

Julius Bär

# SUSTAINABILITY REPORT 2019

JULIUS BAER GROUP



# CONTENTS

1	ABOUT THE REPORT
2	FOREWORD
4	ABOUT JULIUS BAER
8	OUR OPERATING ENVIRONMENT
10	OUR STAKEHOLDERS
16	OUR SUSTAINABILITY STRATEGY – SHAPING A SUSTAINABLE FUTURE
22	OUR BUSINESS PRACTICE
29	OUR CLIENTS
33	OUR RESPONSIBLE INVESTMENT APPROACH
40	OUR PEOPLE
48	OUR COMMUNITIES
53	OUR ENVIRONMENT
58	GRI STANDARDS CONTENT INDEX
64	KEY FIGURES

**Cover caption:** At Julius Baer, we have embarked on a journey to take a much more active sustainability leadership role and work towards creating a positive impact for society by focusing on corporate sustainability and responsible investment.

# ABOUT THE REPORT

## APPROACH TO REPORTING

The Sustainability Report 2019 focuses on what truly matters to Julius Baer, our clients, employees, investors, as well as society. Material issues were reviewed in collaboration with internal and external stakeholders during the reporting year (see chapter '[Our stakeholders](#)'). This report has been prepared in accordance with the GRI Standards: Core option. The GRI content index is included at the end of this report.

Unless indicated otherwise, this report covers the Julius Baer Group including all its consolidated operational companies (also see our [Annual Report 2019](#), Note 30A) for the financial year ending on 31 December 2019. The data in this report was collected by means of internal processes in collaboration with the relevant subject matter experts (SMEs). The content has been reviewed and approved by the relevant SMEs, the Executive Board and the Board of Directors of Julius Baer Group Ltd.

Julius Baer's Sustainability Report 2019 forms part of the Corporate Publications suite of the Julius Baer Group, which also includes:

- Our Annual Report 2019 and Half-Year Report, which provide information on the financial results for the period under review. Specifically, the Annual Report includes details on corporate governance, risk management and the remuneration framework of the Julius Baer Group.
- Our Business Review, which offers a comprehensive overview of business developments in the reporting period, including corporate sustainability and responsible investment, and is published every six months along with the full-year and half-year financial results.

The theme of this year's report is 'Focusing on what matters', as both an indication of our approach to sustainability and the way we advise our clients. Our professional financial advice always begins with one question: What matters to you? Part of our promise to our clients is to strive to understand their financial needs and personal values, and to provide them with the right solutions. By listening to our stakeholders and in particular our clients, we know that sustainability is as important to them as it is to us.

This report is only available electronically. Please consider the environment before printing.

## FOREWORD

Dear Stakeholders,

Sustainability continued to gain significance globally in 2019, both as a more widely covered topic and as a field of concrete action. Numerous schemes to address humanity's greatest challenges are already in place, from the Paris Climate Agreement and the United Nations Sustainable Development Goals (SDGs), to the recently launched European Green Deal. At Julius Baer, we are encouraged by the ambition of these policy frameworks and we acknowledge our role in supporting governments and society to implement them. As an internationally active financial institution, we believe it is important that we take an active role in contributing to the objectives of these global agreements. Through our core business, we can help accelerate the development of low-carbon technologies, for example, and contribute directly to several SDGs. In this report, we identify specific areas where we believe we can have the greatest impact.

“In 2019, we started a whole new chapter  
in our sustainability strategy.”

To respond to the significant changes in our operating environment, we have embarked on a journey to further strengthen our sustainability mission and strategy. We have listened carefully to our clients and stakeholders, collected their input on what we should aim for, and established a new team to guide and implement our efforts in the areas of corporate sustainability and responsible investment in close collaboration with internal stakeholders.

In 2019, we were the first Swiss bank to endorse the UN Principles for Responsible Banking (UN PRB) and became one of the founding signatories. The principles provide independent feedback that helps us to improve our way of doing business. Our current strategy is in line with the principles, confirming that we are on the right track. This was further evidenced by the inclusion of Julius Baer's shares in the SXI Switzerland Sustainability 25 Index, which covers the 25 listed stocks from the SMI Expanded Index with the best sustainability scores.

Within the financial industry, the significance of sustainable finance continued to increase rapidly in 2019. The growing importance is being driven by a combination of global megatrends such as climate change, new regulations and guiding societal principles, which are pushing society, corporates and governments to pay greater attention to sustainability issues.

Beyond its rise to the top of the public agenda, sustainability is becoming more and more important to our clients, who are increasingly looking to align investments with purpose. At Julius Baer, we make sure that the environmental, social and governance (ESG) perspective is integral, rather than peripheral, to our investment

process. We believe that, over time, clients can increase their returns by investing in companies that responsibly manage their impact on the communities and natural environments in which they operate.

Moving towards a more sustainable and equitable future requires a fundamental shift in the economy, investments, operational business and business culture. Over the next decade, the global population will grow by more than one billion, the global middle class will grow by 1.6 billion, and two-thirds of the world's population will be living in cities. The way humanity manages these transformations will determine future living standards and the well-being of society.

“We have listened carefully to our clients and stakeholders. Julius Baer will take an increasingly active role in corporate sustainability and responsible investment.”

At the outset of this new decade, Julius Baer is working on further strengthening its sustainability strategy and defining new long-term targets in line with the SDGs. Clients and other stakeholders can expect to see us take an increasingly active role in corporate sustainability and responsible investment; a role that will serve as the cornerstone of our relationship with our clients, employees, investors and other stakeholders.

We are excited to have the opportunity to lead Julius Baer into this new decade and continue our sustainability journey by focusing on what truly matters.

Yours faithfully,



**Romeo Lacher**  
Chairman

A handwritten signature in black ink, consisting of a stylized 'R' followed by a series of loops and a horizontal stroke.



**Philipp Rickenbacher**  
Chief Executive Officer

A handwritten signature in black ink, featuring a stylized 'P' followed by a long, horizontal, wavy line.

# ABOUT JULIUS BAER

## WHO WE ARE

Julius Baer is a leading Swiss wealth management group with over 6,600 employees. We focus on providing personal advice to private clients around the world, powered by high-end services and expertise. As pioneers, we actively embrace change to remain at the forefront of our industry – as we have done since 1890. We manage our company for the long term and with an exclusive strategic focus on wealth management.

Our strategy is driven by the desire to achieve unparalleled client satisfaction, to further strengthen the reputation and standing of our Group, and to realise sustainable, profitable growth.

We help our clients achieve their financial aspirations through holistic solutions that take into account what truly matters to them – in their business and personal life, today and for future generations.

We stand for:

**SOLID FOUNDATIONS**

**PURE WEALTH MANAGEMENT**

**PERSONAL CONNECTIONS**

**INTERNATIONAL NETWORK**

The Julius Baer Group, [headquartered in Zurich](#), ranks among the largest publicly listed financial service providers in Switzerland. Bank Julius Baer & Co. Ltd. is the Group's main operating entity. It is complemented by a number of specialised companies that play an essential role in providing our international clientele with a full array of state-of-the-art wealth management services. Julius Baer Group Ltd. is the Group's parent and a blue-chip company whose shares are listed on the SIX Swiss Exchange and included in the Swiss Leader Index (SLI).

## Key figures as at 31 December 2019

	2019	2018
<b>Assets under management (CHF bn)</b>	426.1	382.1
<b>Number of employees</b>	6,639	6,693
<i>Number of relationship managers</i>	1,467	1,501
<b>BIS total capital ratio (%)</b>	22.1	18.7
Moody's long-term deposit rating of Bank Julius Baer & Co. Ltd.	Aa2 <sup>1</sup>	Aa2
MSCI ESG rating of Bank Julius Baer & Co. Ltd.	A	A

<sup>1</sup> Moody's downgraded Bank Julius Baer & Co. Ltd. from Aa2 to Aa3 as of 28 February 2020.

## WHAT WE DO

Based on our modern investment approach and open product platform, we offer clients holistic advice and comprehensive services in the areas of wealth management, wealth planning and wealth financing.

### Discretionary mandates

We manage assets on behalf of our clients. We provide professional knowledge, a global network, and a broad range of globally diversified, regionally focused and asset-class-specific mandates to meet our clients' needs.

### Investment advisory offering

Our investment advisory offering provides personal investment advice. Clients can choose from various service models and discuss their investment decisions with dedicated relationship managers and/or investment advisors.

### Wealth planning

By employing a holistic advisory process, we can provide solutions for asset structuring, financial planning, succession planning, taxation, relocation, retirement, sustainable and impact investment, as well as philanthropy, based on our open product platform.

### Financing

We offer a wide range of credit solutions, from Lombard lending and mortgages right through to structured financing transactions.

### Trading/administration and safekeeping

We facilitate trading in foreign exchange, precious metals and securities as well as their handling, administration and safekeeping on behalf of our clients. We are also a centre of expertise for derivatives, structured products and e-trading solutions.

### Proprietary research

Our proprietary research provides clients with extensive fundamental and technical analysis on economics, equities, fixed income, investment funds, currencies and commodities. In addition, Julius Baer Next Generation Research takes a thematic approach, focusing on the structural trends that will shape the future.

### Investment Insights app

Our optimised app gives clients and intermediaries round-the-clock access to Julius Baer research and investment publications.

## Listing

Zurich, Switzerland	SIX Swiss Exchange under the securities number 10 248 496 Member of the Swiss Leader Index SLI
---------------------	---

## Ticker symbols

Bloomberg	BAER:SW
Reuters	BAER.S

## CORE VALUES

Long-standing core values of Julius Baer – care, passion, excellence (the ‘Core Values’) – form the foundation for all our activities and are at the heart of what we do and how we work:

- We **care** about personal connections.
- We bring **passion** to wealth management.
- We empower teams to deliver **excellence**.



### 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 improvement. 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 wealth management.

GLOBAL EXPERTISE – PERFORMANCE – INNOVATION

# HIGHLIGHTS

## 2019



Our new **CEO Philipp Rickenbacher** has been an advocate of **sustainable development** since long before his appointment. His commitment to sustainability is reflected among other things by his chairmanship of the Sustainability Board.



As part of our commitment to take on an active role in corporate sustainability and responsible investment, we have appointed **Yvonne Suter**, a seasoned sustainability expert, as the **new head** of our **Corporate Sustainability & Responsible Investment team**.



To further enhance our performance and strengthen our employee engagement strategy, we revised and evolved our **Code of Ethics & Business Conduct**, in terms of content, structure and expectations.



In 2019, we conducted a **Global Engagement Survey** to listen to our people worldwide. The results show a high level of employee engagement as expressed by their level of commitment and enthusiasm for their work and the company.



By signing the **UNEP FI Principles for Responsible Banking (UN PRB)**, we demonstrated our commitment to aligning our business and investment practices with the objectives of the UN Sustainable Development Goals (SDGs).



In 2019, our Swiss locations sourced **100% renewable European electricity**, which accounts for 75% of this year's reported global electricity consumption.



By reporting on the issues that are most material to our business practices, we have been able to maintain a continuous improvement in our external sustainability ratings, with our shares being **included in the SXI Switzerland Sustainability 25 Index**.

### Recognition

	2019	2018
MSCI ESG <sup>1</sup>	A	A
SAM Percentile Rank <sup>2</sup>	82	78
SXI Sustainability Index <sup>3</sup>	First time inclusion	-
FTSE4GOOD <sup>4</sup>	Developed Index and Europe Index constituent	Developed Index and Europe Index constituent

<sup>1</sup> MSCI ESG Ratings provide insight into ESG risks and opportunities within multi-asset class portfolios. Source: <https://www.msci.com/esg-ratings>.

<sup>2</sup> The SAM Corporate Sustainability Assessment (CSA) is an annual evaluation of companies' sustainability practices. The resulting ESG rating is used, among others, to create the Dow Jones Sustainability Index. Source: <https://www.robecosam.com/csa>.

<sup>3</sup> The SXI Switzerland Sustainability 25 Index<sup>®</sup> includes 25 stocks from the SMI<sup>®</sup> Expanded Index with the best sustainability scores.

<sup>4</sup> 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. Source: <https://www.ftse.com/products/indices/ftse4good>.

## OUR OPERATING ENVIRONMENT



The urgency surrounding sustainability, notably around climate change, gained significant momentum in 2019. Within this context, we face numerous challenges and opportunities that are transforming not only Julius Baer but also the financial sector as a whole. Here is how we see our role in supporting the shift to a more sustainable economy and more inclusive societies:

- *Social awareness:* Stakeholders no longer just expect companies to operate responsibly, they demand that they add value to society. The private sector – particularly the financial sector – is increasingly expected to mobilise the necessary resources to tackle issues such as climate change and global wealth inequality. By integrating sustainability into our client offering and daily business practices, as well as through the engagements of the Julius Baer Foundation, we are actively engaged in creating a net-positive impact.
- *Investing with impact:* In 2019, our relationship managers and advisors reported a noticeable increase in demand for sustainable and impact investment, especially from younger generations. At Julius Baer, we offer a full range of sustainable portfolio solutions and investment products diversified across asset classes and we are continuously expanding our sustainable and impact investment offering.
- *New wealth and changing demographics:* Over the next 20 years, there will be significant wealth transfer to younger generations, as well as new wealth emerging, for example, from Asia's rapidly growing middle class. At Julius Baer, we have tailored our products and services, such as our Next Generation research and products and our Young Partners Programme, to these requirements.

- *New digital technologies:* Clients view a fast, secure and technologically advanced service as a must-have. Our ongoing investments in this area focus on providing both our clients and our relationship managers with technological support. Over the last five years, we have invested over CHF 1 billion in technology.
- *Regulation:* Financial institutions are exposed to a shifting political landscape. There exists an increasing need for uniform definitions and standards, with various efforts – both voluntary market standards and mandatory legal obligations – already in place. Julius Baer is committed to these first regulatory standards, as set out in the EU Action Plan on Sustainable Finance. By becoming the first Swiss bank to endorse the UN Principles for Responsible Banking (UN PRB) in 2019, we demonstrated our commitment to aligning our business and investment practices to the objectives of the United Nations Sustainable Development Goals, the Paris Climate Agreement and other relevant guiding principles and market standards.
- *The United Nations Sustainable Development Goals (SDGs):* The UN predicts that CHF 5 to 7 trillion will be needed annually to achieve the SDGs by 2030. At the same time, it is estimated that there is a funding gap of CHF 2.4 trillion per year in developing countries alone (UNCTAD, 2014). In addition to governments and the public sector, the private sector will increasingly be called on to contribute to the SDGs and play a key role in helping to close the financing gap. This report highlights Julius Baer's contribution to the SDGs that are most relevant to the company and our stakeholders.
- *Climate change:* In 2019, the consequences of the rapidly changing climate – which is one of the most important sustainability issues – led many cities, including New York City, and countries such as Portugal, Argentina and Canada to declare a climate emergency. With its Green New Deal, Europe is showing political leadership and plans to reduce emissions drastically by 2050. The financial industry is expected to contribute in tackling climate change.
- *Wealth inequality:* Global wealth inequality is on the rise, negatively impacting the social and political climate in many countries. With wealth increasingly concentrated in the hands of a few, political power is also distorted. This imbalance leads to insecurity and social unrest. The Julius Baer Foundation is committed to addressing poverty-related crises by supporting a number of key projects. Together with our partners, we are currently engaged in projects in Colombia, Chile, Namibia, South Africa, Israel and the United Kingdom.

These developments present challenges and opportunities to our business. Our corporate sustainability and responsible investment strategy guides us in responding to these trends as well as to changes in the expectations of clients, employees and society as a whole. Thus, we are committed to setting new, smart and impact-driven targets for the decade to come (for more information, see [‘Our sustainability strategy’](#)).

## OUR STAKEHOLDERS



Engaging with stakeholders is a crucial factor for our long-term business success. It is critical for assessing and managing the continuous changes in the global societal environment and guides us in focusing on what matters. We use a variety of approaches to engage with them – covering everything from dialogue mechanisms such as regular bilateral meetings and surveys to partnerships with national and international organisations.

In 2019, we listened carefully to our internal and external stakeholders and collected their input on where our sustainability journey should go. In addition to our ongoing ways of engaging with the different stakeholder groups, the materiality assessment and stakeholder engagement process that was undertaken in 2019 helped us to identify the sustainability topics that matter most to our stakeholders and are most relevant to our long-term success.

## STAKEHOLDER ENGAGEMENT SUMMARY

## Key stakeholder groups engaged

Key stakeholder group (GRI 102-40)	Three key topics raised by stakeholder groups (GRI 102-44)	Engagement mechanisms and frequency (GRI 102-43)
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Understanding clients and their needs</li> <li>• Sustainable and impact investment</li> <li>• Employer of choice and education</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing dialogue with our relationship managers</li> <li>• Client events and conferences</li> <li>• Stakeholder dialogue 2019</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Understanding clients and their needs</li> <li>• Data privacy</li> <li>• Fair business practices and integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Town hall meetings (at least once a year at Group, department and/or location level)</li> <li>• Annual performance review discussions</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Fair business practices and integrity</li> <li>• Digitalisation</li> <li>• Sustainable and impact investment</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting of shareholders</li> <li>• Regular road shows and participation in conferences</li> <li>• Dialogue with Investor Relations and Corporate Sustainability &amp; Responsible Investment</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Philanthropy</li> <li>• Equal opportunity and diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Grant proposal discussions with non-profit partners of the Julius Baer Foundation</li> <li>• Support from employees for local community causes</li> <li>• Sponsorships</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Fair business practices and integrity</li> <li>• Sustainable and impact investment</li> <li>• Digitalisation</li> </ul>	<ul style="list-style-type: none"> <li>• Direct discussions with regulators</li> <li>• Engagement with industry associations by our Public Policy team and internal risk, legal and compliance specialists</li> </ul>
<b>Sustainability experts</b>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Sustainable and impact investment</li> <li>• Understanding clients and their needs</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder dialogue 2019</li> </ul>

## INTERNAL SURVEY AND STAKEHOLDER DIALOGUE OUTCOMES

Internal and external stakeholders have confirmed that Julius Baer is appreciated as a solid and trustworthy bank with a long tradition, strong credibility and a proven track record in engaging in excellent client relationships. However, a strong and visible commitment to sustainability is regarded as crucial for the long-term positioning of the company.

