benefits in addition to potential financial returns
Funds / Structured Products	✓	✓	✓
Services (Mandate, Advisory)	–	✓	–
Equities	✓	✓	–
Fixed income	–	✓	✓

Our RI-related offering

Broadening our horizon and evaluating assets beyond purely financial metrics enables us to uncover valuable characteristics and enhance our holistic approach to giving advice. RI serves as a basis for numerous specialised products and services, which we divide into three main buckets: the Next Generation investment philosophy, Sustainable Investment and Impact Investment.

RI-related offering assets under management

	in CHF m
Assets with ESG integration ¹	45,881
Discretionary Sustainability Mandates ²	736
Recommended Sustainable Investment and Impact Investment funds ³	215

¹ Based on AuM for central portfolio management

² Including various asset classes and currencies

³ Total AuM invested through Julius Baer in recommended Sustainable Investment and Impact Investment funds on the open product platform

growth. The objective is to seek out sustained growth opportunities by identifying companies with a competitive advantage within structurally growing markets, and thus harness global megatrends to deliver superior investment returns.

Straddling our research offering and investment management capabilities, Next Generation aims to provide growth-focused investment products and services in the equity space, alongside cutting-edge research content for our clients.

‘Next Generation has integrated ESG risk monitoring within its broader investment process, which focuses primarily on industry growth, competitive advantage, economic returns and equity valuations.’

Next Generation

At its core, the Next Generation investment approach at Julius Baer is a thematic approach to investing with a focus on long-term structural

Next Generation has integrated ESG risk monitoring in its broader investment process, which focuses primarily on industry growth, competitive advantage, economic returns and equity valuations. Next Generation maps global trends across five key investment themes:

- **Arising Asia** – the structural trends at play in Asian emerging markets – growing economies, increasing innovation, expanding middle classes and changing consumer demand – place emerging Asia at the forefront of global value and wealth creation.
- **Digital Disruption** – the phenomenon of digitalisation, led by the proliferation of computing power and greater internet connectivity, is affecting every corner of our lives with an accelerating intensity.
- **Energy Transition** – the global challenges such as air and water pollution, as well as climate change and environmental regulation, are driving a global transition towards new forms of energy production and human mobility.
- **Feeding the World** – the challenge of food production, which will require overcoming finite natural resources and the adverse impacts of climate change in order to feed an increasingly populous world (an additional 2.4 billion people by 2050) both affordably and efficiently.
- **Shifting Lifestyles** – the global trends in population ageing, extended life expectancy and changing lifestyles mean that youthful minds, active lifestyles, health and education will be more important than ever.

Sustainability Mandate

Through our Sustainability Mandate, we aim to offer our clients a variety of possibilities to invest sustainably in various asset classes and currencies in line with their individual requirements and we have been doing so for more than 12 years. The mandate is built on the understanding that key factors such as the environment, society, corporate governance and politics have a significant influence on a company's strategy and targets. As a result, the Sustainability Mandate applies the best-in-class filter on top of ESG integration and offers our clients the possibility to participate in a globally diversified universe of forward-thinking, responsible and innovative companies. Only the top 30% of the companies within their respective subsector become part of the investable universe. These companies stand out with superior leadership demonstrating duty of care to the environment and individual well-being, but more importantly they are well prepared to deal with growing social and environmental challenges. The

investments are made according to themes, specifically addressing the relevant challenges of the near future, such as energy efficiency, education, mobility, biodiversity or water. On top of the rigorous financial analysis a strict governance filter is applied as an additional investment risk criteria.

'Sustainability Mandate applies the best-in-class filter on top of ESG integration and offers our clients the possibility to participate in a globally diversified universe of forward-thinking, responsible and innovative companies.'

In a holistic approach, the Sustainability Mandate incorporates a company's forward-looking strategy, innovation capability and exposure to social and environmental issues.

Impact investment offering

The impact investment concept focuses on investing into very specific sectors or explicit geographic areas with a particular intention on generating social and environmental impact alongside financial return. In 2017, Julius Baer focused on two areas of impact investing in its offering: microfinance solutions and green bonds.

Microfinance solutions are some of the best established scalable vehicles to provide solutions for income generation, economic empowerment and financial inclusion of the less fortunate in our societies. Therefore, we offer a selection of microfinance funds to our clients to facilitate their interest in channelling funding towards such solutions. These recommended funds mostly engage worldwide in less liquid short to medium-term income-bearing debt contracts of microfinance institutions (MFIs) domiciled in emerging and developing countries. Regions include Central and South America, Asia, Sub-Saharan Africa, the Middle East and Eastern Europe. All recommended funds are actively managed, well-diversified global portfolios, enabling not only the generation of a moderate financial return, but also a positive social and environmental impact.

Our green bond offerings are primarily suitable for risk-averse investors with high quality requirements who wish to invest sustainably and responsibly. Green bonds are issued with the purpose of raising funds to finance environmentally friendly projects. Examples of projects that qualify for green bonds include renewable energy, pollution prevention, sustainable water and waste management, green buildings, climate change adoption and clean transport.

Through these business practices Julius Baer contributes to all UN Goals:



Our RI communication – raising awareness and transparency

Responsible Investment campaign

To support the understanding of how Julius Baer implements RI among our staff and our clients, we have launched an RI awareness campaign in October 2017. The campaign aims at educating client-facing employees on the Julius Baer definition of RI and its integration in the overall investment process. Efforts within the campaign go from

providing information material to our colleagues and clients, such as an RI brochure and webcast, to personal educational sessions at relationship managers' desks. Alongside the awareness campaign, an internal one-stop-shop RI webpage was set up to publish research views and launch investment ideas on responsible, sustainable and impact investments.

Creating transparency on investment recommendations

To promote awareness and transparency of our RI approach to our clients, we include MSCI ESG Ratings and MSCI ESG Controversies for equities and fixed income in research reports and marketing materials. In addition, our Funds team conducts in-depth analysis to capture our recommended funds' ESG risks. The team assigns the Julius Baer Responsible Investment Fund Rating (JB RIFR) to all of the recommended funds, allowing our relationship managers and clients to consider ESG risk aspects in their investment decision-making process.

'Our Funds team conducts in-depth analysis to capture our recommended funds' ESG risks.'

As a PRI signatory, we submit PRI reports that provide a review of our Responsible Investment activities on an annual basis. These reports are publicly available on www.unpri.org.

RESPONSIBILITY TO OUR EMPLOYEES

We are in a people's business, passionate about what we do and about our employees, and fully committed to long-term success. Our concept of the employment life cycle is based on our people, our underlying Core Values of Care, Passion and Excellence as well as our strong culture. Hence, the well-being of our employees, the creation of a progressive working environment, and the development and retention of our staff are of utmost importance.

Our employees enjoy long-term career opportunities within Julius Baer, and our goal is to retain them so that Julius Baer as an employer can sustainably develop through organic growth. We promote initiative and entrepreneurship of the individual and encourage our employees to broaden their involvement beyond the direct goals of their team and create a highly conducive work environment. Also, we attach high importance to establishing a working environment of equal opportunities and actively fostering cultural openness. We pursue an all-encompassing non-discriminatory employment approach, as indicated in Our Professional Standards – Code of Business Conduct, which reflects Julius Baer's international and multicultural footprint. These efforts seem to pay off, as in 2017 exactly half of our employees had been with the company for over five years.

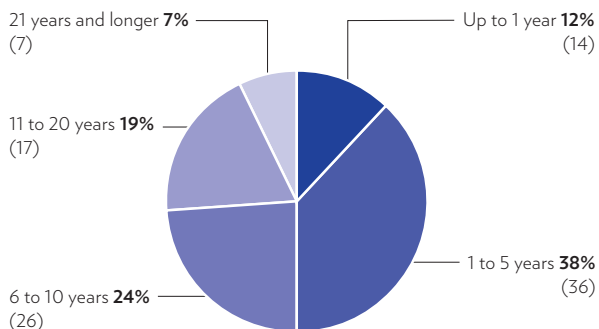
A summary of our quantitative human resources figures is given in the section 'Facts and figures' at the end of this report.

PEOPLE AND DIVERSITY

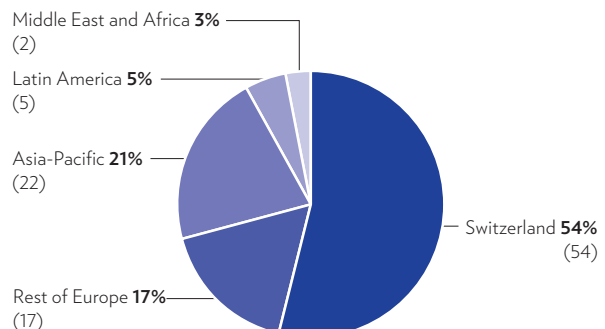
Julius Baer is proud to employ people from 106 different nations. Their unique backgrounds, skill-sets, experiences and capabilities give us a broader perspective on different topics and help us to better understand today's complexities. Further, we are committed to equal opportunities for our employees and applicants, as is specifically addressed in the Group's Code of Business Conduct. Any direct or indirect discrimination on age, gender, sexual orientation, affiliation to an ethnic group, nationality, religion or belief, marital status, pregnancy, disability or other circumstances or characteristics worthy of protection is regarded as gross misconduct. Proceedings and sanctions in case of discrimination apply as described in the section 'Integrity, Trust, Performance, Respect and Responsibility' of this report.

We recognise the need for improvement when it comes to gender balance in our workforce. Unfortunately, this is an issue inherent to players in the financial industry, especially at management level. But we have seen steady improvement in this regard – since 2009 the share of women in overall staff numbers has continuously increased to reach 41.2% (cf. 41.2% in 2016). Additionally, the number of women with senior ranks (Director and above) increased from 17.6% in 2009 to 26.3% in 2017 (cf. 25.9% in 2016). Out of all promotions in 2017, 42.8% were of women, and the percentage of female senior ranks was 27.7%.

