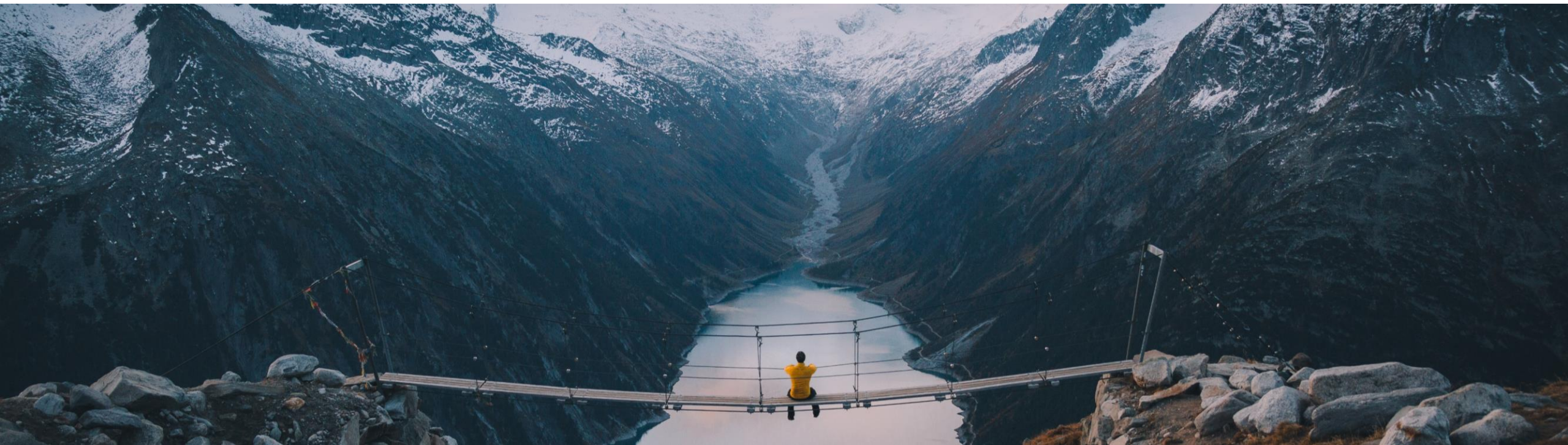


Julius Bär

# SUSTAINABILITY AT JULIUS BAER

**Empowering for positive impact**

March 2023



# Important Information

This 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. Julius Baer assumes no liability or responsibility for the quality, content, accuracy, or completeness of the information provided in this report.

# Agenda

- 1 Overview
- 2 Responsible Wealth Management – Developments until 2022
- 3 Responsible Citizenship – Developments until 2022
- 4 Q&A

# OVERVIEW

# Sustainability at Julius Baer in a nutshell

Continued efforts to make a positive impact on society and the environment

Our highlights 2022



“We have a **dual responsibility** when it comes to sustainability – as a wealth manager **servicing our clients**, and in ‘walking the talk’ in **our own activities**.”

Yvonne Suter, Head of Sustainability

Ratings and indices

- **AA-rated**, MSCI ESG
- **17.9, ‘low risk exposure’**, Sustainalytics ESG Risk Rating
- **Constituent**, SXI Sustainability Index
- **Constituent**, SIX ESG equity indices
- **‘B’**, CDP rating for carbon disclosure
- **Constituent**, Bloomberg Gender Equality Index
- **Constituent**, FTSE4GOOD

Memberships

Principles for Responsible Investment  
UN environment programme  
finance initiative  
Principles for Responsible Banking

