

VONTOBEL

**Environmental,
Social and
Governance
aspects in Asset
Management**

Nov 29, Dr. Ulrich Behm

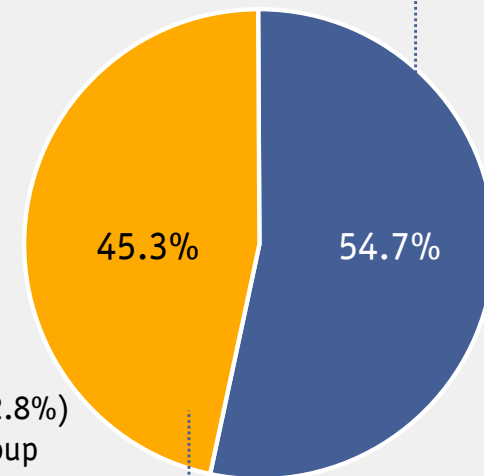
The Vontobel Group

Vontobel Group highlights

- More than 80 years independence
- Swiss exchange listing since 1986
- IFRS accounting since 2001
- Three successful business units
 - Private Banking
 - Investment Banking
 - Asset Management
- Key facts (www.vontobel.com)
 - AuM: 75.2 bn CHF
 - Employees: 1'427
 - Equity: 1.5 bn CHF
 - BIZ: 20.9%

Vontobel family is main shareholder

- Vontobel family (11%)
- Family Holding Vontrust (13%)
- Vontobel-Foundation and Pellegrinus Holding (15%)
- Vontobel Group and Senior Management (1%)
- Freefloat holdings of main shareholders (15%)



- Free Float (32.8%)
- Raiffeisen Group Switzerland (13%)

Definition of ESG Investments

Environment, Social and Governance (ESG)



- ESG Investments = The explicit incorporation of Environmental, Social and Governance aspects into Asset Management. Hence, Asset Managers will invest in securities of companies or institutions with good or relatively good (better than their peers) ESG standards
- Environmental aspects such as the reduction of negative environmental business impacts, improvement of eco-efficiency of products
- Social aspects such as leading working, health & safety standards
- Governance aspects such as independent control, fair shareholder rights, transparent management structures and reporting

Why ESG investments?



- 1** Population growth and globalisation increase trend towards more efficient resource utilization, environmentally friendly products and fair working conditions
- 2** Sustainable funds invest in financially attractive companies, which are leading in environmental standards, social responsibility and governance (ESG)
- 3** Investors benefit from the focus towards quality companies and support a sustainable development of the economy

Different types of ESG Investments

Sustainable investments

Selection of investments based on sustainability criteria

Positive criteria
(best-in-class approach)

Negative criteria
(exclusion criteria)

Theme based investments

Environmental themes (e.g. renewable energy)

Social themes (e.g. press freedom)