Tenure of our employees (based on headcount)



Julius Baer employees (FTE) by geography as at 31 December 2017



In 2017, we continued to conduct an internal analysis to assess our standing on female and male employee compensation. The results showed a reassuring picture, with only a small number of discrepancies, which we are addressing case by case.

As of July 2017, Larissa Alghisi Rubner (Chief Communications Officer) joined as member of the Group's Executive Board, and as of December 2017, Beatriz Sanchez (Head Latin America) joined as member of the Bank's Executive Board. These developments will gradually contribute to a better representation of women at management level.

Through this business practice
Julius Baer contributes to the UN Goal:



Zurich-Altstetten relaxation room

EMPLOYEE WELL-BEING

A strong focus is placed on the health of our employees by addressing topics such as work-life balance, healthy diet at the workplace, stress and burnout prevention, sports and ergonomics. Some of the initiatives we have put in place:

- We opened a relaxation room in Zurich-Altstetten (our largest corporate office) in 2017. To raise awareness of this initiative, our employees were invited to lunch and learn sessions about the various benefits of an active use of the room.
- We expanded our lunchtime mindfulness/meditation offering, which was first introduced in 2016.
- We offer regular free health checks for employees over 40 years of age, as well as free yearly flu vaccinations in Switzerland, Hong Kong, Singapore and the United Kingdom.
- We collaborate with a specialised external confidential advisory centre. Anonymously and free of charge, it deals with personal problems and social issues that might arise for our staff in Switzerland.
- We conduct dedicated stress-related issue prevention courses in Germany and Switzerland.

In future, we intend to further extend our health offering in order to better ensure the health of our employees and to reduce illness days. We aim to strengthen our offering related to the working environment and continuously improve on flexible working options, so as to support the balance between the various personal engagements, such as family or leisure activities, and professional life.

Already now, our employees in Switzerland have the chance to adapt their contractual working hours to their individual lifestyle needs over a defined period of time through such measures as reduction of employment level, purchase of additional leave days or unpaid leave – without negative impacts on risk insurance coverage.

We also strive to meet high standards in the design of the workspace. This means continuously taking steps to create and maintain a modern office infrastructure, as well as advantageous layout and materials for offices, plants, ergonomic furniture and office tools.

SENIOR WOMEN MENTORING PROGRAMME

To underscore its commitment to bringing out the best in its employees, Julius Baer has enlarged its mentoring framework with an offer that targets highly motivated senior women. The Senior Women Mentoring programme was officially inaugurated in Zurich on 2 May 2017, with our CEO and Global Head of HR welcoming the first group of participants and giving them valuable insights on mentoring in general and the characteristics of the new programme. About 50 mentoring relationships were established through the programme. We have asked stakeholders, mentors and mentees about their impressions of the programme.

Guido Ruoss, Global Head HR:

'I see diversity as an important driver for a healthy corporate culture. All of us like to work in a positive, stimulating environment which encourages employees to bring in their distinct skills and know-how. A diverse pool of employees is clearly an important ingredient to a positive culture. In addition, mentoring truly creates a win-win for all involved stakeholders (mentee, mentor and Bank), yet it also shapes and benefits our culture at Julius Baer at large. This cultural impact is exactly what excites me about the programme. We want to unlock the untapped potential in our senior women and acknowledge their outstanding contributions and break the financial industry's "glass ceiling".'

Entela Gintzburger, Wealth Planner and mentee:

'The mentoring programme has been a great experience, as it allowed me to learn more about the organisation of the Bank and maintain the skill of networking. I received a lot of guidance and suggestions in terms of how to make better career decisions. Whenever I had questions that I did not know where I could get them answered, my mentor helped me with them. My mentor

is always supportive and positive; through him I learned a lot about how to deal with ambiguity and crisis situations. It was a real added value, and I strongly recommend this programme to others.'

'We want to unlock the untapped potential in our senior women and acknowledge their outstanding contributions.'

Toni Scheiwiller, Head Global Corporate Services and mentor:

'I believe that this programme is mutually beneficial to the mentee and mentor. It makes senior women more visible within the organisation and allows room to create new professional ties with colleagues you do not interact with on a daily basis. Personally, it also helps me in becoming a better leader for my own direct reports.'

Stefanie Schneider, Legal Latin America and mentee:

'It is a positive sign that Julius Baer launched a mentoring programme targeting women in particular. My personal mentee experience was highly beneficial thanks to

the good mentoring match and the valuable business input I have received.'

Monica Dahinden, Head HR Business Partners and mentor:

'The mentoring programme testifies to our aspiration to be an Employer of Choice in Wealth Management. In the future, I want more women to benefit from the programme as it not only supports their careers and personal development, but the whole development of our organisation at large. Being a mentor makes me reflect and question my own leadership style and behaviour, but also allows me to learn about my mentee's organisation.'

Through this business practice Julius Baer contributes to the UN Goal:



REWARDS AND BENEFITS

Julius Baer rewards employees for excellent performance as well as for ensuring regulatory compliance and exemplary behaviour that will promote the long-term sustainable success of the organisation. The salary structure is matched to the level of responsibility, reflects the market benchmark and is on a competitive level in all of our locations. Global role classification models are used to determine salary ranges for employees' functions. The majority of part-time employees (working 40% or more) enjoy the same fringe benefits as full-time employees. The regulations for temporary staff on a fixed-term contract up to twelve months differ. For details of Julius Baer's compensation landscape, please refer to the remuneration section of the Annual Report 2017.

The employment package for Switzerland, valid for about 54% of Julius Baer's total number of employees, is the company's guiding framework. Over the years and in parallel to the company's organic and inorganic growth, it has evolved into an attractive market-oriented, performance-based compensation system – including equity participation plans, fringe benefits and innovative pension solutions, as well as competitive benefits concerning insurance coverage, health care, paid holidays (e.g. 25 days for our employees in Switzerland), parental leave and discounts for public transport.

Parental leave is offered according to local legislation but is often surpassed. With local requirements being different in every country, the Swiss regulations for parental leave are serving as a guiding principle for locations abroad. For example, in Switzerland we offer maternity leave of twenty weeks (hundred workdays) and paternity leave of one week (five workdays), as well as adoption leave. In 2016, 135 women were on maternity leave, and 113 of them (84%) still worked at Julius Baer as at mid-year 2017. In 2017, 101 men took paternity leave (cf. 121 in 2016). On average, women took 111.4 workdays and men 5.8 workdays of parental leave in the reporting period, both exceeding the offered amount. Adoption leave is offered in Switzerland, Hong Kong and Singapore for the

employee who is responsible for the predominant care of the child at home immediately after the adoption.

Beyond that, as a family-friendly employer, Julius Baer in Switzerland financially supports childcare for working parents, as well as when a parent is widowed or when the partner is temporarily unemployed.

We also encourage the use of public transportation to and from work by subsidising local transport subscriptions for our employees in Switzerland, in the UK and in certain other countries.

Through Julius Baer's support of the employee-driven Sports and Leisure Associations in the Zurich, Geneva and Lugano areas, as well as through independent volunteering initiatives in other locations like Luxembourg, London and Singapore, a broad range of physical, mental and educational activities are promoted to and participated in by the staff. In other locations, Julius Baer contributes to an annual fitness membership. Julius Baer Staff Clubs in Hong Kong and Singapore organise social events and team up with restaurants, hotels and other establishments to bring staff exclusive offers.

TRAINING AND DEVELOPMENT

The continuous and targeted development of our employees is a core factor in the success of Julius Baer, and is also a crucial need to support our employees to be ready and nimble for changes in the financial industry and the business environment at large. Through the Julius Baer Academy we ensure that business needs and individual development goals are matched and that talent and leadership development is supporting a strong cultural and ethical behaviour as well as business excellence.

Classroom sessions and e-learning

In 2017, we conducted 836 formal classroom sessions globally, consisting of at least one day of training, which amounts to 12.7 hours per employee. A total of 3,110 employees attended these classroom training units on leadership skills and professional skills

(including technical skills), as well as sales and advice training and new-joiner training. In addition, 25,947 instances of internal e-learning occurred and 7,418 e-tests were successfully completed, mainly on regulatory topics.

In 2018, Julius Baer will further develop the learning landscape for all employees to support lifelong learning and to ensure that everybody is well prepared for the changing world we live in today.

Competency framework

In 2017, we introduced a comprehensive competency framework for all levels of the organisation and all individuals of Julius Baer, which underpins the approach of 'Leadership at all Levels' and is part of the annual performance management review process. We acknowledge that people make an impact from their sphere of influence and want to develop their capabilities to contribute to our Core Values of Care, Passion and Excellence.

Leadership programmes

Leadership consistency and high standards are an important aspect of achieving our goals. As a result the 'Coach Approach to Leadership' programme, which was introduced in 2016 and is delivered in collaboration with an industry-wide acknowledged executive coach and trainer, has been further developed. Over 80% of our senior managers already attended the programme and will reach completion by the end of 2018. Another leadership focus in 2017 was put on the front team heads of the Bank to help them develop a deeper understanding of their roles as manager of people and manager of business. We will step up these efforts through the 'Compass Training Sessions' in 2018.

Coursera

As the first private bank, Julius Baer in March 2017 launched the online learning platform 'Coursera', an independent massive open online courses – MOOC – platform including courses from globally well-known universities and organisations. This platform encourages employee-centric and self-driven learning. Every Julius Baer employee globally has direct access to over 200 courses from international top universities and business schools. The offering

includes carefully selected courses ranging from business, finance and accounting to IT, to languages and personal development.

The uptake in this first year was very encouraging. The flexibility of self-paced education combined with the ability to connect to the platform anytime, anywhere and from any device are key benefits of Coursera. Once a course is completed, participants get a certificate of accomplishment. Since the launch in March 2017, 648 employees have registered for a course, and 198 courses were successfully completed.