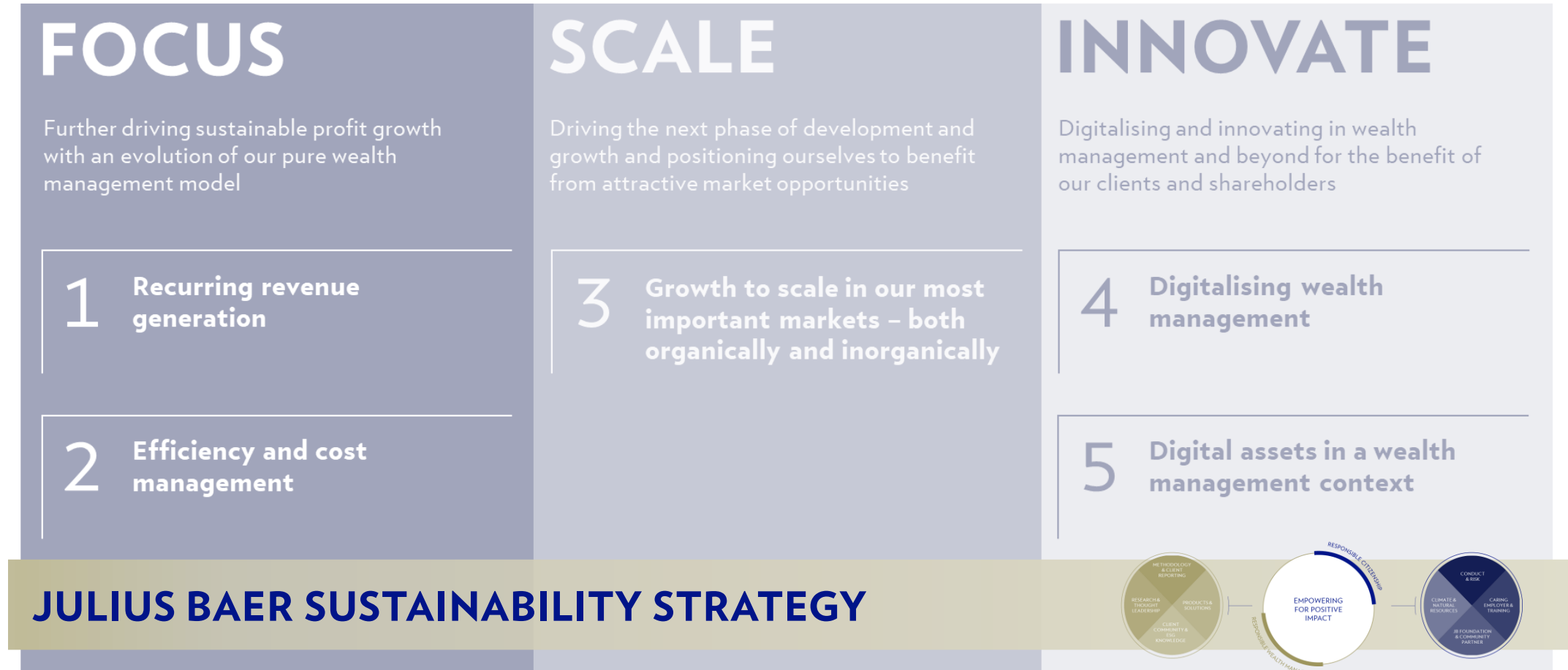
Reporting standards

- Task Force on Climate-Related Financial Disclosures (TCFD)
- Sustainability Accounting Standards Board (SASB)
- Global Reporting Initiative (GRI)

1) Covered assets with data include bonds, equities and funds.

# Our overall strategy

Our sustainability strategy supports our ambitions and is a key enabler of the strategic cycle 2023-2025