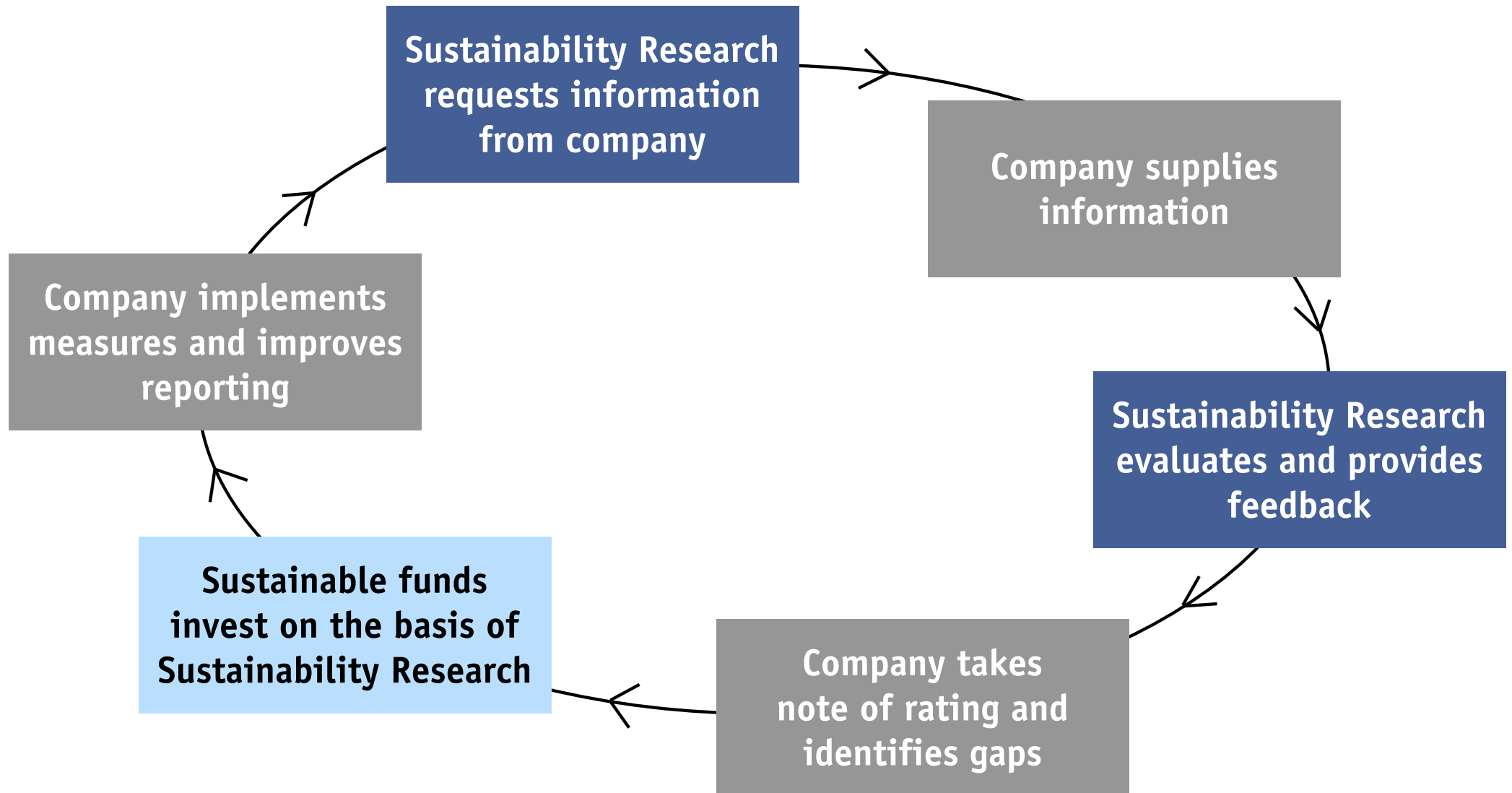
Investment combined with engagement approach

Dialogue with management

Active exercise of voting rights

Put forward shareholder proposals

ESG Investments lead to a continued improvement of ESG aspects



Investment case for ESG is supported by various performance reports

Conclusion: Sustainability adds value

- Meta study of Mercer on connection between sustainability and performance. Results of 36 studies:
 - 20 positive
 - 10 neutral
 - 6 negative
- Sustainability Filter has provided significant alpha over 15 years (Statman/Glushkov, 2009)



The UN Initiative of Principles for Responsible Investing (UN PRI)

Supported by the Secretary-General



“I applaud the leadership of the institutions that have committed themselves to this undertaking, and urge other investors around the world to join this historic effort.”

