



2021

# Our Approach to Sustainability



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Sustainability is all about choosing the right path to balance economic, environmental and social interests

# EFG at a glance

Assets under Management

in CHF billion

172.0<sub>2021</sub>

Net new asset growth rate

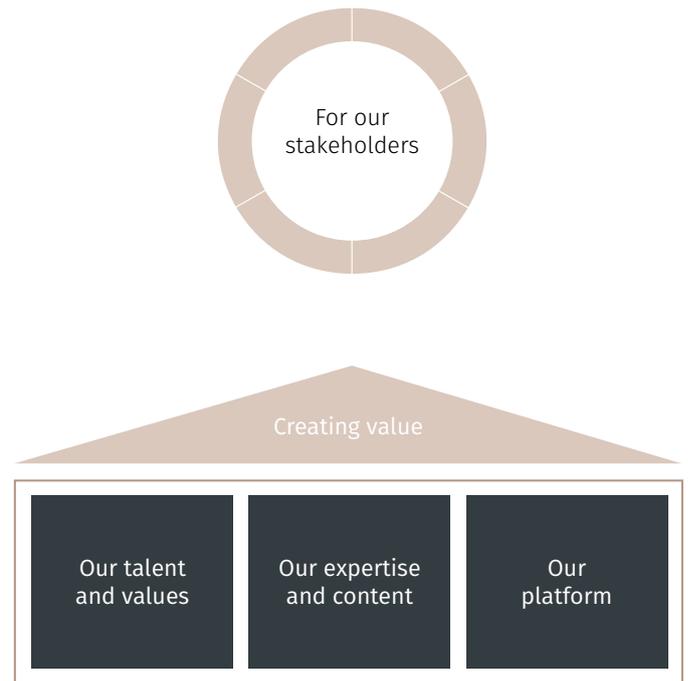
+5.5%<sub>2021</sub>

IFRS net profit

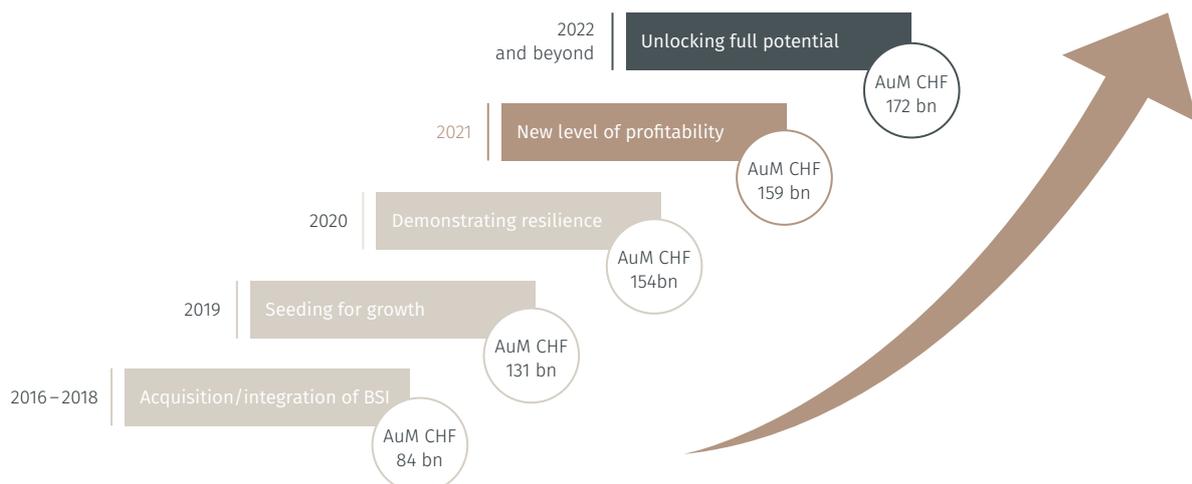
year-on-year increase

78%<sub>2021</sub>

A business model designed to create value



Consistent execution of 2019–22 strategic plan



# About EFG

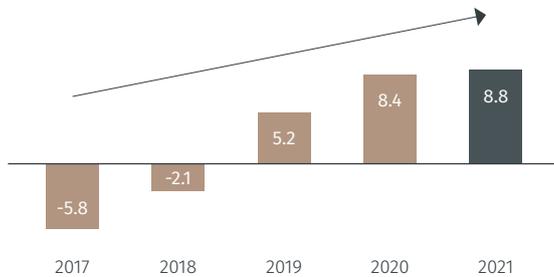
EFG International is a global private banking group offering private banking and asset management services, headquartered in Zurich. The registered shares (EFGN) are listed on the SIX Swiss Exchange.

As a leading Swiss private bank, EFG has a presence in major financial centres and growth markets. It has strong roots in Switzerland, with Zurich, Geneva and Lugano serving as hubs for clients as well as the governance and operations of the bank. EFG International serves clients in around 40 locations worldwide, with a network spanning Europe, Asia Pacific, the Americas and the Middle East.

An entrepreneurial spirit shapes our bank, enabling us to provide comprehensive advice, develop hands-on solutions and to build trusted, long-lasting client relationships. We are a financial partner who offers security, financial stability and reliability.

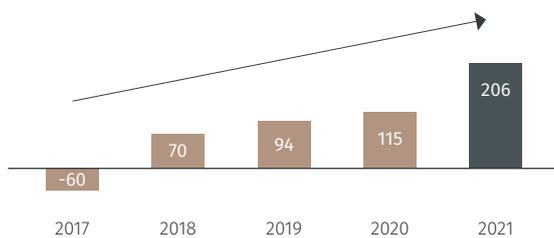
## Net new assets

in CHF billion



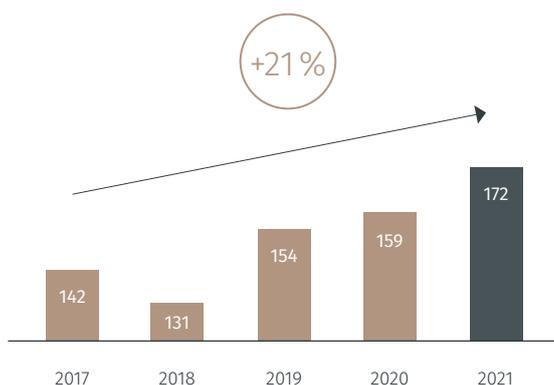
## IFRS net profit

in CHF million



## Revenue-generating Assets under Management

in CHF billion



# Editorial



**Giorgio Pradelli**  
Chief Executive Officer

**Peter A. Fanconi**  
Chair of the Board

**Dear shareholders, clients and colleagues,**

Sustainability has become a key business consideration for all firms operating in today's finance industry. Increasing numbers of clients and investors now base their investment decisions on sustainability aspects in their quest for long-term value creation and impact. They are also guided by these criteria when selecting a financial partner. Our future success as a company therefore depends on our ability to meet the expectations of our clients – especially the Next Generation, which is highly purpose-driven in its investment behaviour.

At EFG, we believe that sustainability is all about choosing the right path to balance economic, environmental and social interests in order to meet the needs of our different stakeholders. Our first priority as a bank is to deliver superior service and advice as well as high-quality investment, wealth and credit solutions to our clients around the globe. It is only by being a reliable and professional partner to our clients that we can gain their trust and unlock EFG's full potential.

To integrate sustainability more deeply into our business model, we are pursuing a sustainability strategy that is based on two main pillars – our responsibility as an asset allocator on behalf of our clients and our responsibility as a firm. We are implementing this strategy in a business-relevant and client-focused manner while ensuring that we have a robust governance framework in place.

As a global private banking group, we recognise that we have both the ability and the responsibility to drive change by allocating assets on behalf of clients and investors to transformative technologies and companies that support sustainable development and innovation. As part of these efforts, we have been increasingly integrating ESG criteria into our investment process for the last decade and we are expanding our range of sustainable investment opportunities, always with a view to generating risk-adjusted returns. As a member of Swiss Sustainable Finance, EFG is committed to promoting sustainable finance within our industry. We are also a member of the Association of Swiss Asset and Wealth Management Banks (VAV), which has developed a set of priorities covering topics such as transparency, investment solutions and the reduction of emissions to support efforts to combat climate change.

Alongside our core responsibilities as an asset allocator, EFG has wide-ranging duties as a firm. Our employees – and their skills, expertise and commitment – are EFG's most important asset. We therefore aim to be an employer of choice in order to attract, retain and develop top talents.

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“We believe that sustainability is all about choosing the right path to balance economic, environmental and social interests. The needs and expectations of the Next Generation can be met by actively allocating capital resources to technological innovations that drive sustainable development.”

In 2021 – the second year of the coronavirus pandemic – safeguarding the health and wellbeing of our employees remained our priority, while staying close to our clients. In addition to adopting protective measures in our offices and taking advantage of effective work-from-home models, we took targeted steps to provide extra support to our people throughout the crisis.