To identify how the trends and issues facing society relate to Julius Baer, we relied on regulatory and media monitoring, reporting requirements such as those set out in the Global Reporting Initiative

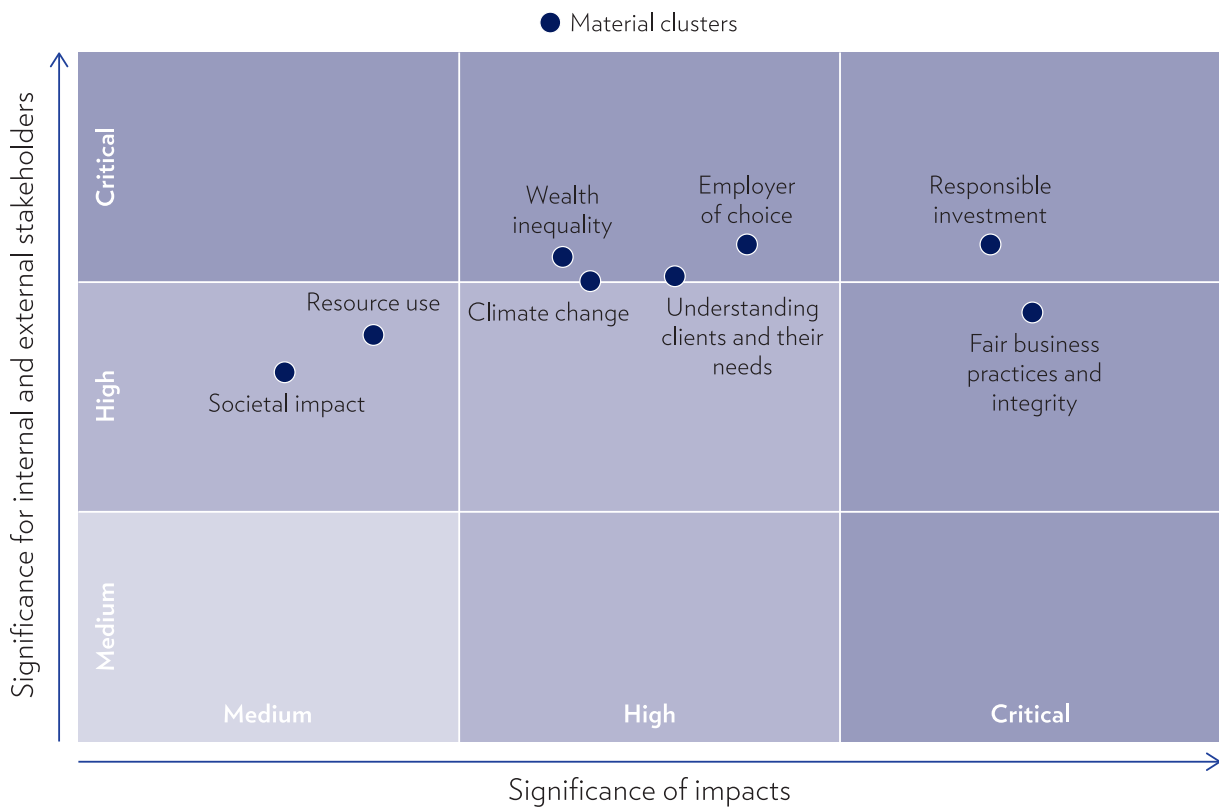
(GRI) for example, industry trends, megatrends, topics raised in previous materiality assessments, as well as the SDGs, UN PRI and UN PRB. Internal and external stakeholders were asked to prioritise issues via online surveys and an open stakeholder dialogue. These consultations revealed that internal and external stakeholders regard the following as being the most important material issues for Julius Baer:

- understanding clients and their needs
- a comprehensive sustainable and impact investment offering
- climate change
- being an employer of choice







Fair business practices and corporate governance were considered as preconditions for a successful and sustainable business. Digitalisation was regarded as an increasingly important aspect of client experience, operational efficiency, and particularly in the context of innovation and data privacy and security.

Based on these valuable and insightful stakeholder inputs, material issues were grouped into thematic clusters. The aggregated results from the internal and external consultations are shown in the following materiality matrix:

## Materiality assessment



## Definition of material issues and why they are important to our stakeholders







Material clusters	Material topics	Significance to our long-term success	GRI	Related SDGs	Link to more information
<b>Responsible investment</b>	<ul style="list-style-type: none"> <li>Sustainable investment</li> <li>Impact investing</li> </ul>	<ul style="list-style-type: none"> <li>Growing priority for clients, investors and stakeholders</li> <li>Delivering long-term financial success</li> </ul>	201: Economic performance		<a href="#">Chapter 'Our responsible investment approach'</a>
<b>Fair business practices and integrity</b>	<ul style="list-style-type: none"> <li>Responsible business conduct</li> <li>Corporate governance</li> <li>Corruption and bribery</li> <li>Data privacy</li> <li>Transparency</li> </ul>	<ul style="list-style-type: none"> <li>Precondition for a successful and sustainable business</li> </ul>	205: Anti-corruption 206: Anti-competitive behaviour 207: Tax 405: Non-discrimination 415: Public policy 418: Customer privacy 419: Socio-economic compliance		<a href="#">Chapter 'Our business practice'</a>
<b>Employer of choice</b>	<ul style="list-style-type: none"> <li>Employer of choice</li> <li>Equal opportunities and diversity</li> <li>Health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>Attracting, optimising and retaining the talent we need to serve our clients and achieve the company's business targets</li> <li>Improving the performance and creativity of the workforce</li> <li>Creating a work environment that enables professionals to perform at their best</li> </ul>	401: Employment 404: Training and education 405: Diversity and equal opportunities		<a href="#">Chapter 'Our people'</a>
<b>Understanding clients and their needs</b>	<ul style="list-style-type: none"> <li>Understanding clients and their needs</li> <li>Digitalisation</li> <li>Data privacy and security</li> </ul>	<ul style="list-style-type: none"> <li>Client experience as a key brand differentiator</li> <li>Transforming the client experience</li> </ul>	417: Marketing and labelling 418: Customer privacy		<a href="#">Chapter 'Our clients'</a>
<b>Wealth inequality</b>	<ul style="list-style-type: none"> <li>Education</li> <li>Livelihoods</li> <li>Health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>Addressing wealth inequalities by contributing to solutions in the areas of education, health and well-being, and livelihoods is one of the focus areas of the Julius Baer Foundation</li> </ul>	203: Indirect economic impacts 413: Local communities		<a href="#">Chapter 'Our communities'</a>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Climate change</li> <li>Clean energy</li> <li>Clean air</li> </ul>	<ul style="list-style-type: none"> <li>The financial industry plays a significant role in tackling climate change</li> </ul>	305: Emissions 302: Energy		<a href="#">Chapter 'Our environment'</a>
<b>Resource use</b>	<ul style="list-style-type: none"> <li>Resource use</li> <li>Water</li> <li>Circular economy</li> <li>Waste treatment and recycling</li> </ul>	<ul style="list-style-type: none"> <li>Reducing Julius Baer's own impact</li> <li>Considered in our sustainable investment offering</li> <li>Encouraging recycling is one of the focus areas of the Julius Baer Foundation</li> </ul>	301: Materials 303: Water 306: Effluents and waste		<a href="#">Chapter 'Our environment'</a>
<b>Societal impact</b>	<ul style="list-style-type: none"> <li>Art and culture</li> <li>Volunteering</li> <li>Philanthropy</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to solving societal problems and to strengthening the social fabric</li> </ul>	203: Indirect economic impacts 413: Local communities		<a href="#">Chapter 'Our communities'</a>

## STRONG PARTNERSHIPS

To advance sustainability beyond our immediate company environment, we engage in a variety of memberships and partnerships at national and international level. These partnerships highlight that our commitment goes beyond our company

and that we want to make a positive contribution to society. As part of the new corporate sustainability and responsible investment strategy, we will review our engagement with the objective to engage in areas where we have most leverage.

### Sustainability memberships

	Role of Julius Baer	Purpose of the initiative / network
 <b>UNEP FINANCE INITIATIVE</b>	<b>PRINCIPLES FOR RESPONSIBLE BANKING</b> Julius Baer was the first Swiss Bank to endorse the UN Principles for Responsible Banking. By becoming a signatory in September 2019, we demonstrated that we want to take a more active role with regard to sustainability.	The principles provide a framework for a sustainable banking system and help the industry to demonstrate how it makes a positive contribution to society. They are accelerating the banking industry's contribution to achieving society's goals as expressed in the Sustainable Development Goals and the Paris Climate Agreement.
 <b>PRI</b>	<b>Principles for Responsible Investment</b> Julius Baer became a signatory to the UN-supported Principles for Responsible Investment in 2014 and is committed to progressively integrating environmental, social and governance considerations into its investment approach.	The PRI is the world's leading proponent of responsible investment. The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.
 <b>Swiss Sustainable Finance</b>	Julius Baer joined the organisation in 2014 and is an active participant in broader discussions within Swiss Sustainable Finance (SSF); this includes the work stream on integrating sustainability into the investment process within the wealth management and asset management sector.	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. SSF provides a platform to foster the integration of sustainability principles into all financial services.
 <b>Swiss Climate Foundation</b>	Julius Baer became a member of the Swiss Climate Foundation in 2015 and contributes a significant portion of net gains received from redistributed Swiss CO <sub>2</sub> levies to the foundation.	The Swiss Climate Foundation is a non-profit organisation that provides funding to small and medium-sized enterprises (SMEs) in Switzerland and Liechtenstein. The foundation's funding helps SMEs improve their energy efficiency and develop climate-friendly products. In addition, the foundation supports SMEs that agree voluntary energy-efficiency goals with either the Energy Agency Swiss Private Sector or Cleantech Agency Switzerland.
 <b>ENERGIE-MODELL ZÜRICH</b>	Julius Baer has been a member of the Zurich Energy Model since 2016 and participates in various work streams, in which member companies discuss strategies and technologies.	The Zurich Energy Model is based on the idea that increased energy efficiency and reduced CO <sub>2</sub> levels are easier to achieve if companies jointly and voluntarily commit to ambitious goals. In agreement with the province of Zurich and the Swiss federal government, members have set the collective goal of increasing energy efficiency by 43% by 2020 (compared with 2000).
 <b>SBGA</b>	<b>SWISS BETTER GOLD ASSOCIATION</b> Julius Baer joined the Swiss Better Gold Association (SBGA) in 2019.	SBGA is a not-for-profit association created by Swiss players of the gold supply chain, from refiners to retailers. The aim of the SBGA is to create a simple, market-driven mechanism that enables formalised gold mining entities to adopt better social and environmental practices.

## Public policy memberships

Swiss Bankers Association (SBA)	This umbrella organisation represents the interests of Swiss banks in the political process. We are represented on its board by our CEO. In addition, Julius Baer participates in various expert committees and working groups of the SBA.
Association of Swiss Asset Wealth Management Banks (VAV)	This association comprises 25 independent banks that are focused mainly on wealth management and 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 CEO is the nominated Vice-President of the VAV. Our Head of Public Policy is its Managing Director.
Employer Association of Banks in Switzerland	This association represents the interests of its members relating to employment conditions. Julius Baer is a member of this association. Our Head of HR is a member of the Board.
World Economic Forum (WEF)	Julius Baer actively collaborates with the WEF by participating in various working groups and projects focusing on topics of interest to the financial services industry.
Avenir Suisse	Avenir Suisse is an independent think tank based on the Anglo-Saxon model. It develops ideas for Switzerland's sociopolitical and economic development, 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 for 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 participates in various IIF working groups.

## OUR SUSTAINABILITY STRATEGY – SHAPING A SUSTAINABLE FUTURE



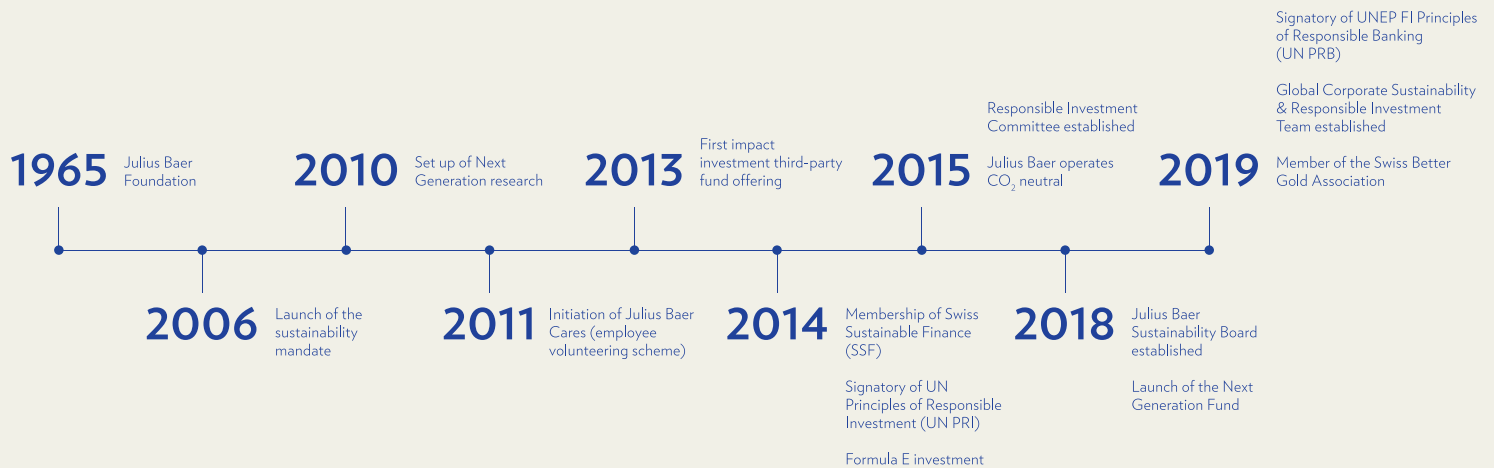
### WHY IT MATTERS

For Julius Baer, sustainability goes beyond the responsibility we have towards our stakeholders, it is an opportunity to take an active role in creating value for future generations. Stakeholders no longer just expect companies to operate responsibly, but to add value to society. The private sector is increasingly expected to mobilise the necessary resources to tackle global issues such as climate change and wealth inequality. Achieving the Sustainable Development Goals (SDGs) will require trillions of dollars in development financing, which, as things currently stand, implies a substantial

financing gap. The UN estimates that the gap in financing is CHF 2.4 trillion per year in developing countries alone.

Our corporate sustainability and responsible investment strategy shapes the way we respond to trends and changing expectations, be it from our clients, employees or society as a whole. It ensures the incorporation of sustainability into our daily investment and business decisions. It is an opportunity to focus on what matters in all aspects of sustainability: economic, social, environmental and governance related.

## JULIUS BAER'S LONG-STANDING EXPERTISE



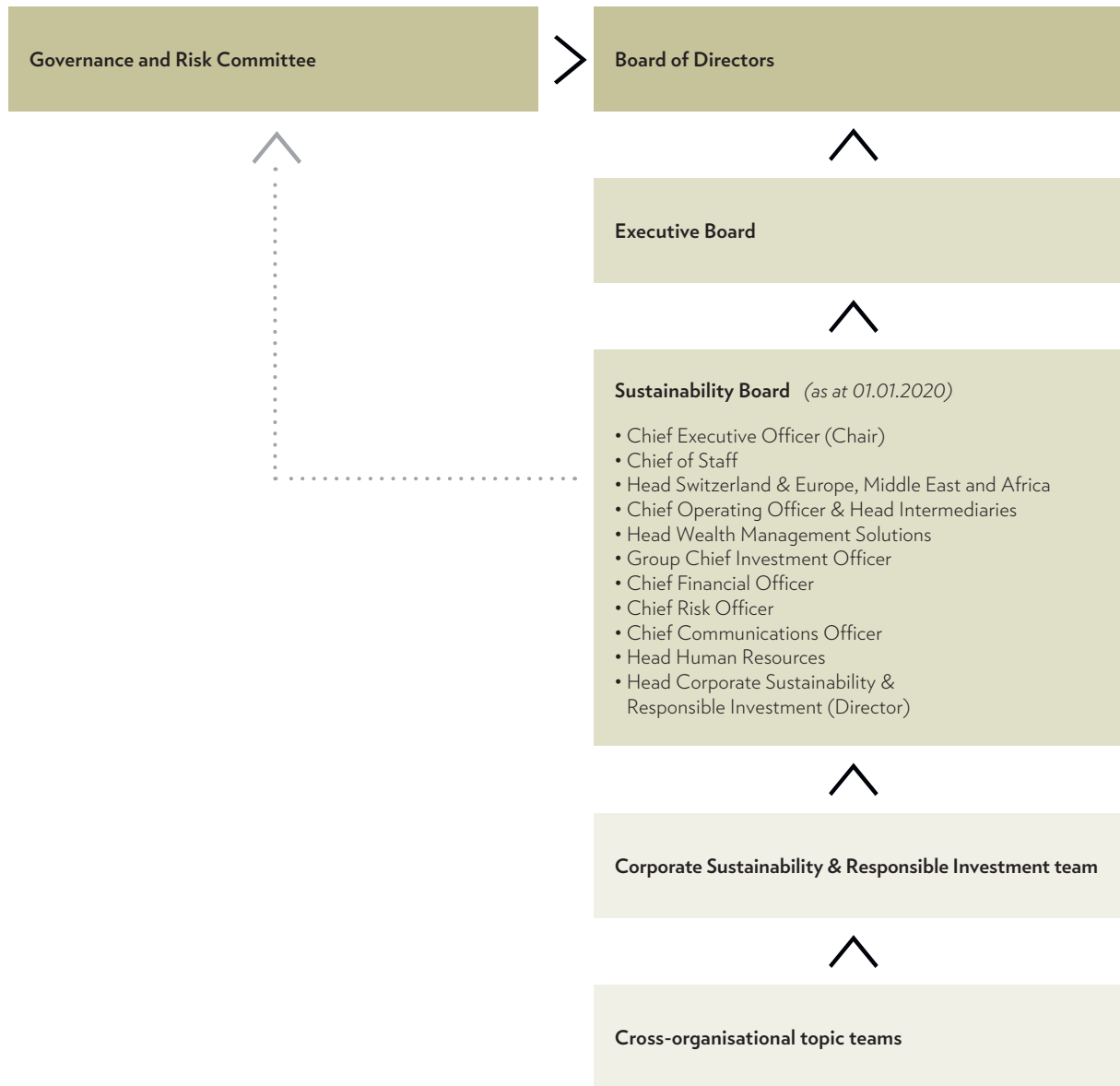
### WHAT WE HAVE ACHIEVED

At Julius Baer, we recognised that sustainability was critical to our long-term success many years ago and we have undertaken many decisive steps. Our commitment started back in 1965 with the creation of the Julius Baer Foundation and has since been underpinned by our integration of the discretionary sustainability mandate into our offering in 2006, and most recently, by our signing of the UN Principles of Responsible Banking in 2019.

