

Sustainability Report 2022

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Foreword by the Chair of the Executive Board

The financial sector has a special responsibility and opportunity to shape sustainability. It does so through its own behaviour and investment strategies, when advising clients and investing the client funds entrusted to it, and when taking sustainability into account in financing. SZKB's activities have a direct influence on sustainability in the Canton of Schwyz as well as among its clients and other stakeholders.

Based on its long-standing understanding of its role and policy mission, SZKB is committed to the sustainable development of the Canton in all dimensions: in the environmental area, in social development and in good corporate governance. Sustainability, as well as inter-generational thought and action, is the underlying idea behind the initiatives of Strategy 2023ff. The employees of SZKB embrace sustainability on a daily basis and are always striving to become better and better, encouraged along the way through training. SZKB is a reliable partner for employees, clients and suppliers.

SZKB consistently implements regulatory requirements and supports the ambitions of the Federal Council, the supervisory authority and the Swiss Bankers Association (SBA) of creating a sustainable financial centre. Along the way, the Bank takes guidance from the United Nations Sustainable Development Goals (SDGs). SZKB is providing a further signal of its dedication to transparency with the Sustainability Report, which is being published for the first time for 2022.

SZKB is also using innovative products and services to support the transformation to a sustainable future. With its Ethical Funds that have been available since 2009, for example, SZKB offers a solution that clearly differs from that of other financial institutions and meets the highest standards.

However, SZKB is also required to constantly reduce its own environmental footprint as a company. In this regard, SZKB has decided that the focus of the measures is to first be on reducing CO₂ emissions. The Bank does not want to simply buy its way out by taking compensatory measures such as purchasing CO₂ certificates or planting a few trees. SZKB optimises and minimises its own impact on the environment. It does so through mobility management that promotes electromobility, by reducing printed matter and switching to recycled paper and by replacing fossil fuels with alternative energy sources in the branches.

SZKB's sustainable action is not just about helping the environment. SZKB assumes responsibility as an investor, as a service recipient, as a client, as a financial services provider, as an employer, as a business enterprise and as a sponsor and promoter of sport, culture and tradition.

In the area of social responsibility, SZKB is also an exemplary employer that ensures equality of opportunity and that has created transparency with new rules and regulations for personnel and remuneration. In 2022, the Bank also provided 146 person-days of community service and commitment in the Canton as part of the «Change of Perspective» programme.

Finally, SZKB sets high standards for itself in the area of good corporate governance. Transparency and openness are the values that guide SZKB. As an independent institution under Cantonal public law and as an institution with a state guarantee supervised by the Cantonal parliament, SZKB fully adheres to these values in its reporting and accountability.

You can read all about it in this Sustainability Report. A guiding principle of SZKB is sustainability in the sense of being geared toward long-term thought and action for the good of this generation and the generations to come. If sustainability is an endorsed value, then it needs to be pursued with full, lasting commitment to the good of the future of the region – as a shared objective of our common home.



Susanne Thellung
Chair of the Executive Board
of Schwyzer Kantonalbank



Significance

1 SZKB and sustainability as an integral part of business activity

1.1 Company profile

Schwyzer Kantonalbank (SZKB) is an independent institution under Cantonal public law and wholly owned by the Canton of Schwyz. Founded in 1890, SZKB conducts the business of a universal bank. The central pillars of its existence are defined in the Cantonal Law on the Schwyzer Kantonalbank (current version as of 17 February 2010). This law also defines the geographical scope in which SZKB does business.

«Section 9 Geographical scope of business

- 1 The geographical scope of business primarily includes the Canton of Schwyz.
- 2 Business in the rest of Switzerland and abroad is permissible if the Bank does not incur any disproportionate risks and the satisfaction of the money and credit needs within the Canton is not impaired by this activity.
- 3 As a rule, the Bank's foreign assets may not exceed 5% of the total balance sheet.»

SZKB's headquarters is located in Schwyz.

1.2 Commitment to sustainability and key sustainable development goals

SZKB consistently implements all regulatory requirements and supports the ambitions of the Federal Council, the supervisory authority and the Swiss Bankers Association (SBA) of creating a sustainable financial centre.

SZKB is aware that in its role as a bank, it has special significance for sustainability. The Bank therefore seeks to integrate sustainability into all of its activities.

SZKB's approach to sustainability is based on the 17 United Nations Sustainable Development Goals (SDGs), with SZKB committed to all 17 of these SDGs.

In mid-2021, a broad dialogue was conducted with selected employees from various hierarchical levels and different departments. In the presence of the Chief Executive Officer and other members of the Executive Board, the participants discussed and evaluated the 17 SDGs and how they relate to SZKB's business activities. On the basis of this materiality analysis, SZKB decided to focus its activities on seven SDGs in order to make the greatest possible impact.

SDG no. 3 – Ensure healthy lives and promote well-being for all at all ages

With regard to its employees, this goal is of particular concern to SZKB. To work efficiently and perform the demanding tasks of a bank, people need to be healthy – both physically and mentally. As a bank, SZKB can actively support the health and well-being of society through prudent investment decisions.

SDG no. 4 – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Sustainability must become integral to the consciousness and daily actions of each individual. Internally, SZKB focuses on the action area of lifelong learning and continuing education in regard to all topics relating to the core business and sustainability. Externally, imparting financial literacy to all generations plays a central role for SZKB, as people have goals and challenges that differ at every stage of life.

SDG no. 5 – Achieve gender equality and empower all women and girls

SZKB wants to attract, nurture and retain the best minds – regardless of gender. As an attractive employer of all genders and generations, SZKB promotes women into management positions and strives for parity. Externally, SZKB serves as a role model, motivating girls and women to be independent. The different needs of the clients are recognised and taken into account in the provision of advisory services.

SDG no. 9 – Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

For SZKB, sustainability drives innovation in its own products and processes as well as those of its corporate clients. SZKB encourages socially responsible digital transformation and transparent processes. By providing financial support for projects, SZKB fosters the development of sustainable technologies in the Canton.

United Nations (UN) Sustainable Development Goals (SDG) of particular relevance to SZKB



SDG no. 12 – Ensure sustainable consumption and production patterns

Internally, this goal relates to operational ecology at SZKB branches in particular, and the supply chain also plays a major role. Through the selection of products it buys, SZKB seeks to foster environmental and socially responsible methods of production.

SDG no. 13 – Take urgent action to combat climate change and its impacts

Climate change is a challenge for humanity that can no longer be averted. To contribute to the minimisation of climate change, SZKB is actively shaping the energy transition in the Canton and making its contribution to reducing emissions. This is possible within the framework of operational ecology. However, banks have the advantage of the leveraging effect of money, and this must also be used in the interest of climate change. The climate in Switzerland is becoming warmer, wetter and more extreme, and it is important to provide support for projects that increase resilience in preparation for the future. SZKB keeps these developments in mind when making financing decisions.

SDG no. 17 – Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

Sustainability is a challenge that must be addressed through cooperative action by all major actors of society. SZKB needs partners to bring sustainable projects to fruition. At the same time, SZKB wants to be perceived as a strong partner of the stakeholders of the Schwyz region who are seeking to foster sustainability. SZKB actively utilises network memberships to share experiences and continuously expand knowledge. SZKB also understands SDG 17 to include social and environmental commitment in the Canton.

1.3 Targets based on Strategy 2023ff.

In 2022, SZKB drafted Strategy 2023ff., which contains a variety of different specifications regarding sustainability. In particular, operational ecology and sustainable investment management must be strengthened, and sustainable solutions in the area of financing must be implemented in a timely manner.

1.4 Progress towards the achievement of objectives

In 2022, SZKB made significant progress in addressing the issue of sustainability. The following should be mentioned in particular:

- In its new Strategy 2023ff., SZKB gave even greater consideration to sustainability and initiated a variety of different projects to implement it.
- SZKB rolled out a new remuneration model and revised its rules and regulations for personnel.
- SZKB created a Sustainability Report for the first time.
- SZKB had its CO₂ footprint certified for the first time and was awarded the label «Certified CO₂ optimised by Swiss Climate».
- SZKB implemented various measures to reduce CO₂ emissions, particularly in the area of electromobility.
- SZKB carried out a supply chain assessment. This involved identifying possible risks of violating the ESG criteria and raising awareness among the responsible purchasers in procurement areas associated with elevated risk.
- SZKB participated in the PACTA test and received estimates on the environmental impact of its real estate financing and investments for the first time.
- SZKB bolstered its internal and external communication regarding sustainability.

Classification

2 Classification of sustainability at SZKB

2.1 Annual Report

The Annual Report also includes the SZKB Annual Financial Statements. The Annual Report reliably presents the economic situation of the Bank. The Annual Financial Statements include, in particular, the Balance Sheet, the Income Statement, the Cash Flow Statement, and the Statement of Changes in Equity. The Annual Report also provides information on the Bank's corporate structure, business activities, corporate governance, risk management and the remuneration of the Bank Council and the Executive Board.

2.2 Sustainability Report

The Sustainability Report includes reporting on SZKB's non-financial matters. Together with the Annual Report, it provides a comprehensive picture of the financial, social and environmental dimensions of SZKB's business activities.

Like the Annual Report, the Sustainability Report provides information about SZKB. One exception is the carbon footprint, the CO₂ balance, which also includes the emissions of the Innovation Foundation and the Pension Fund of the Canton of Schwyz, as SZKB provides services to these organisations.

The Sustainability Report was prepared for the first time for 2022. There are therefore no changes due to organisational adjustments, changes in measurement methods or the like.

Unless stated otherwise, all information in this Sustainability Report relates to calendar year 2022.

. An exception to this rule is operational ecology. Due to business-related delays in reporting by external and internal data suppliers, the key figures for operational ecology are based on 2021. The reporting period for sustainability reporting thus largely corresponds to that of SZKB's consolidated financial reporting.

The Sustainability Office is responsible for preparation of the Sustainability Report.

The Sustainability Report 2022 was approved by the Executive Board on 7 February 2023 and adopted by the Bank Council on 14 February 2023 for the attention of the Cantonal Council of Schwyz.

SZKB's Sustainability Report was not subjected to an external audit. It was published on 17 March 2023.

This report contains forward-looking statements based on expectations and assumptions. Various influencing factors may cause the actual results to differ from the estimates provided here.

SZKB will continue to develop this Sustainability Report and publish it annually in future.

2.3 Key issues

SZKB's sustainability reporting puts its focus on the relevant sustainability issues, that is, the topics where the Bank has the greatest impact on society, the environment and the economy.

As a starting point, SZKB drew upon industry analyses, sustainability ratings, stakeholder input and media reports to compile possible topics specific to the industry, Bank, and Canton and then had subject matter experts evaluate and analyse the effects. The assessment of the subject matter experts as to which sustainability issues are material was verified by the Executive Board.

According to its initial assessment, SZKB considers the following sustainability topics to be material:

1. Sustainability in the financing sector
2. Sustainability in the investment sector
3. Sustainability in the area of social affairs
4. Sustainability in operations and procurement
5. Good corporate governance
6. Client and consumer protection
7. Access to financial services
8. Confidentiality of client data, data security and data protection
9. Local engagement, sponsorship and partnerships

2.4 Embedding sustainability in the organisation

SZKB has an integrated, goal-oriented approach to management. The Bank Council defines the strategy and the basic direction of sustainable development. The strategy serves as the basis for business policy and the positioning of the Bank in regard to economic, ecological and social matters. It is reviewed annually.

In 2021, SZKB integrated the topic of sustainability into its organisation and created a «Sustainability Officer» position. This position reports directly to the Chair of the Ex-

ecutive Board and is supported by people from a variety of different departments. These individuals contribute their specific expertise and work in cross-functional projects on specific activities for the benefit of SZKB's sustainable development. Coordination of the overall sustainability management is the responsibility of the Sustainability Project Committee, which consists of the Chair of the Executive Board and a member of the Executive Board. This positions the issue of sustainability at the highest level of the company and underscores its importance.

2.5 ESG-related risk management

SZKB is in the process of developing an ESG risk framework, the initial focus of which is on climate risks, as stipulated by FINMA. A set of indicators and metrics in regard to the effects of climate change will be developed and established in this context, and reporting according to a recognised standard will be provided.

In 2022, SZKB conducted an opportunity and risk analysis of its climate-related financial risks for the first time as part of a qualitative process supported by experts and based on the two categories of «physical risks» and «transitional risks». Each risk driver (such as extreme weather events or higher energy prices) was examined in terms of its impact on business activities, and the inherent risk was described and qualitatively assessed.

However, climate change also offers certain opportunities for SZKB. These were also analysed and evaluated for the first time in 2022. The greatest opportunities lie in the development of new products and new services to tap into additional potential.

Physical hazards (robbery, fire, flooding, power failure, etc.) related to the Bank's locations or with regard to ensuring banking services are evaluated within the framework of business continuity management and disaster preparedness, and appropriate measures are defined.

2.6 Contact in case of questions about Sustainability Reporting

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 Sustainability Manager
 + 41 58 800 21 90
 olivier.hofmann@szkb.ch

2.7 Dialogue with stakeholders

SZKB maintains an active, partnership-based and accessible approach to its stakeholders. The most important stakeholder groups are:

- The Canton of Schwyz (owner), districts and municipalities
- The residents of Canton Schwyz
- Clients
- Internal and external employees
- Supervisory authorities and the Cantonal Parliament
- Analysts and the media
- Investors
- Suppliers and business partners
- Sponsorship partners
- Associations and interest groups.