In-house programmes

We further encourage employees to both participate in targeted in-house programmes and to pursue focused external training. Internal training offerings include classroom sessions, web-based training units and e-learning. Professional skills training covers topics such as banking knowledge, technical skills related to tools and systems, personal effectiveness, communication, negotiation and project management.

Regulatory training

As described in the 'Compliance and risk management' section of this report, particular attention is given to ensuring that employees are aware of the risks in the wealth management business and comply with the relevant rules. On a mandatory basis, every employee has to pass web-based training units related to compliance and risk, covering topics such as anti-money laundering (AML) efforts or information security. Relationship managers (RMs) are naturally the employee group with the largest needs in terms of risk- and compliance-related training. In 2017, we conducted the yearly classroom-based compliance refresher training in 27 countries, benefiting 1,120 RMs. Also, RMs successfully passed 2,833 country manual e-tests covering much of the cross-border business requirements. Additionally, employees regularly need to complete other mandatory training units based on their job profile, so as to ensure continuously high competency standards.

Targeting our client-facing workforce, Julius Baer has set up a robust and sustainable curriculum in accordance with local regulatory requirements. We ensure the ongoing development of our RMs with regard to their key competencies. The two-day 'Advisory Camp', which reflects Julius Baer's understanding of excellence and holistic investment advice, was conducted in Zurich and in Asia. A growing number of countries require the certification of RMs, and Julius Baer has already certified about 90% of all advisors based in Switzerland as 'Certified Wealth Management Advisors' (CWMAs) so as to assure quality in client advice. This will meet the requirements of the upcoming law on financial services (FIDLEG) in Switzerland. Detailed information about FIDLEG – or the Financial Services Act (FinSA) – is available under www.efd.admin.ch (Federal Department of Finance).

RMs in Singapore, Hong Kong and the United Kingdom are licensed and adhere to minimum training, examination and continuous personal development standards as set out by the local regulators, in addition to internal training requirements.

NURTURING YOUNG TALENTS

Julius Baer has a long and successful history in offering an apprentice programme. As part of the Swiss vocational training system, Julius Baer each year offers secondary school graduates a three- or four-year apprentice programme. A combination of on-the-job and off-the-job training ensures that apprentices are well prepared to enter professional life and are ready to be part of the next generation of employees of the company.

At the end of 2017, Julius Baer employed 42 apprentices engaged in commercial or IT education in its headquarters in Zurich, Switzerland. As in previous years our apprentices were notably successful in their final exams; an indication of the quality of our training programme. Julius Baer offered employment contracts to all graduates who wanted to stay with the Bank after finishing their apprenticeship.

In the United Kingdom, Julius Baer introduced a structured programme for the recruitment of young talent comparable to the Swiss apprenticeship. The programme consists of two paths: an entry level path (career starter hired externally) and a development path (current internal employee). The duration of the programme depends on the role and qualification but generally takes 3–4 years to complete. The aim is to achieve, by the end of the apprenticeship, a standard of an agreed set of knowledge, competencies and behaviour that is required for a specific job role.

'In 2017, 90% of the graduates embarked on permanent roles after finishing the programme.'

Annually Julius Baer also offers ten university graduates the opportunity to enter the world of private banking through our Graduate Programme. The target areas are Relationship Management, Advisory Solutions & Investment Management, Information Technology and Business Management. Our two-year programme focuses on preferences of the graduates regarding work assignments, thereby guaranteeing an individual fit and fostering the professional development of each participant. As part of the programme, the graduates have the opportunity to work abroad in one of the international Julius Baer locations during a six-month assignment. All graduates have an appointed mentor to further support their development. In 2017, 90% of the graduates embarked on permanent roles after finishing the programme.

PERFORMANCE MANAGEMENT

In our high-performance culture, each employee works towards specific and individually agreed goals. Julius Baer runs a comprehensive performance management system ('Management by Objectives'), which is based on a comprehensive competency framework for all employees. The performance management process fosters communication between employees and their

managers. Adherence to corporate values, feedback on the employees' achievements, identification of development needs, employees' career goals and growth potential are included in the yearly performance management review process.

EMPLOYABILITY AND REDUNDANCY MANAGEMENT

Julius Baer is committed to being a responsible employer in a world full of complexity and uncertainty. In a fast-changing environment that has strong impacts on the financial planning activities of a company and sometimes results in unavoidable cost-saving initiatives, we believe that it is of utmost importance to maintain a package of measures in connection with redundancies.

To provide for the event of restructurings resulting in collective lay-offs, we set up a new social plan ('Placement Process') in November 2016, which was signed by the Association of Swiss Banking Employees. This social plan is applied in case of restructuring-related terminations. Formulated for Switzerland, the social plan applies in other countries as well, adjusted to local legislation and market practices.

In 2017, the social plan was applied to fewer than twenty employees globally. The programme commonly offers several benefits such as severance pay, external outplacement service and financial support for training that will improve individual

employability. In Switzerland, in particular, employees whose position is eliminated in line with the social plan and who are eligible for an early retirement are given a deposit/injection into their pension fund savings, aiming to reduce their loss in lifelong pension.

Julius Baer intends to focus on preventive employability activities such as training and workshop offerings in the context of career review and coaching. In 2016, we conducted an 'employability check' pilot with an external provider, where twenty employees in Switzerland from the Chief Operating Officer division and Human Resources were invited to participate. The positive feedback of participants and coaches of this pilot helped us to further structure the offering and related activities, which leads to a planned introduction in 2018.

REPRESENTATION IN EMPLOYEE/EMPLOYER ASSOCIATIONS⁴

In Switzerland, Julius Baer is subject to the Agreement on Conditions of Employment for Bank Employees between the Employers Association of Banks in Switzerland, the Swiss Bank Employees' Association and the Swiss Association of Commercial Employees. Julius Baer is represented in various committees of the Employers Association of Banks in Switzerland, which actively fosters the continuous dialogue between the social partners in the Swiss banking industry. In international locations, common procedures apply as required by local laws and practices.

⁴ GRI 102-41

A POSTCARD FROM ... WINDHOEK, NAMIBIA

Julius Baer started collaborating with Swiss NGO B360 in 2017. This organisation aims to contribute to capacity building in southern Africa in order to prepare students for their professional career. One of the organisation's initiatives is to collaborate with corporates in Europe by creating three-month internships for top students from B360's partner universities. Our first intern through this programme, Lot Shikesho from Namibia, wrote his colleagues a postcard after returning home:

Dear team,

It would still be a long journey to Switzerland when I first saw flyers advertising internships on the university campus. Only after several interviews I was told I had the opportunity to work for Julius Baer in Switzerland. I was overwhelmed. I knew this was going to be the chance of a lifetime, bringing me closer to my dreams. Curious and excited, I looked forward to the new challenges and the adventurous experiences that were awaiting me.

Upon arrival, my host family picked me up at the airport. I was puzzled about the side of the road the car was driven; at one moment I thought we would crash! Though things in Switzerland are totally different to what I'm used to back home, I felt at home with

them every single day. They made me understand why Switzerland is known as the Heaven on earth. We did many activities together, such as mountain hiking and rope climbing. Aside from engaging in activities with my family, I went to several cities and festivals in the country. I got to experience the Street Parade, one of Europe's biggest techno events, in Zurich. I had never seen so many people in one place!

At Julius Baer Academy I worked with you, a wonderful team who showed me around the country and took me to magnificent places, too. You are far better than any other team I have ever worked with. At the beginning I struggled to get into your team chemistry. I had to pick up the pace and adapt to the rhythm to be on the same page as you. Working with everyone I

realised how essential team work and passion are in order to deliver quality services to our clients. I had the opportunity to do various things during the internship, such as quality assurance and creating reports. My key contribution though was in financial management. However, it was not only about sitting in front of a computer for hours. I acquired another aspect of professionalism through you and that is how to be extra cautious with business documents. Furthermore, I gained key management skills thanks to a course I completed during the internship.

I would love to thank you all for taking the time to give me guidance, for your patience and unconditional support during my stay at the Bank. The investment you all put in me will forever be appreciated and put into practice. I hope to see you all again soon!

Lot



Through this business practice Julius Baer contributes to the UN Goal:



Lot and his colleagues at Julius Baer Academy (from left to right): Dominique, Santtu, Nic (all Julius Baer Academy), Lot and Marijana (HR Business Management).

OPERATIONAL RESPONSIBILITY

ENVIRONMENTAL FRAMEWORK

Conscious management of Julius Baer's environmental footprint is a fundamental part of our corporate sustainability framework. On top of environmental and social benefits, reducing our operational footprint will increase our efficiency and lead to cost savings. This aligns with our overall objective of productivity and long-term profitability. In 2015, we defined several concrete goals to optimise the efficiency of our infrastructure and to operate an environmentally conscious corporate culture by 2020. The key goals are listed below; they go hand in hand with a number of initiatives to drive this change.

Energy:

- Reduce total consumption by 10%
- Purchase 100% of electricity from renewable sources (wherever possible)

Water:

- Reduce total consumption by 5%

Waste, recycling and cleaning:

- Establish and implement a comprehensive waste management and recycling concept; based on that, set up the respective waste management and cleaning guidelines

In 2017, the Group's emissions amounted about 14,000 tonnes of carbon dioxide (CO₂) equivalents. Even though overall electricity and heating consumption decreased approximately by 3% and 10%, respectively, this amounts to a 6% increase compared to 2016. A key factor driving the Group's CO₂ emissions continues to be business travel (a 6% increase per full-time equivalent to 2016). Although policies to reduce business travel are in place, the nature of our business model, in which trust and relationship building are central, and increasing business success have led to the inability to lower our footprint from travelling.

With 54% of employees in over 70% of offices located in Switzerland, majority of the Group's carbon footprint continues to arise from our operations in our home market (approximately 44% of total CO₂ emissions). For this reason, a lot of our major environmental initiatives have initiated in Switzerland. Now that these initiatives are maturing, the focus is shifting to also include international locations with the goal to adjust to the highest environmental standards at all our locations over the next couple of years.