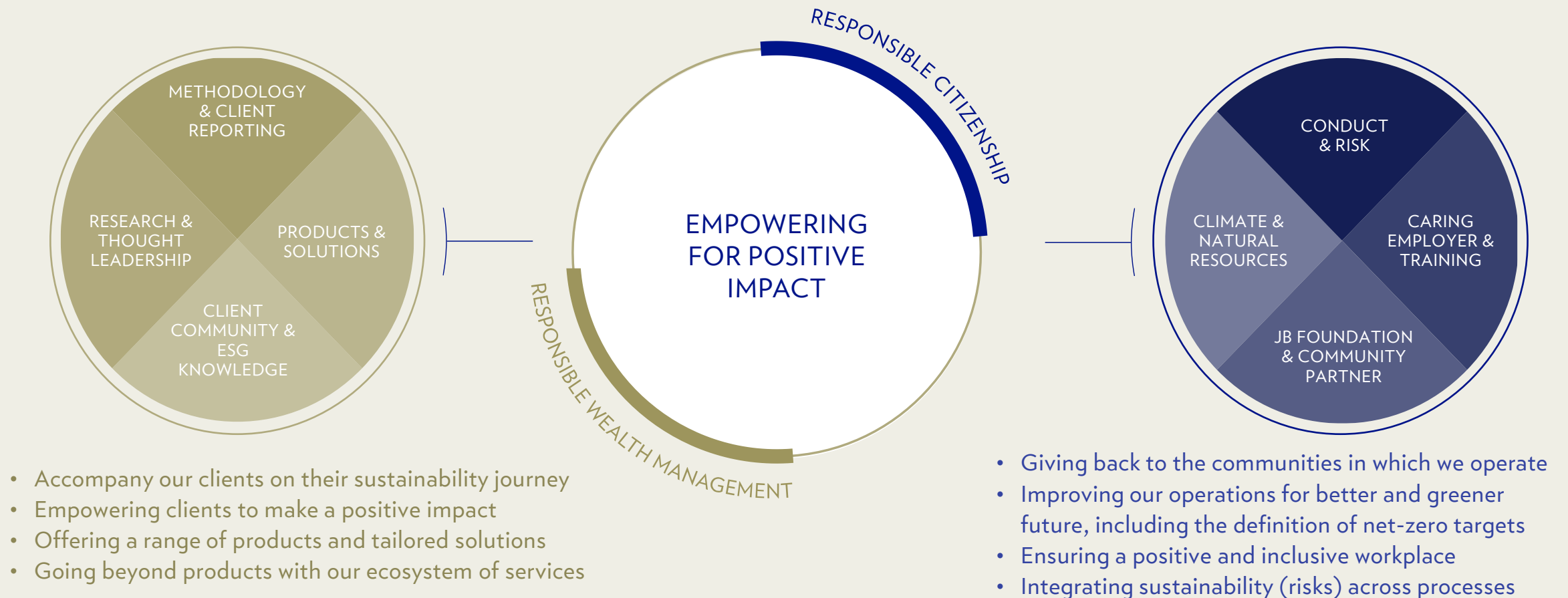
# Our Sustainability governance

Transparent and robust sustainability governance with leadership from the top



# Our strategic Sustainability framework

A holistic approach bringing together Responsible Wealth Management and Responsible Citizenship





# Strategic priorities for 2023 and beyond

Further delivering along our result-oriented sustainability strategy

## Responsible Wealth Management



**Methodology & Client Reporting:** Continuously strengthen our **ESG investment rating methodology** and gradual global roll-out of **ESG client reporting**, including climate metrics, prioritising according to market maturity and client needs by the end of 2025.



**Products & Solutions:** Increase net inflows in **sustainability discretionary mandates** or any equivalent solution until 2025. Further increase assets in private-equity **impact investing** and continue to develop our **philanthropy offering**.



**Client Community & ESG Knowledge:** Expand platforms for sharing knowledge and networking, such as the **Sustainability Circle client community**.



**Research & Thought Leadership:** Continue to provide **thought leadership** on relevant sustainability topics.

## Responsible Citizenship



**Conduct & Risk:** Continue to integrate and apply **ESG** considerations into our **risk management framework and processes** (e.g. climate scenario analysis and guidelines for environmental and social risks).



**Climate & Natural Resources:** Achieve **net-zero carbon emissions** on our own operations by 2030 and on our treasury, lending<sup>1</sup> and mortgage book by 2050 (reduction of 20% by 2030). Achieve a 30% reduction of business-travel emissions by 2025. Develop a **stewardship strategy**.



**Caring Employer & Training:** Strive for **30% female representation** at senior management level by end of 2023. Continue to **educate all employees on sustainability**, with a particular focus on client-facing employees.



**JB Foundation & Community Partner:** Focus on reducing inequalities through the **Julius Baer Foundation** and further **increase volunteering activities**.

1) Our net-zero emissions target on lending includes loans to corporate clients only, according to the Partnership for Carbon Accounting Financials (PCAF).