Stakeholders expect SZKB to conduct its business in a contemporary and responsible manner and to comply with laws and regulations. The residents of the Canton of Schwyz and the Canton itself also expect SZKB to contribute to balanced and sustainable development of the Canton, taking particular account of the needs of the people living in the Canton, the economy and the public sector. There is a growing need for reporting that increasingly takes non-financial issues into account, especially among supervisory authorities, analysts, the media and investors.

2.8 Further development and next steps

It is foreseeable that banks, and thus also SZKB, will be faced with a number of new regulatory requirements with a bearing on sustainability. SZKB is currently in the process of analysing where there is a need for action in this area, what measures are necessary and who should carry them out. With the assistance of external support, the corresponding roadmap will be drafted and made available by mid-2023.

Either way, over the next one to two years it is anticipated that SZKB will examine how risk management in regard to the financial impact of climate change as well as other key sustainability issues can be expanded and how additional metrics can be established. This also includes verification of the opportunity and risk analysis carried out for the first time in 2022, review of the risk framework and integration of ESG-related risk management into the company-wide risk management.

Sustainability topics

3 Sustainability in the financial sector

3.1 Relevance of the topic for SZKB

Due to its balance sheet volume and its contribution to net interest income, the lending business will play an important role in SZKB's business model. The Bank focuses on business with private clients, small and medium-sized enterprises and public-sector companies primarily in the Canton of Schwyz and neighbouring economic areas.

As the largest lender in the Canton, SZKB plays a key role in the sustainable development of the Schwyz economic region and assists private, commercial and corporate clients over generations. With its lending policy, SZKB has a direct impact on the environment, society and the economy.

3.2 Responsible lending and exclusion from financing

Credit checking and approval at the individual loan level follow a systematic process with clear directives regarding creditworthiness and eligibility. If SZKB does not consider a potential client to be creditworthy, it will refrain from granting a loan. Likewise, if the Bank does not know the purpose of the loan and cannot understand it, plausibly explain it or transparently present the transaction.

When granting mortgage loans and unsecured loans, SZKB pays attention to medium and long-term affordability. The Bank applies lending principles and affordability calculations that take risk into account.

Clients with higher risks of default are closely monitored by a specialised team and supported with suitable measures if possible. When assessing business and corporate loans, SZKB takes into account whether the borrower's business model is geared towards long-term success, including consideration of environmental and reputational risks. SZKB finances companies that produce renewable energy (district heating and hydro power in particular), small solar power installations and energy-related renovations in private households as well as in the commercial and corporate client segment, and non-profit housing developers, among others.

Due to the business area defined objectively and geographically in the Schwyzer Kantonbank Act, SZKB does not provide financing for fossil-fuel power generation projects abroad that are particularly harmful to the climate. For this reason, SZKB does not finance any tar sands oil extraction projects, Arctic oil and ultra-deep-water oil extraction projects or lignite and bituminous coal mining projects.

3.3 Embedded in the region

SZKB's lending activities traditionally focus on clients domiciled in Switzerland and primarily on the Canton of Schwyz and neighbouring economic areas. SZKB grants 68% of its client loans in the Canton of Schwyz, with 65% relating to financing for private clients and 35% relating to financing for commercial and corporate clients.

SZKB's local roots help it to thoroughly assess the opportunities and risks of its commitments, as the Bank has a high level of knowledge about the borrower's environment and the properties involved.

3.4 Guarantee Fund and Innovation Foundation

The Guarantee Fund is a Cantonal institution with a legal entity and its registered office is in Schwyz. The purpose of the fund is to provide guarantees for loans, credits and guarantees for natural and legal persons resident or domiciled in the Canton of Schwyz who prove to be creditworthy and trustworthy. The fund is used to guarantee loans, credits and guarantees for which no or no fully bankable cover can be provided and which are needed for the following purposes:

- For the acquisition, construction, maintenance and improvement of residential buildings, condominiums, and commercial and agricultural real estate (real estate loans)
- For the construction, maintenance, improvement and expansion of service enterprises as well as commercial, industrial and agricultural businesses (operating loans)
- For start-up and venture financing of companies

SZKB is responsible for reviewing applications and processing such loans.

The SZKB Innovation Foundation exists in the Canton of Schwyz to promote innovative and young companies (see Chapter 11.7 Fostering innovative and young companies).

3.5 Environmental impacts of real estate financing

SZKB participated in the 2022 climate compatibility test (PACTA 2022) conducted by the Federal Office of the Environment. This test involved examining and analysing SZKB's real estate financing portfolio and investment portfolio.

3.6 Further development and next steps

In June 2022, the Swiss Bankers Association (SBA) published a new directive for mortgage providers in order to encourage energy efficiency. According to this directive, it is necessary for mortgage providers to address the long-term preservation of value and the energy efficiency of the building to be financed when advising private individuals with owner-occupied single-family and holiday houses to be financed.

Taking into account a handover deadline, the directive is to be implemented by 1 January 2024. SZKB has initiated a project to implement this directive. In addition to development of new products and services, the project will ensure additional training for client advisors on how to preserve value and improve the energy efficiency of properties over the long term.

SZKB welcomes the SBA's new directive, as it sees great potential for reducing CO₂/carbon emissions in the Canton of Schwyz in the sustainable renovation of the properties financed by the Bank.

SZKB currently has a rough estimate of how high the greenhouse gas emissions are due to the outstanding real estate loans. Over the next one to two years, SZKB will examine how the corresponding data quality can be improved and how greenhouse gas emissions can be measured for corporate loans. SZKB will also examine how sustainability criteria can be increasingly incorporated into lending decisions and whether products with an environmental impact can be launched.

4 Sustainability in the investment sector

4.1 Relevance of the topic for SZKB

After the financing business, the investment business is SZKB's second largest segment. Within the scope of its asset management and investment advisory activities, SZKB can influence its clients to manage funds prudently and reduce negative impacts on the environment and society. For example, shares and bonds can be used to provide financial resources to companies that are committed to reducing carbon emissions (CO₂) on a lasting basis. Conversely, companies in certain sectors run the risk of using the funds to facilitate economic activities that are associated with human rights violations, child labour or forced labour.

In the past, the question has repeatedly been posed as to whether investors have to forego returns if they take social, environmental and societal aspects (ESG factors) into consideration alongside economic factors when making financial decisions. In the meantime, financial market research and our own practical experience have provided a clear answer to this question: «No, they do not.»

4.2 SZKB's understanding of sustainability in the investment sector

SZKB has been offering its clients investment products with an explicit sustainability focus since 2009. This «ethical product line» is based on a combination of a best-in-class approach (positive selection), comprehensive exclusion criteria (negative selection) and traditional financial analysis. SZKB's ethical products therefore go far beyond the industry standard in terms of the systematic nature of their implementation. The ESG ranking by ISS ESG shows that this strict approach is the right one: with a maximum rating of five stars, the SZKB Ethical Funds are among the top 2% of the investment funds analysed worldwide.

By now it should be clear that sustainability and returns are not mutually exclusive. However, SZKB's understanding of sustainability goes beyond the financial dimension. In addition to optimising the risk/return ratio of the investments,

SZKB's values are also to be taken into account comprehensively in the ethical solutions. In this way it is possible to actively fulfil the Bank's responsibility as a financial services provider and to contribute to sustainable development in the Canton of Schwyz. Sustainability criteria are therefore defined in a broad discourse and the reviewed internally at regular intervals.

Overview of SZKB exclusion criteria

| Company | Countries* |
|---------------------------------|----------------------------|
| Sector-based criteria | Labour law |
| Alcohol | Nuclear energy |
| Arctic drilling | Nuclear weapons |
| Fracking/oil sands | Authoritarian regimes |
| Genetic engineering Food | Discrimination |
| Gambling | Euthanasia |
| Nuclear power | Money laundering |
| Coal mining | Child labour |
| Military and weapons | Climate protection |
| Fur production | Corruption |
| Pesticides | Human rights |
| Pornography | Freedom of the press/media |
| Stem cell research | Arms budget |
| Tobacco | Death penalty |
| Animal testing | Freedom of association |
| | Whaling |
| Standards-based criteria | |
| Labour rights | |
| Child labour | |
| Human rights | |
| Environmental behaviour | |
| Economic behaviour | |

4.3 Sustainable investment products and services

Since 2009, SZKB clients have had access to a range of sustainable investment solutions that are subject to constant review and expansion. Specific screening services were added in 2020. This service is intended to actively increase the understanding of sustainable investments and support clients in gearing their investment portfolios towards sustainability. Such active support is an important lever for SZKB in promoting sustainable development, as the topic remains relatively complex today. True to the generational understanding, SZKB supports its clients with advice and accompanies them along the way to a sustainable future.

Sustainable investment products and services

Consultation and analysis

Comprehensive climate report on the investment portfolio and comparison with benchmark index and/or SZKB portfolios

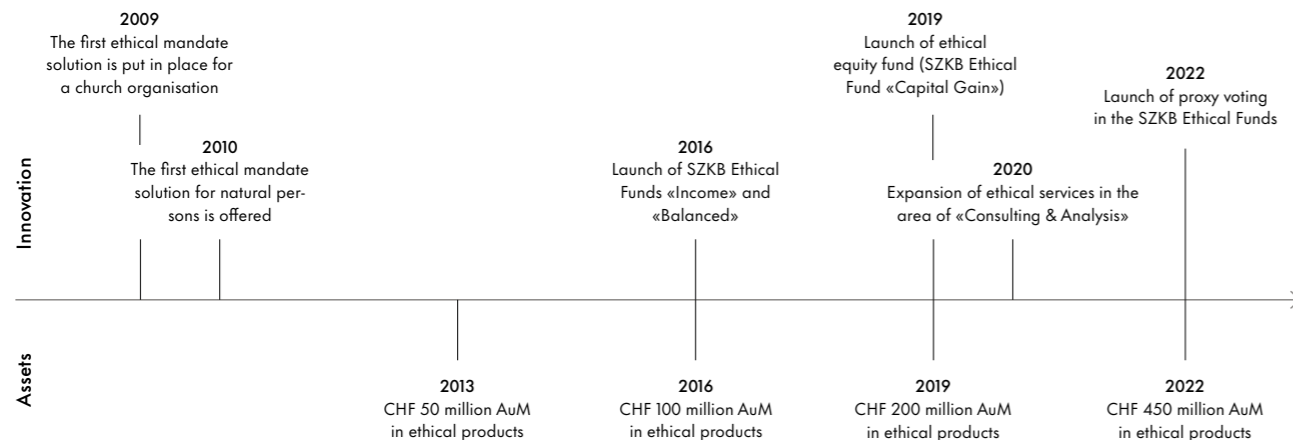
Detailed ethics screening or climate screening, in which the investment portfolio is evaluated for consistent ESG implementation and climate risks

Investment solutions

SZKB Ethical Funds
Collective investments in the risk strategy categories of Income, Balanced, Growth and Capital Gain

SZKB Topic Mandate Ethics
Direct mandates in the strategy categories of Income, Balanced, Growth and Capital Gain

Sustainability milestones for SZKB investments



* Country view: If an exclusion criterion is violated, no investment can be made in corresponding government bonds or other government financing.

Sustainability criteria for conventional investments

No sustainability strategies are currently being applied to conventional investments. It was a deliberate decision to give clients the freedom to choose whether they want to invest according to sustainable criteria or not. SZKB sees the preservation of this freedom of choice as a key factor in providing advice that is appropriate to the needs of its clients. Nevertheless, ESG issues are finding their way into traditional financial analysis as well as into conventional investment products, as corresponding issues are materialising in financial opportunities and risks ever more often, meaning that they have a crucial influence on the assessment of the various investment classes.

Engagement

The responsibility that arises from the funds entrusted to us for sustainable investment must be exercised comprehensively. An important step in this process is engagement activities with the companies in which investments are made. SZKB took an important step in this area in 2022. For example, proxy voting recommendations are now actively made for all SZKB Ethical Funds. Such recommendations are based on the proposals of an independent voting advisor. On this basis, the ESG interests (environmental/social/good corporate governance) of the investment community are safeguarded in the best possible way. The applied voting policy, the voting directives, and the specific voting behaviour are published transparently on the SZKB website.

In addition, SZKB has been a member of the Swiss Sustainable Finance (SSF) association since 2022. With its membership, the Bank is seeking to play an active role in the development of a sustainable financial centre and to contribute its many years of expertise in sustainability. SZKB is therefore taking another important step with regard to living up to the Bank's corporate responsibility.

Sustainable gold

As a global hub in the refining and trading of gold, Switzerland has a special role to play in this market. SZKB is resolute in its reliance on gold from fair trade. The Bank is therefore committed to better protection of people and the environment in the gold mining industry. Since 2021, gold bars weighing between one and twenty grams have been sold exclusively with the Fairtrade label of the Max Havelaar Foundation (Switzerland).

Fairtrade did pioneering work in the gold trade and is committed to better protecting people and the environment when it comes to small-scale mining. Fairtrade-certified mines receive a Fairtrade premium per kilogram of gold in addition to the market price. This additional income is invested according to democratic criteria in improving operational processes as well as in community projects such as schools, water supply systems, and health centres. Fairtrade also provides clear directives for the use of chemicals in gold extraction. The establishment of long-term and transparent trade relationships makes certified mining organisations independent of middlemen and strengthens the producers' ownership on a lasting basis.