In 2019, we further strengthened the Group's positioning around sustainability. At Julius Baer, we believe that both corporate sustainability and responsible investment should be aligned and

united within a single function. To drive this process, we formed a dedicated global Corporate Sustainability & Responsible Investment (CS&RI) team to steer and align the Group's activities and welcomed Yvonne Suter as the new head of the team. The CS&RI team is responsible for developing the Group's CS&RI strategy and implementing strategic initiatives. It reports functionally to the Chief of Staff and strategically to the Sustainability Board, a committee of the Bank's Executive Board chaired by the CEO.

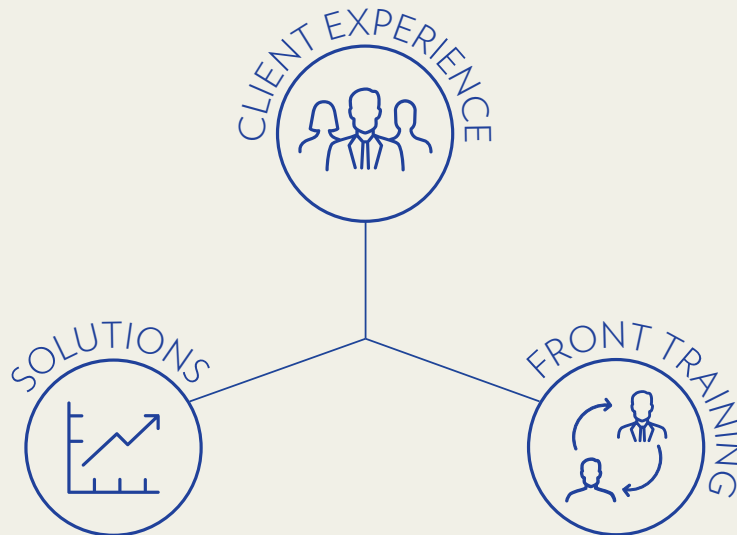
## Sustainability governance framework

**Our sustainability governance framework (GRI 102-20)**

The Sustainability Board defines, oversees and steers the overall corporate sustainability and responsible investment strategy and its roadmap of the Group. Moreover, our investment process is overseen by the

Responsible Investment Committee, which ensures that investment decisions incorporate the relevant environmental, social and governance information (for more information, see chapter '[Our responsible investment approach](#)').

## A STRATEGIC FOCUS



### OUTLOOK

During 2020, the scope of our new strategy framework will be further enhanced. In addition to encompassing corporate matters, client engagement, employee training and our responsible investment offering will be at the core of our new strategy. We have embarked on a sustainability journey that strengthens our strategy while contributing to the achievement of the Sustainable Development Goals (SDGs).

For more information about our approach to our clients, our employees and our responsible investment offering see the respective chapters in this report.

- From 2020 onwards, we have committed to strengthening our mission and strategy by defining smart and impact driven targets in line with the Sustainable Development Goals (SDGs).
- Our clients, employees and other stakeholders can expect to see Julius Baer taking a much more active role in both corporate sustainability and responsible investment.
- Corporate sustainability and responsible investment will be key to our client engagement, our product and service offering and our engagement with our employees.

## JULIUS BAER'S SUSTAINABILITY STRATEGY: WHAT WE STRIVE FOR

Yvonne Suter joined Julius Baer as Head of Corporate Sustainability & Responsible Investment in 2019. Together with her team, she oversees the development and implementation of Julius Baer Group's corporate sustainability and responsible investment strategy.

### WHAT IS YOUR MAIN TASK AT JULIUS BAER?

Corporate sustainability, sustainable investments and impact investing are strategic priorities for Julius Baer. Our ambition is to contribute to the objectives of the global sustainability agreements and to play a leading role in selected areas. Strategic thinking, anticipation of trends, far-sighted planning and effective implementation will be key. In the months to come, we will focus on making our strategy implementable and our ambitions tangible.

### WHAT IS THE IMPORTANCE OF SUSTAINABILITY FOR JULIUS BAER?

Sustainability is no longer a niche topic. Its current paradigm shift will have a particularly strong impact on the financial industry. A bank cannot pursue holistic risk management without systematically integrating sustainability as well as environmental, social, and governance criteria. The challenge is to understand sustainability in its entirety and to integrate it consistently across the company, with innovative solutions and services.

### WHAT IS THE MOST PRESSING CHALLENGE FACING JULIUS BAER?

The current dynamic in the market around corporate sustainability and, more specifically, sustainable and impact investing is unprecedented. The challenge is to keep up with the fast pace of these developments, to live up to our commitments, and to maintain momentum while remaining focused on what matters most.



---

### ABOUT YVONNE SUTER

Yvonne Suter joined Julius Baer in November 2019. Previously, she worked for Credit Suisse, where she was Head of Sustainable Investment for the last five years and held various management and leadership positions since 2005. She holds a Master in International Affairs and Governance from the University of St. Gallen.

“Together,  
we have embarked on a  
sustainability journey.”

YVONNE SUTER,  
HEAD OF CORPORATE SUSTAINABILITY & RESPONSIBLE INVESTMENT

WHAT ARE THE STRENGTHS OF JULIUS BAER  
AND THE RESULTING OPPORTUNITIES FOR  
2020 AND BEYOND?

Thanks to Julius Baer's proximity to our clients, we recognise trends and anticipate needs early. That presents us with an opportunity in terms of the quality of our solutions and services. We are a bank with great history and tradition, but we also attach great importance to entrepreneurship. Our openness and collaboration with thought leaders, think tanks and start-ups enables us to react quickly to new trends and to offer innovative solutions. What's more, our excellent network of clients from around the world is an undeniable core strength. This gives us an opportunity to increase our impact by bringing clients together, offering platforms for peer-to-peer sharing, and breaking new ground with impactful investment solutions.

WHAT GOALS ARE YOU GOING TO  
ADDRESS FIRST?

First, we have to review our sustainability targets and adjust them where necessary, especially with regard to our climate targets. The second priority is to expand our sustainable and impact investment solutions and services. Part of that will be to ensure that we implement state-of-the-art trainings for client-facing employees.

WHAT MAKES YOU CONFIDENT THAT  
YOU CAN MAKE SUSTAINABILITY A  
SUCCESS STORY?

Having worked in the financial services industry and in leadership positions for more than 15 years, I have learnt that it takes courage, passion and perseverance, as well as the willingness to go the extra mile to successfully bring a cause to its destination. True to the motto 'where there's a will, there's a way,' I look forward to my journey with Julius Baer.

## OUR BUSINESS PRACTICE



### WHY IT MATTERS

#### **Ethical business conduct**

Client service at Julius Baer is based on the principles of integrity, trust and responsibility. Led by our core values of 'care', 'passion' and 'excellence', Julius Baer's daily activities are governed by a set of guiding principles and professional standards for ethical business conduct. These principles and standards are summarised in our revised [Code of Ethics and Business Conduct](#) ('the Code').

Julius Baer's reputation for integrity is one of its most valuable assets and is critical in creating long-term stakeholder value. The Code ensures our adherence to highest standards of ethical business conduct and compliance with laws and regulations at both a corporate and a local level. As custodians of the Julius Baer brand, our employees must adhere to the Code, comply with laws and regulations and be responsive to changes in our operating environment.



#### FAIR BUSINESS PRACTICES AND INTEGRITY

Ethical and successful business practice is the foundation of the relationship with our stakeholders

Through this business practice, Julius Baer contributes to the UN Sustainable Development Goals:



Our employees are also expected to report cases of misconduct of a legal, regulatory or ethical nature. As a starting point, we ask them to discuss respective issues directly with their line management, Legal & Compliance, and/or Human Resources. Alternative channels are available to report a concern, observation

or complaint, such as contacting the Group's ombudsman or reporting the incident anonymously through the Group's reporting tool (Integrity Line). Julius Baer will not retaliate against any employee who reports a violation in good faith (for more information, see also our [Annual Report 2019](#)).

The Code is further supported by several policies to specifically combat financial crime such as anti-money laundering, anti-bribery and corruption. These policies apply to all employees worldwide, and, together with the Code, are also extended to business partners through our purchasing policy. We carry out adverse media screening to mitigate financial crime risks and operate a payments filter to ensure compliance with international sanctions and embargoes. In addition, we have implemented a robust tax compliance framework, and as a matter of company policy, we do not accept clients who do not fulfil their tax obligations.

To contribute to policymaking in a way that is beneficial to our industry and society, we actively engage with established industry associations in Switzerland and have stepped up our engagement efforts with EU policymakers and international industry organisations (see chapter '[Our stakeholders](#)' for a list of our memberships). Taken together, these measures ensure full compliance with industry regulations, increased awareness of potential risks to our business and adherence to the highest standards of ethical business conduct.

## Governance

Julius Baer Group's corporate governance framework, definitions and reporting are in accordance with the Directive Corporate Governance of the SIX Swiss Exchange; the guidelines and recommendations of the Swiss Code of Best Practice for Corporate Governance (including the appendix on executive compensation of the Swiss business federation *economiesuisse*); Circular 2017/1 entitled Corporate governance – banks of Swiss Financial Market Supervisory Authority FINMA; 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 governance of our company. 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, incentive-based remuneration schemes within the Group.

## Risk management

In pursuing its strategy and business, Julius Baer is exposed to risks, e.g. events that may have an impact on its financial, business, regulatory and reputational standing. Risk management is therefore an integral part of the Group's business model and is designed to protect its franchise and reputation.

The Group's risk management framework (RMF), which is approved by the Board of Directors each year, comprises the governance, organisational structures, processes and methods used to define risk strategies and risk management measures. Risk management activities are structured according to the Group's risk categorisation, which ensures a standardised classification of risks and consistent terminology across the Group.

The risks to which the Group can be exposed are categorised into the following clusters:

- Credit, market and treasury risk
- Operational, legal and compliance risk  
(includes market conduct and business conduct risk)
- Strategic, business and reputational risk  
(includes environmental, social and governance risk)

Not all risks can be eliminated, fully controlled or mitigated at all times. However, the Group's risk tolerance framework (RTF), which is approved by the Board of Directors each year, supports and ensures that risk-taking is in line with the strategic objectives as well as capital and liquidity planning. Our risk management approach takes into account the impact of environmental, social, and governance risks on both risk capacity and strategic and reputational risk tolerance.

The Group recognises that successful risk management requires a combination of organisational measures, supporting processes and controls, as well as a sound risk culture. To support good practices and reinforce a sound risk culture, the consequences of employee behaviour that contributes to a financial loss, reputational damage, a breach of fiduciary duty or represents a policy infringement are clearly defined through performance management, compensation and disciplinary actions.

Julius Baer has adopted the 'three lines of defence' model as an organisational framework to guide risk management across the Group functions. This encompasses the internal control system (ICS), which is the sum of controls and processes that operate across the three lines of defence to ensure that risk is being monitored adequately.

### Compliance

The Compliance department sets Group-wide standards for compliance-related subjects and ensures adherence to these standards that conforms to all applicable regulatory obligations as well as to our RMF and RTF, policies, guidelines and manuals. Compliance is responsible for independent oversight of the Group's risk and control framework. The compliance RMF aims to integrate all compliance activities into the broader risk management framework, governance and processes of the Group. This holistic concept of a Group-wide compliance risk management framework ensures that we:

- Align the global compliance framework with the Group's risk strategy
- Maintain a standardised risk categorisation
- Establish a single integrated inventory of compliance and operational risks
- Coordinate risk assessment, remediation and reporting methodologies
- Define clear roles and responsibilities between regional and local functions as well as risk type owners and control functions
- Maintain a comprehensive policy framework
- Manage integrated training and communication programmes
- Manage an effective set of controls for the relevant compliance risks
- Establish clear governance processes and structures across risk and support functions (including technology)

### Public policy engagement

As a global provider of wealth management services for our clients, we believe that we have a responsibility to engage with policymakers across various levels. Monitoring policy developments allows Julius Baer to be well prepared for future policy implementation, to assess policy proposals at an early stage, and to shape policymaking in a way that is beneficial to our industry and society.

The European Union (EU) is a frequent initiator and driver of new regulation for financial services, within the EU and through its impact on global standard setting bodies such as the Financial Stability Board and the Organisation for Economic Co-operation and Development (OECD). Switzerland often implements regulation based on EU standards. Other locations such as Singapore and Hong Kong typically adopt global standards. For the EU, the key areas of interest include market access from Switzerland and the new developments in the third-country regimes of the EU, as well as the EU Action Plan on Sustainable Finance.

In 2019, the focus in Switzerland was on the impact of negative interest rates, proportionality in banking regulation (including Basel III final and ordinance on the role of FINMA), market access to relevant countries, Brexit, significant developments in the automatic exchange of information, FIDLEG ordinance, withholding tax reform and the position of the Swiss financial centre in the context of global competition.

### Responsible procurement

To support our commitment to sustainable business practices, we believe that in addition to cost and quality, the products and services we purchase should be based on environmental and social considerations and should comply with our Code and with international standards.

Most of our sourcing activities are centralised in Switzerland, although our foreign entities are responsible for the provision of local supplies. The risks in procurement that we see include digitalisation, process optimisation, supplier relationship management and compliance with regulatory requirements.

## WHAT WE HAVE ACHIEVED

### Ethical business conduct

In 2019, we expanded the Code in response to modifications to the strategic objectives being pursued by the Group, coupled with changes in our operating environment. The revised Code specifies and helps the continued implementation of our guiding principles and professional standards for ethical business conduct.

In response to the changing environment, the revised and evolved Code is broader in scope than previous versions, including distinct chapters on topics such as:

- our behaviour
- our employees
- our clients
- our business
- our assets
- our impact

All topics were deemed relevant in a comparative analysis undertaken in January 2019. The new Code features more content and has been improved in terms of both structure and expectations. For detailed information, the [Code](#) is also publicly available.

We expect all our employees worldwide to follow the Code in their everyday actions. As such the evolved Code is embedded as a recurring element in the employee life cycle and is integrated within onboarding, events and performance reviews, amongst others. To ensure understanding of (and adherence with) the Code, an interactive information platform as well as yearly mandatory web-based refresher tests will be provided.

### Governance

In line with the Board of Directors' commitment to work towards more balanced gender representation in the long term, female representation in the ten-member body increased from one to three following the elections at the 2019 Annual General Meeting.

On 3 October 2019, Julius Baer announced the composition of the new executive leadership team. Effective 1 January 2020, the Executive Boards of Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd., the Group's main operating entity, will be aligned and consist of the same nine members.

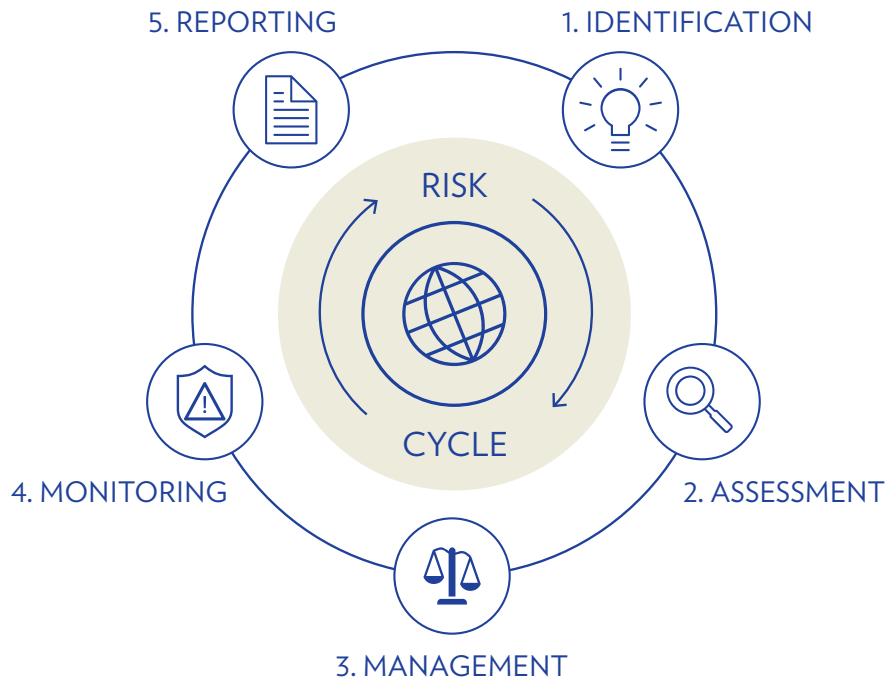
The first external assessment of the Board's effectiveness confirmed that the Board of Directors and its committees work effectively and meet the requirements of modern-day corporate governance, which is reflective of the expertise, commitment, and independent stance of the individual Board members at the time.

Detailed information on the corporate governance framework of the Julius Baer Group as well as its compensation governance and framework is available in our Annual Report 2019.

### Risk management

In 2019, we started to review and enhance the current RMF across the 'three lines of defence' model in terms of effectiveness relative to regulatory requirements, audit considerations and changes in our operating environment. The main deliverable was the design and rollout of the holistic risk management cycle and the risk categorisation concept integrated within the structure of the Group and aligned with industry best practices. It allows ownership to be assigned to dedicated functions: 'Risk Taker(s)' and 'Risk Type Owner(s)' (RTO), who manage the residual risk of each risk type by means of and in accordance with our RMF. The RTO defines the approach to identifying, assessing, managing, monitoring and reporting the underlying risks along the following risk cycle:

## Our risk management cycle



The table below provides a summary for each of the steps within the risk management cycle. For further information please refer to our [Annual Report 2019](#).

IDENTIFICATION	The continuous identification of relevant risks relates to both emerging threats as well as to increasing risk profiles. New risks may arise from the development and launch of products and services, a change in the regulatory landscape or a change to the business model.
ASSESSMENT	The assessment of the identified risks consists of analysing and quantifying the inherent risk, the control risk and finally the residual risk along defined risk management principles and methods.
MANAGEMENT	Day-to-day risk management has to ensure an adequate response to identified risks and the set risk tolerance. It includes all activities from risk evaluation to the definition of risk mitigation measures.
MONITORING	Monitoring activities include the performance of control activities or quality assurance procedures on implemented standards and controls.
REPORTING	Reporting supports all hierarchy levels to have a transparent and accurate overview of the underlying risk profile/exposure and includes timely escalation in the event of breaches of the set risk tolerances.