# RESPONSIBLE WEALTH MANAGEMENT

# Our strategic Sustainability framework

Responsible Wealth Management – developments until 2022



# Responsible Wealth Management

Accompanying our clients on their individual sustainability journey

## Products & Solutions

- AuM in **Sust. Discretionary Mandates** **increased** by 79.2% since 2019
- Further development of **responsible and sustainable offering**
- New **impact investing methodology** and increase in **philanthropy** advisory mandates

## Methodology & Client Reporting

- Implementation of **investment rating methodology** (equities, funds and bonds)
- First distribution of **ESG client reports** to clients in booking centres CH & Lux

## Research & Thought Leadership

- Expansion of responsible wealth management ecosystem through **sustainability research and thought leadership**, with a particular focus on **Next Generation** topics

## Client Community & ESG Knowledge

- Expansion of **Sustainability Circle client community** as well as digital **education sessions** and physical **events** on sustainable fashion, low carbon, green tech and energy transition



# ESG methodology & products

Empowering our clients to have a positive impact

## ESG Investment Rating Methodology & Client Reports

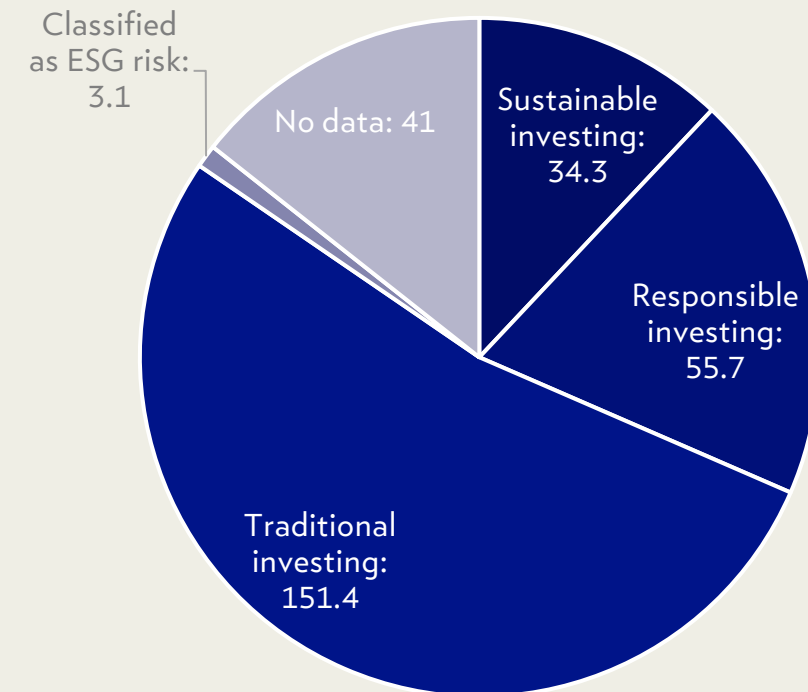
- **Proprietary ESG investment rating methodology** and **ESG client reports** (incl. climate metrics) to provide our clients **transparency** on their portfolio and enable them to **take informed decisions**
- Definition of four investment categories: **Sustainable** Investing, **Responsible** Investing, **Traditional** Investing and assets classified as **ESG risk**

## Products & Solutions

- 16-year track record in **sustainability discretionary mandates** with AuM of ~ CHF 2.9bn (YE 2022)
- Others solutions include private equity **impact investing** and **philanthropy** advisory mandates



ESG-classified AuM by end 2022 (in CHF bn)<sup>1</sup>



<sup>1</sup>) Assets under management in central mandates (only front regions, excluding intermediaries). Covered assets with data include bonds, equities and funds. Methodology for classification of other asset classes currently in development.

# Community & thought leadership

## Building our Sustainability Circle client community

### What is it about?

- **Building a global community** of like-minded Julius Baer clients motivated to **support the shift towards a more equitable future and healthier planet**
- **Bringing together investors, philanthropists, entrepreneurs and business leaders** willing to join forces and leverage their experience to drive positive change

### What are member benefits?

- **Exclusive** in-person and online events based on **Next Generation focus themes**
- Members are given the floor to share about their **own experience** and activities and **build connections**
- Community newsletter with **exclusive content** for the members



**Focus themes** leveraging Next Generation research to address today's global challenges such as **climate change** and **wealth inequality**.