Our commitment to our people goes hand in hand with our desire to serve the interests of the communities in which we live and work. EFG supports a variety of partners to help foster young talents and support environmental and social projects – from Team Malizia's “Ocean Challenge” to the charitable organisation “Right To Play”.

Our approach to sustainability also encompasses a commitment to protecting the environment and climate through measures to enhance energy efficiency within our buildings, for example, or the careful use of resources to help reduce our carbon footprint.

With this publication on EFG's approach to sustainability, we want to engage in a constructive dialogue with all our stakeholders about this crucial topic.

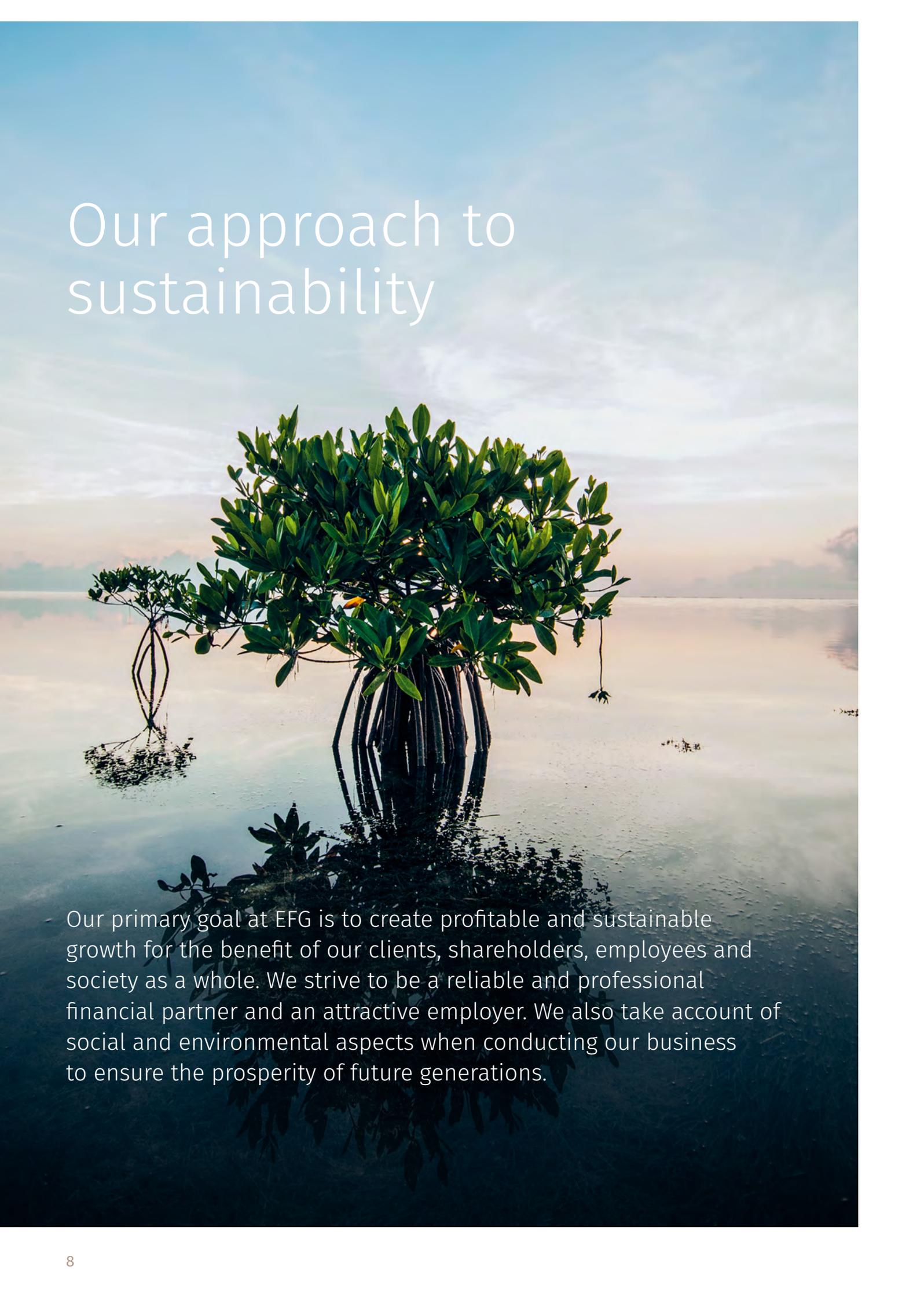


**Peter A. Fanconi**  
Chair of the Board



**Giorgio Pradelli**  
Chief Executive Officer

# Our approach to sustainability



Our primary goal at EFG is to create profitable and sustainable growth for the benefit of our clients, shareholders, employees and society as a whole. We strive to be a reliable and professional financial partner and an attractive employer. We also take account of social and environmental aspects when conducting our business to ensure the prosperity of future generations.

# Our sustainability strategy

At EFG, we believe that sustainability is all about choosing the right path to balance economic, environmental and social interests. We are also convinced that a responsible approach to business that includes robust governance is a prerequisite to achieve long-term success. We strive to apply the highest standards of business and ethical conduct in all aspects of our work in order to build relationships of trust and to create sustained value for all our stakeholders.

EFG's sustainability strategy is designed to help us better integrate sustainability aspects into our business model and to meet the growing demand for sustainable finance. It is based on two main pillars: Our responsibility as an asset allocator on behalf of our clients, and our responsibility as a firm.

Our first priority as a private bank is to deliver superior service and advice as well as high-quality investment, wealth and credit solutions to our clients around the globe. At the

same time, we are actively driving change as an asset allocator by directing our clients' assets towards transformative technologies and companies that support sustainable development and innovation.

We do so by integrating ESG criteria as well as ESG-related risk considerations into our investment process and continuously expanding our responsible investment offering. In this way, we are supporting efforts to realise the UN Sustainable Development Goals (SDGs).

As a firm, we want to be an employer of choice that can attract and retain talented employees. We are committed to providing an inclusive working environment in which all our employees are valued equally and can achieve their full potential. As an integral part of society, we are committed to serving the interests of the communities in which we live and work and to helping protect the environment.



The EFG Sustainability Framework aims to create long-term value for our clients, employees and society as a whole to ensure the prosperity of future generations.

# Engaging with our stakeholders

As a globally active private banking group with strong Swiss roots, we engage directly with a wide range of stakeholders in Switzerland and in our international markets – from our clients and shareholders to our employees, partner organisations and the media. We also strive to maintain a constructive dialogue with regulators and policymakers in the different locations where we operate to proactively manage

regulatory expectations, meet regulatory requirements and follow industry best practices. Further, we recognise the indirect influence that our activities can have on other stakeholders such as local communities, and we strive to make a positive contribution that goes beyond banking.

EFG 's key stakeholder groups	Key topics and considerations	How we engage with our stakeholders
<b>Clients and prospects</b>	<ul style="list-style-type: none"> <li>• Understanding and learning about the needs of our clients, including the Next Generation</li> <li>• Customised solutions for our clients and innovative business development</li> <li>• Suitability and appropriateness of financial products, services and advice</li> <li>• Data privacy and confidentiality</li> <li>• Digitalisation of our services and offering</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing dialogue with our Client Relationship Officers</li> <li>• Targeted client meetings</li> <li>• Organisation of/active participation in events and conferences</li> <li>• Publication of our investment insights and market analysis</li> </ul>
<b>Investors, shareholders and analysts</b>	<ul style="list-style-type: none"> <li>• Strategy and achievement of profitable and sustainable growth</li> <li>• Financial performance and results</li> <li>• Governance (including compensation) and responsible business conduct</li> <li>• Robust compliance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings at investor conferences, roadshows and ongoing dialogue with investor relations and corporate sustainability</li> <li>• Publication of financial reports and financial results presentations</li> <li>• AGM</li> <li>• Regular Executive Committee and Global Business Committee meetings</li> <li>• Regular Board of Directors meetings</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Attractive working conditions and fair business practices</li> <li>• Culture of diversity and equal opportunity</li> <li>• Learning and development</li> </ul>	<ul style="list-style-type: none"> <li>• Various internal communications, including regular CEO blog</li> <li>• Internal events like town halls and conferences</li> <li>• Regular meetings with employees (individual and team meetings), including in-depth annual performance reviews and career development discussions</li> <li>• Employee engagement surveys</li> <li>• Staff Council in Switzerland</li> </ul>
<b>Regulators and policy makers</b>	<ul style="list-style-type: none"> <li>• Compliance with all applicable laws, regulations and professional standards</li> <li>• Timely reporting and transparent disclosures</li> <li>• Responsible business conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Direct engagement with supervisory bodies</li> <li>• Engagement with industry associations by dedicated departments such as Regulatory Affairs, HR and Corporate Sustainability</li> </ul>
<b>Media and the broader public</b>	<ul style="list-style-type: none"> <li>• Business strategy, performance and management</li> <li>• Financial results</li> <li>• Expertise and research</li> </ul>	<ul style="list-style-type: none"> <li>• Media releases, media conferences, social media content, insights hub on EFG website, interviews and background discussions</li> </ul>
<b>Local communities, partner organisations, NGOs</b>	<ul style="list-style-type: none"> <li>• Enabling education and empowering young people</li> <li>• Fostering talent and innovation</li> <li>• Promotion of culture and sport</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing dialogue with our various partner organisations</li> <li>• Employee engagement opportunities</li> </ul>

# Sustainability governance at EFG

Our sustainability governance framework underscores the importance that we assign to sustainability at EFG. We are committed to further driving the successful execution of our sustainability strategy and to ensuring that ESG considerations are embedded in our approach to business.