## GREATLY ENHANCED RISK CONTROL AND COMPLIANCE

On 20 February 2020, the Swiss Financial Market Supervisory Authority FINMA has announced the closure of its proceeding against Julius Baer concerning PDVSA, a Venezuelan state-owned oil company, and the world soccer federation FIFA.

Julius Baer cooperated extensively with FINMA over the course of the regulator's investigation, and we conducted our own investigation in the matter. We acknowledge in principle FINMA's conclusions regarding the Group's regrettable shortcomings in the fight against money laundering in its Latin American business. This is not compatible with the risk culture Julius Baer is striving to achieve. As FINMA recognised in its assessment, we had already taken comprehensive operational, organisational and personnel measures during the course of the investigation, thereby strengthening the compliance and risk culture within the Group.

### WE HAVE INTRODUCED THE FOLLOWING CHANGES, AMONG OTHERS:

- The Group has adapted its strategy under its new leadership and will shift the focus in future from new money growth to sustainable profit growth.
- Region Latin America has been under new leadership since December 2017, and new appointments have been made to all key positions. The region's strategy has been completely overhauled, including the introduction of a market-specific focus that has resulted, among other things, in the closure of the local business in Panama and Venezuela.

- The Group undertook a comprehensive programme over the last two years to strengthen its global risk management, and made new appointments to key and leadership positions. This programme addressed many of the weaknesses identified by FINMA. Further investments and measures are being implemented with high priority.
- The documentation standards for client data and active client relationships have already been further developed and improved. Both the front office and the control units were extensively involved in this project ('ATLAS'), which was completed on schedule in late 2019, to ensure that the associated cultural transformation would be embedded in the organisation with lasting effect. The effectiveness of the compliance function has been significantly improved thanks to substantial investment in staff – with headcount up by some 40% in recent years – as well as in processes, technology and data analysis. In addition, considerable sums have been and continue to be invested in enhancing transaction monitoring and combating money laundering. The Group will also adapt its incentive and compensation systems to correspond with its risk standards.

Our Board of Directors and Executive Board will rapidly and resolutely enforce implementation of the measure initiated and decreed.

## Compliance

To ensure effective and efficient compliance processes and strengthen compliance coverage, the compliance strategy has been revised and focuses on the following four strategic pillars: business compliance; client reviews; monitoring and operational risk control; and analytics.

Our compliance risk management framework and monitoring programme is continuously being updated and enhanced in order to meet regulatory requirements. Additional focus is placed on increasing effectiveness and improving efficiency through the use of technology (analytics). In 2019, we established a global programme to review the current integrated risk management and control framework for effectiveness in relation to regulatory requirements and audit considerations, and to resolve many of the fundamental issues that we are facing in our operating environment.

The measures to prevent money laundering are continuously being reviewed and, if necessary, reinforced. To further strengthen our anti-money laundering (AML) capabilities, we have initiated a global AML programme, which includes a more differentiated categorisation of clients with reference to the inherent AML risks, technical possibilities for detecting suspicious transactions, and a dedicated three-year project to improve the quality of client profiles.

The client documentation (Know Your Client) review and upgrade project was completed at the end of 2019. The project has enabled us to control client-related risk even more effectively and in line with industry standards. At the same time, it enables us to provide clients with more targeted, data-driven services and advice.

Great priority is given to the ongoing training of employees, especially relationship managers, who annually attend (mandatory) refresher courses and adhoc training to ensure compliance with rules and regulations when offering financial services and interacting with clients.

## Public policy engagement

In 2019, Julius Baer contributed to a broad range of achievements, including policy-shaping and participation in the working groups of the

Association of Swiss Asset and Wealth Management Banks (VAV) and the Swiss Bankers Association (SBA), in particular their working group on Sustainable Development.

Furthermore, we stepped up our international policy engagement and our direct engagement with EU policymakers in particular. We deepened our engagement with international organisations, such as the World Economic Forum and the Institute of International Finance. We also enhanced our activities to promote the Swiss economy, with Julius Baer executives taking part in official visits and economic missions.

Our total membership contributions and other spending for public policy engagements in 2019 totalled approximately CHF 2.9 million.

## Responsible procurement

Throughout last year, we began a series of in-depth discussions on how to adequately manage third-party suppliers and the related risks in future. Ultimately, this will result in an enhanced framework to manage our suppliers and control compliance with our terms as stipulated in the Code and with international standards on human and labour rights, health and safety, and corruption prevention.

## OUTLOOK

- The updated version of the Code will be launched in February 2020 and will include employee training and web-based training. Teams will be encouraged to discuss the Code and its implications for the team.
- We will conduct an in-depth review of environmental, social and governance factors integrated within the existing risk management framework and related policies.
- There is a growing awareness of the importance of supplier management, and for our procurement department and employees to ensure full compliance. Looking ahead, the focus will be on managing the complete internal and external value chain. This will include the respective supplier audits.

## OUR CLIENTS



### WHY IT MATTERS

#### Client experience

For 130 years, we have been striving to provide the best possible client experience based on trust and integrity. Although the world has changed significantly, one thing remains as true as ever: personal relationships matter. Thus, at Julius Baer, we believe our founding philosophy of serving clients to the highest standards of quality, expertise and care provide us with a unique competitive edge as we enter what we perceive as a new era for wealth management.

As products and services in the wealth management industry become increasingly commoditised, tailoring our client experience to the changing needs and expectations of our clients is key to maintaining a sustainable competitive advantage. To do this, we are constantly adapting to changing client expectations, demographics and new technological trends. The interaction between our relationship

#### UNDERSTANDING CLIENTS AND THEIR NEEDS

We are constantly adapting to changing client expectations and new technological trends

Through this business practice, Julius Baer contributes to the UN Sustainable Development Goals:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

managers and our clients throughout the client journey – from onboarding, product offering, delivery channels, to data and information security – is fundamental to this. Through this interaction, our relationship managers are able to consider clients' personal situations and preferences and deliver added value by providing high-quality, personalised advice.

Client experience is a key brand differentiator, and for many of our clients it is increasingly becoming a digital experience. Like most industries, digitalisation has fundamentally changed the way our clients interact – from how they search, how they communicate, to how they invest. This impacts every aspect of our business, as clients are demanding a 24/7 service across multiple interfaces including digital channels. Nevertheless, even in this era of digitalisation, there is still a strong desire from our clients for the personal touch.

Strengthening relationships with our clients is key to maintaining a sustainable competitive advantage, as it ensures loyalty and helps us to attract new clients through positive referrals. Upholding a secure, digital client experience will help the Julius Baer brand stand out from the crowd.

### Digitalisation

Digitalisation is transforming the user experience. It is evolved from being a buzzword to a driver of value creation. Our clients and employees are all using digital technologies in their private lives and fully expect similar solutions when interacting with us. At Julius Baer, digitalisation is being driven by four main factors: client experience; operational efficiency; innovation; and data privacy and security. Furthermore, these efforts enable us to meet the ever-increasing demands of economic, social and environmental sustainability. Please refer to the [‘Key figures’](#) section at the end of this report for information relating to paper consumption reductions.

### Data privacy and security

Julius Baer’s reputation for integrity and trust is one of its most valuable assets and is critical for creating long-term stakeholder value. A data security breach could meaningfully damage the reputation of any company. For the banking sector, the consequences could be even greater. We have always believed that data privacy and security are an integral part of the Group’s business framework and we regard them as business enablers, critical to our management processes. However, as we enter the ‘fourth industrial revolution’ they are fast becoming market-differentiating factors.

We aim to implement a global framework to ensure a robust and secure platform for our clients across the world. However, in some regions our clients have different expectations relating to security versus usability. In these cases, we accommodate clients’ interests as long as they are within a tolerable risk band.

## WHAT WE HAVE ACHIEVED

### Client experience

At Julius Baer, we strongly believe that sustainable client value is best created with a holistic approach. We strive to understand the needs of our clients and combine our strengths in wealth planning, wealth management and wealth financing. Our advisory approach, ‘Your Wealth’, plays a central role in this, ensuring our advice is tailored to the needs of our clients at every stage of their life.

The approach includes several ways our relationship managers can best serve our clients. A holistic advisory document guides them to discuss seven key areas with our clients: family, occupation, profession, retirement, succession, real estate and (passion) projects.

### Digitalisation

Julius Baer conducted an ‘innovation trend assessment’, analysing in detail the impact of the 40 most important global megatrends on our strategy, and used it to guide and inform our innovation activities.

In 2018, we designed a multi-year programme to complement our existing physical touchpoints with digital ones in order to enhance the client experience. Following the conceptualisation phase in 2018, significant enhancements were delivered to our clients in 2019, such as a highly secure login mechanism, and the electronic sharing of investment content. In Switzerland, a pilot version of a proprietary chat functionality was launched. The technology (once implemented) will allow Julius Baer to onboard third-party chat applications such as WhatsApp or WeChat during 2020, enabling us to extend our communication channels to our clients’ preferred applications in a fully compliant and controlled fashion. In addition, a new data platform went live allowing Julius Baer to better understand the usage of our systems and derive ideas to improve our channel experience.

## DATA IN, VALUE OUT: HOW JULIUS BAER'S CORPORATE START-UP DRIVES INNOVATION



Julius Baer created its first corporate start-up, TargetInsights, with three employees in 2018 in order to leverage its large amounts of data, spur innovation, and foster a culture of analytics. The team has since added another two members.

In today's Big Data era, companies are seeking data scientists who can make the best use of the data they collect. "Instead of trying to find that one unicorn data scientist with magical powers, Julius Baer formed TargetInsights with three cross-functional employees: a former relationship manager, a data-migration expert and me, a mathematician," explains Christian Jauch, who helped set up TargetInsights after four years with Julius Baer.

TargetInsights was founded with the clear objective of developing a first working version of a product on the topic of advanced analytics, artificial intelligence and machine learning. The three team members were tasked with finding new and different ways of working and gathering ideas from both internal and external experts.

"The idea is that TargetInsights remains an innovation lab that creates a simple working version of the tool or concept as a proof of value, brings it into production, and supports the initial roll-out. The day-to-day business and maintenance of the product, however, are the responsibility of the respective operational units at Julius Baer. This leaves us free to tackle other exciting data science challenges," explained Emiliano Ingrassia, the business expert at TargetInsights.

The first results of the TargetInsights engagement can be used as innovative solutions by different parts of Julius Baer, such as Front or Markets. By building internal know-how on how to derive real value from the existing data, Julius Baer is striving, through TargetInsights, to stay ahead of the curve in an increasingly data-driven world.

The full article is available on our [website](#).

### Data privacy and security

An information security management system and data privacy framework, both of which are derived and adopted from the ISO 27001 standard, are in place to contribute to the overall governance. Some key aspects of the information security framework are the notions of security by design (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). Access to critical data is provided on a need-to-know/need-to-do basis. Access to data by administrators and power users is monitored and logged. To raise awareness outside of the bank, we organised a client event on cyber security and our Chief Information Security Officer was interviewed on [finnews.tv](https://finnews.tv).

The Security Committee roadmap 2019 has progressed in line with the financial parameters set by the Group. The implementation of the defined roadmap is on time, on budget and in scope. The responsibilities have been further clarified with regards to the new 'Risk Type Owner' concept launched by Risk Management.

As information and data security threats are constantly changing and evolving, strengthening our resilience to cyber attacks is of paramount importance. In 2019, we completed a number of programme improvements. For example, a real-life attack simulation and penetration tests were performed at the head office to measure our resiliency to a cyber attack. This simulation

was also conducted in Asia following the roll-out of cyber resilience improvements for the region. A new Technical Information Security team was implemented to monitor and counter evolving cyber threats. Furthermore, to comply with security and regulatory requirements, we upgraded our employee authentication process to a smart-card-based, two-factor authentication system. For most locations, there will be a combined access card for both physical and computer access. The roll-out started in June 2019 and will continue throughout the first half of 2020.

During 2019, we ran a series of training and awareness campaigns on information and data security for our employees. The purpose was to educate our staff about the latest information security threats and what we can do to keep them at bay. The data privacy and security campaign uses a broad array of measures, ranging from simple posters, feature articles, blogs on the intranet, and mandatory web-based training to phishing campaigns that verify secure employee behaviour.

### OUTLOOK

- Looking forward, we are focusing on maximising our client experience by fine-tuning our digital client experience.
- Added functionality such as digital signatures will help to further reduce our paper consumption and the use of couriers.
- In Asia, a new e-banking and mobile banking system will go live.

# OUR RESPONSIBLE INVESTMENT APPROACH

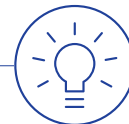


## WHY IT MATTERS

The growing importance and demand from our clients for sustainable and impact investing is driven by a number of trends:

### Societal expectations

In 2019, we saw a real shift in the relevance and awareness of the climate crisis. Corporate sustainability and responsible investment have matured as material business practices that influence an organisation's competitive advantage. Clients show an increased demand for sustainable and impact investment solutions. Employees expect an employer to be fair and to do business responsibly. Clients and investors have started to mainstream the integration of environmental, social and governance factors in financial analysis. Finally, society at large now sees issues such as job creation, resource stewardship, climate change mitigation and reducing wealth inequality as the



## RESPONSIBLE INVESTMENT

Responsible investment is a growing priority for our clients

Through this business practice, Julius Baer can contribute to all UN Sustainable Development Goals:



responsibility of both government and business. The financial industry has a key role to play in the transition to a more sustainable world. It provides capital to fuel the economy and can direct it towards sustainable solutions.

### Regulations and guiding principles

International political commitments as well as discussions on fiduciary duty have a direct impact on corporate regulation. Regulators are expecting companies to demonstrate their adherence to international agreements, such as the Sustainable Development Goals and the Paris Climate Agreement. The urgency surrounding sustainability has also led to the introduction of binding regulations such as the EU Action Plan on Sustainable Finance, as well as guiding principles such as the UN Principles for Responsible Investing (UN PRI) and the UN Principles of Responsible Banking (UN PRB).

### Industry and ESG integration

At Julius Baer, we recognise this responsibility as well as the need to start 'at home'. With this in mind, we introduced the Responsible Investment Committee in 2015, we formed the Julius Baer Sustainability Board in 2018 and have expanded our sustainable product and service offering. A full body of literature shows that long-term financial success is built on proper governance and the consideration of social and environmental factors.

### Clients and impact

Interest in environmental, social and governance factors is expanding at a rapid pace among clients – where more and more of our clients, in particular younger clients, want to generate a positive and measurable impact on society and the environment in addition to financial return. Our 2018 client survey showed that, currently, more than 50% of our clients are interested in sustainable investing. This increases to over 60% for clients aged 34 or younger. These results show that clients are becoming more aware of sustainability issues and are willing to integrate sustainability in their approach to investment. In 2019, our relationship managers again reported an increase in interest and demand for sustainable and impact investment solutions. Furthermore, trends show that clients are also looking for increased transparency of invested assets.

Our [Responsible Investment publication](#) provides greater insight into the importance of responsible investment, our strategy, and our product offering. In this section of the report, we outline what we have achieved to date.

### WHAT WE HAVE ACHIEVED

#### Our ESG integration approach

At Julius Baer, we believe a holistic investment approach that captures the full picture of risks and opportunities enables us to deliver financial returns in combination with creating social and environmental impact for our clients. As such, in addition to more traditional financial metrics, our research analysts have been incorporating environmental, social and governance (ESG) criteria into our sustainability mandate investment process since 2006 and into other mandates since 2014.

#### Why do we integrate ESG?

Increasing concerns about environmental and social challenges are stimulating analysts, investment professionals and corporates to pay greater attention to ESG issues. We believe that incorporating ESG factors into the investment decision process improves our ability to uncover risks and opportunities, and ultimately generates superior risk-adjusted investment returns for our clients, while creating value for all stakeholders. The ESG perspective helps to separate leaders from laggards, it strengthens investment performance by reducing the risks, and caters particularly to the needs of long-term, buy-and-hold investors.

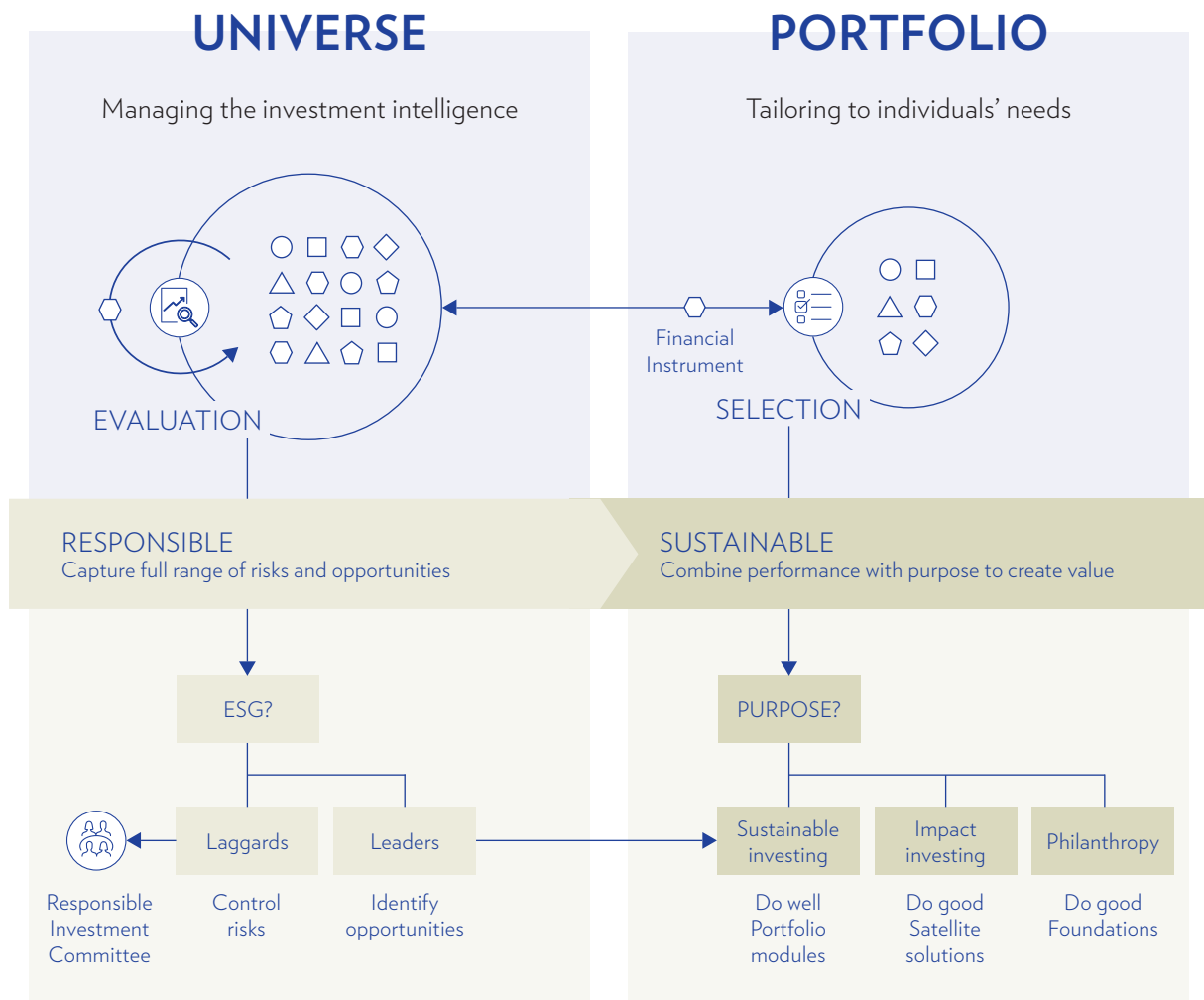
#### How do we source ESG information?