For more information about Julius Baer's environmental data figures, see 'Facts and figures' at the end of this report.

Energy efficiency and renewable sources

Energy efficiency measures

Increasing the energy efficiency of our office buildings plays an important role in driving down energy consumption. After careful analysis at our sites, we have launched the following improvements, which demonstrate easily achievable energy efficiency measures:

- Installation of LED lighting in numerous spaces and illumination controlled by time switches and/or motion sensors. These measures are standard in major refurbishments and in new office fit-outs. During 2017, further refurbishments to LED lighting took place in Frankfurt, Hong Kong, London, Lugano, São Paulo and Zurich.
- Replacement and upgrade of heating and cooling systems in specific working, storage and technical areas. In 2017, this took place at our offices in Guernsey, Montevideo, São Paulo and Singapore.
- Targeted substitution of older refrigerators used by our employees with newer more energy-efficient models.

Switching to renewable power sources

By the end of 2017, the majority of our Swiss locations had switched to 100% electricity from European renewable sources. We achieved this through a natural process: whenever an electricity contract needs renewing, we aim to source as much renewable energy as the location allows. We expect the remaining locations in Switzerland to transition in 2018. We follow similar processes at our international locations.

Beyond our carbon footprint

In addition to taking steps to minimise our carbon footprint, Julius Baer compensates all CO₂ emissions that cannot be avoided by buying CO₂ certificates. We have chosen to do this in a responsible manner, meaning that we buy certificates from a third party that charges a surplus to be invested in top-rated sustainable development projects. These projects generally focus on renewable energy and energy efficiency, curbing further pollution. We aim to select projects that are in a region where we do business (particularly Asia), that focus on renewable energy and that directly benefit a local community through sustainable job creation. This year, we decided to support an innovative geothermal project in Indonesia. The power plant uses the natural resources of Indonesia's subterranean geothermal activity to reduce demand for fossil fuels. The project involves the upgrade of existing turbines to lift their efficiency and thus generate less emission-afflicted energy from the same source of geothermal steam. The remote location of the region, which historically has led to high unemployment, will see newly created jobs within the clean energy sector through this project having a positive impact on the local economy.

To show our broader commitment to environmental protection, Julius Baer continues its active membership in the Swiss Climate Foundation. This foundation directly helps to fund CO₂-reduction projects brought forward by small and medium-sized enterprises in Switzerland and Liechtenstein and supports climate innovation projects. As part of its membership, Julius Baer donates a considerable portion of the net gains received from the redistributed CO₂ levies in Switzerland to the foundation.

Additionally, Julius Baer is also a participant in the energy saving programmes promoted by the local governments in the cantons of Geneva (eco21) and Zurich (Kantonale Zielvereinbarung) in Switzerland. Both programmes encourage companies to progressively reduce energy consumption. In this context, we committed to decrease energy consumption in all our main buildings in Zurich by 1.3% annually.

Waste management and recycling

We seek to reduce the waste we generate, and advocate to recycle or re-use wherever possible. As part of our waste-reduction efforts, we are also working on minimising the amount of plastic that is used in our offices. In Switzerland, drinking water has historically been offered to employees and clients in plastic bottles. This practice created unnecessary waste in a location that offers tap water of superb quality. To reduce our plastic waste and the other environmental impacts related to the bottling of water, we initiated a transition away from PET towards a more sustainable solution: high-end water fountains fed by running water. In 2017, we successfully completed the roll-out of the new set-up in Switzerland. This was celebrated by gifting all Swiss employees a reusable bottle. Internationally, offices in Frankfurt, Guernsey, Hong Kong, London, Montevideo, São Paulo and Singapore offer similar solutions based on local standards, reducing PET waste by changing to water dispensers or installing filters for tap water.

During 2017, Swiss Recycling performed a recycling audit of our Zurich locations to further advance our waste reduction and management efforts. The audit included interviews with housekeeping and cleaning staff as well as Julius Baer employees, detailed analysis of our waste management systems and a mapping of waste options throughout the premises. The results gave us a good indication on how our Swiss locations' waste management systems function, and the audit concluded that our waste management is generally in a good shape. We have a high ratio of bins to employees and carry out the separation of most recyclable waste on site (e.g. PET, paper, bio, aluminium, oils, glass and old electronic devices). Throughout 2018, suggestions

GO GREEN URUGUAY

During 2017, Julius Baer Uruguay moved offices. The local team used this opportunity to promote sustainability. Launched in December 2017, the ‘Go Green Uruguay’ initiative is a holistic environmental impact management concept based on four key aspirations:

- Raise awareness for Julius Baer’s commitment to manage and reduce the ecological footprint of its business to the greatest extent possible
- Introduce concrete measures to reduce the location’s ecological footprint, particularly by reducing PET water bottles (about 30,000 a year) and reducing electricity consumption (the office used electricity levels equivalent to that of the lighting in the Eiffel Tower each year)
- Align the local office to the global sustainability commitment of the Group, thereby bringing the Group and the local office closer together
- Search for a double bottom-line in which both the environment and the company benefit. The initiative should enable between CHF 10,000–20,000 in annual cost savings.

The initiative was formally kicked off at the monthly relationship assistants meeting in Montevideo in December 2017. In addition a general communication was sent to all the local colleagues explaining the ‘Go Green’ initiative and the measures to be implemented. This communication also included an awareness-raising quiz through which employees could win a weekend at a local eco-lodge. The local management team is convinced that launching the initiative in tandem with a ‘fun’ aspect will encourage the needed behavioural change of employees.

In addition to the above, an environmental education session was hosted on site by local specialists. The session covered waste management, recycling and energy efficiency, and aimed to improve our ecological footprint at the office but also in our everyday life.

The measures taken include:

- Donation of old hardware to Uruguayan non-profit organisations
- Termination of PET water bottle provision and replacement by high-end refillable and personal bottles
- Promotion of car-pooling to and from the office
- Splitting waste by recyclables and organic matter at each office’s cafeteria
- A reduction in paper consumption by encouraging ‘Smart Printing’ and the roll-out of ‘Follow-Me Printing’ and ‘Automatic Scanning’
- Improved management of office lighting at night

Through this business practice Julius Baer contributes to the UN Goal:



to further improve our recycling and waste management will be reviewed and translated into concrete next steps.

Water consumption

Although Julius Baer's impact on water is negligible given the nature of our business, we still find it an important pillar in our environmental framework. Particular focus areas for the Group are those locations where lack of water is generally an issue. One of the measures taken was to reduce the water consumption in connection with cooling equipment such as air conditioning and server cooling. For example, by adjusting the running sequence for air-conditioners, the use of chilled water for the Asia Square server room in Singapore dropped by 50% in 2017.

Note that as we move away from bottled water, we do anticipate our use of municipal water to increase at locations with good quality tap water.

Through these business practices Julius Baer contributes to the UN Goal:



RESPONSIBLE PROCUREMENT

In keeping with Julius Baer's commitment to sustainable business practices, we believe that in addition to offering best value for money and being made and processed according to high quality standards, the goods and services we purchase should have a low environmental impact during their life cycles as well as comply with the Julius Baer Code of Business Conduct and the international norms on human and labour rights, health and safety, and corruption prevention.

We expect our business partners (suppliers, subcontractors and other service providers) to maintain such standards not only in their dealings with Julius Baer but also when dealing with their clients, intermediaries, employees, competitors and public authorities, and we have made this an integral part of our standard contract documentation for a number of years now. We expect our business partners to comply with applicable laws and regulations, offer fair employment conditions (in accordance with international human rights standards), maintain high integrity in their commercial dealings and strive to minimise adverse effects on the environment.

In 2017, Julius Baer introduced the guidelines 'Responsibility in sourcing: social and environmental standards' and 'Social and environmental standards for material commodity groups'. These two guidelines support and strengthen the general Purchasing Policy and previous business practices standards. They apply to all legal entities of Julius Baer Group

PROMOTION OF GREENER CAR LEASE

During 2017, Julius Baer Luxembourg revised its car lease policy. In this new policy, effective 1 January 2018, employees are strongly encouraged to select a vehicle that produces less carbon dioxide (CO₂) emissions. Not only are the fuel compensation schemes linked to the emissions

of the vehicle, depending on the level of the vehicle's emissions, the employee is also credited/debited a bonus/malus.

Through this initiative Julius Baer Luxembourg aims to engage its workforce to be more climate friendly.

In general, Julius Baer encourages employees to use public transportation instead of private vehicles.

RESPONSIBILITY IN SOURCING: SOCIAL AND ENVIRONMENTAL STANDARDS

Julius Baer expects its suppliers, subcontractors and other service providers ('Business Partners') to maintain high standards of business practice. We therefore prefer Business Partners that share our ethical, ecological and social values. That is why we formalised this intention in a guideline in 2017.

The guideline applies not only to Business Partners' dealings with Julius Baer but also to relations with their clients, intermediaries, employees, competitors and the public authorities. Its purpose is to provide a consolidated overview and spell out concrete expectations that need to be communicated to the Business Partners when a new contract is being concluded, or to existing suppliers whenever the periodic service review is being performed.

The guideline applies to all legal entities of Julius Baer Group worldwide and expects the following of its Business Partners:

1. Compliance with laws and regulations

The Business Partner must comply with the relevant national laws and with all other applicable laws and regulations.

2. Fair employment conditions

Julius Baer expects its Business Partners to abide by the United Nations Universal Declaration of Human Rights, as well as the Conventions of the International Labour Organization. More precisely, this means:

- Compliance with high ethical standards, as well as respect for human dignity and the rights of the individual
- Being committed to ensuring that there is no forced labour, slavery or human trafficking in any part of its business or supply chains
- Freedom of association
- Compliance with national employment laws and the like and zero tolerance of child labour
- Payment of fair wages and no pressure on employees to work excessively long hours
- Zero tolerance for discrimination on the basis of race, colour, age, sexual orientation, ethnic origin, handicap or political belief
- A guarantee of safe and healthy working conditions

3. Business integrity

The Business Partner must maintain high integrity in its commercial dealings. In particular, the Business Partner undertakes not to acquire or use the material or intellectual property of Julius Baer or any third parties illegally or without authorisation. The Business Partner further undertakes to comply with all applicable laws and regulations concerning bribery, corruption and other unlawful business practices.