## Sustainability governance at EFG

In July 2021, EFG established a Sustainability Advisory Board to help embed a commitment to sustainability throughout the bank, develop strategic guidelines around sustainability, drive the relevant disclosures, and define priorities and new projects in this area. The Sustainability Advisory Board is co-chaired by EFG Chair Peter Fanconi and CEO Giorgio Pradelli, underscoring the importance assigned to this topic within our company. They are supported by the Head of Corporate Sustainability and by senior executives from relevant business areas and functions, including the Corporate Office, Investment Solutions, Risk Management, Legal & Compliance, Regulatory Affairs, Human Resources and Corporate Communications. The Advisory Board meets at least

four times per year, with its recommendations being submitted to the relevant governance bodies. The Sustainability Advisory Board consists of two sub-streams: Sustainability Strategy and Sustainability Products & Services. In addition to focusing on sustainability strategy and EFG's positioning, the first sub-stream, Sustainability Strategy, covers topics such as sustainability commitment measures, regulatory compliance, ESG risk assessments and frameworks, training and education, and Marketing & Communications. The second sub-stream, Sustainability Products & Services, develops and manages EFG's offering and product compliance in the area of ESG, as well as our proprietary ESG ratings, sustainable finance and ESG-related research.

# Responsible business conduct

We believe that a responsible approach to business that includes robust governance is essential to achieve long-term success. EFG strives to uphold the highest standards of business conduct in all that we do. In this way, we can build relationships of trust and create sustained value for our clients, shareholders and other stakeholders.



# Conduct and values

To create sustainable value and inspire trust in our clients, shareholders and other stakeholders, it is crucial that we meet the highest standards of ethical conduct in every aspect of our work. We therefore expect all our employees to act professionally, diligently and with integrity at all times and to help protect EFG's reputation.

Our Business Code of Conduct defines the professional standards that all EFG employees and Board members must uphold. It is designed to protect EFG and its people by ensuring compliance with applicable laws, regulations and internal rules and by preventing any forms of inappropriate conduct. All employees are also expected to follow our Code of Ethics, which was introduced in 2021 and is overseen by the Board of Directors and the Executive Committee. The Code of Ethics provides a moral and ethical framework for

employee behaviour to safeguard our reputation. It addresses topics such as combating financial crime and preventing conflicts of interest.

To foster a common understanding of EFG's culture, we have defined five core values (see below). They guide our employees in their daily work and form an integral part of our HR processes, including performance appraisals and compensation decisions, which consider the conduct of employees and their adherence to our corporate values. We also encourage employees to take ownership for their work by assuming responsibility for their actions and decisions and living up to EFG's standards.

## Our corporate values



### Accountable

Taking ownership for tasks and challenges as well as seeking continuous improvement

### Hands-on

Being proactive to rapidly deliver high-quality results

### Passionate

Being committed and striving for excellence

### Solution-driven

Focusing on client outcomes and treating clients fairly with a risk-aware mindset

### Partnership-oriented

Promoting collaboration and teamwork. Working together with and entrepreneurial spirit.

# Putting clients first

Our first priority as a bank is to deliver superior service and advice as well as high-quality investment, wealth and credit solutions to our clients around the globe. With our entrepreneurial mindset and client-centric approach, we aim to meet the current and future needs and expectations of our clients – including the Next Generation.

We believe in always putting our clients' interests first. Our distinctive, client-centric approach – underpinned by our corporate values – is at the heart of how we do business at EFG. We aim to achieve profitable and sustainable growth, as outlined in our 2022 strategic plan. In 2021, we continued to make strong progress in leveraging our platform to deliver superior service and first-class investment and credit solutions to private and institutional clients around the globe. EFG's net asset inflows have been consistently positive for 11 consecutive quarters. To scale our business, we are investing in the latest technology and in attracting and developing talent, while ensuring that our operations are lean and efficient. As part of our human capital strategy and in order to drive growth, we have strengthened our focus on hiring Client Relationship Officers (CRO), while also enhancing

the productivity of our existing teams. Our success in onboarding new CROs and talent reflects our reputation as an employer of choice and confirms that our business model is attractive and competitive.

We not only aim to deliver on our clients' current and future needs and expectations, but we also strive to consider the interests of the Next Generation. For example, we are responding to the rapidly growing client demand for responsible investments by integrating environmental, social and governance (ESG) aspects into our investment process and expanding our range of investment products that take ESG criteria into consideration (see pages 20–24). We are also addressing the need for digital solutions, which has intensified as a result of the coronavirus pandemic.

## Digital onboarding

At EFG, we want to leverage digital capabilities to create a better client experience and simultaneously streamline our internal processes. As part of these efforts, we have rolled out the possibility for clients to open accounts remotely – including video identification and digital signature services. These technologies allow for a personalised and guided service that is tailored to the needs of private banking clients.





## Coronavirus pandemic – supporting clients in unprecedented times

Protecting the health and wellbeing of our employees and clients is our priority at all times. During the coronavirus pandemic, we complied strictly with national and local regulations in all the countries where we operate while taking swift and decisive action to ensure continued operational readiness. As a result, we were able to deliver a seamless service to our clients and could guarantee continuous access to our full product offering during this challenging period (see box on page 14).

Since the pandemic also severely disrupted financial markets, we remained at our clients' side – offering expert advice and guidance during this turbulent time. Our analysts held daily briefings to ensure that all our teams were informed about the latest market movements and their implications. Our CROs and Investment Solutions experts focused on finding the best possible solutions for clients in this unprecedented environment, taking into account their investment preferences and risk appetite.

### **Knowing and understanding our clients**

To build long-term relationships that are founded on trust and transparency, it is vital that we know our clients. Based on our CRO model, which ensures a high level of personalisation and continuity, we engage extensively with our clients to gain a clear understanding of their financial situation, needs and goals. We also carefully analyse any critical client feedback to gain important insights to further improve the client experience.

Gathering information about our clients is not only important to identify their needs and expectations: As a bank, it is essential that we ensure full compliance with all applicable laws and regulations in the jurisdictions in which we operate, including Know Your Client (KYC) rules. Further, to comply with regulations governing the suitability and appropriateness of our advice, we require a detailed insight into our clients' financial situation, prior investment knowledge and experience, as well as their investment objectives. We use

this information to ensure that the investment products we propose are aligned with their profile as clients and investors.

### **Committed to confidentiality**

Safeguarding the privacy of our clients is key to maintaining their trust and confidence in EFG. Considering the rapidly evolving risks relating to IT security and data confidentiality in the financial industry, EFG continuously assesses and improves its cyber defences and internal processes to ensure adequate mitigation of risks and adherence to increasing regulatory requirements in this area, including the EU General Data Protection Regulation (GDPR). We assign the utmost importance to protecting personal data, upholding our duty of confidentiality and maintaining the highest standards of data security. Our internal training modules and simulation campaigns (e.g. phishing e-mails) aim to increase awareness among employees while helping to assess the effectiveness of our cybersecurity programmes.

# Risk management framework and risk governance

We consider prudent risk management to be an integral part of the way we do business at EFG. Our robust risk management and risk appetite frameworks enable us to identify, measure and mitigate a broad spectrum of risks. In this way, we can protect the interests of our clients, our business and EFG’s reputation.

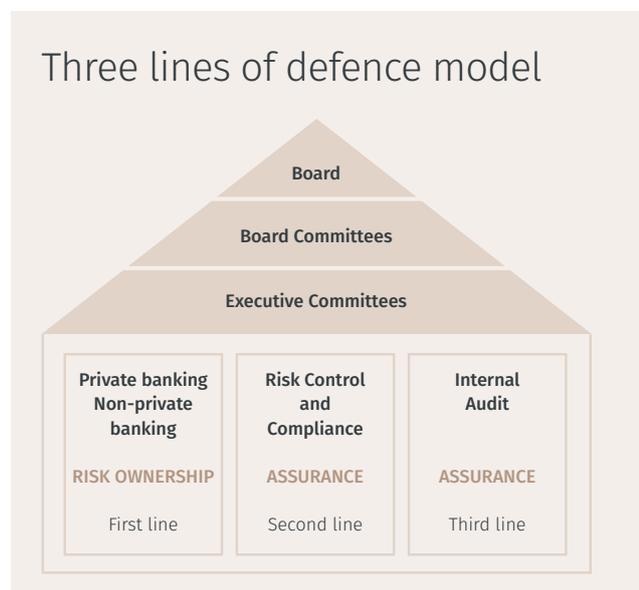
As a global private banking group operating in markets of increasing complexity, EFG is exposed to a variety of risks in the normal course of business. These risks – including market, credit, operational, liquidity and compliance risks and the effect that ESG issues have across these different risk categories – may impact our financial performance, business goals, reputation, and social or other objectives. We therefore regard prudent risk management as an essential part of the way we do business. Our robust risk management and risk appetite frameworks and the specific risk policies approved by the Board of Directors form an integral part of EFG’s risk governance. These frameworks include processes and systems that are designed specifically to identify, measure, monitor and mitigate a broad spectrum of risks.