We source ESG information from independent providers, which has become a mainstream process among investment professionals. The service is comparable to the provision of credit ratings and, depending on the data provider, includes an overall rating and/or specific ratings in regard to key aspects of the company. This externally sourced ESG information is then evaluated for quality and meaningfulness by our analysts. Our experts check for subjective views, time lags and methodological biases that may occur because large corporations tend to disclose more information or because the assessment relative to peers is given more weight than the absolute business risk assessment.

#### How do we integrate ESG criteria?

We integrate ESG criteria by taking into account world equities and emerging market equities as well as the advice of our Responsible Investment Committee. At times laggards turn into leaders, or vice versa, comparably swiftly, and financial markets sometimes temporarily overlook ESG risks.

## Julius Baer responsible investment process



Rather than completely excluding companies with a poor environmental footprint or inferior corporate governance from the investment universe, our approach is holistic and focuses on risk control and sound investment advice.

Integrating ESG factors into investment analysis requires 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 fluctuations in 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 company manages its specific operating environment. ESG issues can shed light on corporate culture, which is the defining 'soft' element separating winners from losers and determining business success. Including such non-financial information improves our ability to identify risks and opportunities, ultimately yielding a superior investment performance for our clients.

#### Where are ESG criteria integrated?

We provide our research analysts, portfolio managers, investment advisors and clients with ESG ratings in research reports and portfolio reports for clients. Our research reports have a dedicated section in which analysts must provide information

about relevant ESG factors for each company they are researching and explain how it relates to our investment thesis. Our web-based research platform also integrates ESG commentary from our analysts, including company meeting notes. This enables us to share feedback on our discussions with management and formally tracks our ESG-related interactions.

*Julius Baer Responsible Investment Fund Rating (RIFR)*  
Since 2015, we have rated Julius Baer-recommended funds on ESG through our RIFR. The outcome of the in-depth research and analysis conducted by fund analysts for all recommended funds is quantified with an RIFR. The RIFR is expressed on a seven-point scale, ranging from AAA (best) to CCC (worst). The goal of the integrated RIFR is to provide further information to our clients, highlighting as many investment-related risks as possible, so that sound, holistic investment decisions can be made.

#### How is ESG governed?

##### *Responsible Investment Committee*

The committee ensures that our investment decisions incorporate the relevant ESG information. It actively engages with our analysts and portfolio managers to limit investment risks without compromising their independence. Companies with low ESG scores and public controversies are discussed in-depth among experts to assess risks. Analysts and portfolio managers are required to consult the Responsible Investment Committee if they disagree with poor ratings supplied by our providers. They must then collect the necessary arguments and convince the committee that the ratings should be revised. The committee can override and upgrade ratings by majority vote. Each year, the committee conducts a review of the best-rated companies.

##### *Sustainability Board*

The Sustainability Board is a committee of our Executive Board, chaired by the CEO. Since 2018, the Julius Baer Sustainability Board has overseen key initiatives on both, corporate sustainability and responsible investment. Furthermore, our Sustainability Board provides a strategic direction for our operations and wealth management services (for more information on our sustainability governance framework, see chapter '[Our sustainability strategy](#)').

#### Products and services

Julius Baer offers a broad range of products and services for our clients under the umbrella of 'Responsible Investment'.

#### Sustainable investing

##### *Discretionary mandates*

Julius Baer can now look back on a 14-year track record of discretionary mandates in sustainability. If clients choose a discretionary mandate, a portfolio manager is responsible for the everyday management of their portfolios and decides on investment-related issues on their behalf. Our sustainable mandate enables clients to invest sustainably across different asset classes and currencies, in line with their individual needs and personal values. On top of ESG integration and rigorous financial analysis, a strict filter for good corporate governance is applied as an additional investment risk criterion. Sustainable mandates go through a process of negative and positive screening. Negative screening excludes sectors, companies or governments that are involved in certain business activities or unethical behaviour based on specific criteria (e.g. defence/weapons, treatment of animals, genetic engineering, etc.). Positive screening selects best-in-class companies or funds/ETFs that perform best against a defined set of ESG criteria. Alongside our best-in-class screening, Julius Baer incorporates thematic investing, focusing on themes like low carbon footprint, water scarcity, natural resource efficiency, nutrition innovation, healthcare innovation and economic empowerment.

#### Assets from RI-related offering<sup>1</sup>

in CHF m	2019	2018
Assets with ESG integration <sup>2</sup>	52,486	43,537
As percentage of total assets under management (%)	12.3	11.4
Discretionary sustainability mandates <sup>3</sup>	1,625 <sup>4</sup>	973
Recommended sustainable and impact investment funds <sup>5</sup>	535	435

<sup>1</sup> More detailed assets under management and financial data may be found at the end of this report in the section 'Key figures'.

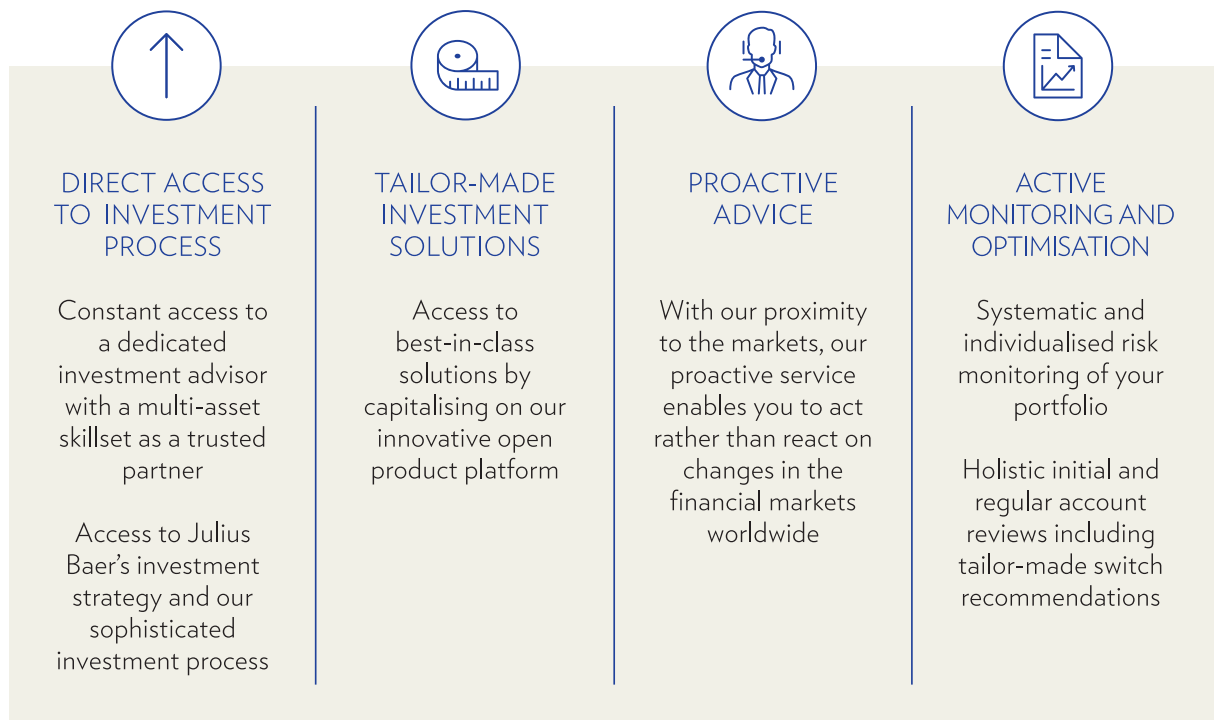
<sup>2</sup> Based on assets under management in central mandates (only front regions, excluding intermediaries).

<sup>3</sup> Including various asset classes and currencies.

<sup>4</sup> Including mandates implemented outside of Switzerland.

<sup>5</sup> Total assets under management invested through Julius Baer in recommended sustainable investment and impact investment funds on the open product platform.

## Value proposition of sustainable advice advanced

*Sustainable advice advanced*

Aside from our discretionary mandates, we also offer our clients advisory services in sustainability. Our new competence centre for tailored advice and research in the area of sustainable investing offers clients full flexibility to choose from different sustainable investment strategies and select the criteria that are most important to them. It allows them to add a sustainability overlay to their portfolios or focus on a specific theme. Experienced investment advisors discuss all investment-related questions with our clients, supporting them in making informed investment decisions.

**Impact investing**

The aim of impact investing is to generate a measurable social or environmental impact alongside a financial return. Impact investing can take place through shareholder engagement, by voting at shareholder meetings, or directly by engaging financially in non-listed companies and projects. Our offering includes listed bonds and alternative

investment opportunities like microfinance. 'Green' bonds are issued in order to raise funds that finance new and existing projects delivering positive environmental benefits. Examples of projects that qualify for green bonds include renewable energy, carbon mitigation, sustainable resource management, green buildings, climate change adoption and clean transport. The sector has more than trebled in size since 2016, surpassing the USD 200 billion (CHF 191 bn) milestone in 2019.

**Sustainable Development Goals and Next Generation – an integral part of our investment philosophy**

The United Nations Sustainable Development Goals (SDGs) for 2030 provide important guidelines. To combat issues like climate change and wealth inequality, governments need support from the private sector. Therefore, the SDGs serve as a compass and common language to identify companies whose sustainability originates directly from their business.

Our Next Generation investment philosophy is focused on long-term structural growth. The objective is to seek out attractive growth opportunities by identifying companies which have a competitive advantage within structurally growing markets, and which can therefore harness broader social and economic megatrends to deliver superior investment returns. Straddling our research offering and investment management capabilities, Next Generation aims to provide growth-focused equity investment products and services, alongside cutting-edge research for our clients. Next Generation integrates ESG risk monitoring into the broader investment process; it focuses mainly on industry growth, competitive advantage, economic returns and equity valuations.

#### Fund offering

Julius Baer's fund selection is based on an open architecture and best-in-class approach. Our fund selection team handpicks funds by asset class, region and investment style. The selection is based on a thorough analysis of the fund provider's dedication to sustainable investing, the degree of integration of internal ESG standards across the organisation, the fund's investment philosophy and approach to sustainable investing, as well as the drivers behind historical performance and risks (including a qualitative assessment of how likely risks and opportunities are to persist and how they fit with varying client needs). An RIFR is implemented (as described previously).

#### Philanthropy advisory

An additional service offered at Julius Baer is philanthropy advisory. Here the focus lies on social and environmental impact, without financial return. Established in 2017 and further developed in cooperation with the Julius Baer Foundation, our philanthropy advisory service offers clients support in a number of endeavours, such as 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. Events around the world are organised for clients on philanthropic topics to inspire and initiate philanthropic actions.

The demand for one-to-one meetings is increasing and demonstrates a great interest in the topic by our clients.

#### Front training

Our employees are key to our exceptional client service. This year, our relationship managers and other client-facing colleagues (the Front) have again reported a rise in know-how by our clients as well as a growing demand for responsible investing from our clientele. We are continuously working on developing the know-how of our employees and raising awareness of corporate sustainability and responsible investment.

Part of our effort to raise awareness was our global campaign in 2019 around 'Responsible Investment', which included streamlined activities on content and sustainable investment solutions, education sessions on different sustainable investment approaches, as well as client activities. During the campaign, we saw high engagement within the Front, resulting in a positive assessment of the topic and its relevance. Furthermore, we received input on how to strengthen our in-house offering and activities related to corporate sustainability and responsible investment.

#### OUTLOOK

Looking to 2020 and beyond, we will focus on further developing our responsible investment strategy. This will include the following:

- Further integration of ESG into investment and advisory process (implementation of the EU Action Plan on Sustainable Finance).
- Further broadening of our sustainable and impact investing product offering.
- Further enhancement of our portfolio reports for clients.
- Intensive training for our Front employees (relationship managers, advisors, portfolio managers).

## SUSTAINABLE INVESTING: WHY IT MATTERS

As the Head of Sustainable Investment Solutions within Julius Baer's Investment Management arm, Silvia Wegmann's journey with sustainable investing started in 2006, when an existing client expressed an interest in reinvesting the proceeds from the sale of his company according to his very own set of criteria. Having been an entrepreneur, it had been a matter of course for this client to anchor his firm's corporate culture to environmental, social and governance (ESG) criteria. He wanted to invest in companies with a corporate culture like the one he had nurtured in his own firm. However, he also had other requirements for his mandate: he wanted to exclude companies that were involved in weapons manufacturing, nuclear energy, tobacco and genetic engineering.

### BATTLING THE MISCONCEPTIONS

Today there are still many misconceptions about sustainable investing. "People think sustainable investing is green, irrational, intangible," states Silvia. "But sustainable companies are more innovative. They're the ones who have the products in place to address our challenges, and if you have better and more innovative products, you have higher margins."

### SUPER G

The essence of sustainable investing is incorporating ESG factors into investment decisions. But Silvia explains that without governance, you do not have the 'E' and the 'S'. Companies with strong governance recognise the importance of managing risks and opportunities associated with global challenges such as climate change and social inequality.

### SUSTAINABLE INVESTING: WHY NOT?

Still, there is much room for improvement. Silvia cites a study in which investors were asked how they incorporated sustainability practices into their daily lives. Over three-quarters of the respondents stated that they recycled glass, separated waste, and bought locally produced food. But only 20% actually translated this into their investments. "So my question is, if you lead a sustainable lifestyle, why not align your investments with your values? For me, it's a no-brainer. With sustainable investing, you can achieve financial returns, and at the same time, you can put your money to work for something meaningful."

"Connecting values  
with performance."

SILVIA WEGMANN,  
HEAD OF SUSTAINABLE INVESTMENT SOLUTIONS



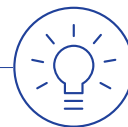
## OUR PEOPLE



### WHY IT MATTERS

Our ambition to be the employer of choice in wealth management is greatly supported by our culture, which attracts, develops and retains the talent we need to achieve our business targets. We believe that our culture contributes to high motivation, sparks a willingness to go the extra mile, and represents an effective means of managing risk.

Having a positive work environment and a healthy workforce are key to maximising employee productivity and team performance. By helping our employees to foster a work-life balance, we strive to increase well-being, loyalty and engagement – factors that can significantly enhance client experience. Diversity and inclusion are also very important to fostering a positive work environment within the bank, and we are committed to supporting diversity throughout all levels of management.



### EMPLOYER OF CHOICE

Equal opportunities, diversity and purpose are key to become an employer of choice

Through this business practice, Julius Baer contributes to the UN Sustainable Development Goals:



The way we manage employee relations ensures behavioural conduct in line with professional standards and core values. The relations with our employees are shaped by a compensation and benefits package that has been designed to be

Our people<sup>1</sup>

	2019	2018
Total headcount (total workforce excl. externals) <sup>2</sup>	6,958	6,985
<i>Of which regular staff</i>	6,773	6,738
Number of employees (FTE) (total workforce excluding externals) <sup>2</sup>	6,638.5	6,692.5
<i>Of whom in Switzerland (%)</i>	51.6	52.8
<i>Of whom in rest of Europe (%)</i>	17.7	17.4
<i>Of whom in Asia-Pacific (%)</i>	21.6	21.4
<i>Of whom in Latin America (%)</i>	6.0	5.5
<i>Of whom in Middle East and Africa (%)</i>	3.0	2.8
Part-time employees (% of total regular staff headcount)	10.8	10.5
<i>Male part-time employees (% of total male staff)</i>	3.4	3.7
<i>Female part-time employees (% of total female staff)</i>	20.8	19.9

<sup>1</sup> More detailed HR data may be found at the end of this report in the section 'Key figures'.

<sup>2</sup> 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 graduates.

competitive and attractive. It is linked to the past and future development of the performance of Julius Baer and encourages prudent risk management.

Excellent training and development opportunities are one major factor to attract and retain outstanding and ambitious employees. To enhance both technical and soft skills, we provide training, promote learning, and support performance. Our efforts specifically target the areas of competitive advantage and risk mitigation, which are covered by programmes to strengthen leadership competencies, foster professional skills, and develop young talent.

Employee turnover<sup>1</sup>

	2019	2018
Total net employee turnover (%) <sup>2</sup>	11.4	8.8
Total voluntary turnover (%) <sup>3</sup>	8.3	7.2
Average employee tenure (years)	7.7	7.6

<sup>1</sup> More detailed HR data may be found at the end of this report in the section 'Key figures'.

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

<sup>3</sup> Resignations as a percentage of regular staff.

## WHAT WE HAVE ACHIEVED

2019 was an important year in our journey to become the employer of choice in wealth management. To get an unbiased overview of how our employees feel about their work at Julius Baer, we launched the first-ever global employee survey. The possibility for managers to directly acknowledge and comment on anonymised employee opinions made the survey an instant success. Our employees' strong commitment to Julius Baer was confirmed by an engagement score that was above average for the finance industry. We plan to conduct similar pulse surveys on a regular basis in 2020 (please see the feature with regard to the survey later in this chapter).

In addition to the employee survey, this section elaborates additional measures we have undertaken to achieve our objective.

### Culture and being an employer of choice

By strengthening our company culture over the reporting period, we continue to deliver a best-in-class experience to our employees and to our clients. To further embed our values within our culture, we introduced the performance management aspect of measuring and assessing 'care, passion, excellence' as standardised rating points in our in-house performance management tool. Additionally, our excellent training and development opportunities for employees remained a strong component of our efforts to become an employer of choice.