4.4 Transparency of sustainable investment products

Transparency is another essential factor in the area of sustainable investments. SZKB has always provided a strict transparency pledge in regard to its in-house ethical solutions. This transparency pledge is in regard to the entire value chain of the investment process, from the definition of sustainability criteria to final reporting to clients. To be able to keep this promise of transparency, all investments within the ethical solutions are direct investments.

The primary focus is still on performance, with the performance analysis of the ethical products being two-dimensional. Therefore, in addition to the financial risk/return consideration, the sustainability performance of the investments is also measured and is communicated actively. This is accomplished at the level of the Ethical Funds using selected sustainability factors on the fund fact sheets and via a separate climate report. This climate report contains relevant key figures in order to be able to comprehensively assess the climate risk of the portfolio as well as the individual securities used.

In addition to these specific reporting activities, SZKB discloses all ethical fund portfolios down to the individual company level on a quarterly basis.

SZKB has also intensified its activities in the area of the environment. In 2022, it participated for the first time in the voluntary climate compatibility test (PACTA 2022; Paris Agreement Capital Transition Assessment) of the Swiss financial market, which is carried out by the Federal Office for the Environment (FOEN) in cooperation with the State Secretariat for International Financial Matters (SIF). A total of 133 financial institutions participated in the analysis. The results from the climate compatibility test give SZKB an initial impression of the climate impact of its entire investment portfolio and form the basis for further analyses in this area.

4.5 Raising awareness among employees

SZKB's employees form the face of the Bank in regard to its clients. Accordingly, raising the awareness of employees on the topic of «sustainable investments» is of crucial importance. After just a few training units on the Bank-specific approach to sustainability and the corresponding product range took place in the past, training activities were greatly expanded in 2022. In the second half of 2022, comprehensive training on the topic of «sustainable investments» was provided to all SZKB employees. Twelve classroom training sessions were held for 180 front office staff members, and three online webinars with more than 380 participants from the back office were conducted. This increased the understanding of SZKB's ethical solutions across the board.

4.6 Further development and next steps

The topic of sustainability will continue to gain importance in the investment business. This is proven not only by the latest directives of the regulatory body but also by the efforts of various other stakeholders. As recently as June 2022, the SBA issued a directive setting out minimum requirements for inclusion of sustainability preferences and risks in investment advice and asset management. For new clients, these requirements must be implemented by 31 December 2023, and for existing clients, by 31 December 2024. SZKB welcomes this step, will support the corresponding measures, and primarily sees opportunities in this development.

Key figures in the investment sector

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------|-------|-------|-------|-------|
| Sustainable asset management mandates | 116 | 106 | 62 | 53 | 47 |
| Sustainable asset management mandates (in CHF million) | 98.9 | 117.0 | 87.1 | 81.8 | 92.0 |
| Share of volume of sustainable asset management mandates of the total asset management mandates | 2.6% | 2.8% | 2.3% | 2.3% | 2.8% |
| Sustainable SZKB investment funds (in CHF million) | 318.5 | 273.8 | 148.0 | 106.9 | 78.0 |
| Share of volume of sustainable SZKB investment funds of the total SZKB investment funds | 23.8% | 21.2% | 12.0% | 10.8% | 11.7% |

5 Sustainability in the area of social affairs

5.1 Relevance of the topic to SZKB

With 610 employees (excluding hourly staff, including trainees and interns), SZKB is one of the largest employers and trainers in the Canton of Schwyz. The workforce has shown healthy growth in recent years, and the rate of turnover has remained low. Personnel expenses amounted to CHF 83.0 million in 2022, slightly above the previous year's figure of CHF 81.4 million.

In the Canton of Schwyz, SZKB is a key employer and trainer with responsibility for its home region. It puts its focus on matters including the promotion of young talent, continuous professional and personal development, a modern remuneration system, attractive fringe benefits, flexible working models, work-life balance and equal pay and opportunities.

Employees are a decisive factor for the success of SZKB. SZKB is therefore committed to regular and systematic further development of all its employees and managers. This is to ensure that they have the knowledge relevant to their activities and are also equipped to meet the ever-rising demands of the future. To this end, SZKB regularly offers internal continuing education resources in the form of courses, seminars, workshops and management conferences while also supporting further training that individuals obtain externally (with up to 100% of costs covered by the Bank). SZKB also operates its own talent programme and a leadership programme.

The strategic responsibility for human resources policy lies with the Bank Council and the Executive Board. The Human Resources department is responsible for operational implementation of the HR strategy and nurturing of high potentials and managers. It organises and is responsible for the HR strategy in the areas of digital transformation, strategic HR projects, optimisation of processes and directives, and HR communication.

SZKB bears social responsibility in the Canton of Schwyz. It makes an important contribution to increasing the financial literacy of Cantonal residents, such as by repeatedly offering public lecture series on the topic of «pension provision», sometimes in cooperation with partner institutions in the Canton of Schwyz.

5.2 Legal framework in Switzerland

Switzerland has well-developed social security systems and fair labour law conditions that also apply to the employees of SZKB:

- All residents of Switzerland are compulsorily insured against illness.
- All employees are compulsorily insured against occupational accidents and, if they work more than eight hours per week, also against non-occupational accidents. Starting from the 4th month of SZKB employment in an unlimited employment relationship, continued payment of salary in the event of accident or illness is at a rate of 100% from the 4th to the 12th month and at a rate of 80% from the 13th to the 24th month.
- In Switzerland, old-age and survivors' insurance (AHV) is compulsory for old-age provision, and a pension fund is also compulsory above a certain income. SZKB is affiliated with the Pension Fund of the Canton of Schwyz (PKS). SZKB has also additionally insured its employees in PK Plus since July 2021.
- In Switzerland, all employees are entitled to at least four weeks of holiday per year. Once per calendar year, a holiday is to be taken in the form of an uninterrupted holiday period lasting at least two weeks. SZKB grants its employees at least five weeks of holiday per calendar year.
- The principle of equal pay for men and women has been enshrined in the Swiss Federal Constitution since 1981.
- Child labour has been banned in Switzerland since the 19th century.

5.3 Remuneration model

SZKB introduced a new remuneration model for all employees as of 1 April 2022. This remuneration model meets the transparency requirements imposed by the Swiss Financial Market Supervisory Authority (FINMA) and makes it possible to understand how remuneration is determined.

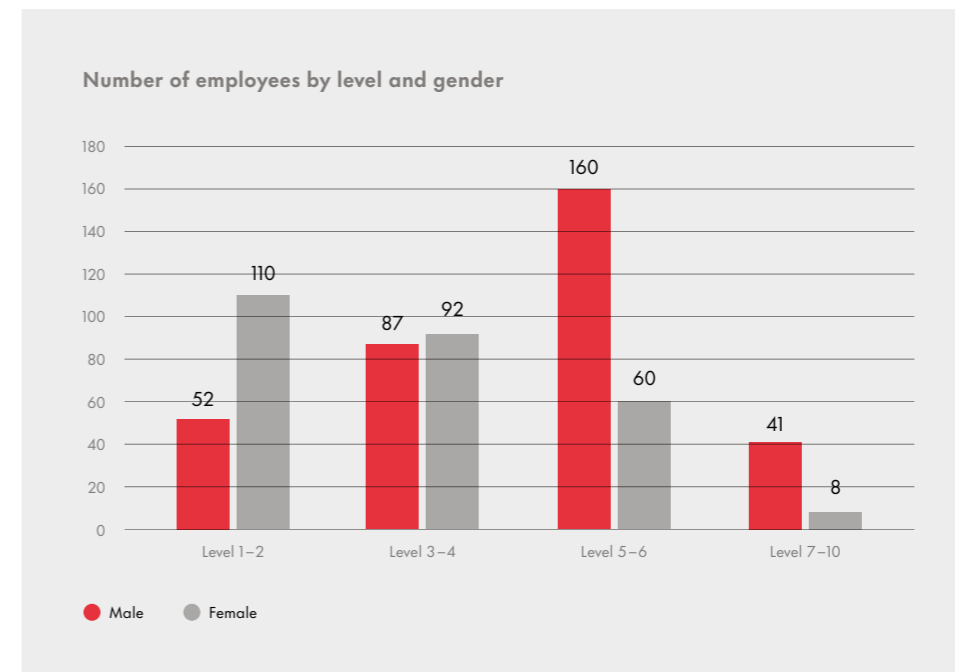
The remuneration model is based on levels 1 to 8 for employees and levels 9 and 10 for members of the Executive Board. Assessment and classification of occupational profiles into levels are based on an analytical functional assessment that was approved by the Executive Board. The function evaluation of an occupational profile is carried out independently of the person and includes an assessment of the contribution of each function to the company's success according to uniform and objective criteria.

Employees who have a level 1 or 2 occupational profile receive a fixed basic remuneration. Employees in levels 3 to 8 may receive variable remuneration in addition to their fixed basic remuneration. The salary bands assigned to each level were determined by market benchmarking.

The amount of the individual variable remuneration is determined by performance – which in turn is dictated by the results achieved and the conduct exhibited by the employee – and depends on the total amount available. There is no legal entitlement to variable remuneration, even if variable remuneration was paid in previous years. There is no reduction in variable remuneration for absences during normal maternity leave.

The ratio between the highest salary (including variable remuneration and strategy bonus) and the median salary (including variable remuneration, salaries adjusted to 100%) was 7.5:1 in 2022. The median salary includes employees who were employed as of 31 December 2022 (excluding Bank Council members, employees paid on an hourly basis, apprentices and interns).

The remuneration model of the SZKB Executive Board follows the same scheme as that of the employees, consisting of a fixed basic salary and a variable component. Half of the variable remuneration relates to the individual performance (results and conduct) of the respective member of the Executive Board as well as to the achievement of



strategic performance criteria of the entire bank in the past financial year. One-third of the strategy bonus is paid out with a time delay (deferred compensation). The Bank Council defines the key performance indicators (KPI).

Exceptional performance can be rewarded with a one-off bonus. This makes it possible for individuals or even entire teams to be rewarded directly for their commitment in response to a specific occasion or circumstance.

There is no salary component in the form of shares or options since SZKB, as an independent institution under Cantonal public law, is wholly owned by the Canton of Schwyz.

5.4 Annual HR process and People Days

From a management perspective, the annual HR process begins in January and February with an agreement of objectives between managers and their employees, with expectations clarified in a discussion and the agreed objectives recorded in writing. The interim appraisal between managers and employees takes place from June to August, when the achievement of objectives in the first half of the year is discussed retrospectively. In September and October, managers and their employees conduct development discussions, during which the development objectives and possible steps to achieve the objectives of each individual employee are discussed and recorded in writing, separate from the annual HR process. Finally, in November and December, the end-of-year assessment of the entire year takes place, bringing the HR annual process to a close.

In addition to the annual HR process, the leadership tool «People Days» was launched in 2022. At the end of the year, the managers of each business unit jointly discuss and calibrate the performance and potential assessments of the employees. This process creates a uniform understanding of the assessments based on fairness and broadly supported feedback. The performance and potential assessments resulting from the People Days form the basis for the remuneration development of all employees. For employees on levels 3 to 8, the performance evaluation also represents a component for the assessment of the individual variable remuneration.

The Human Resources department carries out evaluations to avoid distortions in the assessment («bias», such as in regard to employee gender, age or level).

5.5 Equal pay

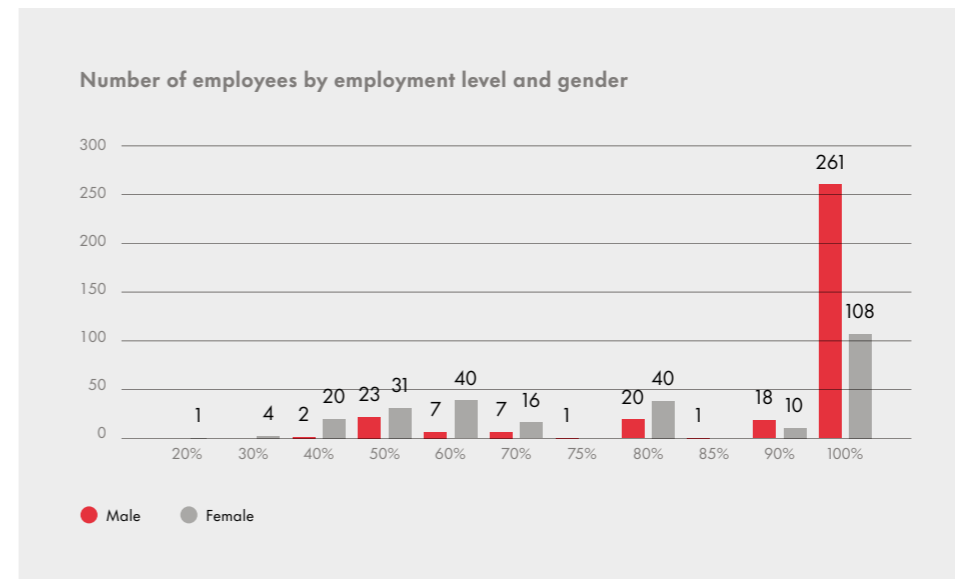
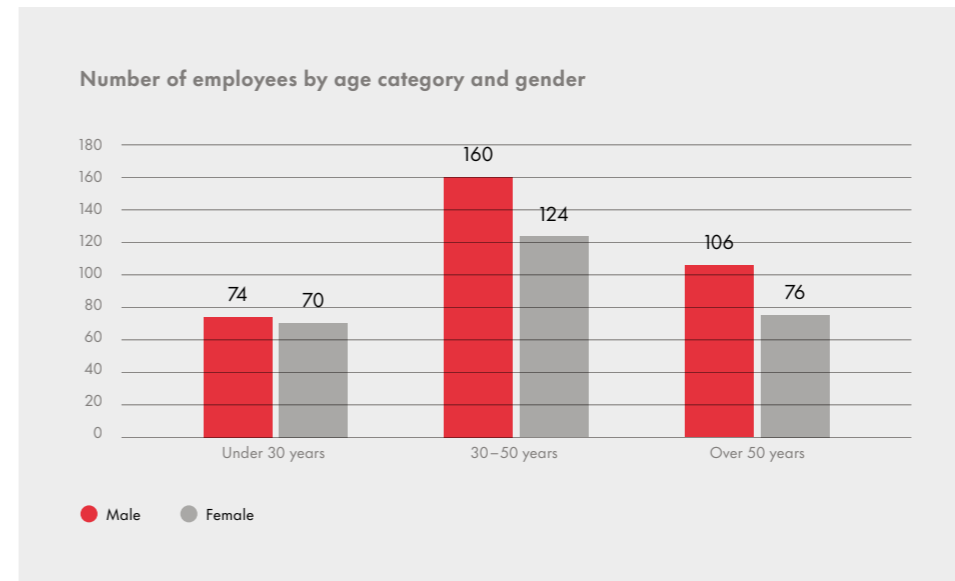
SZKB had its gender pay gap analysed externally in 2021 and then had this analysis reviewed by PricewaterhouseCoopers. The 2021 result confirmed that there is no gender effect in compensation. At 2.2%, the observed adjusted wage gap is clearly below the tolerance value of 5.0%, meaning that there is no discrimination on the basis of gender. Equal pay will also be subject to ongoing review in future.