4. Environment

Julius Baer expects its Business Partners to minimise adverse effects on the environment through responsible corporate management, and to comply with all laws and regulations relating to the environment.

worldwide and cover four main areas: compliance with laws and regulations, fair employment conditions, business integrity and the environment.

During the financial year, among all tenders covered by these standards, the tender to (re)select a catering service for Switzerland stood out. Specific consideration was given to providers that could not only offer healthy and sustainable meal options but would also be able to report on their environmental footprint for our canteens. In the end, Julius Baer decided to stay with its current provider on improved terms. This provider has been delivering good-quality data and has been supporting us by offering responsible meals for a number of years.

- A new mobile banking solution was introduced that makes it easier for clients to log in to their e-account and simultaneously meets MiFID II requirements in the European Union.
- In 2017, we reduced nearly 20% of our yearly paper consumption in Switzerland, equivalent to more than 50 tonnes of paper. The efforts that contributed to this paper reduction included measures such as the introduction of e-documents (used by more than 85% of our employees), Secure Follow-Me Printing and repapering through e-banking or front scanning.
- For all Zurich-booked clients, the internal steps of the account-opening process were digitalised. A similar initiative is now being rolled out in Latin America.

DIGITALISATION

Digitalisation at Julius Baer is driven by three main areas: client experience, operational efficiency and innovation. Some other areas that are impacted are the Group's environmental footprint and its attractiveness to the next generation of employees and clients.

Some of our largest digitalisation successes in 2017 were as follows:

- In Switzerland, more than 47% of our clients used e-banking by the end of 2017, this is 9 percentage points higher than the average across Swiss banks.

In addition to internal digitalisation efforts, Julius Baer is a partner of the Swiss organisation F10 FinTech. This incubator and accelerator brings together start-ups from across the globe that are active in the fields of blockchain, chat-bots, artificial intelligence, RegTech, InsureTech, etc. This collaboration gives us the opportunity to launch our own start-up or invest in, or partner with, other start-ups while searching for synergies or investment opportunities.

INTRODUCTION OF A MOBILE BANKING SOLUTION

2017 saw the introduction of our new mobile banking solution. This solution not only has improved the e-banking login procedure, clients now also have account and

research information at their fingertips. Thanks to the new functionalities, we can directly alert or notify clients when something changes. Clients can

set these alerts themselves and use triggers such as documents, account balances, portfolio values, payments.

RESPONSIBILITY TO SOCIETY

Active corporate citizenship has always been an important part of Julius Baer's corporate culture. It engages our employees and our clients, and authorises our licence to operate in the communities in which we are located. With over 50 locations globally, Julius Baer places strong emphasis on engaging in a variety of ways in the respective local communities:

- The Julius Baer Foundation serves as the formal philanthropic arm of the Julius Baer Group
- Julius Baer Cares encompasses bottom-up community engagement organisations set up and driven by employees in Guernsey, Hong Kong, Ireland, Panama, Singapore, Switzerland, Uruguay and the UK
- Julius Baer as an employer encourages its employees to volunteer in local communities by offering two paid days per employee per year
- The Julius Baer Art Collection specialises in works by contemporary Swiss artists or artists living in Switzerland
- Julius Baer also supports a wide spectrum of cultural activities through sponsoring channels

JULIUS BAER FOUNDATION

The non-profit grant foundation of the Julius Baer Group has dedicated itself to making meaningful and impactful societal contributions for over 50 years. The Foundation's reach has extended along with the growth of the Julius Baer Group, and the new strategy that was implemented in 2017 is geared towards promoting growth, further strengthening the Foundation's governance system and generating greater impact by focusing on partner organisations worldwide. The Foundation does this in three strategic core areas: vocational training, recycling PLUS and wealth inequality.

Our mission

The Julius Baer Foundation is committed to providing guidance to underprivileged youths through solid vocational training to become self-reliant and responsible adults so they may independently secure their livelihood and positively shape their environment.

To promote a sustainable approach to resources, we support visionary recycling PLUS projects geared towards reusing materials within a circular economy and finding an efficient way to filter out pollutants.

We systematically encourage voluntary exchange between various social classes that are characterised by inequality in terms of means and opportunities. We accompany and invest in inspiring initiatives and projects, which are collectively formed by people of various social classes in order to create an added value in their immediate vicinity.

Governance and tools

In view of its mission, the Julius Baer Foundation operates autonomously. It is governed by the Foundation Board, which consists of both senior executives of Julius Baer and individuals external to the company. The Board is advised by independent experts within each core area through an Advisory Board. The Foundation Board lays out policies and the strategic focus of the Foundation, and decides on the projects to be financed, the duration of project support, the allocation of funds and the investment policy, including risk assessment and monitoring.

The Foundation's capital is invested in the Julius Baer Sustainability Mandate, which uses a combination of environmental, social and governance (ESG) integration and mission-aligned investments to make sure that the capital does not conflict with the purpose of the Foundation. The General Manager is responsible for the operational leadership of the Foundation.

The Foundation uses various tools to ensure transparent adherence to the Swiss Foundation Code. Among other things, this aim is supported through standardised processes for all grant applications, evaluations and agreements; due-diligence of the supported organisations; and a reporting framework for the project partners.

To underline the autonomy within the Julius Baer Group and to show a different stakeholder management, the Foundation has chosen its own values (which are nevertheless linked to those of the Bank):

VOCATIONAL TRAINING: WOMANITY

In Afghanistan, we support the WOMANITY foundation, which created a visionary and courageous web development course called 'Girls Can Code' to empower young women to become involved in the country's fast-growing information technology sector. It also allows them to work from home.

Aim of the support: The Julius Baer Foundation financed the expansion of the programme in 2017 to four high schools in Kabul to students in grades ten to twelve. A total of 240 hours in English language, 240 hours in basic computer science (such as MS Windows, MS Office and social media computer-mediated technologies), and 360 hours in coding and web development (including HTML, CSS, JavaScript, PHP and SQL) will be taught each year. Until the end of 2019, 1,000 female students should be educated through this course.

- **Vision and Courage:** visionary in our thinking and courageous in our decision-making
- **Motivation and Reflection:** motivational in our dialogue and reflective in our partnerships
- **Curiosity and Generosity:** curious to learn and keen to share knowledge, expertise and contacts

Bank Julius Baer is currently the largest donor to the Foundation. In order to gain greater leverage in our three core areas, however, we are keen to grow. We started offering both clients and employees of the Bank the opportunity to support the Foundation through donations in 2017.

Philanthropy advisory

In tandem with the new set-up, the Foundation started offering clients of the Bank a philanthropy advisory service, i.e. support in setting up a foundation, developing a foundation strategy, designing governance structures and management tools and dealing with the operational risks and challenges facing a foundation. In doing so, the Foundation follows a 'walk-the-talk' approach, meaning that we share our knowledge, experience and management tools with our clients.

Core area: Vocational Training

Educating young people and investing in future generations has always been at the heart of the Julius Baer Foundation. As part of its legacy, the Foundation continues to provide support to young people between the ages of 15 and 24 by financing vocational training projects all over the world. Sound vocational training is the first step towards financial independence for young people because it enables them to look after themselves, their families and their local communities. Learning a trade is therefore a lasting investment in a healthy community spirit and social peace.

The Julius Baer Foundation supports partner organisations that understand vocational training to mean learning a profession 'hands on', developing hard as well as soft skills, and that continue to support them even after they have finished their course – in particular with finding a job in their local area.

Through this business practice
Julius Baer contributes to the UN Goal:



RECYCLING PLUS: THE OCEAN CLEANUP

The Ocean Cleanup develops advanced technologies to rid the world's oceans of plastic. Its research into recycling processes is intended to deliver key insights into techniques that could be used to turn the plastic rubbish that has accumulated in the oceans into valuable raw materials.

Aim of the support: The floating systems of The Ocean Cleanup are designed to capture plastic items as small as one centimetre in size, up to massive discarded fishing nets (ghost nets) of tens of metres in length. Models show that a full-scale roll-out of these systems could clean up as much as 50% of the Great Pacific Garbage Patch in five years. The Ocean Cleanup research should help to recycle large amounts of ghost nets into high-quality plastic, know everything about chemical recycling of debris and up-cycle the plastic into high-quality products, and also yield solutions for the much-degenerated plastic so as to support the concept of a circular economy.

Core area: Recycling PLUS

In tune with the various sustainability activities that the Bank undertakes to protect the climate, the Foundation specifically contributes by supporting recycling PLUS projects. By recycling, the extraction of virgin raw materials from the earth and the current take-make-dispose approach can be avoided, thus supporting the concept of the circular economy. This means collecting products that have reached the end of their useful life and either disposing of them in an environmentally sustainable way or, if possible, reprocessing them. In order to create what is known as a circular economy, the aspects of design, production and the costs of each individual step should also be factored into this process. A circular economy reduces the amount of pollutants that get into the environment while it provides a natural way to preserve resources by recovering secondary raw materials.

The Julius Baer Foundation supports partner organisations that take collected material and adopt an entrepreneurial approach and/or innovative methods to reuse them in an environmentally conscious way, repurpose them,

or use environmentally sustainable materials or recyclable packaging when making their own products.

Through this business practice
Julius Baer contributes to the UN Goal:



Core area: Wealth Inequality

Wealth inequality, together with income and consumption inequality, is one of the causes for the growing disparity in economic opportunities in many countries, and according to the World Economic Forum (WEF) Global Risks Report 2017, this will be one of the biggest challenges of our time. Many of those who recognise this risk and have managed to be part of the wealthier people in this world would like to give something back to help others progress in their lives.