Ban Ki-moon
UN Secretary-General



Overview on the 6 UN PRI principles

The Principles

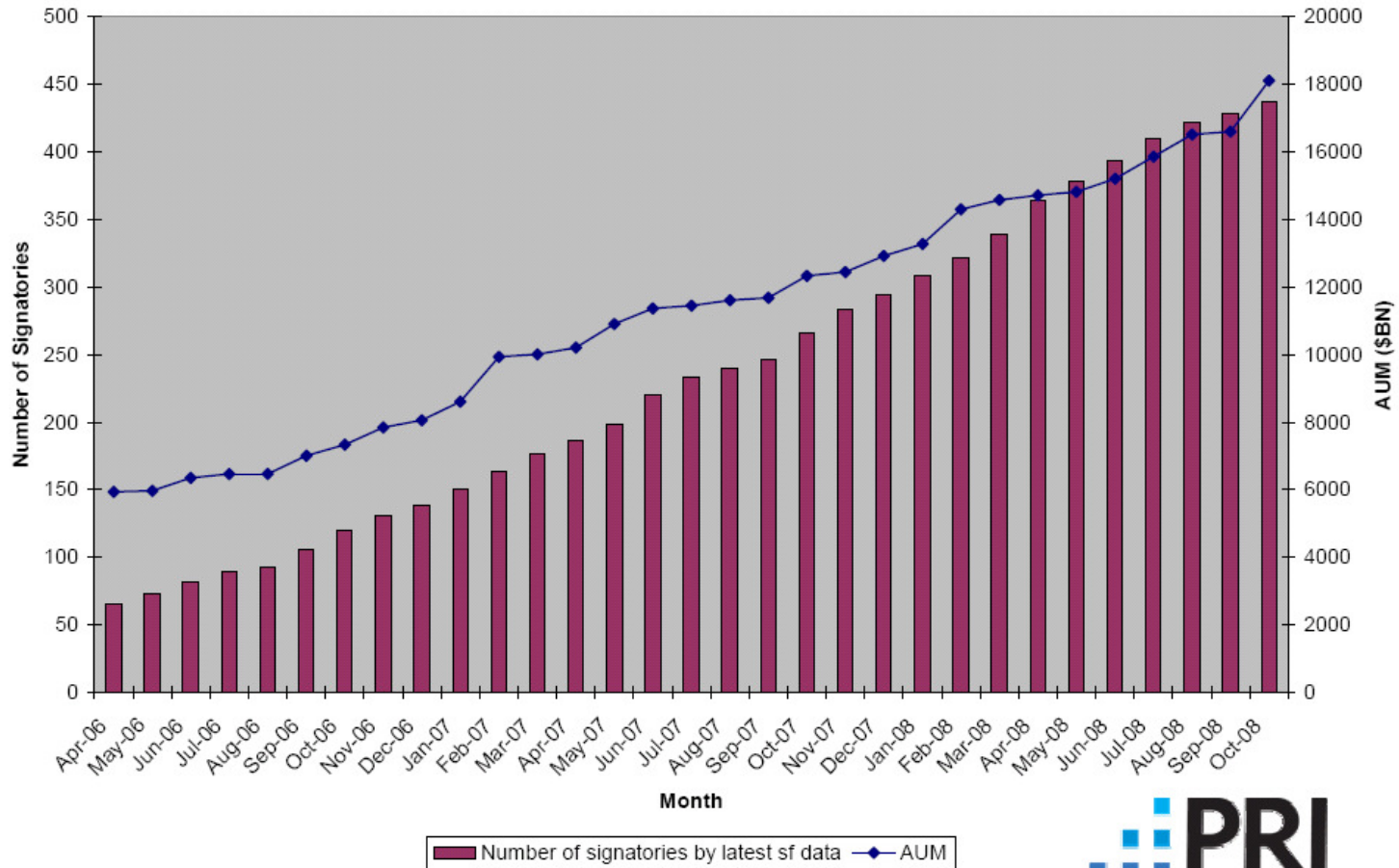
We aspire to

- 1 ...**incorporate** ESG issues into investment analysis and decision-making processes.
- 2 ...be **active owners** and incorporate ESG issues into our ownership policies and practices.
- 3 ...seek appropriate **disclosure** on ESG issues by the entities in which we invest.
- 4 ...**promote** acceptance and implementation of the Principles within the investment industry.
- 5 ...work **together** to enhance our effectiveness in implementing the Principles.
- 6 ...each **report** on our activities and progress towards implementing the Principles.