A wide range of stakeholders is involved in risk management at EFG. The Board of Directors is ultimately accountable for EFG’s financial and risk situation. It defines the risk appetite statement and risk appetite metrics and it monitors the effectiveness of risk management with regular internal risk assessments. The Board of Directors has two specialised sub-committees to support it in this duty: The Risk Committee and the Audit Committee. The Executive Committee has an independent Chief Risk Officer and an independent Group Head of Legal & Compliance. The Chief Risk Officer leads the Risk Control function, while the Group Head of Legal & Compliance focuses on regulatory compliance. Further, the Executive Committee has a number of dedicated risk management committees to ensure cross-functional alignment on risk topics.

EFG uses a variety of risk management measures to address emerging risks that may affect our financial performance as well as our regulatory standing and reputation.

EFG has built a robust risk and regulatory framework that is based on the three lines of defence model with:

- 1) Risk ownership across all regions, divisions and support functions
- 2) Risk oversight by the Risk Control and Compliance functions, and
- 3) Risk assurance by Internal Audit



Regular assessments and audits of the efficiency of EFG's risk management approach and processes are performed by Internal Audit to ensure that the risk management framework is in line with industry best practice.

### Focus on ESG-related risks

At EFG, we believe that environmental and social challenges are a source of both opportunities and risks, and that the financial industry has a crucial role to play in addressing these topics. In 2021, we further refined EFG's sustainability strategy and established the Sustainability Advisory Board (see page 11) to oversee and monitor our progress in implementing this strategy across our organisation.

Assessing and managing ESG-related risks is a key component of this new strategy. In 2021, we defined a specific ESG risk appetite statement as part of the overarching EFG risk appetite framework, underscoring our commitment to positioning EFG as an ESG-focused financial institution. In line with international guiding principles, we have also launched an ESG risk management process to help us identify and manage potential adverse impacts that our operations could have on the environment and society, as well as any associated reputational consequences or other risks affecting our bank and our clients.

As ESG risks in general, and climate-related factors in particular, may also impact on other risk categories (e.g. market, credit, operational, liquidity and compliance risks), the ESG risk management process has been integrated into EFG's overall risk management framework.

### The three lines of defence model

delineates the key responsibilities for the business, control functions and Internal Audit to ensure that the organisation has a coherent and comprehensive approach to risk management.



In 2021, we continued to evolve our risk identification processes based on the guidance and examples outlined in the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). In addition, we have incorporated climate-related risks into the existing risk framework and will perform a vulnerability assessment to evaluate the impacts of those risks on our balance sheet and portfolios of managed assets. The identification of risks and opportunities resulting from climate change is an ongoing process.

# Compliance and integrity

EFG is committed to operating in strict compliance with the applicable rules and regulations across our different markets. We expect our employees to demonstrate the highest levels of professionalism and personal accountability at all times.

We believe that responsible business conduct is essential to deliver sustainable and profitable growth. We therefore have a robust regulatory compliance framework in place and strive to maintain an exemplary compliance culture in all that we do. We expect the members of our Board of Directors and all EFG employees to comply strictly with the applicable laws, rules and regulations in the jurisdictions in which we operate and to adhere to our internal guidelines, policies and codes of conduct (see page 13).

EFG has an independent Compliance function, which is managed centrally and reports to the Group Head of Legal & Compliance. Together with its dedicated units and local compliance officers around the globe, the Compliance function is responsible for the identification, assessment, monitoring, mitigation and reporting of a variety of compliance risks. A compliance risk policy sets Group-wide standards to ensure adherence to all applicable external and internal rules and regulations.

To help preserve the integrity of our own operations and of the financial system as a whole, EFG applies comprehensive internal directives on topics ranging from international sanctions, anti-money laundering (AML) and Know Your Client (KYC) rules to anti-bribery and anti-corruption measures to detect, prevent and report such risks. Our dedicated monitoring and quality assessment programmes help to

ensure compliance with these directives across all our regions, divisions, and support and control functions. We continuously update and enhance our internal rules and processes to deliver on this objective.

We consider it vital for our employees to have an in-depth understanding of compliance risks and to be familiar with the latest regulatory developments at a global and local level. Relevant staff are therefore required to complete web-based training courses on topics related to financial crime – including AML and anti-corruption measures – at least annually, or more frequently to comply with evolving regulations. These courses are supplemented by targeted training for employees in client-facing roles or other specific areas, as required.

In addition to educating employees about compliance risks, we believe that they have a personal responsibility to help





## Compliance training – facts and figures

### Regulatory compliance and risk training courses

24 

different regulatory compliance and risk training courses were offered to employees in 2021, including:

- **Anti-bribery and corruption training**
- **Know Your Client (KYC) training**
- **Sanctions awareness training**
- **Security awareness training – with a focus on remote working**

### Employee enrolments on compliance and risk training courses in 2021 totalled

26,512 

drive a rigorous compliance culture by demonstrating the highest level of professional integrity at all times. This includes preventing conflicts of interest from arising by actively avoiding unacceptable forms of private activities and interests and by being sensitive to circumstances in which such conflicts may arise. Further, we have cultivated an environment of trust in which employees are encouraged to report any irregularities they may encounter in good faith and without fear of reprisals, as described in our General Directive on Whistleblowing.

EFG also continuously invests in human and technical resources to support our compliance efforts globally. In view of rapidly evolving risks relating to IT security and data confidentiality in the financial industry, we assess our cyber defences and internal processes on an ongoing basis to ensure adequate mitigation of risks and compliance with increasing regulatory requirements in this area.

### Cross-border business

EFG offers comprehensive investment, wealth and credit solutions to private and institutional clients on a global scale, and we strive to maintain the highest standards in our cross-border business activities. An effective cross-border framework has been implemented and rules have been clearly defined to govern the cross-border services offered using country-specific manuals developed for our major markets. EFG empowers internal stakeholders to provide compliant service through a mandatory staff training and education concept to ensure adherence to these standards and to our country-specific rules. Additionally, the bank maintains a tax compliance framework, which is designed to prevent the unlawful acceptance of undisclosed assets and is aligned with the OECD's Common Reporting Standard (CRS).

Being a responsible asset allocator

# Responsible investing

At EFG, we strive to take ESG criteria into account when selecting and managing investments for our clients and we are continuously expanding our range of products and services to meet the growing demand for sustainable finance. We also actively support efforts to drive sustainable investment practices and standards within our industry.

At EFG, we are convinced that the biggest impact we currently have from a sustainability perspective is in our role as an allocator of assets on behalf of our clients – directing investments towards companies whose innovative technologies, products and services can help to address a variety of social and environmental challenges and drive sustainable development. We can also make a key contribution through our ESG-related offering, which we are continuously expanding.

The demand for investments that incorporate economic, environmental and social aspects is increasing steadily – with private clients, especially the Next Generation, and institutional investors displaying a growing interest in this area. The volume of sustainable investments in Switzerland has continued to grow strongly in recent years. The coronavirus pandemic has not only accelerated this trend, but has clearly emphasised the need to address global issues such as social inequality, disease and climate change. We recognise that investment is therefore needed to drive change and foster the transition to a more sustainable world.

Our approach to responsible investing focuses on four main areas:

- 1) Development of our proprietary ESG rating methodology – the Global Responsible Investment Platform (GRIP)
- 2) Integration of ESG criteria into our investment process for our clients and own assets
- 3) Engagement and voting
- 4) Responsible investment offering with a focus on sustainable technologies and innovation

## 1) Global Responsible Investment Platform (GRIP)

At EFG, we believe that ESG integration is most powerful when it is fully embedded in the actual investment process rather than applying a simple overlay of external ratings. Our goal is to integrate ESG aspects into the analyses we perform to ensure that the building blocks of portfolios are properly assessed for ESG risks. We have therefore built a proprietary ESG rating methodology – GRIP – that allows us to identify risks and opportunities not captured by purely fundamental analysis.

EFG launched GRIP around a decade ago, with the first ESG scores generated back in 2012. We have since continued to adapt and improve the platform – factoring in new challenges as well as changes in the regulatory landscape.