### Employee engagement and well-being

Employee engagement and well-being are vital pillars of Julius Baer's business strategy. During 2019, we continued to implement a variety of

initiatives that addressed topics such as physical and mental health, engagement, social connectivity and fulfilment. We believe these initiatives have a positive impact on both productivity and performance by helping our employees to relieve stress, feel more balanced and motivated. Employees were informed about these initiatives via content published on a dedicated intranet page. Furthermore, we introduced additional well-being programmes such as flexible working arrangements, developed a new policy on home-office in some locations, ran health awareness campaigns and workshops, and introduced new ways of working in a modern work environment. Taken together, these initiatives contributed to an average rate of absence due to illness of 4.3 days per employee in Switzerland.

“Julius Baer gives me a great sense of freedom and the possibility to take charge of my own projects.

My superiors give me room to move, have confidence in my abilities, and let me take on new challenges and responsibilities. Julius Baer is less about hierarchy, it's more about people.”

JUSTINE MONSAVOIR, JULIUS BAER SWITZERLAND

## JULIUS BAER'S GLOBAL EMPLOYEE ENGAGEMENT SURVEY

To start a two-way communication with our employees, Julius Baer conducted its first global employee engagement survey during September and October 2019. With a response rate of 90%, the survey was considered a great success in giving employees a voice and as an opportunity to learn from their feedback and continuously develop as an organisation.

The engagement score of 7.6 (on a scale of 1 to 10), which is above the average in the finance industry, shows a high level of employee engagement as expressed in employees' level of commitment and enthusiasm regarding their work and the company. The questions ranged from the likelihood of recommending Julius Baer as a place to work to satisfaction with the organisation's culture, work environment, career prospects, as well as employees' opinion of the characteristics of the Julius Baer brand. In addition to the overall engagement score as a baseline, the bank is now better aware of its employees' main drivers, understands the motivations of highly engaged 'promoters', as well as the reasons for more sceptical 'detractors'. Respondents particularly value the clarity of goals and expectations set by the bank. They also greatly appreciate having the opportunity to support clients and internal partners to get feedback on their performance. However, whilst employees associate very much with their area of work and consider it to be very meaningful, this applies to a somewhat lesser degree in terms of the purpose and strategy

of the company. Our CEO referred to this when he directly addressed all employees, acknowledging and thanking them for their feedback. In addition, a discussion on *Purpose* was initiated before the year-end and is now high up on the Executive Board's agenda.

Following a participatory and interactive approach, the survey provided dashboards to line managers with more than 15 respondents that included actionable insights to individual teams. This process allowed team leaders to discuss improvement potential and follow-up actions with their team members. One key feature of the survey that was particularly appreciated by respondents is that it enabled managers to directly acknowledge employee opinions and reply to comments immediately (whilst keeping the anonymity of the respondent). As our employees left almost 36,000 comments, this process created a dialogue between management and employees in real-time and provoked interaction across all functions and regions.

Given the success of the survey and the value of the results for continuous improvement and employee engagement, we will repeat it on a regular basis with pulse surveys. These surveys, starting in March 2020, will be less extensive but more frequent. Engaging with employees in a more continuous and structured way will strengthen Julius Baer's efforts to become an employer of choice in wealth management.

## DIVERSITY INITIATIVES



### MYBRAND

Increase women in senior management

Improve self-marketing



### UNCONSCIOUS BIAS

Open up new perspectives and ways of thinking  
Make better people decisions



### CAREER CHECK

Maintain employability  
Continuous learning and development



### REVERSE MENTORING

Prepare for next generation  
Understand demands of future workforce



### MENTORING ON DEMAND

Enable networking and exchange  
Individual development

### Employee diversity and equal opportunities

Our efforts in the areas of equal opportunities and diversity in 2019 paved the way for us to attract a variety of talents – irrespective of gender, age, sexual orientation, ethnic group, religion or disability. It is essential that Julius Baer continues these efforts in order to remain attractive to future generations and meet their changing expectations.

Diversity initiatives ranged from MyBrand training, Unconscious Bias workshops to Reverse Mentoring and Mentoring on Demand, and provided opportunities for employees to broaden their personal horizons and focus on self-reflection and development. We also offered a platform to exchange ideas, share knowledge and gain mutual inspiration based on these initiatives. According to the 2019 figures, employee participation in these initiatives increased considerably compared to 2018. For example, participation in MyBrand training went up by more than 40%, and Unconscious Bias workshops by more than 28%.

Furthermore, we started a new internal peer coaching pilot called Parents@Work in Switzerland. This initiative recognises that while the arrival of a new family member is a time for celebration, it is also a time for careful planning at home and at work. The coaching team supports new parents to prepare for the challenges of combining work and family, ensuring a smooth return to work after parental leave, or planning the next career step. During 2019, 11 employees benefited from the pilot project, coached by six colleagues who are also parents themselves. The coaches supported the participants in making the transition as smooth as possible.

Parental leave is offered in accordance with local legislation, but we frequently provide more than the statutory minimum. For example, in Switzerland we offer maternity leave of 20 weeks at full pay, paternity leave of one week at full pay, as well as adoption leave of 16 weeks at 80% pay. As local requirements differ, Swiss regulations for parental leave serve as a guiding principle for our locations abroad.

Key diversity indicators<sup>1</sup>

	2019	2018
Ratio of women (% of total regular staff headcount)	42.2	41.9
Women in senior management (% of total senior management headcount) <sup>2</sup>	27.2	27.1
Women on the Executive Board (%) <sup>3</sup>	13.3	13.3
Women on the Board of Directors (%) <sup>4</sup>	30.0	10.0
Promotions of women in all ranks (% of total promotions)	45.6	40.2
Promotions of women in senior management (% of total promotions)	36.5	21.6
Number of nationalities employed	105	105
Average age of employees (years)	42.8	42.6

<sup>1</sup> More detailed HR data may be found at the end of this report in the section 'Key Figures'.

<sup>2</sup> Julius Baer defines senior management as all employees with the rank of Director to Managing Director.

<sup>3</sup> This number includes members of both the Group's Executive Board and the Bank's Executive Board.

<sup>4</sup> Out of 10 Board of Directors members in 2019.

Our efforts to provide equal opportunities include supporting women who want to return to work after a family or career break.

We believe that our measures to foster equal opportunities and diversity among our employees are showing results. However, we will continue our efforts to be an employer of choice for both men and women.

## Reward and benefit

For many years now, Julius Baer has implemented an attractive market-oriented, performance-based compensation system. Salary structures are matched to an individual's capabilities as well as their level of responsibility. Global role classification models are used to determine salary ranges, which we routinely benchmark against the market to ensure that we offer competitive pay in all locations.

Julius Baer rewards employees for excellent performance, which includes contributing to financial success, ensuring regulatory compliance, and displaying exemplary behaviour that is in line with our corporate values and promotes the long-term success of the organisation.

Parental leave<sup>1</sup>

	2019	2018
Total number of employees taking parental leave	301	245
<i>whereof women</i>	157	138
<i>whereof men</i>	144	107
Parental leave (average number of total days taken)		
<i>by women</i>	106.3	110.7
<i>by men</i>	8.7	5.9
Share of women still employed in year after taking maternity leave (%) <sup>2</sup>	75	79

<sup>1</sup> More detailed HR data may be found at the end of this report in the section 'Key figures'.

<sup>2</sup> Please note that some women on maternity leave in any given year started their leave the previous year.

Our overall performance management framework includes feedback on employees' achievements, identification of development needs and growth potential, as well as support for employees' career goals.

## WOMEN BACK TO BUSINESS

### A PROGRAMME IN COOPERATION WITH THE UNIVERSITY OF ST. GALLEN

Women Back to Business is an executive education programme for women with a university degree or advanced technical college degree who wish to return to work or reposition themselves after a career break.

Run by the University of St. Gallen and supported by corporate partners such as Julius Baer, the programme brings participants up to speed on the latest management concepts. Individual and group coaching are included with the possibility to participate in a 'returnship' with a renowned Swiss company. Since this cooperation began, four internships have already been offered, three of which will start in 2020.

“It was a delight for me, as an outsider to both banking and Swiss culture, to spend a couple of days at an institution as quintessentially Swiss as a private bank. It was a pleasure to hear Philipp Rickenbacher’s thoughts on how this new chapter at Julius Baer will unfold, what his personal narrative will be, and how his plans for the bank will take shape.”

PARTICIPANT IN MARKETING MODULE,  
SEPTEMBER 2019

“Among the partner companies we visited, Julius Baer is the first to offer positions to our group. Thanks to them for walking the talk.”

PARTICIPANT OF MARKETING MODULE,  
SEPTEMBER 2019

Julius Baer is part of collective bargaining agreements in Austria, Luxembourg, Monaco, Spain and Switzerland (GRI 102-41). No significant proportion of our workforce is employed in the low-wage segment.

For further details, please refer to the remuneration report section of the [Annual Report 2019](#).

### Training and development

During 2019, the Julius Baer Academy further intensified its training strategy to provide individual learning to employees and support performance. We are very proud that employee training is now being implemented at all our locations worldwide. Our approach to training is characterised by the principle of ‘going global by caring local’, where global providers tailor training programmes to local needs. A total of 117 training sessions were delivered in 2019, with almost 2,000 employees participating. The feedback has been overwhelmingly positive and employees felt that the training was relevant and beneficial to their careers.

We experimented with a wide variety of virtual training formats, ranging from ‘learning nuggets’ to certified training offerings during 2019. These bite-sized learning nuggets – which are available at any time, anywhere and for anyone – encourage the continuous learning of key topics. Our employees rated our training programme as engaging and high quality. In addition to the nuggets, virtual classroom training enabled participants from different locations to learn together. Participants, who enrolled on the same learning journey over a 10-week period, really appreciated how the training fitted around their schedules and enjoyed the interactive format. Overall, we observed a shift from class-room trainings towards self-paced digital learning in 2019.

Employee onboarding became a priority for the Bank and provided a unique global experience for all new employees. The Welcome Day includes relevant and timely information covering several areas of the company. By providing all the necessary tools, new joiners are encouraged to take charge of their learning from day one. We believe that this approach not only supports performance but also

strengthens their commitment towards the company and reduces early turnover. Across our global locations, 20 Welcome Days were conducted, with nearly 560 participants. In addition, a total of 124 participants attended the tailor-made introduction days we held for our Front staff and 209 Front staff joined the Advisory Camps.

### Training and development

	2019	2018
Average number of classroom training sessions per employee (including virtual classroom)	3.8	4.4
Average hours of internal training per employee	15.1	13.2
<i>Of which internal classroom training</i>	14.0	10.3
<i>Of which internal online training</i>	4.4	2.9
Share of total internal training sessions using digital platforms (%)	68	48

### OUTLOOK

Our ambition is to strengthen our position as an employer of choice in wealth management and we will continue to implement measures that contribute to this goal. Going forward, we plan to:

- Strengthen the global framework around diversity in order to increase reach and impact within the global Julius Baer network.
- Remain fully committed to reaching our target of having 30% of women in senior management and an overall staff turnover of 8–12%.
- Establish regular employee pulse surveys, thereby strengthening our continuous feedback culture with questions relating specifically to new joiners and voluntary leavers.
- Develop a global workplace health management concept.

# OUR COMMUNITIES



## WHY IT MATTERS

We are active corporate citizens. Our credo is to operate responsibly and with social awareness. With a presence in more than 60 locations around the world, Julius Baer focuses on engaging with the local communities where we operate in a great variety of ways:

- The Julius Baer Foundation ('the Foundation') is the non-profit grant foundation of the Julius Baer Group. It has been dedicated to making meaningful and impactful societal contributions for more than 50 years. In 2016, the Julius Baer Foundation decided to focus on Wealth Inequality, Recycling PLUS and Vocational Training. Besides professional grant-making, the Foundation advises clients and other foundations on how to run an impactful foundation.



## SOCIETAL IMPACT AND WEALTH INEQUALITY

As a corporate citizen, we have an impact through our business and philanthropic activities

Through this business practice, Julius Baer contributes to the UN Sustainable Development Goals:



- Corporate volunteering for Julius Baer means making high-value contributions through the transfer of professional knowledge to alleviate societal problems. Employees, at the same time,

obtain a new perspective on life. As an employer, we encourage volunteering by offering our employees two paid days per year to engage in local community projects and fundraisers. The volunteering days are mostly used for Julius Baer Cares (JB Cares), a vibrant community engagement movement arising from, and strongly supported by, our employees.

- Julius Baer sponsors a number of prestigious institutions. We support projects and activities that have a visionary approach and share our values with regards to innovation, sustainability, and pioneering spirit. Our partners are thought leaders in the realms of sports and culture.
- For almost 40 years, the Julius Baer Art Collection has specialised in works by contemporary Swiss artists or artists who live in Switzerland. The objective of Julius Baer's Art Committee, which is responsible for the acquisitions, is to promote young talent. At the time of acquisition, these artists are often at the beginning of their careers. The Art Committee follows their journey and purchases more of their work as their careers develop.

## WHAT WE HAVE ACHIEVED

### Julius Baer Foundation

In 2019, the Foundation collaborated with 27 partner organisations in 21 countries and initiated a total of 29 projects in the core areas of Vocational Training, Recycling PLUS and Wealth Inequality. The overall grant funding increased by approximately 16.7%, from CHF 2.4 million in 2018 to CHF 2.8 million in 2019.

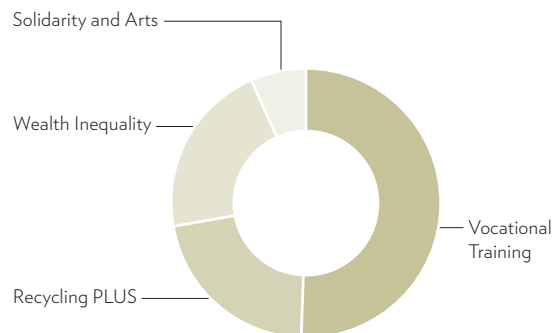
In 2019, we decided to shift the emphasis of the Foundation's activities on Wealth Inequality and Recycling PLUS, while Vocational Training initiatives will be integrated into our Wealth Inequality programmes.

Wealth Inequality, a core focus of the Foundation, is one of the greatest challenges of modern times. It is defined as the uneven distribution of wealth within a country. With our programmes, we encourage a dialogue between social groups to tackle inequality of both means and opportunity. We invest in inspiring initiatives that are created jointly by people from the top and bottom of the social ladder and are aimed at reducing the wealth gap.

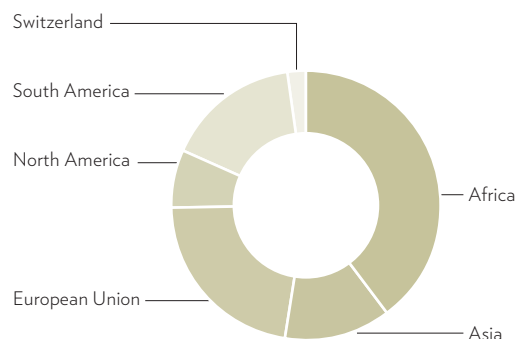
Recycling PLUS involves collecting products that have reached the end of their life cycle and either disposing of them in an environmentally friendly way or processing them for reuse. This circular approach reduces pollutants and naturally preserves resources by recovering secondary materials. As a grant foundation, we support organisations with approaches to recycling that are not only innovative, but also make good business sense.

Bank Julius Baer & Co. Ltd. is currently the largest donor to the Foundation. In order to gain greater leverage in our core areas, we are keen to increase our impact through partnerships with complementary organisations. For more information about the Julius Baer Foundation, please visit our [website](#).

### Julius Baer Foundation grant distribution by core area 2019 \*



### Julius Baer Foundation grant distribution by region 2019



\* Grant amount for projects supported in 2019. Project start dates vary.

## TRANSFERRING FARMING KNOWLEDGE TO FIGHT INEQUALITY

Namibia is the world's second-most unequal country and suffers from high levels of poverty. Over 50% of the population depends on subsistence farming. Based on Julius Baer's interest in supporting initiatives that challenge wealth inequality, the Foundation decided to partner with the Namib Desert Jojoba Oil Producers CC (NDJ). NDJ has successfully farmed Jojoba plants in Swakopmund, Namibia, since 2014. Since then, they have found profitable markets for the oil in Europe, particularly among cosmetics manufacturers, who value the extraordinary quality of NDJ's oil. Its quality derives from the unique mineral content and suitability of Namibian soil and the fact that the seeds are handpicked, sorted and pressed. To carry out this labour-intensive process, NDJ's management works with historically marginalised people who have struggled to climb above plantation labour to become owners and entrepreneurs.

The current land reform efforts in Namibia and, with it, the new registration of communal land presents opportunities for development to locals who have never had such rights before. Challenges remain, such as crop failure, overgrazing and productivity loss. However, the Jojoba plant is one of the few resilient commercial crops that can thrive in the local desert conditions. This, in combination with adequate training, is why Jojoba has the potential to address wealth inequality in Namibia.

The partnership provides approximately CHF 350,000 over three years to build the Jojoba for Namibia project. During this phase, 12,000 Jojoba cuttings will be planted on 12 hectares of land. Participants will learn to nurture Jojoba plants to maturity, producing a first batch of seeds that can be pressed into oil. The project beneficiaries will also learn business skills and be introduced to potential clients in Europe.



### Corporate volunteering and 'JB Cares'

During 2019, we further formalised the Julius Baer volunteering programme. Around the globe, we recorded over 570 hours of volunteering work. JB Cares chapters were active in the Bahamas, Guernsey, Hong Kong, Ireland, Panama, Singapore, Switzerland, the United Kingdom and Uruguay. The voluntary employee activities included blood donations, supporting animal shelters, working at soup kitchens, and hosting Christmas events for underprivileged children, as well as fundraising events for a variety of causes.

The shared vision of the structurally independent chapters is:

- To support fund-raising initiatives for charitable purposes by staff
- To promote charitable initiatives, and to increase their visibility within Julius Baer

Most JB Cares chapters organise both recurring annual initiatives as well as fundraising and in-kind giving. One of the highlights in 2019 was the involvement of JB Cares Bahamas in a global and joint initiative with the Julius Baer Foundation, JB Cares Switzerland, and the Americas region that collected approximately CHF 150,000 for the Hurricane Dorian disaster relief. The proceeds contributed to the work of The Bahamas Red Cross and The Bahamas Financial Services Board for projects to support the road to recovery of those significantly impacted by the hurricane.