Number of UN PRI signatories is growing constantly

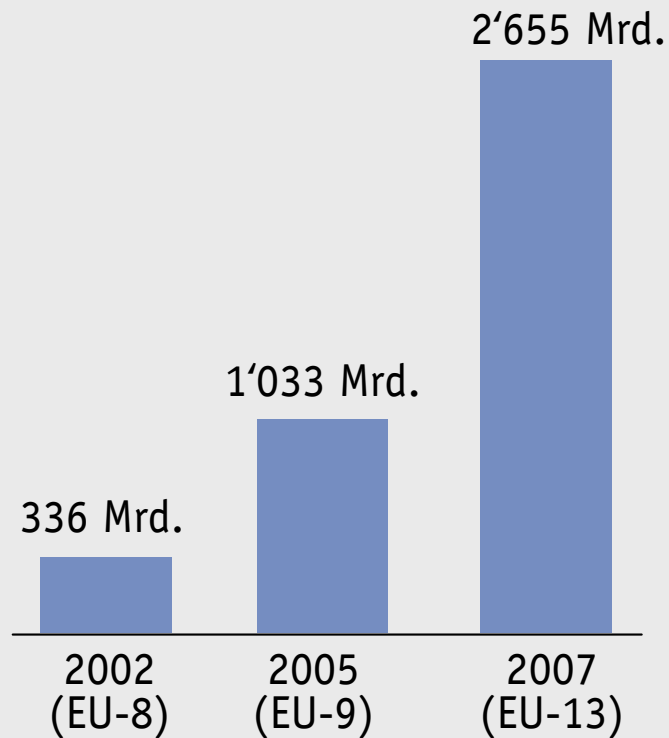
Over 510 signatories, US\$18 trillion AUM

Growth in PRI signatories and AUM



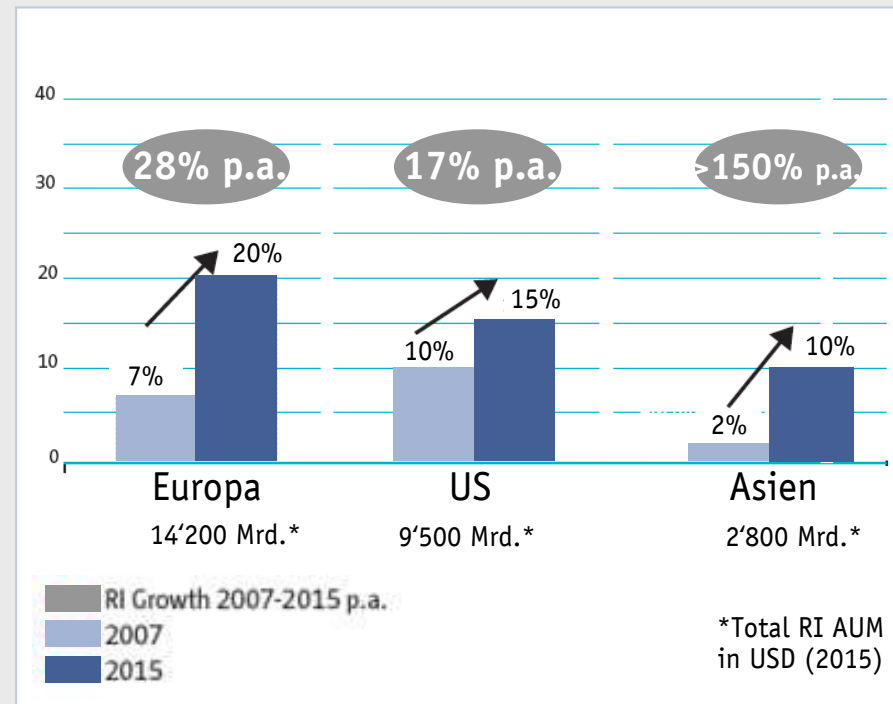
ESG Investing is expected to grow fast

ESG in Europe, 2002 – 2007 (EUR Milliarden)



Quelle: Eurosif 2008, Robeco. White Paper Responsible Investing 2008

ESG AUM as % of total AUM



Quelle: Eurosif 2008, Merrill Lynch, Robeco. White Paper Responsible Investing 2008

Responsible investing – A strategic commitment rooted in Vontobel culture

Sustainability anchored in Corporate Culture

- 10 comprehensive Sustainability Principles
- Sustainable Investments of appr. USD 3bn, starting in 2001
- 18% group profit given as dividends & donations to charitable foundations
- Vontobel Group is climate neutral and has a climate strategy in place
- Vontobel rated as 'sustainable' by INrate