5.6 Equal opportunity

SZKB is committed to the equality of women and men in professional life. All functions are open to all genders, and the remuneration model is designed to be gender neutral. SZKB attaches particular importance to equality when it comes to staffing, training and continuing education, as well as remuneration and human resources development.

SZKB attaches great importance to the reconciliation of career and family responsibilities and fosters this ideal with flexible working hours, arrangements for working from home and, as one of the few banks in Switzerland to do so, attractive childcare allowances. Support is provided per day of third-party care, whether care is provided in a daycare centre, in a childminder's home or by a nanny. Starting from a 50% workload, every female employee (or single parent) is entitled to benefit from the «childcare contributions» offer. Part-time positions are possible for both women and men. SZKB particularly wants to keep women and men with family care responsibilities in the workplace, especially single parents. With this contribution, SZKB is creating the conditions for higher workloads and sustainable careers for its employees. As part of its equal opportunity policy, SZKB is also striving to further increase the proportion of women in management positions.

Every year, the internal SZKB women's network offers numerous events, networking meet-ups and continuing education courses on the topic of «women and professional development» that are open to all female employees of SZKB. SZKB supports the women's network with an annual contribution. In the spirit of inclusion, an SZKB Women's Network event was also offered for men in 2022.



Together with local cooperation partners in the Canton of Schwyz, SZKB is also a co-initiator of the newly created Schwyz Mentoring Programme, which began in October 2022 with the purpose of empowering women in their career planning, use of networks, reconciliation of work and family life, and topics relating to occupational pensions (see chapter 11.8 Mentoring Programme).

The Human Resources department is responsible for developing and monitoring diversity, equality and inclusion within SZKB. This actively advocates on an ongoing basis for causes such as increasing the compatibility of work and family/leisure time, advancement of women, lifelong learning and equal pay.

5.7 Amendments to the rules and regulations for personnel

SZKB has amended its rules and regulations for personnel with effect from 1 April 2022. Major changes to further increase the attractiveness of the Bank as an employer were:

- Introduction of one-time sabbaticals when the service anniversaries of 15, 20, 25, 30, 35, 40 and 45 years are reached. The sabbaticals must last at least 6 weeks, with SZKB contributing 20 working days in each case.
- Employees receive credit for all previous years of service at SZKB (including apprenticeship/internships and periods of hiatus from work).
- In addition to ordinary birth, child and education allowances stipulated by Cantonal legislation, SZKB pays a voluntary family allowance to all employees until their children reach the age of 20. The allowance is calculated according to the employee's current employment level and is also paid if the relevant child and education allowances are received by the employee's partner and not settled via the Bank.
- Adjustment of the terms and conditions of SZKB products and services in regard to personnel.
- Extension of certain preferential terms and conditions to partners living in the same household.
- All employees of SZKB, including part-time employees and employees paid on an hourly basis with permanent employment contracts, benefit in full from the revised conditions of employment.

5.8 Attractive employment conditions

SZKB is an attractive employer. The following policy applies to the terms and conditions of employment:

- Each basic salary comprises 13 monthly salary payments. Half of the 13th monthly salary payment is paid in June and half in November.
- Length of service awards begin to be conferred starting from the completion of 10 years of service.
- Insurance of the total salary without coordination deductions with the Pension Fund of the Canton of Schwyz as well as the supplementary pension plan PK PLUS for employees without a management pension plan. The aim of PK PLUS is to enable employees to create additional retirement capital or a retirement pension by offering them the opportunity to make additional personal contributions to the pension scheme, depending on their income level. PK PLUS also offers additional cover in the event of death or disability. SZKB is responsible for financing the risk and administrative costs of PK PLUS.

- The weekly working time is 42 hours. It must be adhered to as an annual average.
- Employees whose functions and duties are compatible with work from home without negatively affecting operations may work from home for up to 4 days per week if they have a workload of 100%.
- Five weeks of holiday (up to age 49), 28 working days (from age 50 to 59 and apprentices) and 30 working days (starting from age 60). SZKB employees are also entitled to days off or hours off for special occasions.
- Taking special account of each person's work/life situation, SZKB offers its employees the option of purchasing additional holiday days amounting to 5 days per calendar year in addition to their holiday entitlement.
- Generous terms of salary payment continuation in case of inability to work.
- 100% of the salary is paid during 4 months of maternity leave and 10 days of paternity leave. All employees who were entitled to parental leave have taken it.
- Financial contribution to external childcare starting from a minimum workload of 50% (for mothers and single fathers).
- Free childcare counselling and referral services.
- Annual maximum of CHF 1,000 in REKA cheques (a community currency backed by the Swiss Travel Fund) at a 20% discount.

All the above-mentioned employment terms and conditions are also available to SZKB employees on a part-time basis. For employees paid on an hourly basis, the provisions in regard to working hours, holidays and remuneration do not apply.

5.9 Occupational safety and health

SZKB attaches great importance to a corporate culture that fosters health and strives to keep the risk of occupational illnesses as low as possible. SZKB is greatly concerned with the physical and mental well-being of its employees.

Workplace ergonomics is a priority. Employees are provided with height-adjustable office desks that allow them to work while standing. No ergonomics consultations took place in 2022, but the ergonomic equipment of workplaces at SZKB as well as ergonomic information and recommendations for working from home will be maintained in the future.

Every employee has the right to contact the responsible supervisor or the Human Resources department if they feel that their position has been compromised by other employees or supervisors (see chapter 7.6 Whistleblowing).

To foster prevention, SZKB pays for a comprehensive health check-up for employees starting from the age of 44, contributing a maximum of CHF 500 to the costs not covered by health insurance every three years.

SZKB's occupational health management is based on three specific pillars: prevention, intervention and integration. In the area of prevention, employees and managers are to receive targeted offers in the area of health promotion as well as valuable tips and advice on maintaining their health and how to better deal with stress at work. In 2023, a preventive campaign focusing on stress, headaches and sleep disorders will be conducted with a renowned external partner. In the area of intervention, SZKB aims to help prevent long-term health-related absences using clear processes and suitable tools. In the area of integration, employees and managers are to receive professional support and advice in the event of prolonged health-related absence from work to ensure that professional and social reintegration is successful or, if applicable, that a smooth transition to disability insurance (DI) can be made.

Care management also provides support to employees in the event of long-term illness and situations in which they are not able to fully perform their work.

5.10 Labour disputes, grievance management and mass redundancies

SZKB ensures secure jobs with its long-term business policy. The 14 strategic initiatives for the new SZKB strategy period of 2023 and following target long-term and sustainable growth without job cuts. There were neither strikes nor mass redundancies at SZKB in 2022.

The Human Resources department remains in close exchange with the board of the Bank's internal staff association. The Executive Board of the staff association represents the interests of the employees and consists of eight representatives from among the ranks of the employees. SZKB supports the staff association with an annual contribution.

SZKB nurtures an active and open corporate and feedback culture in which employees are encouraged to resolve disagreements without delay. Specific team interventions and team workshops are conducted to improve cooperation and prevent potential for conflict from arising. If these are insufficient or impossible, the formal grievance process is conducted by the supervisors, who treat the grievance in a confidential manner and take the necessary steps to resolve it. Corresponding reports are to be treated confidentially. In 2022, there were no reports to the internal reporting office for grievance management and whistleblowing (see chapter 7.6 Whistleblowing).

5.11 Employee satisfaction

SZKB fosters a positive culture of leadership and cooperation. This is reflected in the SZKB slogan («Seit Generationen. Für Generationen. Gemeinsam hier vor Ort.») as well as in the four principles (heart, focus, handshake and opportunity). The culture of addressing everyone on a first-name basis across all hierarchical levels, as well as regular events for sharing information, networking and fostering exchange among all employees, also contribute to employees feeling a sense of belonging at SZKB.

SZKB prioritises employee satisfaction. In order to assess this factor, regular employee satisfaction surveys are conducted alongside the ongoing feedback discussions. Appropriate measures are derived from the results. In future, the Bank will also accept suggestions for improvement, which will serve as the basis for ongoing further development of SZKB as an attractive employer. The most recent survey took place in 2021 and produced a very good result, with 78% of employees stating that they were satisfied with their work situation. This is an increase of 3% compared to the 2017 survey. The next employee satisfaction survey will take place in 2023.

5.12 Education and training

Well-trained employees are a crucial factor for SZKB's success, so training and continuing education are of great importance at SZKB:

- SZKB trains 29 apprentices in the professions of management assistant (banking sector) and IT specialist (platform development) while also engaging five interns as part of the Bank entry-level programme for secondary school graduates. In 2022, SZKB also decided to offer training for a new occupational profile starting in summer 2023 by creating an internship spot for graduates of IT secondary school (specialising in application development) for the first time.
- Since 2021, SZKB has been conducting its own leadership programme to continuously develop and improve the expertise of its managers in regard to SZKB's understanding of leadership. SZKB's leadership understanding is based on the three pillars of «clarifying expectations», «tapping into potential» and «nurturing relationships». All of the roughly 100 SZKB managers completed this leadership programme, which lasts several days. It will be continued in 2023.
- SZKB offers its own talent programme for high potentials, which offers 12 employees the opportunity to expand their leadership abilities and skills relating to methodology, dealing with people and collaborating across departments, while also expanding their network over a period of 18 months. Four women and eight men are participating in the 2021–2023 talent programme. The talent programme is scheduled to start again in 2024.
- SZKB has its own digital learning platform. Each year, numerous internal courses and training opportunities are offered as mandatory or voluntary events.
- In 2022, mandatory training in the areas of compliance, information security and sustainable investments took place for all employees – with varying degrees of in-depth training in some instances. Courses on security-related aspects and robbery prevention are also held every year as mandatory events for employees responsible for security. Numerous voluntary events on topics specific to the Bank as well as in regard to human resource issues were offered regularly and always very popular.
- In addition to internal courses and training, SZKB covers up to 100% of the cost of external training and continuing education that employees complete alongside their normal work (e.g. bachelor's and master's degrees, CAS, MAS) in accordance with internal directives. In 2022, SZKB's financial commitment for internal training activities and participation in external training courses amounted to CHF 824,000, while the Bank's financial commitment to basic training was CHF 311,000.

- Within 24 months of taking up their advisory role, all client advisors at SZKB must complete the personal certification corresponding to their occupational profile in accordance with the requirements of the Swiss Association for Quality (SAQ), which confirms that they have the necessary skills to advise clients well. The certificate has a validity period of three years and can be extended by documenting at least 24 learning hours or by retaking the exam. SZKB offers internal training opportunities that are accredited by the SAQ, so that the required learning hours can be verified for recertification of the certificate obtained.
- Employees without basic training in the area of banking are offered the opportunity to complete the Banking Course, which is held annually in cooperation with other Cantonal banks.
- The number of person-days for participation in internal and external training and continuing education courses are not available.

5.13 Future Day

Since 2019, SZKB has been participating in National Future Day. SZKB also implemented the special project «A Day As the Boss» for the first time in 2022. The special project was intended to serve 6th- and 7th-grade girls without a caregiver at SZKB who wanted to gain insight into what the everyday working life of a female manager at SZKB is like.

5.14 Change of perspective

In a programme designated «Change of Perspective», SZKB provides all employees with a day off from work to engage in charitable activities every two years. In the Canton of Schwyz, there were around 60 projects to choose from for volunteering for the benefit of people and nature in 2022. Another 40 volunteer projects were also submitted by employees. For Change of Perspective 2022, 146 person-days (volunteering in full or half days) were reported. This did not include days of volunteering by vice directors, as they do not record their time.