**Inequality** Digital Health Shifting Lifestyles  
Global Education  
Extended Longevity **Digital Disruption**  
Healthy Living Blue Economy Future of Finance  
**Future Cities** Cybersecurity Digital Assets Low Carbon  
Circular Economy Water Stress **Energy Transition**  
Clean Energy FoodTech & AgTech  
**Feeding the World** Future Mobility



# RESPONSIBLE CITIZENSHIP

# Our strategic Sustainability framework

## Responsible Citizenship – developments until 2022



# Responsible Citizenship

Walking the talk at our workplace, in our communities and in the world



## Conduct & Risk

- **Holistic integration of ESG risk** across Risk Management Framework
- Implementation of dedicated **Sustainability Risk Committee**
- Launch of **Reputational Risk Guidelines** for Environmental and Social Risk across the entire business



## Climate & Natural Resources

- **Climate strategy** including net-zero emission targets
- **Carbon neutral operations** since 2015 and 100% renewable power in Swiss offices
- Definition of **stewardship strategy**, including an engagement approach and voting for Julius Baer funds based on ESG considerations
- Implementation of **internal carbon price** of CHF 100/tCO<sub>2</sub>e



## Caring Employer & Training

- **Employee engagement** above industry average
- Proportion of **female senior managers**<sup>1</sup> at 29%
- Launch of **Sustainability Front Ambassador Club**, now including 200 members, and **sustainability training** on regulatory developments for 3,000 client-facing employees



## JB Foundation & Community Partner

- CHF 6.6m in **community giving**
- Launch of first **volunteering month** leading to tripled employee volunteering hours in 2022 (compared to 2021)
- 28 partner organisations in **projects around the world** supported by JB Foundation

1) Julius Baer defines senior management as all employees with the rank of Director to Managing Director.

# Conduct & risk

## Operating with integrity and taking a responsible approach to risk

### Ethical conduct

- Global **Code of Ethics and Business Conduct** supporting the Group's aspiration to act with utmost professional expertise and integrity
- Comprehensive **financial crime policy framework** covering anti-money laundering, combatting terrorism financing, anti-bribery and corruption measures and sanctions compliance
- 'Speak up'-culture and whistleblowing platform, triggering an independent investigation in line with the **whistleblowing framework**
- Transparent governance in **compensation matters** in line with pay-for-performance principles

### Sustainability in risk management

- Full integration of **ESG risks** in risk management framework:
  - Formal annual risk assessment process
  - Client onboarding and review
  - Transaction monitoring, product development and investment decision process
  - Portfolio reviews
  - Own operations
  - Supply chain management
- Definition of **risk tolerances**: Consideration of ESG risks to further reduce exposure to carbon-related assets / climate-sensitive sectors (e.g. climate-risk-related stress scenario analysis)

### Information security & data privacy

- **Information security**: Managing information and cyber security risks to protect data integrity and confidentiality
- **Continuous monitoring** of threats, while keeping strong **preventative measures** in place
- **Global data privacy policy** defining how we protect all client data / other personal information and obligation to enter into data protection agreements with suppliers

# Sustainability in risk management

## Fully integrating ESG risks into our risk management framework

### Reputational risk guidelines for environmental and social risks

- Launched in 2022 to foster a **deeper understanding of potential reputational risks** Julius Baer may be exposed to through its business activities and partners, the guidelines provide a **consistent framework** to address these risks proactively
- The guidelines are applicable **across businesses**:



Client relationships



Credit / Financing



Investment offering

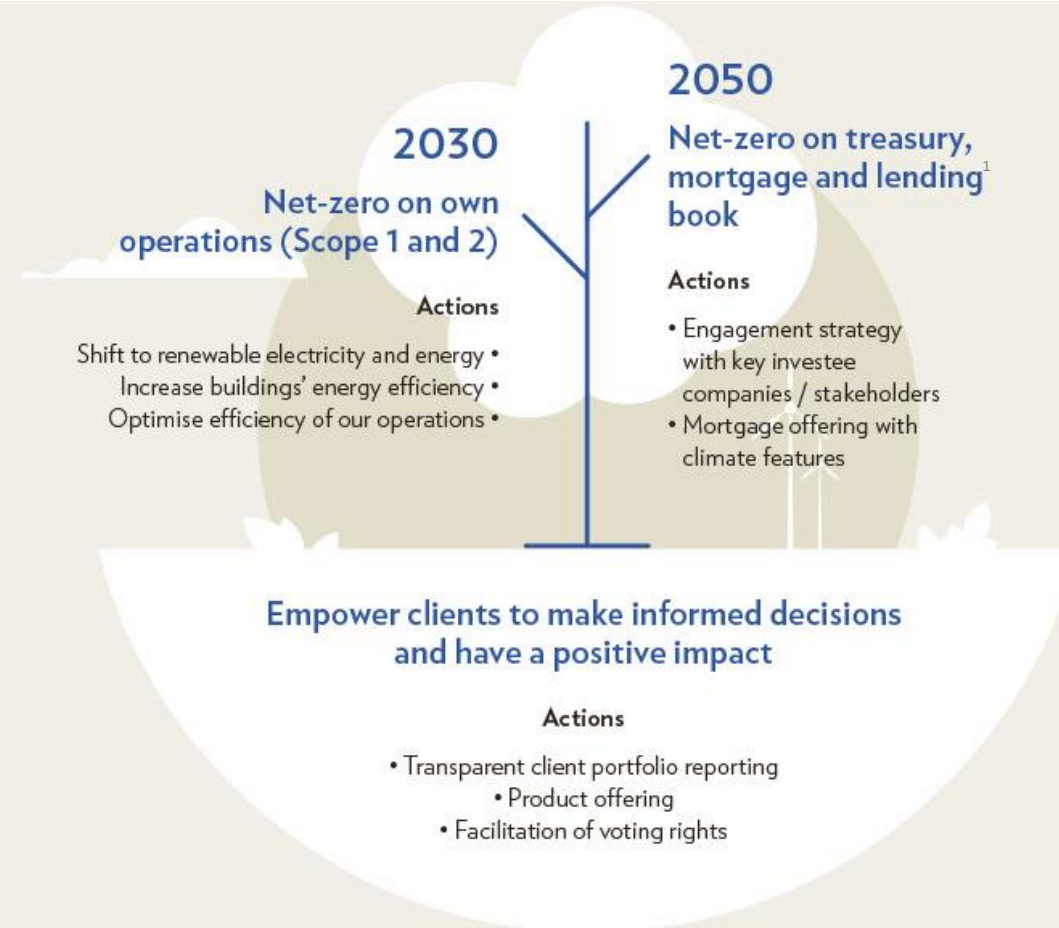


Procurement

- Identification and governance of certain **sensitive activities the Group will not engage in** – or only under stringent compliance criteria:
  - No engagement with counterparties failing to adhere to **fundamental human rights standards** or that result in **severe violations of environmental standards**
  - Specific assessment for any business relationship with a potential elevated exposure to **palm oil, forestry or thermal coal** or to incidents related to **environmental or human rights**
  - No (in)direct financing of producers of potential **weapons** (Swiss Federal Act on War Materials)

# Climate strategy

Net-zero targets on our own operations and on our treasury, mortgage and lending book



1) Our net-zero emissions target on lending includes loans to corporate clients only, according to the Partnership for Carbon Accounting Financials (PCAF).