Other examples of activities:

- In Switzerland, the local chapter conducted fundraising events called 'JB Cares in Action' for GhandiCare and 'The Society Switzerland – Bhutan' that focus on projects supporting orphans and abandoned children in India and Bhutan. The events collected CHF 16,000.
- In Singapore, JB Cares collaborates with the KK Women's and Children's Hospital Health Fund to assist vulnerable women with pre- and postnatal care. Separately, it also raised the equivalent of CHF 43,000 by holding a world food fair in-house at the Bank and contributed to the prevention of stunting amongst underprivileged children in Indonesia (merit of Thousand Day Fund coordinated by the Asian Philanthropy Circle).

- In Guernsey, Julius Baer celebrated its 30th Anniversary in 2019. With the theme '30' in mind, the local charity committee contributions were aligned with the local charity 'Les Bourgs Hospice'. Aligned with the challenge, GBP 30,000 (CHF 36,860) were collected through the 30/30 challenges, where Julius Baer fundraisers completed, among others, 30 minutes of physical exercise every day for 30 days.
- In the UK, the focus of JB Cares for 2019 was homelessness and mental health awareness. The local chapter collaborated with the Felix Project – an initiative that aims to reduce food waste and the distribution of surplus food through food banks. Julius Baer contributed funds and volunteers.

“I joined the Felix project a couple months ago as I wanted to give something back to society. The feeling of satisfaction when you see the smiles on the faces of those in need when the food has been delivered to the shelter is indescribable. I have thoroughly enjoyed my time to date and couldn't recommend it more.”

ANDREW STEVENSON, JULIUS BAER UK

## Sponsoring

Our partners are thought leaders in the realms of sports and culture. For example, we sponsor the following:

- *ABB FIA Formula E Championship*: we are the founding Global Partner of the world's first fully electric racing series. Our pioneering spirit has paid off, as the Championship is now one of the most important racing series in the world, and plays a substantial role in shaping the future of mobility and smarter cities. The series serves as a framework for research and development related to electric vehicles, with the aim of increasing interest in e-cars and promoting the innovative technologies that will move us tomorrow. In 2019, the ABB FIA Formula E Championship maintained its position as the only race series to receive ISO 20121 certification, thus continuing to set the international standard for sustainable sporting practice.
- *Elbphilharmonie & Laeiszhalle Hamburg*: we are the Principal Sponsor of this iconic concert hall, which offers an extremely diverse range of music styles and formats and plays host to major stars and rising talents alike. We are very proud to be part of this success story, not only because the institution has attracted 2.6 million visitors to its two halls (since their opening in January 2017 until January 2020) but also because it represents the architectural and cultural landmark of Hamburg.

## Julius Baer Art Collection

In 2019, the Art Committee started to collect works from young artists such as Louisa Gagliardi (born 1989), Urban Zellweger (born 1991) and Alfredo Aceto (born 1991), but also acquired important works by Jean-Frédérique Schnyder (born 1945), Valentin Carron (born 1971) and Annaïk Lou Pitteloud (born 1980), among others.

Art is something to be experienced daily.

By displaying art in the workplace, we provide a conversation starter. Through acquisitions, Julius Baer aims to promote and preserve visual art in Switzerland. Today, our collection contains over 5,000 works, including pieces by leading Swiss artists. Most of the works are on display for employees and clients in meeting rooms, offices, canteens, foyers and corridors at Julius Baer premises around the world. From time to time, we lend certain works of art to museums for their exhibitions. In 2019, for example, we lent nine photographs by Camillo Paravicini (born 1987) to the 'Museum für Kunst und Gewerbe' in Hamburg, Germany.

## OUTLOOK

- Our goal by 2021 is to have a global volunteering programme, offering standardised and customisable activities through a centralised platform, which will allow us to track volunteering hours and increase the number of days spent by employees.
- Moving forward, the Julius Baer Foundation's core area of Wealth Inequality will be intensified, and a dedicated programme manager will be appointed.
- Julius Baer has prolonged its partnership with Formula E as a global partner until the 2022/2023 season. It is a founding partner of the world's first fully electric racing series in 2014.
- For the 130-year anniversary of Bank Julius Baer & Co. Ltd., the art unit will launch a publication about its art collection with publishing house Scheidegger & Spiess.

# OUR ENVIRONMENT



## WHY IT MATTERS

In the face of climate change and the urgency surrounding its consequences, the financial industry has an important role to play in the transition to a low-carbon economy. Environmental responsibility is an important element of Julius Baer's corporate sustainability and responsible investment efforts. As a services-based business, we can mainly shape our environmental impact through our products and services, by guiding our clients in their sustainable investments, and through our efforts to steer the finance sector towards environmentally smart solutions.

Additionally, we manage our own environmental impact responsibly. Overseeing and reducing our own operational footprint increases efficiency and leads to cost savings, for example locking in lower prices by buying renewable energy now



**CLIMATE CHANGE AND RESOURCE USE**

We take a more active role in addressing climate change and resource use

Through this business practice, Julius Baer contributes to the UN Sustainable Development Goals:



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION

or reducing exposure to fluctuation in prices for natural resources. At the same time, it mitigates climate change risks, raises awareness, and encourages our employees to reduce their own environmental footprint.

## WHAT WE HAVE ACHIEVED

Unlike most sectors, financial institutions have a dual responsibility towards preserving the environment. Our first responsibility is based on how we manage our 'direct' impact via our business operations. Our second responsibility relates to our 'indirect' impact – how and where we invest our capital. This is becoming increasingly more relevant for many of our clients (for more information please see chapter '[Our responsible investment approach](#)'). In this chapter, we will focus on how we are managing our direct impact.

Our environmental management framework and our state-of-the-art global environmental management tool guide our energy consumption, energy source, water consumption, waste management, recycling and our business travel data.

In 2015, we set specific KPIs in these areas using 2014 as base year. We are working towards achieving our 2020 targets to reduce energy consumption by 10%, reduce our water use by 5%, and switch to renewable electricity where possible. While our energy consumption only slightly decreased by end of 2019, we managed to achieve our water reduction target – despite strong growth

in the number of employees. Additionally, in 2019, our Swiss locations obtained 100% of its electricity from renewable sources, which accounts for 75% of this year's reported global electricity consumption.

## Emissions

Since 2015, Julius Baer has offset all its CO<sub>2</sub> emissions and therefore been climate neutral. As more than 50% of our carbon footprint is related to business travel, we are taking measures to reduce our business travel where possible. For example, in Luxembourg, employees are rewarded if they lease a more efficient car. As the nature of our relationship-based business does not allow us to bring business travel to zero, we will continue to offset our emissions through a certification scheme. To do so, we will use the scope 1, 2 and 3 emissions laid out in this report (approximately 80% of our business, based on full-time equivalents), extrapolated to cover over 100% of our workforce (for more detailed reporting on our environmental indicators, see the '[Key figures](#)' section at the end of this report).

Julius Baer is a member of the Swiss Climate Foundation, which directly helps to fund ecological efficiency and innovation projects led by small and medium-sized enterprises in Switzerland and Liechtenstein.

## Key environmental indicators<sup>1,2,3</sup>

	2019	2018
Energy consumption (MWh)	32,524	33,990
Electricity (MWh)	24,303	24,772
Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>4</sup>	18,466	18,483
Of which business travel (tCO <sub>2</sub> e) <sup>5</sup>	13,044	12,917
Water consumption (m <sup>3</sup> )	124,789	121,764

<sup>1</sup> More detailed environmental data may be found at the end of this report in the section 'Key figures'.

<sup>2</sup> Unless stated otherwise, the numbers in this table are based on information from Julius Baer's main business locations. These are Zurich, Geneva, Lugano, Basle and Bern in Switzerland, as well as our locations in Brazil, Germany, India, Guernsey, Hong Kong, Monaco, Singapore, Spain, the UK, the UAE and Uruguay. These locations cover approximately 86% of our total employees.

<sup>3</sup> GRI 102-48: 2018 data was restated to include additional business locations. Business travel (km/FTE) was overstated in the previous report and has been corrected.

<sup>4</sup> Greenhouse gas emissions were calculated according to guidelines issued by the WRI/WBCSD Greenhouse Gas Protocol. We offset all our CO<sub>2</sub> emissions through a certification scheme.

<sup>5</sup> Business travel figures are a sum of emissions from air, rental car and train travel data provided by our central Global and Hong Kong Travel Offices (covering all employees globally), as well as emissions from company cars used at sites specified under footnote 2. Kilometres/FTE are calculated using the same input.

As part of its membership, Julius Baer donates a considerable portion of the net gains received from the redistributed CO<sub>2</sub> levies to the foundation. In 2019, the Swiss Climate Foundation awarded CHF 3.8 million to climate innovation projects. All funds that are not donated to the foundation are invested in the optimisation of our environmental footprint, be it, for example, LED installations or offsetting certificates.

### Energy consumption

Our second-largest direct environmental impact relates to energy consumption (electricity, heating and cooling) in our offices. Besides installing more energy-efficient equipment and machinery, we will continue to switch to renewably sourced electricity wherever possible. As of 2019, all of our Swiss locations are sourcing 100% European hydroelectric power. This accounts for over 75% of our global electricity consumption.

In economic growth hubs such as Singapore, Dubai and São Paulo, investing in energy-efficient infrastructure has become the new norm, as evidenced by the growing number of new buildings with internationally recognised sustainability building standards such as LEED. For example, the Julius Baer São Paulo office moved in one of Latin America's first LEED-platinum-certified buildings in 2019.

Additionally, Julius Baer is also a participant in energy-saving programmes promoted by local governments in the cantons of Geneva (eco21) and Zurich (Kantonale Zielvereinbarung) in Switzerland. Both programmes encourage companies to reduce their energy consumption progressively. In this context, we are committed to increase energy efficiency in all our main buildings in Zurich, which account for 40% of our reported global energy consumption, by 1.3% annually. Since joining the programme in 2014, we have exceeded the target and achieved an average annual energy efficiency increase of 2%.

### Water, waste, recycling and cleaning

To ensure responsible use of natural resources, we strive to continuously improve our approaches to waste management and recycling. To change

corporate behaviour to a more environmentally friendly approach, a number of local initiatives were launched in 2019.

- In Zurich, we introduced 'ReCIRCLE': a reusable system for waste avoidance. Employees benefit from reusable bowls that are available in exchange for a CHF 10 deposit. In return, the deposit can be redeemed in our restaurant but also at various other locations in Zurich and Switzerland. ReCIRCLE is currently used in some of our offices in Zurich and further implementation is under discussion.
- In one of our offices in Zurich, we started recycling our paper coffee cups separately. The impact of this will be analysed in 2020 and, depending on the outcome, will be replicated in all other offices.
- In our Singapore office, recycling bins were introduced for waste segregation and plastic stirrers were replaced with wooden stirrers to reduce single-use plastic.
- The Dubai office provided glass bottles to all staff, thus eliminating the use of single-use plastic water bottles, and replaced the plastic bottles that were previously used in our meeting rooms and client areas with glass water carafes. In 2018, Dubai had used about 80,000 (500ml) plastic bottles to supply drinking water to staff. Therefore, this project not only has an environmental impact, but has resulted in significant cost reductions for the bank.

### Engagement

In 2019, we saw an increase in internal staff queries and proposals for the further improvement of our environmental impact. For example, there was an increase in requests for battery-charging stations for electric cars, with 11 e-charging stations being implemented in Zurich in 2019. Further installations are currently also being discussed in other locations. Additionally, the results of the internal survey also indicated a high degree of interest in sustainability, with employees recommending that we educate the workforce about sustainability by conducting a variety of engagement activities.

To ensure implementation of our environmental management framework, we introduced an action plan and regular internal workshops. We are involved in different peer working groups and cross-industrial platforms to leverage our impact.

Julius Baer is a partner of the Swiss Climate Foundation (Klimastiftung Schweiz). In 2019, the foundation was able to award CHF 3.8 million to 15 different projects. Among them, a Swiss up-cycling project that utilises used batteries from e-Bikes and uses still intact cells to produce high-tech battery packs for industrial machines and energy storage systems.

## OUTLOOK

- New targets and KPIs will be defined for the coming decade and reported in a transparent way.



## RECIRCLE

ReCIRCLE is the world's first large-scale reusable system for takeaway restaurants. Supported by the Swiss Climate Foundation, the project aims to reduce the amount of single-use take away containers.

The Berne-based company provides affiliated companies with reusable containers that can be returned to any of the 1,000 companies working with reCIRCLE. Since Swiss supermarkets Coop and Migros introduced reCIRCLE in their restaurants, the range has significantly increased.

This is how low-threshold sustainability works: simple measures that do not require customers to make major adjustments in their daily routines, but which still have a major impact on climate protection. Together, the affiliated companies save 50,000 disposable containers per day.

Julius Baer, a partner company of the Swiss Climate Foundation, is offering the reBOXes – washable containers with lids especially developed to prevent waste – at one of its canteens in Zurich.

# FUTURE CITIES



## STATUS QUO

According to the UN World Urbanization Prospects report, over 4 billion people, half of the global population, live in cities. By 2050, this share is estimated to increase to more than two-thirds.

## OUTLOOK

This means that more than 2 billion people will migrate to cities over the next 20 years. By 2030, the world is projected to have 43 megacities – defined as those with more than 10 million inhabitants – and most of them will be in developing regions. The growing number of urban dwellers presents many challenges, such as congestion, pollution and housing shortages. So how will our transportation infrastructures keep up? Where will everybody live? And will there be enough jobs for everyone?

It is no exaggeration that humanity's biggest challenges over the coming decades will be tackled in cities. Preparing for the future requires nothing short of a transformation in the way cities are managed.

## OPPORTUNITY

As cities grow rapidly in countries such as China, India and Nigeria, they will have opportunities to maximise and challenges to mitigate. Future-proofing cities is an urgent and multifaceted task. The IESE Business School at the University of Navarra has defined nine dimensions for the model behind its Cities in Motion Index. Cities must implement and connect solutions for each dimension in order to achieve their full potential. In order to ensure a sustainable pathway, significant shifts in cities are needed in the areas of job creation, mobility and energy infrastructure, and urban planning.

## THE ROLE OF JULIUS BAER

Sustainable investment will be needed to capture the opportunities related to cities. The total annual incremental investment requirements are estimated to be around CHF 2.4 trillion. With its Next Generation investment philosophy, Julius Baer focuses among other things on Energy Transitions and Future Cities and is contributing to financing climate-resilient cities.

For more information visit our [website](#).

# GRI STANDARDS CONTENT INDEX

The table below sets out our compliance with all relevant GRI indicators (including Material Aspects, identified as part of Julius Baer's materiality assessment process).

<b>102</b>	<b>GENERAL DISCLOSURES</b>	
	<b>Organisational profile</b>	
102-1	Name of the organisation	Sustainability Report 2019, 'About Julius Baer', p. 4
102-2	Activities, brands, products and services	Sustainability Report 2019, 'About Julius Baer', pp. 4–5
102-3	Location of headquarters	Sustainability Report 2019, 'About Julius Baer', p. 4
102-4	Location of operations	Business Review 2019, 'Global presence', p. 12
102-5	Ownership and legal form	Annual Report 2019, 'Corporate governance', pp. 10–12
102-6	Markets served	Business Review 2019, 'Developments in 2019', pp. 10–18,
102-7	Scale of the organisation	Sustainability Report 2019, 'About Julius Baer', p. 4
102-8	Information on employees and other workers	Sustainability Report 2019, 'Our people', pp. 41, 45; 'Key figures', pp. 65–66
102-9	Supply chain	Sustainability Report 2019, 'Our business practice', pp. 24, 28
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary principle or approach	Sustainability Report 2019, 'Our operating environment', pp. 8–9; 'Our stakeholders', pp. 10–13; 'Our sustainability strategy', pp. 16–19; 'Our business practice', pp. 22–26 'Our responsible investment approach', pp. 34–36
102-12	External initiatives	Sustainability Report 2019, 'Our stakeholders', pp. 14–15
102-13	Membership of associations	Sustainability Report 2019, 'Our stakeholders', pp. 14–15
	<b>Strategy</b>	
102-14	Statement from senior decision-maker	Sustainability Report 2019, 'Foreword', pp. 2–3
	<b>Ethics and integrity</b>	
102-16	Values, principles, standards and norms of behaviour	Sustainability Report 2019, 'About Julius Baer', pp. 4, 6; 'Our business practice', pp. 22–23, 25; 'Our people', pp. 40–42
102-17	Mechanisms for advice and concerns about ethics	Sustainability Report 2019, 'Our business practice', pp. 22–23
	<b>Governance</b>	
102-18	Governance structure	Sustainability Report 2019, 'Our sustainability strategy', pp. 17–18; Annual Report 2019, 'Group structure and shareholders', pp. 10–12; 'Board of Directors', pp. 16, 22–37
102-19	Delegating authority	Sustainability Report 2019, 'Our sustainability strategy', pp. 17–18

102-20	Executive-level responsibility for economic, environmental and social topics	Sustainability Report 2019, 'Our sustainability strategy', pp. 17–18
102-22	Composition of the highest governance body and its committees	Annual Report 2019, 'Group structure and shareholders', p. 11; 'Board of Directors', pp. 16–34
102-23	Chair of the highest governance body	Annual Report 2019, 'Board of Directors', pp. 16–18
102-24	Nominating and selecting the highest governance body	Annual Report 2019, 'Board of Directors', pp. 18–22
102-25	Conflicts of interest	Annual Report 2019, 'Board of Directors', p. 16
102-26	Role of highest governance body in setting purpose, values and strategy	Sustainability Report 2019, 'Our sustainability strategy', pp. 17–18
102-29	Identifying and managing economic, environmental and social impacts	Sustainability Report 2019, 'Our operating environment', pp. 8–9; 'Our stakeholders', pp. 10–13; 'Our sustainability strategy', pp. 16–17
102-32	Highest governance body's role in sustainability reporting	Sustainability Report 2019, 'About the report', p. 1
102-33	Communicating critical concerns	Annual Report 2019, 'Comment on risk management', pp. 107–122
102-35	Remuneration policies	Annual Report 2019, '2019 remuneration highlights', pp. 52–53; 'Executive Board and senior management compensation', p. 62
102-36	Process for determining remuneration	Annual Report 2019, '2019 remuneration highlights', p. 53; 'Compensation governance', pp. 54–58
102-37	Stakeholders' involvement in remuneration	Annual Report 2019, 'Compensation governance', pp. 54–58
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	Sustainability Report 2019, 'Our stakeholders', p. 11
102-41	Collective bargaining agreements	Sustainability Report 2019, 'Our people', p. 47
102-42	Identifying and selecting stakeholders	Sustainability Report 2019, 'Our stakeholders', pp. 10–11
102-43	Approaches to stakeholder engagement	Sustainability Report 2019, 'Our stakeholders', p. 11
102-44	Key topics and concerns raised	Sustainability Report 2019, 'Our stakeholders', pp. 11–13
<b>Report practice</b>		
102-45	Entities included in the consolidated financial statements	Sustainability Report 2019, 'About the report', p. 1; Annual Report 2019, 'Additional information', pp. 193–196
102-46	Defining report content and topic boundaries	Sustainability Report 2019, 'About the report', p. 1; 'Our stakeholders', pp. 10–13;
102-47	List of material topics	Sustainability Report 2019, 'Our stakeholders', pp. 11–13
102-48	Restatements of information	Sustainability Report 2019, 'Our environment', p. 54; 'Key figures', p. 67
102-49	Changes in reporting	Sustainability Report 2019, 'About the report', p. 1; 'Our stakeholders', pp. 10–13
102-50	Reporting period	01.01.2019–31.12.2019
102-51	Date of most recent report	March 2019
102-52	Reporting cycle	Annual