To ensure GRIP follows best practice, we submitted it for evaluation to the Executive Program of the University of Bern/Rochester and, more recently, we further assessed and refined the methodology, integrating input from the Director of the Sustainability Initiative at the Massachusetts Institute of Technology (MIT). We have since incorporated additional data from new sources, directing our focus towards a more climate-aware perspective, and we have aligned our approach more closely with best practice ESG-transparency approaches based on the Global Reporting Initiative (GRI) and the sustainability reporting standards of the Sustainability Accounting Standards Board (SASB).

For each company covered, GRIP defines the relevant key performance indicators ESG KPIs that need to be assessed. These KPIs reflect the ESG risks that an industry is exposed to and they are weighted according to their materiality. For each KPI, we capture multiple company-specific datapoints which allow us to understand how well a company manages issues with a focus on three areas:

**Policies:** Does the company have policies and rules in place to manage and mitigate ESG-related risks and other critical issues?

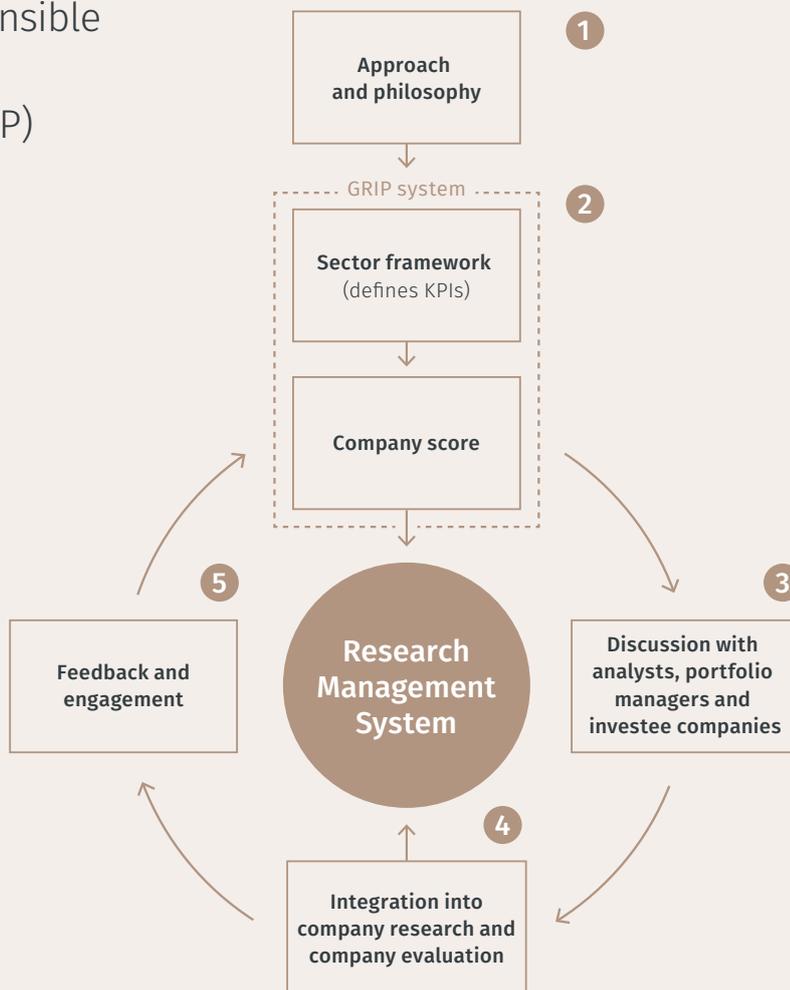
**Outcomes:** Which information and measurable data does a company disclose to allow for its management of ESG-related risks to be assessed?

**Controversies:** What are the controversies a company is exposed to and is the way the company is perceived by its stakeholders or the public aligned with company's commitments?

Our many years of experience in analysing ESG issues, coupled with our proprietary GRIP framework, enable us to gain a deep understanding of the underlying issues facing investee companies.

# Being a responsible asset allocator

## Global Responsible Investment Platform (GRIP)



### 1 Approach and philosophy

Our approach and philosophy define our goals and governance.

### 2 GRIP system

Our proprietary ESG system, the GRIP (Global Responsible Investment Platform) controlled by the ESG team, systematically assesses and scores investee companies (equities and fixed income securities), highlighting the main ESG risks. GRIP can, however, also be used to identify companies with positive ESG or SDG characteristics.

### 3 Discussion with analysts, portfolio managers and investee companies

The GRIP is the starting point for discussions among the ESG team, analysts and portfolio managers. A set of questions designed to improve our ESG understanding of investee companies and an ESG Checklist have been developed to deepen, improve and better monitor the integration of ESG matters.

### 4 Integration into company analysis and company evaluation

GRIP data and feedback are shared internally through our Research Management System and are integrated into company assessments. Feedback can also bring changes to the industry materiality assessment which is codified into GRIP.

### 5 Feedback and engagement

Engagement with companies considers the outcome of our assessment. Once any weak spots are identified, EFGAM assesses whether to start an engagement process. Proxy voting also takes place according to the ISS (Institutional Shareholder Services) climate change proxy voting policy.

GRIP is much more than simply an ESG rating system. Other benefits include:

- Our framework is based on the main internationally-recognised ESG reporting standards, meaning it can easily be adapted in line with regulatory developments.
- Since GRIP is a proprietary framework, we are able to clearly define the material aspects we want to include in our analysis for each industry.
- We can easily integrate input from our analysts around the globe and adapt our framework to accurately capture differences between industries, the emergence of new risks/opportunities, or company-specific issues.
- Controversial aspects are consistently addressed within GRIP to prevent the risk of “greenwashing”, and those factors significantly influence the final ESG score.

#### Climate change as an investment opportunity

Climate change represents a growing threat to the natural world, our economy and society. Companies around the globe are recognising the pressing need to adapt and, in some cases, to fundamentally transform their business models.

Against this backdrop, EFG Asset Management (EFGAM) started modelling the possible impacts of climate change on financial markets, industries and companies in 2019. Drawing on data from the Network for Greening the Financial System (NGFS), we have developed different climate change scenarios to evaluate both the climate transition risk and the measures that companies could put in place in response to climate-related challenges.

In 2020, EFGAM released its first TCFD report explaining the steps taken to integrate those risks into our investment process. In 2021, we finalised our climate transition approach that allows us to project and monitor the alignment of future company emissions with the Paris Agreement goal to limit global warming to well below 2° C, preferably to 1.5° C, compared to pre-industrial levels. We have implemented tools to assess the emissions intensity of companies and compare it to the relevant decarbonisation path set out by the scientific community (Science Based Targets). This approach allows us to identify the companies that are adapting to the new reality and those that are not yet responding adequately – meaning their future profits are more at risk.

- The better we understand ESG issues as a result of the direct processing and analysis of data, the more effectively we can integrate them into our investment process.

## 2) Integration of ESG criteria

In addition to integrating ESG criteria into the investment process for discretionary managed client assets, we apply our GRIP framework to EFG’s own assets (see page 22).

Our robust approach to ESG integration has been recognised by the UN PRI Association, which awarded EFG the best rating (A+) for strategy and governance, as well as ratings of between A and A+ for direct investment and ownership activities.

In 2021, in preparation for new EU regulations – especially the Sustainable Finance Disclosure Regulation (SFDR) and the planned changes to the Markets in Financial Instruments Directive (MIFID II) – we began to assess the potential impacts of regulatory developments on our products, advisory and investment processes, tools, control measures and our risk management framework.

Further, we organised specialist training programmes for our European CROs to ensure that our front-line employees understand their responsibility to ensure compliance with rapidly evolving ESG-related regulatory requirements – especially in Europe. This is in addition to the training courses that we regularly provide to staff to support the integration of ESG aspects into the advisory process and to generally raise awareness about sustainability topics.

## 3) Engagement and voting

At EFG, we strive to invest in companies that focus on the creation of long-term shareholder value without adversely impacting society or the natural environment. In our role as an investment manager, we believe that we have an important role to play in improving shareholder value and corporate governance through engagement and voting, which are a key element of the ESG investment process. We see the proxy voting process as being extremely relevant in our engagement with companies on a range of matters.

In 2021, we further developed and intensified our engagement approach. Our specialists increased the number of companies and public entities we engage with from around

## Being a responsible asset allocator

100 in 2020 to 139 in 2022, of which 61 are related to environmental and social issues. We engage with these organisations either directly or through collective engagement activities.

We also modified our voting policy to further align it with our strategic approach and values. The model we apply with our proxy voting provider places an emphasis on the need for companies to actively address challenges related to climate change. This model draws on research by our partner Institutional Shareholder Services (ISS) and takes into account widely recognised frameworks including the Task Force on Climate-related Financial Disclosures (TCFD).