# Climate & natural resources

## Progressing on the implementation of our climate strategy

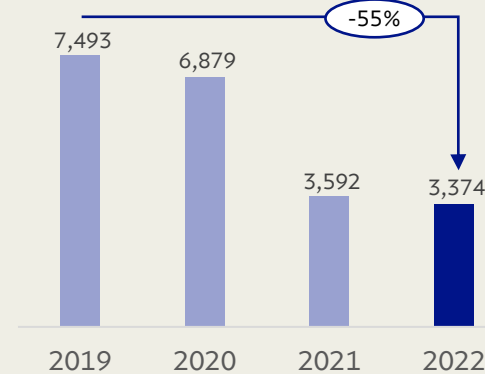


### Own operations

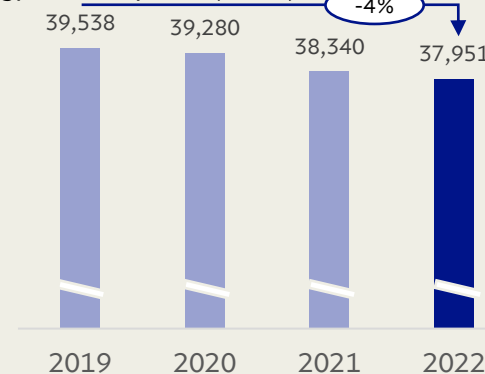
Ambition:

Achieve **net-zero carbon emissions on our own operations** (scope 1 and 2) until 2030.

GHG emissions scope 1 and 2 (tCO<sub>2</sub>e)



Energy consumption (MWh)

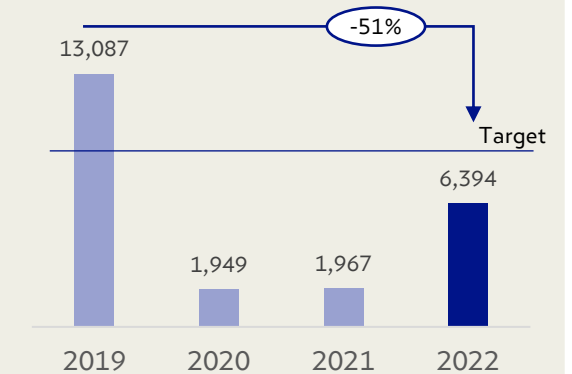


### Business travel

Ambition:

Achieve a **30% reduction of business travel emissions by 2025** compared to 2019.

Business travel (tCO<sub>2</sub>e)

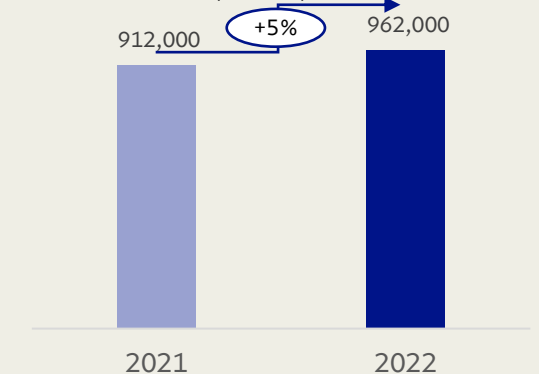


### Financed emissions

Ambition:

Achieve **net-zero carbon emissions on our treasury, mortgage and lending book** by 2050.

Financed emissions (tCO<sub>2</sub>e)



1) Our net-zero emissions target on lending includes loans to corporate clients only, according to the Partnership for Carbon Accounting Financials (PCAF).

# Caring employer & training

Creating an inclusive and diverse workplace and providing sustainability training

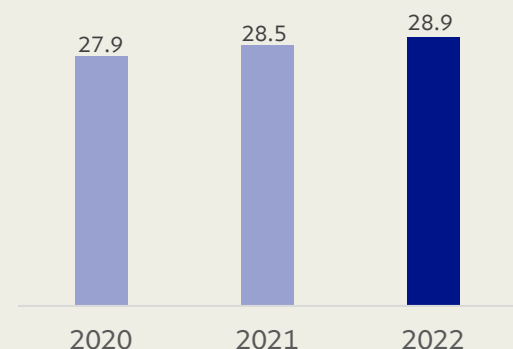


## Diversity and inclusion (D&I)

Ambition:

Strive for **30% female representation** at senior management level by the end of 2023.