WEALTH INEQUALITY: 'DIE BUCHPATEN'

Even if Switzerland has a stable asset and income distribution, poverty and social ostracism are not uncommon. To support the linguistic development of socially disadvantaged children and their parents, and cross social boundaries, we support 'DIE BUCHPATEN' (Godparents of Books). At this project, locals volunteer as readers and parental advisors, and organise participatory readings. As well as improving participants' language skills and self-confidence in speaking and reading aloud, this also facilitates an exchange of ideas that, in an ideal scenario, gives rise to new initiatives and projects within the community.

Aim of the support: The Julius Baer Foundation will finance the education of additional readers from the local community and will perform 60 participating-reading sessions in kindergarten or primary schools in the Canton of Zurich.

Rather than engaging with this issue politically, the Julius Baer Foundation provides targeted assistance to encourage voluntary dialogue between different sections of society, enabling wealthy individuals to join forces with less advantaged sections of society to develop grassroots projects. These so-called 'bottom-up' initiatives focus on coming together to turn a visionary idea into reality in a hands-on way. In 2018, the Foundation will concentrate on projects in countries that are statistically (measured by the Gini coefficient or the Palma ratio, among others) among the most unequal countries in the world. South Africa is one such example.

Through this business practice
Julius Baer contributes to the UN Goal:



Solidarity and Arts

The Foundation highly appreciates community engagement by Julius Baer employees through Julius Baer Cares and matches the money collected for the various causes.

In addition, the Foundation continued its collaboration with Visarte, the professional association for visual arts in Switzerland, and endowed the Prix Visarte, which honours outstanding projects in the areas of art and construction/public art in 2017. Additionally, the Foundation awarded the Audience Award for the best International Film during the international animation film festival Fantoche, in Switzerland. Prix Visarte alternates every year with the Post-Photography Prototyping Prize, or P3, which takes place in collaboration with the Fotomuseum Winterthur.

JULIUS BAER CARES

In parallel to the efforts of the Foundation, Julius Baer has a vibrant community engagement movement emanating from its employees. Proudly carrying the name Julius Baer Cares, the individual organisations at different locations are run on a purely voluntary basis by employees. At the end of 2017, Cares chapters were active in Guernsey, Hong Kong, Ireland, Panama, Singapore, Switzerland, the UK and Uruguay.

Structurally independent from one another, the Cares organisations share one vision:

- To support fund-raising initiatives for charitable purposes by staff (for projects in the local communities and worldwide)
- To promote charitable initiatives and to increase their visibility thereof within the Bank
- To design and support other impact and philanthropic initiatives

Most Cares organisations combine recurring annual initiatives with more unique one-off events as well as fundraising and in-kind giving activities. Some of the fundraising initiatives conducted throughout 2017:

- In Panama, Julius Baer Cares has been supporting the after-school programme of the Colon House, a Casa Esperanza project, since 2015. The goal of this project is to tutor, provide a meal and basic health care, and care for 205 children who are at risk of getting pulled into crime and child labour.
- Two very successful fundraisers were organised by Julius Baer Cares Singapore. The first collected nearly SGD 70,000 (CHF 49,931) for the cancer subfund of KK Women's and Children's Hospital Health Fund (KKHHF), a fund that disburses financial assistance for medical treatment to those who need it most. The second event raised SGD 56,000 (CHF 39,945) for the Pathlight School, Singapore's first autism-focused school, which empowers children aged 7–18 years to access a mainstream academic curriculum through smaller class sizes, special accommodation and trained staff.
- In Hong Kong, employees raised over HKD 100,000 (CHF 12,640) for the Maria Romero Boarding House for young girls at risk in Myanmar.
- Julius Baer Cares Switzerland's main fundraising activities in 2017 supported TADRA Projects, an organisation that houses and schools over 600 orphans in Eastern Tibet. Consisting of the 7th 'Aquae Vitae' event in Zurich, the annual family Christmas party in Geneva, a couple of employees swimming a marathon in Lake Zurich and the 'Zurich Silvesterlauf', the activities raised over CHF 38,500.

- In 2017, Julius Baer Cares UK and Ireland supported CLIC Sargent, which provides a home away from home for families with young children battling cancer. One of several activities had 25 employees competing in a Tough Mudder Challenge to collect a total of over GBP 21,000 (CHF 26,775) for the cause.

As indicated in the Julius Baer Foundation section 'Solidarity and arts', Julius Baer Cares organisations may request the matching of funds by the Julius Baer Foundation; these matched funds are not included in the above examples. In 2017, Cares – including the matched funds – raised and donated more than CHF 300,000.

Through these business practices Julius Baer contributes to the UN Goal:



SPONSORING

In addition to its various social responsibility activities, Julius Baer sponsors a number of first-class institutions that lay the foundation of future cities, particularly in our markets, through innovative approaches and visionary spirit. Our partner organisations are thought-leaders in the realm of sports, culture and business, such as:

- The ABB FIA Formula E Championship – the world's first fully electric, city-street racing series. While it is designed to thrill and entertain, it also aims to educate and innovate. Formula E provides fertile ground for some of the world's leading companies to develop and test sustainable solutions for mobility, energy production, and their wider applications. It represents a vision for the future of cities, showcasing the potential of sustainable power and innovative technology.
- The Elbphilharmonie – located mid-stream in the River Elbe at the western tip of Hamburg, the characteristic glass façade of the HafenCity's largest concert hall is already handled as a

landmark. Designed by the Swiss architects Herzog & de Meuron, the Elbphilharmonie plays a central role in enabling the artistic expression of and dialogue between its citizens. Its revolutionary acoustic concept and exemplary digital set-up with channels such as the streaming platform 'Elbphilharmonie Worldwide' engages both regional and international audiences.

- Art Dubai, a fair that has become the cornerstone of the region's thriving arts landscape and a unique cultural exchange platform. It played a key role in the Emirate's journey towards becoming a leading global destination for arts. Through its thought-leadership programmes it promoted Dubai as a centre for knowledge and innovation in the creative industries of the Middle East.

Through these business practices
Julius Baer contributes to the UN Goal:



JULIUS BAER ART COLLECTION

The Julius Baer Art Collection specialises in works by contemporary artists of Swiss nationality or artists who live in Switzerland. The Art Committee, responsible for the acquisitions, pursues the concept

of promoting young talents. At the time of a first acquisition, the artists are often at the beginning of their career. The Julius Baer Art Committee follows these artists and will purchase more works as they develop in their career to round off their oeuvre. This collection strategy has resulted in an extremely interesting and representative body of work, covering all areas of the Swiss artistic endeavour across 35 years.

Julius Baer's approach to art acquisition promotes the preservation of visual art in Switzerland. Today, the collection encompasses over 5,000 works and contains pieces by leading Swiss artists such as John Armleder, Silvia Bächli, Lutz & Guggisberg, Markus Raetz, Pipilotti Rist, Ugo Rondinone, Roman Signer, to name but a few.

Most of the artworks are on display for employees and clients in meeting rooms, offices, canteens, foyers and corridors at premises of the Bank around the world. Art is something to be experienced daily, and it is an integral part of our corporate culture. By displaying art in the workplace we open a dialogue among people. Art is a good starting point for an exchange of views and offers new perspectives.

From time to time we lend certain works of art to museums for their exhibitions, usually for a few months and primarily in Switzerland.

FACTS AND FIGURES

KEY FINANCIAL INDICATORS¹

	2017	2016	Change in %
Assets under management, AuM (CHF bn)	388.4	336.2	15.5
Ratio of AuM with ESG integration compared to total AuM (%) ²	11.8	12.0	-
Operating income (CHF m)	3,252.2	2,852.4	14.0
Personnel expenses (CHF m)	1,549.0	1,318.0	17.5
General expenses (CHF m) ³	626.4	612.4	2.3
Depreciation and amortisation (CHF m)	88.2	74.4	18.5
Profit before taxes (CHF m)	988.6	847.6	16.6
Income taxes (CHF m) ⁴	183.0	142.1	28.8
Adjusted net profit (CHF m)	805.6	705.5	14.2
Key performance ratios			
Cost/income ratio (%) ⁵	69.0	68.9	-
BIS total capital ratio (%) ⁶	22.0	17.5	-
Pre-tax margin (basis points)	27.3	27.1	-
Tax rate (%)	18.5	16.8	-
Dividends per share paid (CHF) ⁷	1.4	1.2	16.7
Moody's long-term bank deposit rating of Bank Julius Baer & Co. Ltd.	Aa2	Aa2	-

¹ Adjusted results derived by excluding from the audited IFRS financial statements the integration and restructuring expenses and amortisation of intangible assets related to previous acquisitions or divestments, as well as taxes on those respective items.

² Corresponding to AuM with ESG integration in discretionary mandates. The ratio decreased as compared to 2016 due to faster growth of total AuM vs. that of AuM in discretionary mandates.

³ Including valuation allowances, provisions and losses.

⁴ For the business year 2017, Julius Baer Group reported an actual income tax expense of approx. CHF 183 million, which can be split in approx. CHF 201 million current income taxes and approx. CHF -18 million deferred income taxes (benefit). In addition, approx. CHF 5.9 million capital taxes were due. Other taxes and dues were paid, such as VAT, withholding taxes, stamp duty, etc. but are not included in this calculation.

⁵ Calculated using adjusted operating expenses, excluding valuation allowances, provisions and losses.

⁶ In Switzerland, the Basel III framework came into effect on 1 January 2013. The Basel III effects but also the effects of IAS 19 revised relating to pension liabilities will be phased in between 2014 and 2018 for the calculation of the eligible capital. Furthermore, non-compatible Basel III tier 1 and tier 2 capital instruments will be phased out between 2013 and 2022. The capital ratio shown above reflects a phased calculation approach.