As part of Change of Perspective 2022, the Executive Board of SZKB visited the management of the BSZ Foundation in the Canton of Schwyz, an organisation committed to the concerns of people with support needs and the third-largest employer in the Canton of Schwyz.

5.15 Voluntary engagement

Numerous SZKB employees are privately involved in various associations and political functions outside the Bank. All secondary employment (that is, also including work outside associations and not in political functions) must be approved by a member of the Executive Board. In 2022, 241 employees received approval to engage in secondary employment. SZKB provides up to 5 days/year for the exercise of an approved public office.

5.16 Key figures about employees

All employees are currently either male or female at SZKB. There are no employees who have declared that they are of a different gender or of no gender.

SZKB works with various partners on a contractual basis, but the Bank does not have any figures on the number of these contractual relationships.

SZKB does not employ any staff on an on-call basis.

No key figures from previous years or changes compared to previous years are shown, as this is the first time that the Sustainability Report was prepared. No figures from previous years are available, as a new HR system was rolled out in 2022, and there is no comparability of figures from the two different systems.

All key figures without employees paid on an hourly basis, including apprentices and interns

| | 2022 | 2021 ¹ | 2020 ¹ |
|--|-------|-------------------|-------------------|
| Number of employees, employment relationship and employment level (GRI 2-7) | | | |
| Total number of employees | | | |
| Number of personnel units (full-time equivalents) ² | 525.3 | | |
| Number of employees (persons) ³ | 610 | | |
| thereof in the Executive Board | 5 | | |
| thereof per level: ⁴ | | | |
| Level 1–2 | 162 | | |
| Level 3–4 | 179 | | |
| Level 5–6 | 220 | | |
| Level 7–10 | 49 | | |
| thereof number of apprentices | 29 | | |
| thereof number of trainees | 5 | | |
| Employees paid on an hourly basis ⁵ | 35 | | |

¹ No key figures from previous years and changes compared to previous years are shown, as the report is being prepared for the first time and a new HR system was rolled out in the reporting year.

² Excluding employees paid on an hourly basis and banking authority employees, including apprentices and interns (included at 50% as per SNB requirements).

³ Excluding employees paid on an hourly basis and banking authority employees, including apprentices and trainees.

⁴ Explanation of the levels as per section 5.3.

⁵ Employees paid on an hourly basis are not included in the other figures.

| | 2022 | 2021 | 2020 |
|---|-------|------|------|
| Employees by employment relationship (permanent/temporary/hourly paid)⁶ | | | |
| Permanent employees ⁷ | 603 | | |
| thereof women | 268 | | |
| thereof men | 335 | | |
| Temporary employees ⁸ | 7 | | |
| thereof women | 2 | | |
| thereof men | 5 | | |
| Employees paid on an hourly basis ⁹ | 35 | | |
| thereof women | 34 | | |
| thereof men | 1 | | |
| Employees by employment level (full-time/part-time)¹⁰ | | | |
| Full-time employees | 399 | | |
| Women in full-time employment (compared to total headcount) | 19.3% | | |
| Women in full-time employment (compared to all women) | 43.7% | | |
| Men in full-time employment (compared to total headcount) | 46.1% | | |
| Men in full-time employment (compared to all men) | 82.6% | | |
| Part-time employees | 211 | | |
| Women in part-time employment (compared to total headcount) | 24.9% | | |
| Women in part-time employment (compared to all women) | 56.3% | | |
| Men in part-time employment (compared to total headcount) | 9.7% | | |
| Men in part-time employment (compared to all men) | 17.4% | | |
| New hires and employee turnover (GRI 401-1) | | | |
| New employees¹¹ | | | |
| Number of employees (persons) | 67 | | |
| thereof employees under 30 years | 29 | | |
| thereof employees under 30 years (in per cent) | 43.3% | | |
| thereof employees between 30 and 50 years | 32 | | |
| thereof employees between 30 and 50 years (in per cent) | 47.8% | | |
| thereof employees over 50 years | 6 | | |
| thereof employees over 50 years (in per cent) | 9.0% | | |
| thereof women | 31 | | |
| thereof women (in per cent) | 46.3% | | |
| thereof men | 36 | | |
| thereof men (in per cent) | 53.7% | | |

⁶ Without banking authority employees.

⁷ Apprentices and interns are counted as permanent employees. Without employees paid on an hourly basis.

⁸ Excluding employees paid on an hourly basis.

⁹ Employees paid on an hourly basis are not included in the other figures.

¹⁰ Excluding employees paid on an hourly basis and banking authority employees, including apprentices and interns.

¹¹ New employees with a fixed-term employment relationship are not included.

| | 2022 | 2021 | 2020 |
|---|-------|-------|-------|
| Employee departures¹² | | | |
| Annual turnover rate (net) | 59 | | |
| thereof employees under 30 years | 10 | | |
| thereof employees under 30 years (in per cent) | 16.9% | | |
| thereof employees between 30 and 50 years | 36 | | |
| thereof employees between 30 and 50 years (in per cent) | 61.0% | | |
| thereof employees over 50 years | 13 | | |
| thereof employees over 50 years (in per cent) | 22.0% | | |
| thereof women | 28 | | |
| thereof women (in per cent) | 47.5% | | |
| thereof men | 31 | | |
| thereof men (in per cent) | 52.5% | | |
| Turnover (in per cent) | | | |
| Annual turnover rate (net) ¹³ | 10.3% | 7.1% | 6.3% |
| Annual turnover rate (gross) ¹⁴ | 14.5% | 11.3% | 10.7% |
| Parenthood (GRI 401-3) | | | |
| Parental leave after the birth of a child¹⁵ | | | |
| Employees who took maternity leave | 15 | | |
| Employees who took paternity leave | 13 | | |
| Returning to work after parental leave¹⁶ | | | |
| Number of employees who returned to work | 26 | | |
| thereof number of women | 14 | | |
| thereof number of men | 12 | | |
| Return rate after the end of parental leave ¹⁷ | 92.9% | | |
| for women | 93.3% | | |
| for men | 92.3% | | |
| Training and education (GRI 404-1) | | | |
| Overview (GRI 403-1) | | | |
| Total employees in training | 34 | | |
| thereof apprentices | 29 | | |
| thereof interns | 5 | | |

¹² Departures of employees with a fixed-term employment relationship and retired persons are not included.

¹³ Number of departures of permanent employees (as a percentage of the total headcount at the end of the year).

¹⁴ Number of departures (including retirements, deaths and terminations by the employer) (as a percentage of the total headcount at the end of the year).

¹⁵ Parental leave refers to statutory maternity leave (for women) and statutory paternity leave (for men).

¹⁶ Returning to work refers to all employees who are taking or have taken parental leave during the reporting year.

¹⁷ The figure shows the ratio of employees who took parental leave to those who continued working after the end of parental leave.

| | 2022 | 2021 | 2020 |
|--|----------|------|------|
| Employees engaging in external training and education alongside work (GRI 402-2) | 49 | | |
| Number of degrees at the tertiary level | 31 | | |
| Number of SAQ certifications | 7 | | |
| Number of Banking Course completions | 9 | | |
| Training costs (own standard) | | | |
| Total external training costs in CHF million | 0.97 | | |
| Total external training costs as a percentage of human resource expenses | 1.2% | | |
| Total external training costs, CHF per employee | 1,590.74 | | |
| Diversity | | | |
| Governance bodies (GRI 405-1)¹⁸ | | | |
| Number of members of the Bank Council: | 9 | | |
| thereof women | 1 | | |
| thereof women (in per cent) | 11.1% | | |
| thereof men | 8 | | |
| thereof men (in per cent) | 88.9% | | |
| Age structure of the Bank Council: | | | |
| Proportion of Bank Council members under 30 years | 0.0% | | |
| Proportion of Bank Council members from 30 to 50 years | 44.4% | | |
| Proportion of Bank Council members over 50 years | 55.6% | | |
| Number of members of the Executive Board: | 5 | | |
| thereof women | 1 | | |
| thereof women (in per cent) | 20.0% | | |
| thereof men | 4 | | |
| thereof men (in per cent) | 80.0% | | |
| Age structure of the Executive Board: | | | |
| Proportion of Executive Board members under 30 years | 0.0% | | |
| Proportion of Executive Board members from 30 to 50 years | 100.0% | | |
| Proportion of Executive Board members over 50 years | 0.0% | | |
| Age structure (GRI 2-7) | | | |
| Employees under 30 years ¹⁹ | 23.6% | | |
| Employees between 30 and 50 years | 46.4% | | |
| Employees over 50 years | 30.0% | | |
| Levels (own standard) | | | |
| Proportion of women level 1–2 ¹⁹ | 67.9% | | |
| Proportion of men level 1–2 | 32.1% | | |
| Proportion of women level 3–4 | 51.4% | | |
| Proportion of men level 3–4 | 48.6% | | |

¹⁸ The governance bodies comprise the Bank Council and the Executive Board.

¹⁹ Including Executive Board, excluding Bank Council members.

| | 2022 | 2021 | 2020 |
|--|-------|------|------|
| Proportion of women level 5–6 | 27.3% | | |
| Proportion of men level 5–6 | 72.7% | | |
| Proportion of women level 7 – 10 | 16.3% | | |
| Proportion of men level 7 – 10 | 83.7% | | |
| Illness and accidents (GRI 403-1) | | | |
| Days of absence per employee | 4.74 | | |
| thereof sick days | 4.45 | | |
| thereof accident days | 0.29 | | |

5.17 Further development and next steps

SZKB plans to conduct another employee satisfaction survey and a pay equity analysis in 2023.

Special attention will be paid to preventive health in 2023. An awareness campaign for employees is planned and will begin in April 2023. Furthermore, an interdisciplinary project group was commissioned to draft a concept for preventive resources to maintain the motivation and performance of the employees on a lasting basis (see chapter 5.9 Occupational safety and health).

Competition for committed employees remains fierce, and the needs of existing and potential employees are subject to constant change. As the digital transformation continues, employees expect their employer to help provide them with the capacity to keep pace with change. They also appreciate being given sufficient latitude for exercising personal responsibility, flexibility in terms of time and place of work, work/life balance and attractive fringe benefits. The launch of the new strategy period 2023 and beyond, as well as the associated market conditions, led to the emergence of two strategic projects entitled «New Working World» and «Fit for Tomorrow».

The strategic project «New Working World» addresses how work will be done at SZKB in the future and how SZKB's attractiveness as a modern employer will also be maintained in the coming years.

The strategic project «Fit for Tomorrow» addresses the substance and skill sets of the future in order to counteract Switzerland's worsening shortage of skilled workers. The project also seeks to promote ongoing development of existing employees at all levels, thereby ensuring their employability and the long-term success of the company.

Another important SZKB action area in the coming years will be fostering basic financial literacy in the Canton of Schwyz. The aim is to increase investment awareness and knowledge about how to prepare for retirement among the general population of the Canton of Schwyz. The Bank is considering entering into a collaborative partnership with organizations such as the association «Finance Mission». SZKB already offers numerous public events in the Canton on all aspects of preparing for retirement financially, sometimes in cooperation with local partners (including Frauenfachschiule Schwyz).

6 Sustainability in operations and procurement

6.1 Relevance of the topic to SZKB

SZKB's commitment to sustainability also includes its own office ecology. To make its services available, SZKB requires a variety of resources, which inevitably result in emissions and other environmental impacts. The following aspects are particularly relevant to SZKB:

- Direct and indirect energy consumption during operation
- Business travel and commuter journeys
- Share of renewable energies in energy consumption
- Consumption of the resources of paper and water
- Share of office and tissue paper from recycled sources
- Waste produced

Direct and indirect CO₂ emissions are documented in SZKB's greenhouse gas footprint. Due to business-related delays in reporting by data suppliers that are primarily external, the greenhouse gas footprint does not refer to the same reporting year as the Sustainability Report, but instead to the previous year in each case.

Procurement is also a key topic for SZKB. Through its criteria for selecting its suppliers, the scope of its contracts and the specifications for awarding contracts, SZKB has an indirect impact on the economy, the environment and society, including compliance with human rights.

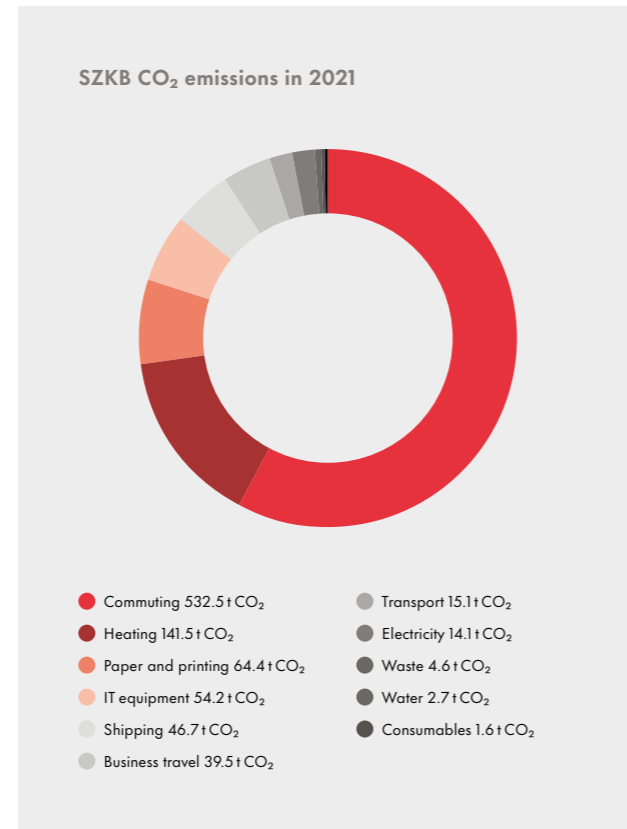
Even if resource consumption and the associated environmental impacts are significantly lower at SZKB than at an industrial enterprise, for example, operational sustainability management is of great importance to SZKB.

