

**Julius Bär**

ORGANISATIONAL AND  
MANAGEMENT REGULATIONS  
OF JULIUS BAER GROUP LTD.  
AND THE JULIUS BAER GROUP

Julius Baer Group Ltd.

Julius Bär

# CONTENTS

1.	Purpose of the Regulations	<b>4</b>
2.	Duties and responsibilities of the Supervisory and Managing Bodies	<b>5</b>
3.	The Board of Directors	<b>6</b>
4.	The Committees of the Board of Directors	<b>7</b>
5.	Internal Audit	<b>11</b>
6.	The Executive Board (the “EB”) and the Chief Executive Officer and President of the Executive Board (the “CEO”)	<b>11</b>
7.	The Committees of the Executive Board and Committees established by the Executive Board	<b>12</b>
8.	Meetings and resolutions of Supervisory and Managing Bodies	<b>13</b>
9.	Confidentiality	<b>15</b>
10.	Transitional and concluding provisions	<b>15</b>

Please note that the German version of the Organisational and  
Management Regulations prevails this English translation.

## **1. Purpose of the Regulations**

- 1.1 The Organisational and Management Regulations (the “Regulations”), based on Article 716b of the Swiss Code of Obligations (“CO”) and on Article 9.7 of the Articles of Incorporation of Julius Baer Group Ltd. (the “Articles”), govern the organisation of the Supervisory and Managing Bodies of Julius Baer Group Ltd. (the “Company”) and of Julius Baer Group (the “Group”) and establish their powers, duties and responsibilities and describe the basic conduct of business of the Company and its bodies. Decisions or acts of the Supervisory and Managing Bodies of the Company shall be based on the Regulations.
- 1.2 The Supervisory Bodies (a) to (c) and the Managing Bodies (d) to (f) of the Company consist of the following:
- a) The Board of Directors (the “Board of Directors”);
  - b) The Committees of the Board of Directors (namely, the Governance & Risk Committee (the “GRC”), the Audit Committee (the “ACB”), the Nomination & Compensation Committee (the “NCC”) and the Development & Innovation Committee (the “DIC”);
  - c) The Internal Audit;
  - d) The Chief Executive Officer and President of the Executive Board (the “CEO”);
  - e) The Executive Board (the “EB”); and
  - f) The Committees of the EB.

## **2. Duties and responsibilities of the Supervisory and Managing Bodies**

2.1 As further set out in the Regulations, the

- a) Supervisory Bodies are, in particular, responsible for establishing the strategic course of the Company and of the Group and for supervising the management of the Company; in addition, they perform the other duties as described in the Regulations;
- b) Managing Bodies are, in particular, responsible for (i) the management of the Company as delegated to them within the scope of the law, the Articles and the Regulations and, in particular, the respectively related performance of the duties and responsibilities relative to organisation, management, human resources and risk management (general risk, financial risk, legal risk and other risks within the risk policy as defined by the Board of Directors), (ii) the adoption and implementation of principles necessary to meet the Company's objectives, (iii) the provision of adequate resources, and (iv) the coordination and monitoring of all activities carried out by and in the name of the Company.

2.2 The Supervisory and Managing Bodies shall discharge their duties and responsibilities, and their decisions shall be implemented only where they are in accordance with applicable laws and regulations and consistent with principles of sound corporate governance.

2.3 The responsibility for the activities of the risk, legal and compliance, finance/accounting/investor relations, communication and operations/IT functions within the Company shall rest with the appropriately designated member of the EB as laid down in respective internal regulations. Such designated member of the EB shall also be responsible for the consolidation and coordination with regard to respective activities of such functions in the subsidiaries of the Company. Accordingly, each of such designated member of the EB shall therefore be provided with access to and with all necessary information.

### **3. The Board of Directors**

- 3.1 The status, powers, duties and responsibilities of the Board of Directors are derived from the CO and the Articles. In the event of any inconsistency between the CO or the Articles and the Regulations, the CO and the Articles shall prevail.
- 3.2 The members of the Board of Directors, the Chairman as well as the members of the Compensation Committee (as part of the NCC) are elected by the shareholders at the Annual General Meeting (“AGM”) on a yearly basis. Apart from these elections the Board of Directors and its Committees constitute itself.
- 3.3 The maximum (cumulative) term for members of the Board of Directors is as a general rule 12 years. Members of the Board of Directors shall as a general rule not stand for election or re-election as from the year in which they have their 75<sup>th</sup> birthday.
- 3.4 At least one third of the Board of Directors consists of independent members in the sense of circular 2017/1 of Swiss Financial Market Supervisory Authority FINMA (“FINMA”).
- 3.5 The Board of Directors is responsible for the succession planning of the Board of Directors, the CEO and the EB. The succession planned shall be discussed at Board level on a yearly basis. The Board of Directors may assign the preparation of such tasks to the NCC.
- 3.6 At least once a year the Board of Directors assesses its own performance and records the results in writing.
- 3.7 The Board of Directors issues the rules governing the activities of the Internal Audit function of the Company.