⁷ 2017 dividend is subject to confirmation by the Annual General Meeting (11 April 2018).

KEY SOCIAL INDICATORS

	2017	2016	Change in %
Our people			
Total headcount (regular staff)	6,394	6,140	4.1
Number of employees (FTE) (total workforce excl. externals) ¹	6,291.8	6,025.9	4.4
<i>Of whom in Switzerland (%)</i>	54.4	53.7	-
<i>Of whom in rest of Europe (%)</i>	16.8	16.6	-
<i>Of whom in Asia-Pacific (%)</i>	21.4	22.3	-
<i>Of whom in Latin America (%)</i>	4.7	5.0	-
<i>Of whom in Middle East and Africa (%)</i>	2.7	2.4	-
<i>whereof men (%)</i>	58.8	58.8	-
<i>whereof women (%)</i>	41.2	41.2	-
Tenure of employees (based on total headcount regular staff)			
<i>Up to 1 year (%)</i>	11.7	14.2	-
<i>1 to 5 years (%)</i>	38.3	36.3	-
<i>6 to 10 years (%)</i>	24.2	25.7	-
<i>11 to 20 years (%)</i>	18.5	16.7	-
<i>21 years and longer (%)</i>	7.3	7.1	-
Total net employee turnover (%) ²	8.9	10.6	-
Total voluntary turnover (%) ³	6.9	8.1	-
People and diversity			
Ratio of women (% to total headcount regular staff)	41.2	41.2	-
Women between Director and Managing Director level (% to total headcount regular staff)	26.3	25.9	-
Women on the Executive Board level (%) ⁴	13.3	-	-
Women on the Board of Directors (%) ⁵	20	22.2	-
Promotions (all ranks) (% of female)	42.8	50.6	-
Promotions between Director and Managing Director level (% of female)	27.7	32.2	-
Number of nationalities employed	106	103	2.9

¹ Total workforce includes regular staff (employees with an ordinary open-ended Julius Baer contract on a full or part-time basis), temporary staff, trainees, apprentices and university graduates.

² Fluctuation rate / net turnover of regular staff in %, including resignations and terminations.

³ Resignations regular staff in %.

⁴ This number combines the Group's Executive Board and the Bank's Executive Board, that hired two women in 2017: Larissa Alghisi Rubner (Chief Communications Officer) and Beatriz Sanchez (Head Latin America).

⁵ Out of 10 Board of Directors members in 2017.

	2017	2016	Change in %
Employee well-being and benefits			
Illness days per employee ⁶	4.6	4.5	2.2
Part-time employees (% of total headcount regular staff)	10.4	10.1	-
<i>whereof men (%)</i>	3.8	3.7	-
<i>whereof women (%)</i>	19.8	19.3	-
Total number of employees taking parental leave	236.0	256.0	-7.8
<i>by women</i>	135	135	0.0
<i>by men</i>	101	121	-16.5
Parental leave in average total days taken			
<i>by women</i>	111.4	111.5	-0.1
<i>by men</i>	5.8	5.2	11.5
Share of women on maternity leave the previous year still employed (%) ⁷	84	80	-

⁶ This number reflects illness days in Switzerland, which accounts for 54.4% of our employees.

⁷ Please note that some women on maternity leave in 2016 started their leave in 2015.

KEY ENVIRONMENTAL INDICATORS¹

	2017	2016	Change in %
Energy consumption (MWh)	27,244	28,529	-4.5
<i>Electricity</i>	21,446	22,070	-2.8
<i>Heating and other fuels</i>	5,798	6,459	-10.2
Energy intensity (MWh/FTE) ²	5.6	6.1	-8.3
Greenhouse gas emissions (tCO ₂ e) ³	14,010	13,243	5.8
Scope 1 total ⁴	1,578	1,638	-3.6
<i>Heating and other fuels</i>	1,222	1,234	-1.0
<i>Volatile emissions (refrigerants)</i>	356	404	-11.8
Scope 2 (electricity and district heat) ^{5,6}	4,299	4,571	-6.0
Scope 3 total ⁷	8,134	7,034	15.6
<i>Business travel</i> ⁸	7,678	6,438	19.3
<i>Purchased goods and waste from operations</i> ⁹	456	596	-23.5
Greenhouse gas intensity (tCO ₂ e/FTE) ¹⁰	2.9	2.8	3.1
Business travel (miles/FTE) ⁸	6,759	6,395	5.7
Paper consumption (t)	273	314	-13.0
Paper consumption intensity (kg/FTE) ²	56	67	-16.5
Water consumption (m ³)	119,193	119,641	-0.4
Water consumption intensity (m ³ /FTE) ²	25	26	-4.3
Waste (t) ¹¹	806	850	-5.2
<i>Residual office waste</i>	364	370	-1.6
<i>Recycling</i>	395	432	-8.7
<i>Special waste</i> ¹²	47	48	-2.0
Waste intensity (kg/FTE) ²	167	183	-9.0

¹ Numbers are based on information from Julius Baer's main business locations. These are Zurich, Geneva and Lugano in Switzerland, as well as our locations in Germany, the UK, Hong Kong, Singapore and Uruguay. The locations represented cover about 76% of our total employees.

² Intensity figures refer to employees at sites specified under footnote 1.

³ Greenhouse gas emissions were calculated according to the guidelines of the WRI/WBCSD Greenhouse Gas Protocol.

⁴ Emissions from directly owned or controlled sources.

⁵ Emissions from purchased electricity and district heat.

⁶ Scope 2 emissions were calculated using the 'location-based' approach in accordance with the Greenhouse Gas Protocol Scope 2 Guidance.

⁷ Emissions from sources not owned or controlled by Julius Baer, but associated with Julius Baer's activities.

⁸ Business travel figures are a sum of emissions from air, rental car and train travel data representing 100% of FTE at Julius Baer, as well as emissions from company cars used at sites specified under footnote 1. Miles/FTE were calculated using 100% of FTE at Julius Baer.

⁹ Emissions associated with the consumption of purchased water, paper, PET and glass bottles as well as emissions from waste treatment by waste generated in Julius Baer's operations.

¹⁰ Greenhouse gas intensity has been calculated using Scope 1, Scope 2 and Scope 3 (including company car data) emissions representing about 76% of employees. Business travel through air, rental cars and train travel covers 100% of FTE and has not been adjusted for this calculation. The FTE base used for the calculation is in line with the other intensity figures and covers about 76% of employees, as specified under footnote 1.

¹¹ Waste data only covers our locations in Switzerland and the UK.

¹² Special waste comprises street sludge, cooking oil and fluorescent lamps.

RECOGNITION AND MEMBERSHIPS

We believe that being in dialogue and contributing to efforts of organisations engaged in various aspects of sustainability can promote mutual exchange of insight and support communal drives to advance sustainability efforts in the financial industry and beyond.

Additionally, we are proud to have satisfied the requirements to remain a constituent of the FTSE4Good Global Index following the December 2017 review.

RECOGNITION



FTSE4Good

www.ftse.com

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

SUSTAINABILITY SIGNATORY AND MEMBERSHIPS



Principles for Responsible Investment

www.unpri.org

Julius Baer became a signatory of the United Nations-supported Principles for Responsible Investment in 2014 and is committed to progressively integrating ESG considerations into its investment approach.



www.sustainablefinance.ch

Swiss Sustainable Finance (SSF) promotes sustainability in the Swiss financial market and brings together financial and non-financial service providers, investors, academia, public sector entities and other interested organisations, providing a platform to foster the integration of sustainability principles into all financial services. Julius Baer joined the organisation in 2014 and is an active participant in the broader discussions, and specifically the workstream on the integration of sustainability considerations into the investment process within the wealth management sector.



www.klimastiftung.ch

The Swiss Climate Foundation is a non-profit organisation that provides funding support to small and medium-sized enterprises (SMEs) in Switzerland and Liechtenstein. Qualifying SMEs either use energy efficiently themselves in their operations or develop climate-friendly products. In addition, the foundation supports SMEs that agree voluntary energy-efficiency goals with one of two participating energy agencies, either Energy Agency Swiss Private Sector or Cleantech Agency Switzerland. Julius Baer became a member in 2015 and contributes a significant portion of net gains received from the redistributed CO₂ levies to the foundation.



www.energiemodell-zuerich.ch

The Energy Model Zurich is based on the idea that increased energy efficiency and reduced CO₂ levels are easier to achieve if companies jointly and voluntarily commit to ambitious goals. Together with the province of Zurich and the Swiss federal government, members have the common goal to increase energy efficiency by 43% by 2020 (compared to base year 2000). Julius Baer has been a member since 2016 and participates in various work streams, in which new technologies are introduced and experiences are shared.

Through this business practice Julius Baer contributes to the UN Goal:



PUBLIC POLICY MEMBERSHIPS

Swiss Bankers Association (SBA)	This sectorial umbrella organisation represents the interests of Swiss banks in the political process. Up until late 2017, we were represented on its board by our CEO and are currently reviewing our representation within the board. In addition, Julius Baer is participating in various expert committees and working groups of the SBA.
Association of Swiss Asset Wealth Management Banks (VAV)	This association comprises about 30 independent banks that are mainly focused on wealth management and are domiciled in Switzerland. VAV represents these banks' shared interest in the governing bodies and committees of the SBA and vis-à-vis the authorities, giving them a voice in matters of banking policy. Our former CEO chairs the board of the VAV and our Head Public Policy is its Managing Director. The Bank's new CEO will likely take over the board position in this association.
Employer Association of Banks in Switzerland	This association represents the interests of its members related to employment conditions. Julius Baer is a member of this association.
World Economic Forum (WEF)	Julius Baer is actively collaborating with the WEF in the workgroup focusing on the topic of the future of financial services, participating in the analysis of how disruptive innovation is reshaping the way financial services are structured, provisioned and consumed.
Avenir Suisse	The foundation Stiftung Zukunft Schweiz, also known as Avenir Suisse, is an independent think tank based on the Anglo-Saxon model. It develops ideas for the sociopolitical and economic development of Switzerland and consistently represents a market economy perspective and liberal views of society and the world. Our Chairman is a member of its Board of Trustees.
Institute of International Finance (IIF)	The IIF is the global association of the financial industry. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth. Julius Baer is participating in various working groups.