There is a working group with representatives from various departments that meets regularly to identify, analyse and implement the related measures.

6.2 CO₂ footprint (greenhouse gas footprint)

Together with Swiss Climate, SZKB has drawn up a climate footprint for the year 2021 as per ISO 14064-1 and the Greenhouse Gas Protocol for Scope 1 and 2 as well as parts of Scope 3. The CO₂ footprint was externally audited and awarded the label «Certified CO₂ optimised by Swiss Climate».

In 2021, SZKB's total emissions amounted to 916.9 t CO₂. These are distributed among the individual consumption areas as follows:



6.3 CO₂ emissions reduction goal

SZKB has set for itself the goal of reducing its CO₂ emissions by 145.0 t, or 15.8%, from 916.9 t in 2021 to 771.9 t CO₂ in 2027. The focus of the measures should primarily be on long-term reduction of in-house emissions; only in a secondary step should CO₂ offsets be considered.

6.4 Mobility

In 2021, mobility was by far the largest factor driving CO₂ emissions at SZKB, with a distinction made between commuting journeys and business travel.

Commuting journeys are understood to be the trips that employees take to get to work. The data was provided by the internal survey of commuting journeys conducted in April 2022. The employee response rate to the survey was 65%, and the resulting figures were extrapolated to the entire company. It therefore stands to reason that the values are subject to a certain degree of uncertainty due to the data collection method. It is important to remember that the Covid-19 crisis and the associated increase in the number of employees working from home added a special factor to the results.

Commuting journeys caused 532.5 t of CO₂ or 1,020.6 kg of CO₂ per employee and accounted for 58.1% of total emissions. This high proportion of total emissions can be explained by factors including the geographical location of the Canton of Schwyz. The rural topography makes it difficult to use public transport, especially around the Schwyz headquarters.

Since car journeys with petrol and diesel vehicles account for 90.5% of commuter emissions, SZKB 2022 installed e-charging stations at its headquarters and at the Pfäffikon branch in order to create incentives for the use of electromobility. As an additional measure to encourage environmentally friendly travel, the prices for using the employee parking spaces were also significantly increased at all Bank locations.

Business travel accounted for some 39.4 t CO₂ in 2021. Some 72.2% of the business trips were made by (private) diesel or petrol vehicle, and 24.0% were by train. Travel with electric cars then accounted for 3.8% of the distance. To reduce emissions caused by diesel and petrol vehicles, SZKB decided in 2022 that four electric vehicles would be provided to employees for the purpose of business trips. These vehicles will be made available from the first quarter of 2023.

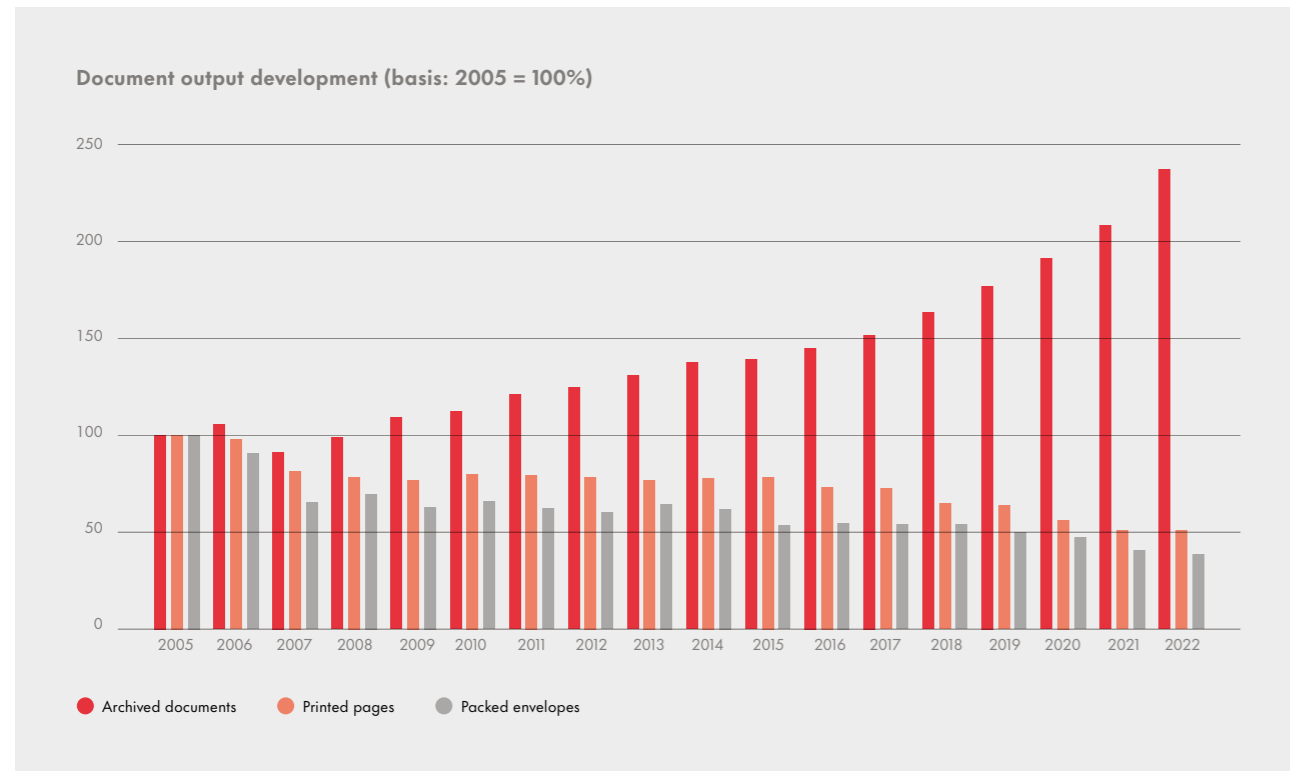
Journeys taken with the two company transport vehicles and deliveries of securities and similar items to the branch locations carried out by external logistics partners resulted in emissions of 15.1 t CO₂, corresponding to 1.6% of total emissions.

6.5 Heating systems

Emissions from heating systems (including water heating) at the headquarters and in the branches account for 141.5 t CO₂, or 15.4% of the total.

Energy sources for the heating systems include district heating (46.1%), natural gas (25.0%), heating oil (12.8%), electric heat pumps (9.8%) and wood (6.3%). This means that the share of renewable energy for heating is 61.8%, which is significantly higher than the average of 18.4% for Swiss households. In 2021, the consumption of heating energy by area was 53.9 kWh/m², significantly below the average for office buildings of 136 kWh/m².

In 2022, SZKB set for itself the ambitious goal of replacing all remaining oil and gas heating systems in its own branch properties with heating systems not dependent on fossil fuels by the end of 2027.



6.6 Materials (paper, water, waste)

In recent years, SZKB continuously reduced its paper and toner consumption. By default, clients receive transaction notifications as well as account and custody account statements only as electronic documents. The figure above shows the downward trend in physical client output (with 2005 = 100% taken as a basis).

In 2021, greenhouse gas emissions for paper and printing accounted for 64.4 t CO₂, a share of 7.0% of the total footprint, with the share of recycled paper making up just 4.7%. SZKB therefore decided in 2022 to systematically make the changeover throughout the Bank to recycled products for both its tissue and office papers in all formats and grammages.

SZKB collects, separates and disposes of numerous consumable materials, including paper, cardboard, plastics/films, IT equipment, PET bottles, coffee capsules and household rubbish. Around 51.5% of this waste was recycled in 2021.

In the category of water, the Bank locations generated comparatively low CO₂ emissions of just 2.7 t (0.3%). SZKB obtains the water it needs only from official water suppliers, and 100% of its wastewater is sent to wastewater treatment plants.

6.7 Electricity

At 14.1 t CO₂, SZKB's electricity consumption accounts for just 1.5% of CO₂ emissions. The footprint takes into account the power consumption of the actual Bank premises (headquarters and branches), an external computer centre and the 13 cashpoints located at third-party sites.

A total of 93.1% of the nearly 2.2 GWh of electricity comes from renewable energy sources, far higher than the Swiss average of 74% and mainly due to hydropower due to the many hydroelectric power plants located in the Canton of Schwyz.

Wherever possible, SZKB obtains power from renewable sources. In situations of individual rental relationships, it was not possible to get complete transparency everywhere regarding the type of electricity used in 2021.

Outdated and inefficient light sources for indoor and outdoor lighting are gradually being replaced by LEDs and other energy-saving lamps.

6.8 Procurement

Purchasing of products and services plays a major role in sustainability management. SZKB awards contracts worth several million francs every year. It is important to her that sustainability aspects are also included in the award criteria.

In 2022, SZKB carried out an analysis and risk assessment of the procurement areas in which the ESG criteria might be violated. Environmental, social and governance aspects were taken into account, with an assessment then made as to whether child labour might have occurred in the supply chain, as required under CO Art. 964k (1) (2).

Procurement areas with an elevated risk of violating social criteria include client gifts and promotional items, while areas with an increased risk of violating environmental criteria include vehicle procurement.

SZKB explicitly sought to raise awareness among its responsible purchasers in regard to the elevated ESG risks in the reporting year.

SZKB has no indications that environmental or social requirements were violated in the procurement process or that employees were involved in any cases of corruption in 2022. This meant that it was not necessary to initiate any measures.

6.9 Key figures on operational ecology

The key figures on operational ecology are listed on the next page.

6.10 Further development and next steps

In future, SZKB will survey its CO₂ footprint on an annual basis so it can report on changes to its environmental impact and the achievement of its targets.

SZKB aims to achieve the defined goals for reducing its CO₂ emissions by continuing to pursue its chosen approach and systematically taking advantage of its options for reducing CO₂ emissions. For this purpose, SZKB will give priority to the implementation of the following actions:

- Fostering a sense of personal responsibility and raising awareness among employees of the necessity of further reducing material and energy consumption on an ongoing basis.
- Conversion to renewable heating systems at branch properties owned by the Bank.
- Implementation of additional measures to reduce mobility-related CO₂ emissions from commuting journeys and business travel, including retention and facilitation of arrangements that enable working from home.
- Definition of the requirements for the design of the workplaces of the future (including IT equipment).

SZKB will make further efforts in 2023 to take even greater account of ESG criteria in the procurement process and to optimise the existing directives for preventing corruption.

Key figures on operational ecology

| | Unit | 2021 | 2020 ¹ |
|--|------------------------|--------|-------------------|
| CO₂ emissions | | | |
| Total emissions | t CO ₂ | 916.9 | |
| thereof Scope 1 – direct emissions | | 98.4 | |
| thereof Scope 2 – indirect emissions | | 16.5 | |
| thereof Scope 3 – other indirect emissions | | 802.0 | |
| Emissions per employee | t CO ₂ /FTE | 1.7 | |
| Energy consumption | | | |
| Total energy consumption | MWh | 3,322 | |
| thereof electricity ² | | 2,181 | |
| thereof heating oil | | 146 | |
| thereof natural gas | | 285 | |
| thereof wood | | 72 | |
| thereof electric heat pump | | 112 | |
| thereof district heating | | 526 | |
| Energy intensity | | | |
| Consumption per energy reference area in m ² | MWh | 0.16 | |
| Energy consumption per employee | MWh/FTE | 6.4 | |
| Paper consumption (including printing and tissue paper) | | | |
| Total paper consumption | kg | 61,326 | |
| thereof recycled paper | | 2,897 | |
| thereof climate-neutral printing | | 4,539 | |
| Paper consumption per employee | kg/FTE | 117.5 | |
| Water consumption | | | |
| Total water consumption | m ³ | 6,314 | |
| Water consumption per employee | m ³ /FTE | 12.1 | |
| Waste | | | |
| Total waste | kg | 17,029 | |
| thereof recycled | | 8,767 | |
| thereof not recycled | | 8,078 | |
| thereof hazardous waste | | 184 | |

¹ Comparisons with previous years are not possible as 2021 is the reference year.

² 93.1% thereof from renewable energy sources.

7 Good Corporate Governance

7.1 Relevance of the topic to SZKB

Due to their great importance to the economy, banks in Switzerland require a licence and are subject to extensive legal and supervisory regulations. The objective of these regulations is to protect bank clients and the stability of the entire banking and financial system.

The legal basis for SZKB's activities is the Federal Act on Banks and Savings Banks and the Schwyzer Kantonalbank Act. The general business practices of every bank in Switzerland are also governed by a large number of laws, regulations of the Financial Market Supervisory Authority FINMA and voluntary regulations of the Swiss Bankers Association (SBA). These regulations include requirements in the areas of corruption (including money laundering), competitive conduct, and insider trading.

Legitimate and fair business practices are of great importance to SZKB because failure to comply with them can lead to reputational harm, sanctions (such as fines, claims for damages or liability claims), reduced market share and economic losses for the Canton of Schwyz.

Legal and fair business practices form the basis of every SZKB activity. SZKB is committed to strict compliance with national and international legal requirements (including human rights) and principles of professional conduct. In addition, the Bank Council has adopted a Code of Conduct that is binding for all employees of SZKB.