102-53	Contact point for questions regarding the report	Sustainability Report 2019, 'Corporate contacts', p. 68
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 2019, 'GRI Standards content index', pp. 58–63
102-56	External assurance	Not externally assured

## SPECIFIC STANDARDS DISCLOSURE

### 201 ECONOMIC PERFORMANCE

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our responsible investment approach', pp. 33–35; Business Review 2019, 'Developments in 2019', pp. 10–21
201-1	Direct economic value generated and distributed	Sustainability Report 2019, 'Key figures', p. 64; Business Review 2019, 'Financial performance in 2019', pp. 5, 8–9; Annual Report 2019, 'Financial statements Julius Baer Group 2019', pp. 88–216
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Report 2019, 'Our operating environment', p. 9; 'Our responsible investment approach', pp. 33–38; 'Our environment', pp. 53–54
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2019, 'Remuneration report', pp. 48–86

### 203 INDIRECT ECONOMIC IMPACTS

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our communities', pp. 48–49
203-1	Infrastructure investments and services supported	Sustainability Report 2019, 'Our communities', pp. 48–51

### 205 ANTI-CORRUPTION

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our business practice', pp. 22–24; 28; Annual Report 2019, 'Comment on risk management', pp. 107–122
205-1	Operations assessed for risks related to corruption	Sustainability Report 2019, 'Our business practice', pp. 25–28
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2019, 'Our business practice', p. 28
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report 2019, 'Our business practice', pp. 27–28; Annual Report 2019, 'Information on the consolidated balance sheet', pp. 147–151

### 206 ANTI-COMPETITIVE BEHAVIOUR

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our business practice', pp. 22–23, 25
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Annual Report 2019, 'Information on the consolidated balance sheet', pp. 147–151

**207 TAX**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our business practice', pp. 22–23
207-1	Approach to tax	Sustainability Report 2019, 'Our business practice', pp. 22–23; 25 Annual Report 2019, 'Information on the consolidated income statement', pp. 129–131
207-2	Tax governance, control and risk management	Annual Report 2019, 'Board of Directors', pp. 26–33

**301 MATERIALS**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our environment', p. 54
301-1	Materials used by weight or volume	Sustainability Report 2019, 'Key figures', p. 67

**302 ENERGY**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our environment', pp. 53–55
302-1	Energy consumption within the organisation	Sustainability Report 2019, 'Key figures', p. 67
302-3	Energy intensity	Sustainability Report 2019, 'Key figures', p. 67
302-4	Reduction of energy consumption	Sustainability Report 2019, 'Our environment', pp. 54–55; 'Key figures', p. 67

**303 WATER**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our environment', pp. 53–55
303-1	Water withdrawal by source	Sustainability Report 2019, 'Key figures', p. 67

**305 EMISSIONS**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our environment', pp. 53–54
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2019, 'Key figures', p. 67
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2019, 'Key figures', p. 67
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Report 2019, 'Key figures', p. 67
305-4	GHG emissions intensity	Sustainability Report 2019, 'Key figures', p. 67
305-5	Reduction of GHG emissions	Sustainability Report 2019, 'Key figures', p. 67

**306 EFFLUENTS AND WASTE**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our environment', pp. 53–54
306-2	Waste by type and disposal method	Sustainability Report 2019, 'Key figures', p. 67

**401 EMPLOYMENT**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11-13; 'Our people', pp. 40-41
401-1	New employee hires and employee turnover	Sustainability Report 2019, 'Our people', p. 41; 'Key figures', p. 65
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2019, 'Our people', pp. 45-47 Annual Report 2019, 'Additional information', p. 156
401-3	Parental leave	Sustainability Report 2019, 'Our people', p. 45; 'Key figures', p. 66

**404 TRAINING AND EDUCATION**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11-13; 'Our people', pp. 40-41
404-1	Average hours of training per year per employee	Sustainability Report 2019, 'Our people', p. 47
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report 2019, 'Our people', p. 47
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report 2019, 'Our people', pp. 45-47

**405 DIVERSITY AND EQUAL OPPORTUNITY**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11-13; 'Our people', pp. 40-41
405-1	Diversity of governance bodies and employees	Sustainability Report 2019, 'Our people', p. 31; 'Key figures', p. 65
405-2	Ratio of basic salary and remuneration of women to men	Annual Report 2019, 'Letter to our shareholders', p. 50

**406 NON-DISCRIMINATION**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11-13; 'Our business practice', pp. 22-23, 25
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report 2019, 'Our business practice', pp. 22-23

**413 LOCAL COMMUNITIES**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11-13; 'Our communities', pp. 48-49
413-1	Operations with local community engagement, impact assessment and development programmes	Sustainability Report 2019, 'Our stakeholders', p. 11; 'Our communities', pp. 49-51

**415 PUBLIC POLICY**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11-13; 'Our business practice', p. 24
415-1	Political contributions	Sustainability Report 2019, 'Our stakeholders', pp. 14-15; 'Our business practice', p. 28

**417 MARKETING AND LABELLING**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11-13; 'Our clients', pp. 29-30
417-1	Requirements for product and service information and labelling	Sustainability Report 2019, 'Our clients', pp. 29-30

**418 CUSTOMER PRIVACY**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our business practice', pp. 22–23; 'Our clients', pp. 29–30
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 SOCIO-ECONOMIC COMPLIANCE**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our business practice', pp. 22–23; Annual Report 2019, 'Information on the consolidated balance sheet', p. 147
419-1	Non-compliance with laws and regulations in the social and economic area	Annual Report 2019, 'Information on the consolidated balance sheet', pp. 147–151

**RESPONSIBLE INVESTMENT**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our responsible investment approach', pp. 33–39
-----------	---------------------	---

**FAIR BUSINESS PRACTICE AND INTEGRITY**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our business practice', pp. 22–24
-----------	---------------------	---

**UNDERSTANDING CLIENTS AND THEIR NEEDS**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our clients', pp. 29–30
-----------	---------------------	---

**WEALTH INEQUALITY**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our communities', pp. 48–50
-----------	---------------------	---

**CLIMATE CHANGE**

103-1/2/3	Management approach	Sustainability Report 2019, 'Our stakeholders', pp. 11–13; 'Our responsible investment approach', pp. 33–39 'Our environment', pp. 53–57
-----------	---------------------	---

# KEY FIGURES

## Key financial indicators<sup>1</sup>

	2019	2018	Change in %
Assets under management (CHF m)	426,060	382,074	11.5
<b>Responsible investment</b>			
Assets with ESG integration (CHF m) <sup>2</sup>	52,486	43,537	20.6
As percentage of total assets under management (%)	12.3	11.4	-
Discretionary sustainability mandates (CHF m) <sup>3</sup>	1,625 <sup>4</sup>	973	n.a. <sup>5</sup>
Recommended sustainable and impact investment funds (CHF m) <sup>6</sup>	535	435	23.0
<b>Operating income (CHF m)</b>	3,382.9	3,367.8	0.4
Adjusted personnel expenses (CHF m)	1,613.3	1,618.8	-0.3
Adjusted general expenses (CHF m) <sup>7</sup>	683.3	681.4	0.3
Depreciation and amortisation (CHF m)	169.4	90.5	87.1
<b>Profit before taxes (CHF m)</b>	916.9	977.1	-6.2
Adjusted income taxes (CHF m)	144.9	167.4	-13.4
<b>Adjusted net profit (CHF m)</b>	772.0	809.7	-4.7
<b>Key performance ratios</b>			
Adjusted cost/income ratio (%) <sup>8</sup>	71.1	70.6	-
BIS total capital ratio (%)	22.1	18.7	-
Adjusted pre-tax margin (basis points)	22.1	24.8	-
Adjusted tax rate (%)	15.8	17.1	-
Dividend proposal 2019 and dividend 2018 (CHF) <sup>9</sup>	1.5	1.5	0.0
Moody's long-term deposit rating for Bank Julius Baer & Co. Ltd. <sup>10</sup>	Aa2	Aa2	-

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

<sup>2</sup> Based on assets under management in central mandates (only front regions, excluding intermediaries).

<sup>3</sup> Including various asset classes and currencies.

<sup>4</sup> Including mandates implemented outside of Switzerland.

<sup>5</sup> Change for mandates implemented only in Switzerland is +23.7%.

<sup>6</sup> Total assets under management invested through Julius Baer in recommended sustainable investment and impact investment funds on the open product platform.

<sup>7</sup> Including provisions and losses.

<sup>8</sup> Calculated using adjusted operating expenses, excluding provisions and losses.

<sup>9</sup> 2019 dividend is subject to confirmation by the Annual General Meeting (16 April 2020).

<sup>10</sup> Moody's downgraded Bank Julius Baer & Co. Ltd. from Aa2 to Aa3 as of 28 February 2020.

## Key HR indicators

	2019	2018	Change in %
<b>Our people</b>			
Total headcount (total workforce excl. externals) <sup>1</sup>	6,958	6,985	-0.4
<i>Of which regular staff</i>	6,773	6,738	0.5
Number of employees (FTE) (total workforce excluding externals) <sup>1</sup>	6,638.5	6,692.5	-0.8
<i>Of whom in Switzerland (%)</i>	51.6	52.8	-
<i>Of whom in rest of Europe (%)</i>	17.7	17.4	-
<i>Of whom in Asia-Pacific (%)</i>	21.6	21.4	-
<i>Of whom in Latin America (%)</i>	6.0	5.5	-
<i>Of whom in Middle East and Africa (%)</i>	3.0	2.8	-
Total net employee turnover (%) <sup>2</sup>	11.4	8.8	-
Total voluntary turnover (%) <sup>3</sup>	8.3	7.2	-
Average employee tenure (years)	7.7	7.6	1.3
<b>People and diversity</b>			
Ratio of women (% of total regular staff headcount)	42.2	41.9	-
Women in senior management (% of total senior management headcount) <sup>4</sup>	27.2	27.1	-
Women on the Executive Board (%) <sup>5</sup>	13.3	13.3	-
Women on the Board of Directors (%) <sup>6</sup>	30	10	-
Promotions of women in all ranks (% of total promotions)	45.6	40.2	-
Promotions of women in senior management (% of total promotions)	36.5	21.6	-
Number of nationalities employed	105	105	0.0

<sup>1</sup> 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 graduates.

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

<sup>3</sup> Resignations as a percentage of regular staff.

<sup>4</sup> Julius Baer defines senior management as all employees with the rank of Director to Managing Director.

<sup>5</sup> This number includes members of both the Group's Executive Board and the Bank's Executive Board.

<sup>6</sup> Out of 10 Board of Directors members in 2019.

	2019	2018	Change in %
<b>Employee well-being and benefits</b>			
Illness days per employee <sup>7</sup>	4.3	4.3	0.0
Part-time employees (% of total regular staff headcount)	10.8	10.5	-
Male part-time employees (% of total male staff)	3.4	3.7	-
Female part-time employees (% of total female staff)	20.8	19.9	-
Total number of employees taking parental leave	301	245	22.9
by women	157	138	13.8
by men	144	107	34.6
Parental leave in average total days taken			
by women	106.3	110.7	-4.0
by men	8.7	5.9	47.5
Share of women on maternity leave the previous year still employed (%) <sup>8</sup>	75	79	-

<sup>7</sup> This number reflects illness days in Switzerland (51.6% of our employees are based in Switzerland).

<sup>8</sup> Please note that some women on maternity leave in any given year started their leave the previous year.

Key environmental indicators<sup>1,2</sup>

	2019	2018	Change in %
Energy consumption (MWh)	32,524	33,990	-4.3
Electricity (MWh)	24,303	24,772	-1.9
Heating and other fuels (MWh)	8,221	9,218	-10.8
Energy intensity (MWh/FTE)	5.7	5.8	-2.0
Greenhouse gas emissions (tCO <sub>2</sub> e) <sup>3</sup>	18,466	18,483	-0.1
Scope 1 (tCO <sub>2</sub> e) <sup>4</sup>	1,668	1,569	6.3
Heating and other fuels (tCO <sub>2</sub> e)	1,267	1,435	-11.8
Volatile emissions (refrigerants) (tCO <sub>2</sub> e)	402	134	200.4
Scope 2 (electricity and district heat) (tCO <sub>2</sub> e) <sup>5,6</sup>	3,338	3,558	-6.2
Scope 3 (tCO <sub>2</sub> e) <sup>7</sup>	13,460	13,356	0.8
Business travel (tCO <sub>2</sub> e) <sup>8</sup>	13,044	12,917	1.0
Purchased goods and waste from operations (tCO <sub>2</sub> e) <sup>9</sup>	416	439	-5.3
Greenhouse gas intensity (tCO <sub>2</sub> e/FTE) <sup>10</sup>	3.2	3.2	2.3
Business travel (km/FTE) <sup>8</sup>	9,971	10,390	-4.0
Paper consumption (t)	279	307	-9.1
Paper consumption intensity (kg/FTE)	49	53	-6.9
Water consumption (m <sup>3</sup> )	124,789	121,764	2.5
Water consumption intensity (m <sup>3</sup> /FTE)	22	21	5.0
Waste (t) <sup>11</sup>	734	735	-0.1
Residual office waste (t)	297	282	5.2
Recycling (t)	387	398	-2.8
Special waste (t) <sup>12</sup>	51	55	-6.9
Waste intensity (kg/FTE)	129	126	2.4

<sup>1</sup> Unless stated otherwise, the numbers in this table are based on information from Julius Baer's main business locations. These are Zurich, Geneva, Lugano, Basle and Bern in Switzerland, as well as our locations in Brazil, Germany, India, Guernsey, Hong Kong, Monaco, Singapore, Spain, the UK, the UAE and Uruguay. These locations cover approximately 86% of our total employees.

<sup>2</sup> GRI 102-48: 2018 data was restated to include additional business locations. Business travel (km/FTE) was overstated in the previous report and has been corrected.

<sup>3</sup> Greenhouse gas emissions were calculated according to guidelines issued by the WRI/WBCSD Greenhouse Gas Protocol. We offset all our CO<sub>2</sub> emissions through a certification scheme.

<sup>4</sup> Emissions from directly owned or controlled sources.

<sup>5</sup> Emissions from purchased electricity and district heat/cooling.

<sup>6</sup> Scope 2 emissions were calculated using the 'market-based' approach in accordance with the Greenhouse Gas Protocol Scope 2 Guidance. When reported according to the 'location-based' approach, the emissions totaled 5,373 tCO<sub>2</sub>e (2018: 5,567 tCO<sub>2</sub>e).

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

<sup>8</sup> Business travel figures are a sum of emissions from air, rental car and train travel data provided by our central Global and Hong Kong travel offices (covering all employees globally), as well as emissions from company cars used at sites specified under footnote 1. Kilometres/FTE are calculated using the same input.

<sup>9</sup> Emissions associated with the consumption of purchased paper and water, as well as emissions from waste treatment by waste generated in Julius Baer's operations (incl. wastewater treatment).

<sup>10</sup> Greenhouse gas intensity has been calculated using Scope 1, Scope 2 and Scope 3 (including company car data) emissions representing approximately 86% of employees. Business travel through air, rental cars and train travel has global coverage 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 approximately 86% of employees, as specified under footnote 1.

<sup>11</sup> The locations providing waste data cover approximately 76% of our total employees.

<sup>12</sup> Special waste comprises electronic scrap, toner cartridges, fluorescent lamps, street sludge and cooking oil.

## YOUR FEEDBACK

We appreciate any valuable feedback or any other inputs you might have, which you can send to [corporate.sustainability@juliusbaer.com](mailto:corporate.sustainability@juliusbaer.com)

---

## MORE INFORMATION

For more information about Julius Baer, including its approach to sustainability please visit: [www.juliusbaer.com](http://www.juliusbaer.com).

Photo and image credits:  
Throughout the report: references to the United Nations Sustainable Development Goals  
Page 48: Johnny Miller, African Drone

---

## CORPORATE CONTACTS

### CORPORATE SUSTAINABILITY & RESPONSIBLE INVESTMENT

Yvonne Suter  
Telephone +41 (0) 58 888 4292

### GROUP COMMUNICATIONS

Larissa Alghisi Rubner  
Telephone +41 (0) 58 888 5777

### INVESTOR RELATIONS

Alexander C. van Leeuwen  
Telephone +41 (0) 58 888 5256

### MEDIA RELATIONS

Jan Vonder Muehl  
Telephone +41 (0) 58 888 8888

This brief report is intended for informational purposes only and does not and is not intended to create any contractual or other legal rights in or on behalf of any person or to constitute an offer of products/services or an investment recommendation. The content is not intended for use by or distribution to any person in any jurisdiction or country where such distribution, publication or use would be contrary to the law or regulatory provisions. We also caution readers that risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.

The Annual Report 2019 of Julius Baer Group Ltd. containing the audited IFRS financial accounts of the Julius Baer Group for the year 2019 is available at [www.juliusbaer.com](http://www.juliusbaer.com).

## JULIUS BAER GROUP

Head Office  
Bahnhofstrasse 36  
P.O. Box  
8010 Zurich  
Switzerland  
Telephone +41 (0) 58 888 1111  
Fax +41 (0) 58 888 5517  
[www.juliusbaer.com](http://www.juliusbaer.com)

The Julius Baer Group  
is present in more  
than 60 locations worldwide,  
including Zurich (Head Office),  
Dubai, Frankfurt, Geneva,  
Hong Kong, London, Lugano,  
Luxembourg, Monaco, Montevideo,  
Moscow, Mumbai, Singapore and Tokyo.