ISS' approach balances the need for the robust disclosure of climate-related risks with the analysis of a company's performance across a number of key criteria – such as its greenhouse gas (GHG) emissions, climate strategy, and the impact of its climate-related measures. These criteria are also considered in the context of each company's sector- and incident-based climate risk exposure. We record the outcome of our meetings with companies, review their progress over time and follow up on issues that are identified. In cases where companies underperform against the targets that are defined, this is reflected by EFG's voting activities.

### 4) Investment offering

At EFG, we aim to deliver innovative ESG-themed investment solutions to enable our clients to participate in disruptive industries and future markets. In 2021, we continued to expand our sustainable finance offering with the launch of our Climate Leaders brand. It focuses on products that invest in pioneering companies whose technologies or services help to address climate issues. Under the brand, we introduced several new investment products and mandates related to the food revolution, smart cities and climate transition.

The EFG Food Revolution certificate, for example, tracks a portfolio of international companies that are transforming agriculture and farming to reduce impacts on the environment and climate, as well as firms that produce food sustainably and manufacturers that are revolutionising food distribution and packaging.

Another new certificate in the Climate Leaders family is the Smart Cities certificate, which tracks an in-house portfolio of global companies that are leading the rollout of smart technologies in homes, workplaces, schools and other places of learning, and are creating new solutions for mobility, connectivity and further areas of daily living to support the emergence of smart cities – all with the aim of maximising efficiency and improving quality of life for the inhabitants of cities.

In 2021, we also introduced a new discretionary mandate – the Climate Transition Strategy. Focused on the goals of the Paris Agreement, it aims to invest predominantly in companies that are already aligned with climate transition goals or are working towards this objective, as well as firms that provide solutions to help address the challenge of climate change. The Climate Transition Strategy uses a quantitative model to measure the performance of companies in realising decarbonisation targets. It covers areas ranging from renewables, agriculture and forestry to transportation, buildings, water and waste.

In 2022, we will continue to expand our ESG-related research, products and services to address the megatrends emerging in connection with the transition to a lower-carbon economy and a more sustainable world.

# ESG-related research and expertise

To deliver innovative sustainable solutions to our clients, we first need to understand and interpret the relevant ESG trends. All our investment decisions are informed by our own macro-economic research and market analysis. Our experts regularly produce ESG-related research to allow us to share our own thematic expertise and to inform investors, clients and the wider public about key topics and developments in the sustainability space. In 2021, we published a number of articles and publications highlighting topics such as the transition to net zero, the food revolution, and the relationship between ESG and the performance of dividend stocks. In our EFG podcast, our Chief Investment Officer regularly engages in discussions with experts and practitioners about developments that shape the markets and the global economy.

Our experts also take part in industry initiatives, working groups and conferences. To actively drive sustainable investment products, practices and standards within the industry and to help position Switzerland as a leading hub for sustainable finance, EFG became a member of Swiss

Sustainable Finance in February 2022. EFG also joined forces with the other members of the Association of Swiss Asset and Wealth Management Banks (VAV) to help shape the transformation process needed to build a more sustainable economy. This includes developing a set of priorities covering topics such as transparency, investment solutions and the reduction of emissions to support efforts to combat climate change.

In 2021, EFG was a gold sponsor of the second edition of “Building Bridges” – a collaborative multi-stakeholder event that aims to accelerate the move to a more sustainable financial system. The conference was supported by a wide range of partners from the financial industry, the United Nations and other international organisations, together with NGOs, representatives of academia, and local, cantonal and national authorities. EFG hosted a panel with the title “Food Revolution – Is technology going to disrupt the entire food and beverage value chain?” Our experts discussed the topic and related investment opportunities with representatives from academia, start-ups, the tech sector and NGOs.



Our responsibility as a firm

# Commitment to our people

Our people are our most important asset. EFG seeks to be an employer of choice that can attract and retain talented professionals with the skills and experience needed to serve our clients around the globe. We aim to provide an inclusive working environment in which all our employees are valued equally and can thrive.

We recognise that our long-term success is determined by our ability to inspire trust. Our employees' skills, expertise, diverse backgrounds and responsible conduct are key to building strong and lasting relationships with our clients and to remaining competitive within our industry. We therefore strive to be an employer of choice that can attract and retain top talents for our global workforce. EFG is committed to offering fair and attractive employment conditions and an inclusive working environment where all our people can develop professionally and realise their full potential.

### Conduct and ethics

To inspire trust in our clients, shareholders and other stakeholders, it is vital that we demonstrate the highest standards of ethical conduct in every aspect of our work. We therefore expect all our employees to act professionally, diligently and with integrity at all times.

Our Business Code of Conduct defines the standards of professional behaviour that all EFG employees and Board members must uphold. It aims to ensure compliance with applicable laws, regulations and internal rules and to thus prevent the occurrence of conflicts of interest or any forms of inappropriate conduct. All employees are also expected to adhere to our Code of Ethics, which provides a framework to guide us in our actions and decision-making and to help safeguard the reputation of EFG.

To foster a common understanding of EFG's culture, we have defined five core values: Accountable, Hands-on, Passionate, Solution-driven and Partnership-oriented (see page 13 for further details). They form an integral part of all our HR processes, including performance appraisals and compensation.

### Recruiting and investing in talent

The success of our company ultimately depends on our ability to recruit and retain experienced professionals and young talents who share our entrepreneurial mindset and values. We strive to position EFG as an employer of choice in today's competitive labour market – offering attractive employment conditions, including fair and equal compensation, in an inclusive workplace that takes account of different employee needs, preferences and circumstances.

In 2021, EFG launched a new global HR IT system that is designed to help us deliver on our HR strategic priorities and includes modules and tools for talent management and succession planning. To preserve and foster the pool of talent that already exists within EFG, we practise an "Internals First" policy – giving our own people the opportunity to apply for

## Our workforce at a glance in 2021

### Employees globally (FTEs)

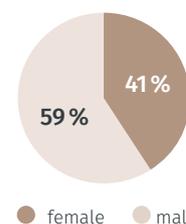


### Nationalities

Over

65

### Employee statistics



### Proportion of women in senior management positions:

25%

### Average age

44  
years

### Average years of service

9

### Employee turnover

9%

## Our responsibility as a firm

open positions and to thus advance their careers within the company.

EFG offers attractive learning and development opportunities to employees at all levels of the organisation to enable them to acquire the latest knowledge in their field, expand their existing skill set or build future skills while keeping pace with new regulatory developments. This ranges from leadership training for managers to our new “Learning Journey” for Client Relationship Officers (CROs). Our offering is delivered in the form of instructor-led training courses, virtual workshops and coaching sessions, as well as a variety of e-learning modules. In 2021, we decided to partner with an external eLearning platform to deliver a continuous and even more personalised learning experience for our employees. The platform will be rolled out in 2022.

In 2021, we defined the EFG Competency Model with eight competencies based on our vision, mission and values that we consider essential in order to deliver on our strategy: Being entrepreneurial; being future-oriented; having a growth mindset; communicating with impact; building relationships; driving sustainable performance; being client-centric; and exercising sound risk management. These eight competencies define the core skill set we want our people to have. These competencies apply across all functions and hierarchy levels within EFG. Our Competency Model is being embedded in our recruiting efforts and our learning and development offering to allow our employees to further develop the relevant skills in a targeted manner.

### A culture of performance

We want to foster a culture that encourages and rewards excellent and sustainable performance. Each year, our employees complete a self-assessment of their performance, which is followed by an appraisal by their line manager. Their individual performance and their contribution to EFG’s long-term success are measured against their personal goals that were set at the beginning of the year as well as against EFG’s five corporate values. The outcome of the annual appraisal not only influences compensation decisions but is also a key element of talent management – enabling us to offer targeted training in essential skills and define individual career development plans.

As part of our commitment to being an equal opportunity employer, we ensure that our compensation model is based solely on each employee’s performance, conduct and contribution to EFG’s success. Our equal pay practices have been externally recognised and certified according to the Swiss Gender Equality Act.

### Diversity and equal opportunity

The diversity of our workforce reflects the diversity of our global client base – giving us a deeper understanding of client needs and enabling us to deliver better service and advice. We are also convinced that the diversity of our teams is, in fact, a competitive advantage, as it contributes to better decision-making and drives innovation.

EFG is committed to providing an equitable and inclusive workplace where all our employees have a sense of belonging and are empowered to realise their full potential. In particular, we strive to ensure that no employees are discriminated against based on their ethnicity, nationality, religion, age, gender, sexual orientation, gender identity, marital or family status, pregnancy, disability or any other status that is protected by local law.

## Diversity and inclusion at EFG

### In 2021, we introduced or endorsed three new initiatives to reinforce diversity and inclusion at EFG:

- **Raising awareness:** To increase awareness of diversity and counter stereotypes and attitudes that could potentially taint our perception, judgement or actions towards others, EFG is making Harvard’s Project Implicit self-test available to all employees to address implicit bias.
- **New ways of working:** To balance the need for flexibility with the importance of fostering a strong corporate culture based on partnership, collaboration and team spirit, EFG is introducing a hybrid model that combines work-from-home days with time in the office. This model will create additional opportunities to hire and collaborate with a more diverse range of people and thus secure a new group of talent.
- **EFG Women Network:** Our employees launched the EFG Women Network (EFGWN) to create an effective platform to enable women at EFG to connect and mentor one another, as well as encourage knowledge-sharing.