#### **4. The Committees of the Board of Directors**

The Committees of the Board of Directors shall consist of at least three but not more than half of the members of the Board of Directors.

##### *4.1 The Governance & Risk Committee (the “GRC”)*

4.1.1 The GRC consists of at least three members of the Board of Directors who are specifically skilled and experienced in areas of finance, corporate governance and risk control. The majority of the members of the GRC shall be independent members of the Board of Directors in the sense of FINMA circular 2017/1.

4.1.2 The GRC is responsible for Governance, Risk, Business Conduct and Compliance topics of the Group, in particular for:

- a) ensuring that the requirements for effective Compliance and the promotion of an adequate Compliance/Conduct culture and organization are given the necessary attention at the level of the Board of Directors;
- b) assessing the Group’s exposure to Risk/Compliance/Conduct issues as well as the respective frameworks to address such matters such as monitoring of regulatory developments, operational/enterprise risk management framework, information/cyber security strategy and the Group’s business continuity management strategy (including policies, procedures and organizational structure);
- c) performing an annual assessment of the risks and risk-mitigating measures (including of respective exceptions) with regard to relationships with clients from countries with an increased risk of corruption;
- d) monitoring and assessing the effectiveness of programs and processes relating to anti-money laundering, client identification and know-your-client (KYC), client on-boarding, monitoring and off-boarding, politically exposed persons (PEPs), economic and trade sanctions, anti-bribery and anti-corruption as well as client tax compliance;
- e) reviewing the status of ongoing procedures as well as of the implementation of key initiatives on Compliance/Conduct topics;

- f) reviewing reports (including reports of internal and external auditors, in coordination with the ACB) on material matters related to Compliance and matters concerning employee Conduct as well as advising the NCC with regard to the consideration of Compliance and Conduct topics and issues in the compensation process;
- g) developing and upholding principles of corporate governance for the Company and the Group;
- h) authorising certain market, credit and financial activities taking into consideration the respective risk parameters; and
- i) the standards and methodologies for risk control which are employed to comply with the principle and risk profile adopted by the Board of Directors or other relevant Supervisory or Managing Bodies.

#### 4.2 *The Audit Committee (the “ACB”)*

4.2.1 The majority of the members of the ACB shall be independent members of the Board of Directors in the sense of FINMA circular2017/1. The Chairman of the Board of Directors shall not be a member of the ACB. The members of the ACB shall be adequately skilled and experienced in order to assume, in particular, the responsibilities as listed hereinafter.

4.2.2 The ACB is responsible for:

- a) the integrity of controls for financial reporting and the review of the Company’s and the Group’s financial statements, including the consolidated statement of the Group, the annual and semi-annual financial statements, as well as the interim statements as these may be the case;
- b) monitoring compliance by the Company with its respective legal and regulatory obligations, and ensuring the receipt of regular information as to compliance by its subsidiaries with such obligations, as well as with regard to the existence of an adequate and effective internal control as regards financial reporting;
- c) monitoring the activities of the Group’s Internal Audit function;
- d) monitoring the performance and independence of the Company’s external auditors, which shall be the same for all subsidiaries of the Company.

#### 4.3 *The Nomination & Compensation Committee (the “NCC”)*

4.3.1 The members of the Compensation Committee (as part of the NCC) are elected on a yearly basis by the shareholders at the AGM. The Chairman of the Board of Directors shall not be a member of the NCC. The NCC elects its own chairperson. The NCC shall consist of members of the Board of Directors who are adequately skilled and experienced in order to assume, in particular, the responsibilities as listed hereinafter.

4.3.2 The NCC is responsible for the following compensation- and nomination-related tasks:

- a) reviewing the compensation principles of the Company (changes to which have to be submitted for approval to the Board of Directors);
- b) reviewing and approving any compensation principles offered to the Group as a whole as well as any compensation principles within the Group which are linked to the shares of the Company;
- c) preparing on an annual basis the Remuneration Report to be submitted for approval to the Board of Directors and subsequently to the AGM;
- d) determining the total compensation payable to the Chairman of the Board of Directors and to the EB (excl. CEO) and submitting the respective proposals for the members of the Board of Directors other than the Chairman and for the CEO to the Board of Directors for approval. The compensation proposals for the Chairman, the other members of the Board of Directors, the CEO and in aggregate form for the EB are subsequently submitted by the Board of Directors to the shareholders for approval at the AGM;
- e) approving those staff members that have been identified as so called key risk takers, who, due to their position, influence or the nature of their work may expose the Group to significant risk and hence might be subject to specific compensation requirements and reviewing their compensation;