Women in senior management<sup>1</sup> (%)



### Ongoing efforts in the context of D&I

- D&I Committee, D&I volunteers and broad approach to D&I issues (e.g. gender, multi-generation, disability, LGBT+, ethnicity) pursuing the goal of **tackling unconscious bias and fostering inclusion**
- Different **mentoring programmes**, e.g. 'mentoring on demand', mentoring targeting women in senior positions, high-potential employees and working parents

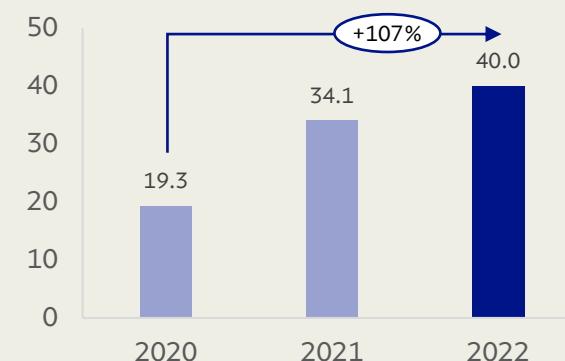


## Training and development

Ambition:

Continue to **educate all employees** on sustainability challenges and opportunities, with a focus on client-facing employees.

Average hours of training per employee (h)



### Sustainability training and engagement

- Creation of **Sustainability Ambassador community**, with 200 senior relationship managers, investment advisors and portfolio managers having received specialist sustainability training
- Training on **regulatory developments in sustainable finance** for over 3,000 employees
- **Onboarding sustainability e-learning** module for every new joiner

1) Julius Baer defines senior management as all employees with the rank of Director to Managing Director.

# JB Foundation & community partner

## Giving back to society

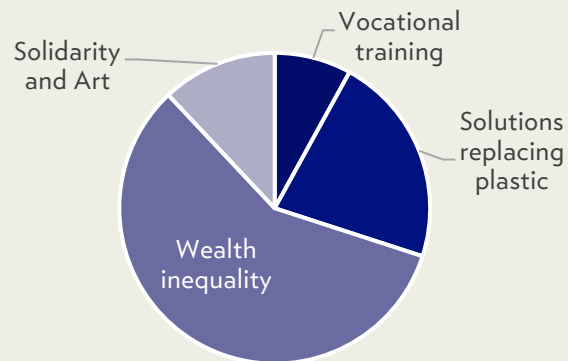


### Julius Baer Foundation

#### Ambition:

Focus on **reducing inequalities**, by focusing on 20-25 projects at any given time with engagement horizons of around 6 years per project.

Grant distribution by core area

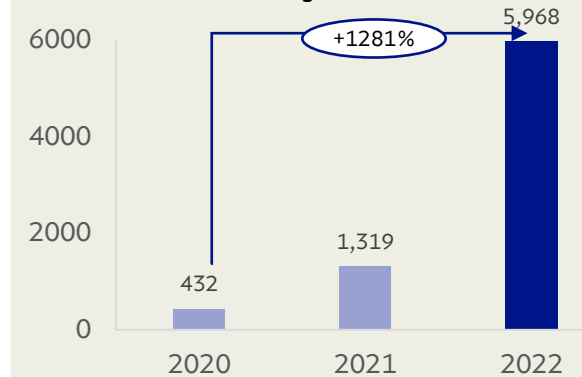


### Community Partner

#### Ambition:

Further **increase volunteering activities** and the number of volunteering hours.

JB Cares volunteering hours



#### Focus and future development

- **Collaboration** with 28 partner organisations in 22 countries
- Focus on **resolving inequalities in wealth and education**, creating equal opportunities around the globe
- Ongoing **transformation** from a traditional grant foundation to a more **participatory model** by increasingly involving Julius Baer employees

#### Examples of our actions

- **Ukrainian humanitarian relief:** Bank donation of CHF 2.0m (Swiss Red Cross / Swiss Refugee Council) and employee fundraising of CHF 450,000 (Swiss Red Cross)
- Global '**volunteering month**' encouraging our employees to be involved in environmental and social initiatives
- **Sponsorship** projects focusing on emerging talent and forward-thinking endeavours and encouraging cross-generational dialogue

# Julius Bär