We also aim to achieve appropriate female representation at all levels of our organisation and we strive to attract women to our company – supporting them in their professional development and the advancement of their careers. Further, EFG is a member of Advance, a leading business association for gender equality in Switzerland that is committed to increasing the proportion of women in management roles.

#### **Employee engagement**

In 2021, we conducted our second Group-wide employee survey to gauge our organisational health and assess our employees' views on a range of key topics – from our core values and culture to teamwork and training or diversity and inclusion. The survey achieved a very high response rate of 83%, with a particularly good score in the area of collaboration compared with the industry average.

The majority of our people are strongly committed to collectively shaping our culture and to making our bank successful: 91% of the respondents confirmed that they fully support our corporate values, 91% said that the people they work with get along well together, and 94% stated that they go the extra mile to help EFG succeed. The results of the survey have been analysed and the resulting insights are being used to define a clear set of actions in areas with scope for improvement.

#### **Employee health and wellbeing**

Protecting the health and wellbeing of our employees is a key priority for EFG. We want our employees to be able to strike the right balance between their professional commitments and personal or family life. With this in mind, we are introducing a hybrid model that combines work-from-home days with time in the office and we aim to meet requests for part-time roles from employees where feasible from an

operational perspective. We also offer employees holiday entitlement that exceeds statutory requirements to enable them to rest, recuperate and devote more time to their family or other interests outside of work. In Switzerland, reflecting our desire to be a family-friendly employer, EFG introduced increased maternity leave in 2021, entitling new mothers (or primary carers) to six months of paid leave. New fathers (or secondary carers) are granted 10 days of paid leave. We also award fidelity premiums to employees for milestone service anniversaries (10, 20, 30 and 40 years) in recognition of their loyalty to the company. Other benefits include the provision of private health insurance offerings at attractive rates for employees and their families.

Mindful of the pressures facing some employees in their professional or personal lives – especially as a result of the pandemic – we ran an Employee Assistance Program (EAP) in 2021. Conducted in partnership with the specialist external partner ICAS, it provided a number of confidential and anonymous support services to employees free of charge, including a 24/7 helpline with trained psychologists offering support and expert advice.

#### **Alert mechanisms**

By creating an environment of trust with maximum safeguards for our employees, we want to encourage them to report any irregularities they may encounter in the routine of course of business in order to help protect the integrity and reputation of our bank. We have put in place arrangements to ensure that any employees who wish to report irregularities in good faith can do so in absolute confidentiality and with the greatest degree of protection, so that they need not fear any retaliation or reprisals, whether actual or threatened, as a result of their action.

Our responsibility as a firm



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“Looking beyond banking, we want to help build a rich cultural life, foster young talents and support charitable projects. This is why we work with a wide range of partners who share our values and our commitment to excellence.”

Giorgio Pradelli, Chief Executive Officer of EFG

© Photography by Belinda Lawley

# Our social commitments

We want to make a meaningful contribution to the communities around us. EFG supports a variety of partners in the worlds of art, music and sport as well as charitable and humanitarian projects. In this way, we can help to promote a rich cultural life, foster the development of talent and empower young people to realise their full potential.

## Playing our part within society

Beyond EFG's core activities as a private bank, we also see ourselves as an integral part of society and we want to play a constructive role in communities around the globe. In particular, EFG believes that art, music and sport can have a positive and lasting impact on the lives of people across the generations and different cultures and unite them through shared passions and interests. We also want to make a difference by supporting young people and giving talented individuals opportunities to develop and showcase their skills. And, together with selected charitable organisations, we try to create sustainable impact by helping them address social challenges.

## Sponsorship

EFG actively supports a number of partners in different cultural and sporting disciplines – from jazz, classical music and fine art to sailing, tennis and golf – all of which reflect and embody the same core values as EFG. By sharing different interests with our clients and other stakeholders and understanding what is important to them in life, we believe that we can create successful and inspiring relationships.

In response to the challenges created by the pandemic, many of the partners we sponsor have had to find innovative new ways of engaging with, and staying connected to, their audiences around the world. At EFG, we have also adapted our sponsorship approach by further strengthening our multi-channel strategy and shifting towards more digital initiatives with content that reaches a global audience.

## Selected initiatives

### Team Malizia

EFG believes that sports such as sailing provide a valuable platform both to demonstrate the skill of world-class athletes and to develop qualities such as teamwork, agility and endurance among the Next Generation. In 2016, EFG became the official partner of Team Malizia and its skipper Boris Herrmann. We are supporting their efforts to foster young talent and, at the same time, to raise public awareness about the need to find solutions to future sustainability challenges through programmes such as the Malizia Ocean Challenge. Part of Team Malizia's mission involves working with schools around the globe to educate children about sailing, ocean science and the environmental factors currently affecting our seas.

### EFG London Jazz Festival

The EFG London Jazz Festival is a flagship event that has been supported by EFG as title sponsor since 2013. After being held in a purely digital format in 2020, the Festival returned in November 2021 with a programme of 367 live performances and 51 digitally streamed music experiences by over 1,000 artists – from global stars to emerging talents. This ten-day celebration of jazz was enjoyed by enthusiasts at venues across London as well as virtual audiences around the globe – thus demonstrating its ability to unite people through a passion for music.

## Our responsibility as a firm

### Southbank Sinfonia

EFG has been the principal partner of Southbank Sinfonia since 2009. This unique orchestra in the UK provides a springboard into the orchestral profession for talented young classical musicians from around the globe. Each year, 33 graduate musicians are given the opportunity to spend nine months playing with the orchestra and performing in order to gain valuable experience that they need to later thrive in the professional world.

### Peggy Guggenheim Collection

Featuring contemporary art from the 20th century, the Peggy Guggenheim Collection in Venice is a unique source of fascination for art enthusiasts from around the world. EFG has supported its development and exhibitions since 2001. This successful collaboration is based on our closely aligned cultural and educational values, including a mission to make the artwork in the Collection accessible to a wider audience and protecting it for current and future generations to enjoy.

## Social commitments

EFG has been partnering with the charitable organisation Right To Play since 2005 – providing it with targeted financial

support for its projects around the globe. Each year, this international non-profit organisation supports around 2.3 million children across 15 countries who are affected by conflict, poverty or illness – empowering them through different forms of play, from sports and games to art, dance and music. Right To Play focuses on four key areas:

**Quality education** Play helps to ignite a life-long love of learning in every child, making it fun, active and engaging.

**Gender equality** Play helps to give girls a voice, to claim their right to equality, education, dignity and safety.

**Health and wellbeing** Play helps to teach important health lessons, so that children learn the facts that can save their lives.

**Child Protection** Play helps children learn how to avoid violence, discrimination and exploitation.

Through its work, the organisation gives children the confidence and skills they need to improve their own lives, drive change and achieve better outcomes for their families and communities. The organisation also provides training for teachers and volunteers.

As part of our social commitments, EFG made a donation in December 2021 to the World Health Organisation's COVID-19

## The Malizia Ocean Challenge: Where sailing meets science

One goal of the Malizia Ocean Challenge is to help increase knowledge about the ocean carbon cycle and ocean acidification based on an innovative approach combining sail racing events with scientific data collection.

While competing in transatlantic and around-the-world races over around 70,000 nautical racing miles during a four-year period, Team Malizia aims to collect scientific data via modern sensor technologies fitted on its yacht to provide continuous readings of pCO<sub>2</sub> levels in the ocean.

The data samples will enable experts at the Max Planck Institute for Meteorology, GEOMAR and Future Ocean to estimate the CO<sub>2</sub> exchange between oceans and the atmosphere and find out more about the processes involved. The resulting insights will support measures to limit ocean acidification and the broader effort to combat climate change.

Team Malizia: Setting sail on a global mission to promote ocean science, protection and education.



Solidarity Response Fund (SRF) to support its work in combating the continued threat posed by the global pandemic. The SRF focuses on the protection of the vulnerable and aims to provide equitable access to new medical tools for communities around the world.

#### Independent foundations

EFG supports two independent foundations that make an important contribution within our industry and beyond. The first is the GAMMA Foundation, which promotes research and the development of knowledge with a focus on asset management, capital markets, fund management and governance. The GAMMA Foundation organises conferences and funds research projects into these themes. A highlight in 2021 was the webinar held by the Foundation on topics including ESG in asset management and the importance of leadership. The second institution, Fondazione del Centenario della Banca della Svizzera Italiana, supports projects that are designed to strengthen relations between Switzerland and Italy and honours the work of leading figures from Swiss-Italian culture and the arts, society and the political arena.