- f) taking note of all employees of the Group receiving total compensation exceeding CHF 1 million per annum;
- g) the preparation of a long-term succession planning for the Board of Directors and assessing candidates and preparing nominations for consideration by the Board of Directors and election by the shareholders at the AGM of the Company;
- h) the preparation of a long-term succession planning for the CEO and the members of the EB and assessing candidates and preparing nominations for consideration by the Board of Directors of the Company; and
- i) the review and approval of the required profiles of the members of the EB, the CRO and the Head Internal Audit on a regular basis.

#### 4.4 *The Development & Innovation Committee (“DIC”)*

4.4.1 The DIC consists of members of the Board of Directors who are adequately skilled and experienced in order to assume, in particular, the following responsibilities:

- a) supporting the Board of Directors in its overall oversight responsibilities relating to long-term transformational challenges, business development, innovation and to respective plans as developed by the Executive Board;
- b) identifying and assessing existing and future trends in the areas such as structural changes in the financial industry, the business and operating model of the Group, the applied technology and innovation, as well as assessing their possible impact on the Group and on new business opportunities.

## **5. Internal Audit**

5.1 Internal Audit is responsible for carrying out independent internal review mandates in order to support the Board of Directors and the EB in their control tasks. The Board of Directors, taking into consideration applicable regulatory provisions, issues policies relative to the activities of the Internal Audit function of the Company which directly reports to the Board of Directors at least on an annual basis. In addition, the regular reporting of the Internal Audit (in the context of the Charter of the ACB and of the applicable internal regulations of Internal Audit) is made vis-à-vis the ACB and the EB. Internal Audit is vested with unrestricted inspection rights as regards the Company and carries out respective inspections and supervision tasks with regard to the other consolidated companies of the Group as well and therefore is vested with unrestricted access to all respective information and offices. The Chairman of the Board of Directors, the chairperson of the ACB and in agreement with the Chairman of the Board of Directors also the CEO are entitled to instruct Internal Audit to carry out special assignments in addition to its scheduled auditing activities.

## **6. The Executive Board (the “EB”) and the Chief Executive Officer and President of the Executive Board (the “CEO”)**

6.1 The EB is responsible for the implementation of the Company’s and the Group’s overall strategy within the respective parameters established by the Board of Directors and for the Company’s operating results. Except where delegated by the Board of Directors to another Supervisory or a Managing Body, the EB is ultimately responsible for all of the day-to-day activities of the Company, including such activities, which have been assigned or delegated by the EB.

6.2 The EB is presided over by the CEO (the President of the EB). The CEO is responsible, in particular, for:

- a) ensuring the consistent management and development of the Company in accordance with established business policies and strategies;
- b) representing the EB in its relationships with the Board of Directors and third parties; and
- c) establishing the organisation of the EB itself within the framework as provided by the Articles and the Regulations.

- 6.3 Without prejudice to paragraph 2.2. above, the EB is empowered to issue binding instructions, which may be of general application or relate to specific business matters, and may require the submission of reports, or consultation with the EB prior to making decisions.
- 6.4 The EB develops an institutional-wide risk management framework, which shall be approved by the Board of Directors.

The risk management framework must take account of the following aspects:

- standardised categorisation of key risks to ensure consistency with risk management objectives;
- specification of potential losses from these key risk categories;
- definition and application of the tools and organisational structures required to identify, analyse, evaluate, manage and monitor the key risk categories and for reporting purpose;
- development of documentation which enables appropriate verification of the definition of risk tolerance and the corresponding risk limits;
- provisions relating to risk data aggregation and reporting.

## **7. The Committees of the Executive Board and Committees established by the Executive Board**

- 7.1 Subject to the approval by the GRC, the EB may establish Committees of the EB and other committees to carry out or assist with tasks for which it is responsible. The EB determines the composition and remits of any such committees, which will report directly to the EB. The composition of such committees as established by the EB may include, amongst others, members of the EB as well as other professionals.