Through this business practice Julius Baer contributes to the UN Goal:



GRI STANDARDS CONTENT INDEX



The table below contains the GRI Indicators of Aspects, which were identified as material for Julius Baer as part of the materiality assessment process. Unless otherwise indicated, all page numbers indicated below refer to this report. All disclosures in this report, including the Management Approaches, are based on the 2016 GRI content requirements.

Reference	Disclosure	Location of content	Omission
102	GENERAL DISCLOSURES 2016		
	Organisational profile		
102-1	Name of the organisation	Sustainability Report 2017, 'About Julius Baer', p. 1	
102-2	Activities, brands, products and services	Sustainability Report 2017, 'About Julius Baer', p. 1	
102-3	Location of headquarters	Sustainability Report 2017, 'About Julius Baer', p. 1	
102-4	Location of operations	Sustainability Report 2017, 'Global presence', p. 2	
102-5	Ownership and legal form	Annual Report 2017, 'Corporate governance', pp. 8–10	
102-6	Markets served	Sustainability Report 2017, 'About Julius Baer', p. 1	
102-7	Scale of the organisation	Sustainability Report 2017, 'About Julius Baer', p. 1	
102-8	Information on employees and other workers	Sustainability Report 2017, 'Responsibility to our employees', p. 47	
102-9	Supply chain	Sustainability Report 2017, 'Operational responsibility', p. 38	
102-10	Significant changes to the organisation and its supply chain	no significant changes	
102-11	Precautionary principle or approach	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 6 Sustainability Report 2017, 'Corporate Governance and risk management framework', pp. 10–11; Sustainability Report 2017, 'Responsible investment practices', pp. 19–25	
102-12	External initiatives	Sustainability Report 2017, 'Corporate Governance and risk management framework', pp. 13–14 Sustainability Report 2017, 'Recognition and memberships', pp. 50–51	
102-13	Membership of associations	Sustainability Report 2017, 'Recognition and memberships', pp. 50–51	
	Strategy		
102-14	Statement from senior decision-maker	Sustainability Report 2017, 'Statement from the Chairman and the CEO', pp. 3–4	
	Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 5; Sustainability Report 2017, 'Business conduct and integrity', pp. 15–16	

Reference	Disclosure	Location of content	Omission
Governance			
102-18	Governance structure	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 6 Annual Report 2017, 'Corporate governance', p. 9	
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 9	
102-41	Collective bargaining agreements	Sustainability Report 2017, 'Responsibility to our employees', p. 32	
102-42	Identifying and selecting stakeholders	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 9	
102-43	Approaches to stakeholder engagement	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 9	
102-44	Key topics and concerns raised	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 9	
Report practice			
102-45	Entities included in the consolidated financial statements	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 6	
102-46	Defining report content and topic boundaries	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 6	
102-47	List of material topics	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', pp. 7–8	
102-48	Restatements of information	no restatements of information	
102-49	Changes in reporting	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', p. 6	
102-50	Reporting period	01.01.2017–31.012.2017	
102-51	Date of most recent report	March 2017	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	Sustainability Report 2017, 'Corporate contacts', p. 58	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	
102-55	GRI content index	Sustainability Report 2017, 'GRI Standard content index', pp. 52–56	
102-56	External assurance	not externally assured	
Specific Standards Disclosure 2016			
201 ECONOMIC PERFORMANCE 2016			
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Our core values and corporate sustainability strategy', pp. 6–8; Sustainability Report 2017, 'Responsible investment practices', pp. 19–25	
201-1	Direct economic value generated and distributed	Sustainability Report 2017, 'Facts and figures', p. 46	
201-3	Defined benefit plan obligations and other retirement plans	Sustainability Report 2017, 'Responsibility to our employees', p. 33 Annual Report 2017, 'Remuneration report', p. 51; 62; 158	
202 MARKET PRESENCE 2016			
103-1/2/3	Management Approach 2016	Business Review 2017, 'Our activities with clients', pp. 13–17	
202-1	Standard entry level wage by gender compared to local minimum wage at significant locations of operation	Sustainability Report 2017, 'Responsibility to our employees', p. 29	

Reference	Disclosure	Location of content	Omission
203	INDIRECT ECONOMIC IMPACTS 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to society', p. 40	
203-1	Infrastructure investments and services supported	Sustainability Report 2017, 'Responsibility to society', pp. 40–45	
205	ANTI-CORRUPTION 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Corporate governance and risk management framework', p. 11; Sustainability Report 2017, 'Business conduct and integrity', p. 15	
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2017, 'Responsibility to employees', pp. 30–31	
205-3	Confirmed incidents of corruption and actions taken	Annual Report 2017, 'Financial statements Julius Baer Group 2017', pp. 152–155	
206	ANTI-COMPETITIVE BEHAVIOUR 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Business conduct and integrity', p. 15	
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Annual Report 2017, 'Financial statements Julius Baer Group 2017', pp. 152–155	
301	MATERIALS 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Operational responsibility', p. 34	
301-1	Materials used by weight or volume	Sustainability Report 2017, 'Facts and figures', p. 49	
302	ENERGY 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Operational responsibility', pp. 34–35	
302-1	Energy Consumption within the organisation	Sustainability Report 2017, 'Facts and figures', p. 49	
302-2	Energy intensity	Sustainability Report 2017, 'Facts and figures', p. 49	
302-4	Reduction of energy consumption	Sustainability Report 2017, 'Facts and figures', p. 49	
303	WATER 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Operational responsibility', p. 37	
303-1	Water withdrawal by source	Sustainability Report 2017, 'Facts and figures', p. 49	
305	EMISSIONS 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Operational responsibility', pp. 34–35	
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2017, 'Facts and figures', p. 49	
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2017, 'Facts and figures', p. 49	
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Report 2017, 'Facts and figures', p. 49	
305-4	GHG emissions intensity	Sustainability Report 2017, 'Facts and figures', p. 49	
305-5	Reduction of GHG emissions	Sustainability Report 2017, 'Facts and figures', p. 49	

Reference	Disclosure	Location of content	Omission
306	EFFLUENTS AND WASTE 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Operational responsibility', p. 35	
306-2	Waste by type and disposal method	Sustainability Report 2017, 'Facts and figures', p. 49	
401	EMPLOYMENT 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to our employees', p. 26	
401-1	New employee hires and employee turnover	Sustainability Report 2017, 'Facts and figures', p. 47	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2017, 'Responsibility to our employees', pp. 27–29	
401-3	Parental leave	Sustainability Report 2017, 'Responsibility to our employees', p. 29	
402	LABOUR / MANAGEMENT RELATIONS 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to our employees', p. 32	
402-1	Minimum notice periods regarding operational change	Sustainability Report 2017, 'Responsibility to our employees', p. 32	
404	TRAINING AND EDUCATION 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to our employees', pp. 29–31	
404-1	Average hours of training per year per employee	Sustainability Report 2017, 'Responsibility to our employees', p. 29	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report 2017, 'Responsibility to our employees', p. 30	
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report 2017, 'Responsibility to our employees', p. 31	
405	DIVERSITY AND EQUAL OPPORTUNITY 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to our employees', p. 26	
405-1	Diversity of governance bodies and employees	Sustainability Report 2017, 'Responsibility to our employees', pp. 26–27 Sustainability Report 2017, 'Facts and figures', p. 47	
405-2	Ratio of basic salary and remuneration of women to men	Sustainability Report 2017, 'Responsibility to our employees', p. 27	
406	NON-DISCRIMINATION 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Business conduct and integrity', p. 15; Sustainability Report 2017, 'Responsibility to our employees', p. 26	
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report 2017, 'Business conduct and integrity', p. 15	
413	LOCAL COMMUNITIES 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to society', p. 40	
413-1	Operations with local community engagement, impact assessment and development programmes	Sustainability Report 2017, 'Responsibility to society', pp. 40–45	

Reference	Disclosure	Location of content	Omission
415	PUBLIC POLICY 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Corporate Governance and risk management framework', pp. 13–14	
415-1	Political contributions	Sustainability Report 2017, 'Corporate governance and risk management framework', pp. 13–14; Sustainability Report 2017, 'Recognition and memberships', p. 51	
417	MARKETING AND LABELLING 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to our clients', p. 18	
417-1	Requirements for product and service information and labelling	Sustainability Report 2017, 'Responsibility to our clients', p. 18	
418	CUSTOMER PRIVACY 2016		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Business conduct and integrity', pp. 16–17	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	not disclosed	Julius Baer considers this information to be confidential
419	SOCIOECONOMIC COMPLIANCE 2016		
103-1/2/3	Management Approach 2016	Annual Report 2017, 'Financial statements Julius Baer Group 2017', p. 152	
419-1	Non-compliance with laws and regulations in the social and economic area	Annual Report 2017, 'Financial statements Julius Baer Group 2017', pp. 152–155	
	CLIENT EXPERIENCE		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Responsibility to our clients', p. 18	
	DIGITALISATION		
103-1/2/3	Management Approach 2016	Sustainability Report 2017, 'Operational responsibility', p. 39	

MORE INFORMATION

Several internal and external stakeholders have provided Julius Baer with expert feedback in the preparation of this Corporate Sustainability Report 2017.

For more information about Julius Baer, including its sustainability effort please visit: www.juliusbaer.com.

Photo credit:

‘Responsibility to society’ feature ‘Vocational training: Womanity’, page 41:
Farzana Wahidy

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The Annual Report 2017 of Julius Baer Group Ltd. containing the audited IFRS financial accounts of the Julius Baer Group for the year 2017 is available at www.juliusbaer.com.



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