7.2 Proper business management and auditing

Various levels are responsible for ensuring that SZKB conducts business properly. Active involvement of employees hones their understanding of comprehensive risk management. All business areas are also subject to regular audits as part of the internal control system (ICS). In addition, the internal audit department conducts regular reviews, and external auditing firm PricewaterhouseCoopers (PwC) performs an annual audit of all operational activities.

As in the previous year, neither fines nor non-monetary sanctions were imposed on SZKB in 2022 due to non-compliance with laws and/or regulations (in general, but especially not in the social or economic area).

7.3 Fighting corruption and money laundering

SZKB's business operations are based on consistent compliance with the applicable laws and regulations in all business areas and activities. In this context, there are numerous directives and work instructions that all SZKB employees are required to comply with. This is particularly true in the areas of corruption and money laundering, where awareness is raised among all employees annually through internal training and testing. Internal auditing bodies regularly monitor the completion of professional training and continuing education courses, the applicable requirements and compliance with these requirements, with all of this also examined during the external audit.

To assist in the fight against corruption and money laundering, SZKB identifies financial, regulatory and reputational risks by consulting a database in use throughout the world (World-Check) of politically exposed persons as well as persons and organisations with elevated risk. This database is used to verify both transactions and clients. The necessary measures are initiated if a potential link to a critical issue is identified, in particular in connection with money laundering, terrorism, drug trafficking, corruption, arms trafficking or human trafficking. These measures can include a report to the competent authority in accordance with the applicable money laundering or embargo legislation.

Local media, local notices and reports from the police and state judicial bodies are also drawn upon to identify the above-mentioned risks among the primarily local clientèle.

All SZKB employees attend annual training courses on topics relating to regulation and good corporate governance as well as their ethical implications.

In the reporting year, the Money Laundering Reporting Office Switzerland (MROS) at the Federal Office of Police (fedpol) was notified of isolated cases of suspected money laundering within the meaning of the Money Laundering Act. One of the cases was referred to the public prosecutor's office. In the remaining cases, the suspicion was not further substantiated. SZKB is not aware of any incidents of corruption in the reporting year 2022.

7.4 Tax evasion

SZKB does not aid or abet tax evasion.

In its General Terms and Conditions, SZKB clearly states that the client is responsible for complying with domestic and foreign legal provisions. In particular, this concerns declaration and reporting obligations under tax, foreign exchange, stock exchange and corporate law.

SZKB holds the FATCA status «Registered Deemed Compliant FFI – Local FFI» and systematically implements the restrictive FATCA rules that apply to it.

SZKB does not provide any tax advisory services. The clients are evaluated with regard to the existence of qualified tax offences, and the tax compliance information they provide is checked.

In the reporting year, it was not necessary to submit any reports or take any measures regarding untaxed client assets.

7.5 Conflicts of interest

It is in the interest of SZKB and its employees that conflicts of interest are avoided and that legal regulations and ethical principles are consistently observed. To ensure that this is the case, the Bank Council has issued a policy for dealing with conflicts of interest. This policy defines possible conflicts of interest, describes situations in which conflicts of interest could arise and explains in detail how to deal with such situations. Compliance with market conduct rules is among the described areas in which conflicts of interest can arise. In 2022, it was necessary for all employees to disclose their external custody relationships and to confirm that they have taken note of and comply with the relevant legal requirements and internal policy. Potential insider trading must be proactively reported to the Chief Compliance Officer (CCO) without delay. The CCO did not have to take any necessary measures in regard to insider trading in the reporting year.

All SZKB employees are prohibited from engaging in any activity in the interest of a competing institution. Employees may not be members of a court in the Canton, of the Cantonal tax commission, of other authorities of the Canton or of a district or municipality entrusted with the examination of tax documents.

7.6 Whistleblowing

SZKB does not accept employees engaging in illegal conduct or violating internal policies. It is often possible to find out about problems only if employees provide relevant tips. For this reason, SZKB calls on employees to address any internal misconduct directly or, if no solution can be found, to report it to the relevant line manager. For situations in which these two options are inexpedient or impossible to pursue, SZKB has implemented a reporting system that follows a cascading order:

1. Point of contact: Chief Compliance Officer (CCO)
2. Point of contact: Head of the Inspectorate
3. Point of contact: Chair of the Audit Committee
4. Point of contact: Chair of the Cantonal Council's Supervisory Commission for the Schwyzer Kantonalbank (KRAK)

Unless there is a legal obligation to disclose information, corresponding reports will be treated confidentially. Provided that reports are made in good faith, SZKB will protect employees who report wrongdoing from any sanctions in response to the report.

No whistleblowing reports were submitted in reporting year 2022.

7.7 Political influence

SZKB refrains from exerting political influence. In 2022, SZKB supported all parties represented in the Cantonal Council of Schwyz with a lump sum of CHF 5,000 without any claim to service in return. SZKB otherwise did not make any contributions to political parties or individual politicians in 2022. SZKB is neutral in regard to politics and religion and does not take any political positions. The Swiss Bankers Association (SBA) and the Association of Swiss Cantonal Banks (ASCB) represent the interests of the Cantonal banks and the financial centre with political consultations or initiatives, for example. SZKB is a member of both organisations.

7.8 Further development and next steps

To ensure that SZKB continues to meet all regulatory requirements in future, SZKB uses a regulatory radar scheme to proactively monitor current developments.

8 Client and consumer protection

8.1 Relevance of the topic to SZKB

SZKB attaches great importance to client and consumer protection. The goals, wishes and needs of the clients are the starting point for long-term and holistic advice and support. SZKB's structured advisory process takes the entire family, professional and general life situation into consideration. SZKB provides a wide range of attractive products and services. As part of its comprehensive advisory services, SZKB offers its clients high-quality solutions that are tailored to their individual needs.

8.2 Process and responsibility for product developments

SZKB holds its products and services to high standards, which is why they are regularly reviewed and assessed by the responsible specialist department (Product Management). Departments with direct client contact are involved in such reviews and assessments in order to ensure that the products and services are improved on an ongoing basis and with the needs of the clients in mind. When products are being developed, clients are involved in the process so that direct feedback on the planned developments can be obtained. Client reactions and client surveys are also used to obtain input on client satisfaction and potential for improvement.

The head of the specialist department brings the results of such reviews to the Sales Commission. This body is responsible for approving products and services and is made up of representatives from the Executive Board, Sales Management, Marketing & Communication and Product Management. The Sales Commission analyses the submitted product innovations, extensions or enhancements and makes a decision regarding their implementation after a broad discussion. Through the work of the Sales Commission, oversight of product launch and review lies within the responsibilities of the Executive Board.

The detailed process for product renewals and reviews is defined in a corresponding directive.

8.3 Information about products and services

SZKB attaches great importance to transparency and uses a variety of different physical and digital channels to provide its clients with comprehensive and targeted information. In addition to information on the product level, client-specific data is also made available in reports. When new products or product extensions are involved, the sales staff are informed of the changes so that the quality of advice provided to clients can be maintained. All SZKB client advisors also complete a personal certification in accordance with the requirements of the Swiss Association for Quality (SAQ). This certification confirms that they have the necessary knowledge to advise clients well (see Chapter 5.12 Training and continuing education).

In 2022, there were no relevant violations of regulations or voluntary codes of conduct related to product and service information and labelling.

8.4 Complaint management

SZKB attaches great importance to impeccable client service. Should clients nevertheless be dissatisfied, the client's personal client advisor, the central information hotline (client centre) or an employee chosen by the client will accept, record and handle their complaints. Depending on the nature of the complaint, the appropriate department will be consulted. A corresponding work instruction provides the details regarding how client complaints due to lack of satisfaction with SZKB or non-compliance with standards by SZKB are handled. Because SZKB sees client complaints as an impetus for making improvements, the responsible specialist unit analyses complaints received on a quarterly basis, with any conspicuous features (clustering or concentrations of complaints) being passed on to the relevant specialist departments to be dealt with.

8.5 Opinion survey

SZKB regularly measures client satisfaction and the outside world's perception of the Bank. From time to time, SZKB conducts client surveys and mystery checks in regard to specific topics, from which valuable information for further development can be obtained. SZKB also periodically participates in surveys conducted by the Association of Swiss Cantonal Banks (VSKB) in regard to client satisfaction and the image of the Bank.

8.6 Training/course offerings for clients

SZKB offers information platforms, such as in the form of client events, to help clients become even more familiar with various banking topics. Clients are taught how to safely use digital banking services and are assisted with important topics such as systematic asset accumulation or personal pension planning, for example.

8.7 Further development and next steps

In order to take account of changing client needs, SZKB is constantly investing in the expansion and optimisation of its advisory process and the associated tools. In the 2nd half of 2022, SZKB also launched a strategic project with the aim of further improving the advisory experience over the next one to two years.

9 Access to financial services

9.1 Relevance of the topic to SZKB

SZKB's primary area of activity is the Canton of Schwyz, a predominantly rural area with 30 political municipalities. SZKB deliberately maintains branches and cashpoints in these areas to ensure the basic provision of financial services there, in line with the slogan of «Seit Generationen. Für Generationen. Gemeinsam hier vor Ort». In addition, SZKB also offers its clients financial services via digital, mobile and other sales channels.

9.2 Clients

SZKB knows its clients. At the same time, 99.4% of SZKB clients live in Switzerland and 80.7% of them in the Canton of Schwyz. Only 0.6% of SZKB clients reside abroad and are passively served by SZKB. SZKB does not actively cultivate markets abroad. SZKB complies with the relevant regulatory requirements (namely provisions on automatic exchange of information, the Qualified Intermediary Agreement, the Foreign Account Tax Compliance Act) and implements these appropriately and adequately, taking into account the respective client structure.

Basic financial services and products are open to all sections of the population. There are no discriminatory exclusion criteria.

9.3 Branch and cashpoint network

In 2022, as in 2021, SZKB had 22 branches (including its headquarters) and 52 of its own cashpoints, corresponding to 0.17 branches and 0.39 cashpoints per 1,000 adult inhabitants of the Canton of Schwyz. SZKB is the Bank with the highest presence and accessibility in its home market of the Canton of Schwyz. SZKB is also one of 24 members of the Association of Swiss Cantonal Banks. The Swiss Cantonal banks have more than 2,000 cashpoints throughout Switzerland, all of which are available free of charge to SZKB clients who have an appropriate debit card.

The majority of SZKB's locations are accessible to clients with limited mobility; where this is not yet the case, this aspect is taken into account in the context of conversions and new buildings. All cashpoints are barrier-free and can therefore be used by people with disabilities without difficulty or the need for assistance.

9.4 Digital, mobile and other sales channels

SZKB offers its clients a modern e- and mobile banking solution. On this basis, clients can conduct their banking transactions (including payment transactions and securities trading) conveniently, easily and securely from home and on the go. The modern e- and mobile banking solution offers SZKB clients complete transparency about their financial situation at all times.

In addition to other digital services, since 2022 SZKB has also been offering its clients a solution with which payments can be made conveniently and securely via smartphone using the Bank's own TWINT app.

SZKB also offers access to a wide range of additional, innovative solutions for private and corporate clients, such as offline and cloud-based software for integrating payments into accounting systems such as Swiss21, Klara and Bexio.

9.5 New SZKB.ch website

SZKB relaunched its website in 2022. The SZKB website is barrier-free, making it accessible to people with visual, hearing and mobility impairments.

9.6 Further development and next steps

In accordance with its slogan «Seit Generationen. Für Generationen. Gemeinsam hier vor Ort.», SZKB attaches great importance to demonstrating client focus that is tangible. This is reflected in ongoing further development of the branches as well as the SZKB digital channels.

10 Confidentiality of client data, data security and data protection

10.1 Relevance of the topic to SZKB

For SZKB, the confidentiality of client data, bank client confidentiality, data security and data protection are of great importance.

Switzerland has strict regulatory requirements in regard to data protection.

Art. 13 of the Federal Constitution stipulates the basic principle that everyone has the right to respect for their private and family life, their residence and their correspondence, postal mail and telecommunications, and to protection against misuse of their personal information.

The Federal Data Protection Act (FADP), which has been in force since 1 July 1993, was passed in order to enshrine this protection in law. The corresponding regulation (VDSSG) regulates the details.

Switzerland's banking secrecy is a feature that sets it apart from other countries. Banking secrecy is enshrined in the Federal Act on Banks and Savings Banks (BankG) in Art. 47.

The Head of Finance & Risk Management, who is a member of the Executive Board, has ultimate responsibility for the creation, implementation and compliance with the measures to ensure data protection and data security.

The Compliance/Legal Services department is responsible for implementing data protection legislation. The Data Protection Officer evaluates the processing of personal information and recommends corrective action if they find that data protection regulations are being violated. The Data Protection Officer also maintains a list of data records. Finally, the Security Commission (SI-KOM), a body appointed by the Executive Board, drives management and control of security issues (such as information protection, physical security and data protection) at SZKB.

SZKB operates an information security management system (ISMS) based on ISO 27001. SZKB also conducts internal and external audits on a regular basis to ensure high standards with regard to data security.

10.2 Handling personal information and its life cycle

SZKB treats both the personal information entrusted to it by its clients and all personal information confidentially and according to the applicable statutory and regulatory requirements. The Bank will only disclose or forward personal information to third parties if permitted by law or necessary for the purpose of contract fulfilment. Personal information may also be provided to third parties with the express consent of the clients concerned.