## 8. Meetings and resolutions of Supervisory and Managing Bodies

- 8.1 The Supervisory and Managing Bodies as per paragraph 1.2. (a), (b), (e) and (f) shall meet as often as required to fulfill their duties and responsibilities but, circumstances permitting, are expected to meet as follows:

Board of Directors	Quarterly
Governance & Risk Committee (the “GRC”)	Monthly
Nomination & Compensation Committee (“the NCC”)	Quarterly
Audit Committee (the “ACB”)	Quarterly
Development & Innovation Committee (the “DIC”)	Twice a year
Executive Board (the “EB”)	Monthly

- 8.2 Meetings of a Supervisory or Managing Body will usually be called by its chairperson, but every member of a Supervisory or Managing Body is entitled, by indicating the agenda items such member wishes to have discussed, to request that a meeting is called and, in cases where a meeting is not called within a reasonable period of time of their request, to themselves call the meeting.
- 8.3 The presence of a majority of the members of a Supervisory or Managing Body is necessary for resolutions to be passed, except as otherwise stipulated in the Articles, whilst attendance via telephone- or videoconference is permissible in exceptional cases.
- 8.4 At any meeting of a Supervisory or Managing Body, resolutions may be passed by a majority of votes of the members attending. In the case of deadlock, the chairperson of the respective body or meeting shall have a casting vote. For resolutions passed by the Board of Directors with regard to agenda items that have been subject to prior resolution by a Committee of the Board of Directors (pre-resolving Committee) and if the members of such pre-resolving Committee (taking into consideration the casting vote of the Chairman) would represent a majority of votes in the Board of Directors, the casting vote shall not be with the Chairman but with the chairperson of the ACB, unless the chairperson of the ACB is also a member of such pre-resolving Committee, in which case the casting vote shall be with the member of the Board of Directors not being a member of such pre-resolving Committee and having served the longest term of office in the Board of Directors (if several: the oldest by age).

- 8.5 Resolutions for urgent as well as routine businesses of the Board of Directors and the Committees of the Board of Directors as well as of the EB may also be passed in writing (e.g. by letter, e-mail or fax communication) without a meeting taking place (circular resolution / “Zirkularbeschluss”) provided that:
- a) the text of the proposed resolution is sent to all members of the Supervisory Body in question;
  - b) no member of the Supervisory Body in question requires a meeting to be convened;
  - c) all members provide their express consent to the resolution; and
  - d) the written consent of each member is submitted to the secretary or chairperson of the Supervisory Body concerned.
- 8.6 The EB may, in accordance with principles of sound corporate governance and to the extent not otherwise provided for in the Regulations, prescribe its own procedures with regard to circular resolutions provided that, at minimum, a majority of the members of the EB are required to have given their express consent to a resolution for it to be validly passed, and no member requires a discussion to take place.
- 8.7 Minutes shall be taken of all meetings and resolutions of a Supervisory or Managing Body and shall be signed by the relevant Supervisory or Managing Body’s secretary and/or chairperson. Minutes of the meetings of the Board of Directors must be signed by the Chairman.
- 8.8 No member of a Supervisory or Managing Body shall directly or indirectly participate in, or be a party to any discussions relating to, and shall not vote upon, any matter which may give rise to a conflict of interest between that member of a Supervisory or Managing Body (or any person closely related to such member) and the Company (including as a consequence of being a member of more than one body).

## **9. Confidentiality**

- 9.1. As a general principle, the members of all Supervisory and Managing Bodies are obliged to adhere to strict obligations of confidentiality.
- 9.2. More specifically, the members of all Supervisory and Managing Bodies are subject to various laws, including, without limitation, bank customer confidentiality/banking secrecy (Article 47 of the Swiss Banking Act), professional secrecy of a securities' trader (Article 43 of the Swiss Stock Exchange Act and Article 147 of the Financial Market Infrastructure Act), business secrecy (Article 162 of the Swiss Penal Code), Insider Trading and Market Manipulation (Articles 142 and 143 of the Financial Market Infrastructure Act) and the obligation to disclose information of a potentially share price-sensitive nature (Article 53 of the Listing Rules of the SWX Swiss Exchange, ad-hoc publicity).
- 9.3. Upon resigning their positions, members of all Supervisory and Managing Bodies shall continue to be bound by these confidentiality obligations and must return all materials received or prepared by them in connection with, or otherwise in their possession and control as a result of, their positions.

## **10. Transitional and concluding provisions**

- 10.1. The Regulations were approved by the Swiss Financial Market Supervisory Authority FINMA on 30 March 2020 and entered into effect on 17 April 2020.
- 10.2. The Regulations supersede and replace in their entirety the previous Organizational and Management Regulations of Julius Baer Group Ltd. and the Julius Baer Group dated 1 January 2018.

For the Board of Directors:

Romeo Lacher, Chairman

Roberto Küttel, Secretary to the Board

ORGANISATIONAL AND MANAGEMENT REGULATIONS OF  
JULIUS BAER GROUP LTD. AND THE JULIUS BAER GROUP

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