Vontobel supports various Sustainability initiatives

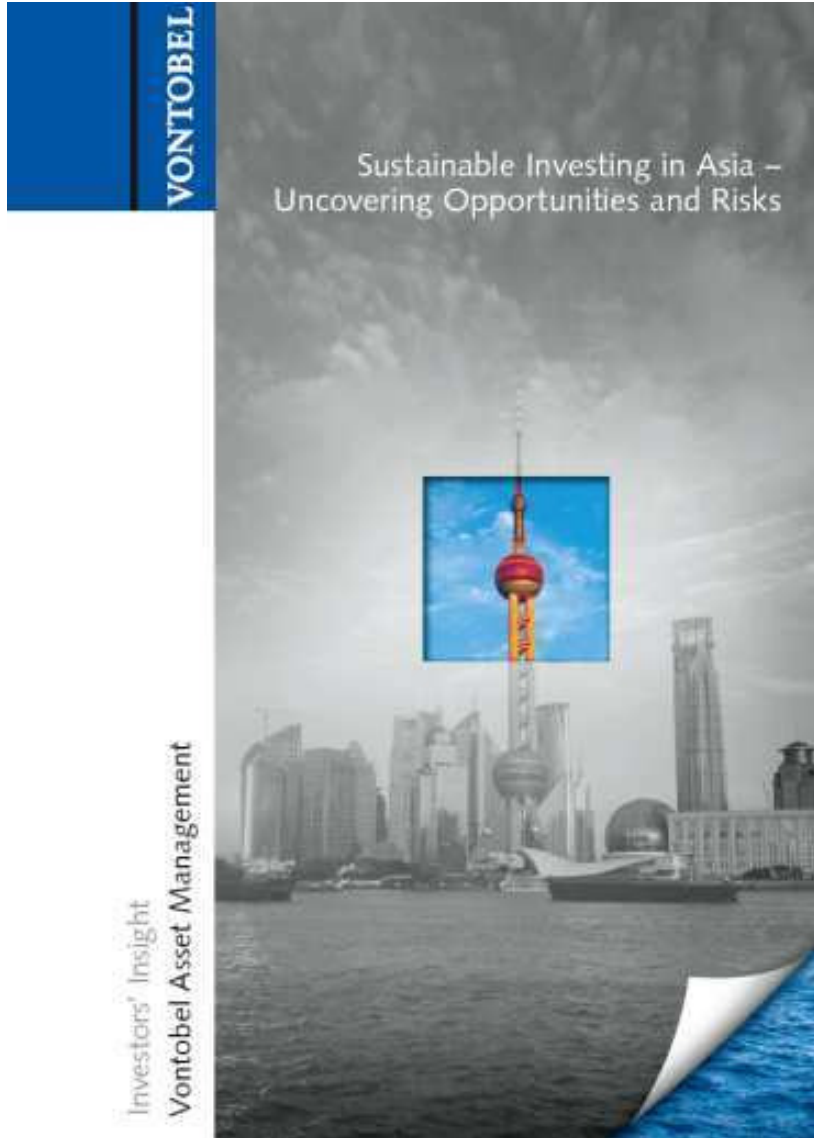
- Signatory of the UN “Principles for Responsible Investment”
- Member of Sustainable Investment Forums in various countries
- Member of “The Sustainability Forum” (Head of Vontobel AM is President of TSF)



Vontobel Global Trend Funds

	 Global Trend New Power	 Global Trend Clean Technology
Story	Energy Supply and Demand Imbalances	Pollution driven severe degradation of living conditions
Universe	~ 600 stocks	~ 600 stocks
Driver	Alternative Energy / Energy Efficiency	Environmentally-friendly technological progress
Investment Focus	<ul style="list-style-type: none"> ▪ Solar ▪ Wind ▪ Biofuels, Biomass ▪ Enhanced Energy Extraction ▪ Efficient Energy Generation & Distribution ▪ Demand Side Energy Savings 	<ul style="list-style-type: none"> ▪ Building Technology ▪ Lifecycle Management ▪ Clean Energy ▪ Logistics/Transportation ▪ Industrials ▪ Clean Water

Vontobel Whitepaper: Massive sustainable investment opportunities in Asia



Key outcomes

- 1 Asia faces world's major environmental, social and governance (ESG) challenges that limit further growth – highly investment relevant
- 2 Western investors hold major assets back due to ESG risks – underestimate government initiatives and ESG data availability

But ESG-leaders can now be identified and are much stronger positioned than laggards
- 3 The current information asymmetry is a strong profit opportunity; huge AuM growth potential