© Photography by James Macdonald

Right To Play's mission is to protect, educate and empower children using the power of play.

## Sponsorship and social commitments at a glance

**Team Malizia will sail around**

70,000

nautical racing miles over four years as it completes its Ocean Challenge.

**Our partner Right To Play is active in**

15

countries and supports around

2.3

million children each year.

**The EFG London Jazz Festival featured**

367

live performances by more than 1,000 artists in 2021

**EFG has been a partner to the Peggy Guggenheim Collection in Venice since**

2001

**Southbank Sinfonia gives**

33

young musicians the opportunity to perform with it each year.

Our responsibility as a firm

# Our commitment to the environment

We recognise the importance of protecting our natural environment and taking action against climate change. This is why we develop products and services that focus on green investment themes, promote the careful use of resources and implement various operational measures to improve our environmental performance.



Financial institutions have a major part to play in the transition to a low-carbon economy. Our commitment to climate protection and to considering environmental aspects when conducting our business are therefore key components of our sustainability strategy.

As part of our role as a responsible asset allocator on behalf of our clients, we are also continuously expanding our range of ESG-related products and services to facilitate the investment of client assets in innovative technologies and future markets (see pages 20–24).

#### Reducing our carbon footprint

We recognise that we also have a responsibility as a firm to lower the greenhouse gas emissions resulting from our own operations. We therefore strive to make efficient use of natural resources – thus minimising the impact of our business activities on the environment, while simultaneously reducing costs. To achieve this, we focus on effective energy management and a range of operational measures. We are in the process of completing the collection and analysis of EFG's environmental data and we aim to publish our environmental performance data in 2023. Further, EFG is committed to defining a CO<sub>2</sub> reduction plan for our own operations by the end of the year. Our aim is to achieve a 50% reduction in CO<sub>2</sub> emissions by 2030 in line with international net zero initiatives.



## Sustainable energy innovation in Geneva

EFG has signed up to the GeniLac project in Geneva, a 100% renewable innovative thermal solution that uses water from Lake Geneva to heat and cool buildings in the centre of the city. Initial preparations are already underway to connect our Geneva offices and IT data centre to this innovative system, with a target completion date of 2023.

The GeniLac project, which was launched in 2009, is part of the cantonal energy strategy and is operated by the Geneva utility company SIG. Today, around 50 buildings are heated and cooled via this hydrothermal solution, using lake water drawn from a depth of 45 metres. Over 350 buildings are expected to be connected by 2035. Our partnership with GeniLac will enable us to further reduce our greenhouse gas emissions while contributing to the energy transition.

## Our responsibility as a firm



### Optimising buildings and energy consumption

Sustainability is an important consideration when dealing with real estate. In recent years, we have made significant investments in optimising the power, heating, cooling and ventilation systems in our buildings to lower energy usage. One example is the innovative cooling system that is installed in our trading room in Lugano that generates energy for use within the building. When renovating business premises, we focus on installing energy-saving technologies and we use energy-efficient measures and materials where possible.

In the case of leased properties, we favour premises that are aligned with green energy standards. In London, for example, our new office building is equipped with energy-efficient systems and green technology and we have introduced modern and inclusive workplace designs, giving employees greater flexibility and enhancing their wellbeing at work. The new London office has been assigned the highest environmental rating (Gold) by the Royal Institution of Chartered Surveyors (RICS) in recognition of its energy-efficient infrastructure.

Where possible, we consume electricity from renewable energy sources. For instance, effective January 2022, we have opted to source Swiss green electricity (“Hydro CH”) for our premises in Lugano and Geneva, which are the largest of all EFG office buildings worldwide.



### Transition to energy-efficient lighting

EFG has installed energy-saving LED lighting as standard in all our new and renovated office buildings. Wherever possible, we switch to LED lighting systems in existing buildings to reduce electricity consumption and maintenance costs. In Switzerland, we have also installed LED lights that are activated by motion sensors.



### Reducing paper usage

We are currently running a programme to further digitalise certain key processes (including onboarding and archiving), which will significantly reduce paper consumption throughout EFG. Our sites in Asia have launched an “Asia goes paperless” initiative with the aim of switching to fully paper-free working by 2024.

Over the last few years, we have significantly reduced the number of individual printers in our offices, replacing them with shared printers, and we use the most environmentally friendly options as the default setting when printing out documents.



### **Business travel**

The global coronavirus pandemic further accelerated EFG's introduction of new ways of working, with employees also being given the option to work from home. Due to the pandemic, there was a significant increase in the use of telephone and video conferencing. While we still believe that travel is important to allow our Client Relationship Officers to maintain direct and personal contact with our clients around the globe, we are conscious that business trips – especially business air travel – give rise to greenhouse gas emissions. We therefore encourage our employees to travel by public transport whenever possible, especially for shorter distances, and we have introduced specific refund policies as an additional incentive to travel by train.

In the last few years, we have reduced our number of company cars as far as possible across all our locations worldwide. In some areas of Switzerland, the bank reimburses part of the costs of employees' annual commuter train tickets up to the maximum permitted amount.



### **Cooperating with external service providers and local suppliers**

EFG purchases a large quantity of products and services from external providers, ranging from IT infrastructure and facility management services to printing and design, office cleaning and catering. We aim to work with local suppliers and business partners where possible.



### **Environmentally conscious catering**

We aim to source food and other products for our staff canteen and client restaurant from local providers as far as possible. Since the health and wellbeing of our employees is important to us, and food production accounts for a significant portion of CO<sub>2</sub> emissions, our canteen offers "vegan" and "healthy/balanced" menu options, with a particular focus on the use of seasonal produce. In Switzerland, we have also started to install water fountains for employees to use at our main locations to reduce the use of plastic bottles as far as possible, and we have eliminated the use of single-use plastic cups and spoons.



### **Effective waste management**

We actively inform our employees about environmental issues and the responsible use of natural resources. The importance of prudent waste management and recycling is constantly highlighted at all our locations, and we have installed easily accessible recycling points within our offices. EFG's cleaning service providers are instructed to consider sustainability factors and recycling when carrying out their work.

When dealing with relocations and internal restructurings, our stock of unused tables, chairs and office material is either stored for re-use in other premises, or donated to local charities, associations and schools.

# Memberships and partnerships

## Selected EFG memberships

## Purpose



Swiss Sustainable Finance aims to reinforce Switzerland's position as a leading centre in the field of sustainable finance. It is supported in this mission by over 190 members and network partners – including financial service providers, investors, universities and public sector bodies. Through research, capacity-building and the development of tools and frameworks, Swiss Sustainable Finance promotes the integration of sustainability aspects into all financial services. EFG is an active member of the organisation.

Swiss Bankers Association (SBA)

The Swiss Bankers Association is the umbrella association of Switzerland's banks and has around 300 member institutions. The association represents the financial centre's interests vis-à-vis politicians, authorities and the general public. EFG is a member of the association.

Association of Swiss Asset Wealth Management Banks (VAV)

The Association of Swiss Asset and Wealth Management Banks represents the interests of its 23 members, which are based in Switzerland and operate primarily in the areas of asset and wealth management. EFG is a member of the association and our CEO is a member of its Committee.

Employers Association of Banks in Switzerland

The Employers Association of Banks in Switzerland represents the interests of member banks and aims to promote attractive and competitive employment conditions in the Swiss financial centre. EFG is a member of the association.

Swiss-American Chamber of Commerce

The Swiss-American Chamber of Commerce is a not-for-profit organisation that represents Swiss, American and multinational business interests in Switzerland, the US and globally. EFG is a member of the Chamber of Commerce and our CEO is a member of its Board of Directors.

Association of Foreign Banks in Switzerland

The Association of Foreign Banks in Switzerland represents the interests of foreign-owned banks and other financial institutions domiciled in Switzerland vis-à-vis the Federal Administration, the Swiss Bankers Association and other stakeholders in the financial centre. It informs its more than 100 members about regulatory developments and serves as a platform for dialogue. EFG is a member of the association.

## Selected EFG Asset Management memberships

### Purpose



PRI is a United Nations-supported network of investors that seeks to promote sustainable investment through the incorporation of environmental, social and governance criteria into investment decisions based on six Principles for Responsible Investment.  
EFG Asset Management is a signatory to the PRI.

TCFD

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to develop recommendations for more effective climate-related disclosures. Its aim is to promote more informed investment, credit and insurance underwriting decisions and thus enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and its exposure to climate-related risks.  
EFG Asset Management is a signatory to TCFD.



CDP is a not-for-profit charitable organisation that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.  
EFG Asset Management has signed up to the CDP.



Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take action on climate change. Its activities focus on 167 companies that are critical to the net zero emissions transition.  
EFG Asset Management is a member of the initiative.

FAIRR Initiative

The FAIRR Initiative is a collaborative investor network that raises awareness of the environmental, social and governance risks and opportunities brought about by intensive livestock production.  
EFG Asset Management is a member of the network.

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