In the event that client data is disclosed to a third party on the basis of a contractual obligation, the contractual partner shall also be obliged to comply with the provisions of data protection law as they would apply to SZKB.

The Data Protection Officer maintains an inventory of the data records and updates it annually. The controller of a newly opened data record must report it to the Data Protection Officer if the data record has existed for more than six months. A new data record also exists if data is extracted from an existing data record and the resulting data record serves an independent purpose.

Documentation and information obligations are latent risks for the Bank. Data in both physical and electronic form is to be archived in accordance with the law and, based on the right to be forgotten, destroyed in due course also in accordance with the law. Deletion or destruction of data thus must also be taken into account as part of the data life cycle. Each employee is responsible for performing the tasks and activities associated with storage and destruction of documents and data.

Any person may request information from the controller of a data record as to whether data relating to them is being processed. All persons have the right to inspect any information about them that is being processed. Likewise, any person about whom information is processed may request rectification and/or deletion of their individual data items in accordance with the law. These personal rights of clients apply in principle in all business areas of SZKB and are set out transparently in the General Terms and Conditions as well as on the SZKB.ch website under the headings of «Legal information» and «Privacy policy».

10.3 Protection of personal and sensitive information

Personal and other sensitive information is protected by a multi-level security system. All non-public SZKB premises are protected by personal access controls. The Bank's internal IT systems can only be accessed with the individual identifier of each employee and in conjunction with a personal password. This means that only SZKB employees or authorised representatives can access data, and each instance of access to data can be associated with a specific person. This multi-level security system is implemented according to the applicable regulations while taking the «need-to-know» principle into account.

SZKB also expects suppliers and partners to implement comparable security mechanisms. Accordingly, these are also subject to regular audits.

SZKB launched a new application to manage user rights in 2022.

10.4 Data security

Appropriate technical and organisational measures are used to protect information against unauthorised processing. SZKB has implemented precautionary (proactive) measures to reduce the risk of data leaks and ensure the integrity of data storage and confidentiality to the greatest extent possible. SZKB has an emergency plan in order to appropriately respond to a data breach at any time. These proactive and reactive measures comply with the requirements of the Swiss Financial Market Supervisory Authority FINMA pursuant to Annex 3 FINMA Circular 2008/21 and FINMA Supervisory Notice 05/2020 in regard to the obligation to report cyber attacks pursuant to Art. 29 (2) FINMASA.

SZKB has a very restrictive cloud policy and, for the time being, is refraining from widespread use of IT tools with cloud solutions. Exceptions to this rule are only possible in strict compliance with the requirements laid down by Swiss banking in the Cloud Guidelines and on the basis of legal requirements or with the consent of clients. It is not just organisational units such as Information Security and/or the Compliance function that continuously monitor whether data security is being ensured; data security is also taken into account when launching new tools in project and process management.

SZKB backs up data regularly and tests the restore process at least annually.

10.5 Employee awareness and training

All full-time and part-time employees of SZKB, as well as authorised representatives with access to SZKB's IT systems, are required to complete annual online training courses on data and information security.

SZKB regularly carries out measures for raising awareness, such as simulated phishing or smishing attacks on employees.

10.6 Data loss

In 2022 (as in the previous year), clients, external parties and the supervisory authorities did not file any complaints regarding breaches of client data protection, and there was also no data theft or loss in conjunction with client data.

10.7 Further development and next steps

The confidentiality of client data, data security and data protection will continue to be a high priority at SZKB in future. Accordingly, the Bank continuously adapts measures to prevent data leaks, ensuring that information and data security are kept in line with the state-of-the-art and subject to further improvements. In particular, SZKB will ensure that the provisions of the Swiss Data Protection Act, which will be tightened as of 1 September 2023, are also implemented and complied with.

11 Local engagement, sponsorship and partnerships

11.1 Relevance of the topic to SZKB

In accordance with the Schwyzer Kantonalbank Act Section 3 Purpose 2, SZKB must contribute to balanced and sustainable development of the Canton of Schwyz, taking the needs of the general public, the economy and the public sector into account in particular. This gives great importance to the local commitment in terms of culture, sport, social issues and the local economy.

To consolidate common interests, SZKB is involved in various organisations. The Bank is convinced that this will enable synergies to be exploited and effectiveness to be improved.

SZKB strives to keep the added value of the services it procures inside the Canton or in Switzerland, thus ensuring benefits to the local economy in the Canton. The distances are short, we know the suppliers and service providers, and we speak the same language.

11.2 Taking local businesses, institutions and associations into consideration

SZKB is particularly concerned with taking local companies, institutions and associations into consideration in the procurement of promotional items and campaign material as well as when awarding sponsorships. In its procurement activities, SZKB adheres to the following principles: Consideration of local business partners, transparency and partnership-based cooperation, social responsibility (including respect for human rights), environmental responsibility, economic efficiency and product-specific requirements. In regular internal training sessions, employees entrusted with the procurement of advertising materials are trained on SZKB's principles. In regular exchange inside and outside the organisation, expenditure on a range of advertising and campaign material is critically scrutinised, and procurement is put to the test on a regular basis.

11.3 Promotional material

SZKB's business activities include production of various informational and advertising materials. These include printed matter such as flyers, brochures and booklets, as well as various promotional and advertising items and giveaways. There is a process for printed matter that clarifies in detail whether printed matter is necessary at all and whether it can be dispensed with for the sake of the environment. The production of printed matter uses only 100% recycled paper, with compensation for the associated CO₂ emitted during production, printing and transport. The printers with whom SZKB works are all located in Switzerland.

| Place of production | Number | Volume in CHF | Share in % |
|--|--------|---------------|------------|
| Canton of Schwyz | 121 | 189,441 | 51.8% |
| Switzerland | 14 | 176,088 | 48.1% |
| Outside Switzerland (purchase of images online) | 1 | 350 | 0.1% |
| Total | 136 | 365,879 | 100% |

SZKB sees value and quality as extremely important when it comes to promotional items and giveaways. Promotional gifts are sourced exclusively from suppliers in Switzerland, with most of them coming from the Canton of Schwyz. Care is taken to ensure that promotional products and gifts are produced in Switzerland and Europe, that the items are produced under fair conditions, and that materials that conserve resources are used.

When manufacturing promotional items, SZKB seeks to work with institutions that offer employment opportunities to people with disabilities. In this context, SZKB cooperates with the BSZ Foundation in various ways.

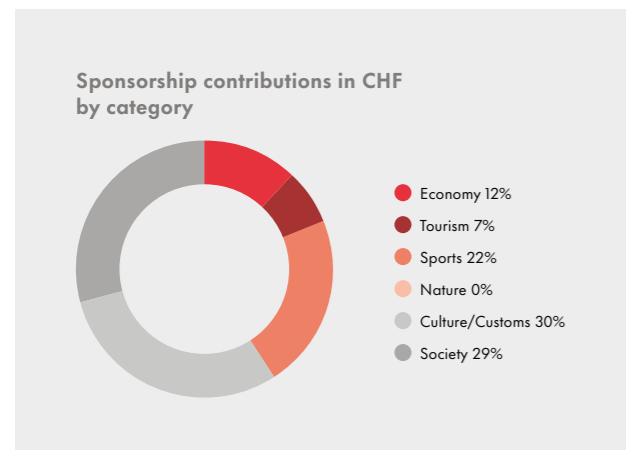
| Place of purchase of promotional gifts and items | Number | Volume in CHF | Share in % |
|--|--------|---------------|------------|
| Canton of Schwyz | 35 | 94,805 | 41.9% |
| Switzerland | 33 | 131,251 | 58.1% |
| Outside Switzerland | 0 | 0 | 0.0% |
| Total | 68 | 226,056 | 100.0% |

11.4 Campaigns

SZKB also prefers to work with local providers when it comes to advertising campaigns. The international share in the campaigns is exclusively the advertising presence on digital channels. Otherwise, the money spent on SZKB's advertising campaigns benefits Switzerland (44.4%) and the Canton of Schwyz (52%).

| Advertising campaigns | Number | Volume in CHF | Share in % |
|----------------------------------|--------|---------------|------------|
| Canton Schwyz | 301 | 834,037 | 52.0% |
| Switzerland | 118 | 712,214 | 44.4% |
| Outside Switzerland (all online) | 12 | 58,581 | 3.7% |
| Total | 431 | 1,604,832 | 100.0% |

| Advertisements/image advertising (SZKB background noise with posters, radio, TV and print ads) | Number | Volume in CHF | Share in % |
|--|--------|---------------|------------|
| Canton Schwyz | 173 | 186,861 | 32.1% |
| Switzerland | 31 | 388,844 | 66.7% |
| Abroad (all online) | 3 | 7,014 | 1.2% |
| Total | 207 | 582,719 | 100.0% |



11.5 Sponsorship

SZKB has always had close ties with the Canton of Schwyz. As a sign of its proximity to the local community, the Bank focuses on local events/sponsorships that are embedded in the region and generate added value. Sponsorships are awarded and contributions are made in the areas of culture/customs, society, economy, tourism, sport and nature. As the leading financial institution in the Canton of Schwyz, SZKB actively assumes responsibility towards society.

In the awarding of sponsorships, SZKB ensures that the events and those responsible uphold values such as fairness and taking social and environmental responsibility and also adhere to applicable ethical standards.

SZKB is a highly sought partner thanks to its strong presence in the Canton of Schwyz and its proximity to clients. In 2022, it processed 715 applications for sponsorship and contribution applications and awarded a total of nearly CHF 0.9 million. All of these commitments are spread across the entire Cantonal territory for the benefit of local associations and institutions.

SZKB uses various channels to actively communicate its sponsorship. These channels include the Bank's website, publications such as the Sustainability Report and posts on social media, as well as brochures and ads. The Bank provides information on the sponsorship conditions, makes application forms available, transparently lists examples of sponsorship commitments in all categories and names the contact person.



11.6 Memberships

SZKB is a member of the following organisations:

- ACI Suisse
- Schwyzer Wirtschaftsverband (Schwyz Business Association)
- ESISUISSE
- Ferien- und Sportregion Ybrig (Ybrig Holiday and Sports Region)
- Finnova-Kantonalbanken (Finnova Cantonal Banks)
- Forum für Management & Optimierung Banking (Forum for Management & Optimisation Banking) (FFMO.ch)
- Gewerbe plus (Trade plus)
- Gewerbeverein Brunnen-Ingenbohl (Brunnen-Ingenbohl Trade Association)
- Gewerbeverein Muotathal (Muotathal Trade Association)
- Gewerbeverein Schwyz (Schwyz Trade Association)
- IGKG Schwyz (Association for Basic Commercial Training Schwyz)
- Industrie- und Handelskammer Zentralschweiz IHZ (Chamber of Commerce and Industry of Central Switzerland)
- INSEAD Alumni Association CH
- Interessengemeinschaft der Kantonalbanken für die Personalentwicklung IGK (Interest Group of the Cantonal Banks for Human Resources Development)
- JCI Junior Chamber International Ausserschwyz
- KMU Frauen Schwyz (SME Women Schwyz)
- Schweizerische Bankiervereinigung SBVg (Swiss Bankers Association)
- Schweizerische Management Gesellschaft (Swiss Management Society)
- Schwyz Next
- Schwyzer Wirtschaftsverband H+I (Schwyz Business Association H+I)
- SIV Schweizer Immobilienschätzer-Verband (SIV Swiss Association of Real Estate Valuers)
- Stiftung für Fachempfehlungen zur Rechnungslegung (Foundation for Professional Accounting Recommendations)
- Swiss CRM Institute AG
- Swiss Finance Institute – Alumni Association
- Swiss Risk Association
- Swiss Sustainable Finance
- Thought Leaders Institute
- Verband Schweizerischer Kantonalbanken (Association of Swiss Cantonal Banks)
- Verein Institut für Finanzdienstleistungen Zug (Association Institute for Financial Services Zug)

- Verein Netzwerk Arbeit Kanton Schwyz (Association Network Work Canton Schwyz)
- Verein Successio (Successio Association)
- Zentralschweizer Public Relations Gesellschaft (Public Relations Society of Central Switzerland)
- ZfU – Zentrum für Unternehmensführung AG (Centre for Corporate Governance)

11.7 Fostering innovative and young enterprises

The Innovation Foundation of SZKB is an established and successful venture capital investor for young technology companies. As a lead investor, the Innovation Foundation provides seed financing starting at CHF 0.2 million. SZKB made its endowment capital of CHF 20 million available in 2006. The Innovation Foundation is managed by an entrepreneurial Board of Trustees and is financially, legally and strategically independent of SZKB in its operations.

11.8 Mentoring programme

SZKB supports the Schwyz Mentoring Programme. The Schwyz Mentoring Programme is based on a partnership that came into being in spring 2022 between the SZKB, the Women's Network of the Canton of Schwyz, SME Women Schwyz, the Schwyz Next business platform, the Schwyz Business Association H+I, the Schwyz Hospital and the Schwyz University of Teacher Education. The objective of the programme is to assist young women who are getting starting in their careers through mentors from various industries who offer their skills, knowledge and resources in order to:

- Help with career planning
- Draw attention to the benefits of networking
- Accompany them as they reflect on reconciling work and family
- Raise awareness of occupational pension issues

11.9 Further development and next steps

In the next one to two years, SZKB will be examining membership in other organisations that contribute to a more sustainable world.

GRI Content Index

12 GRI Content Index

| | |
|--------------------|---|
| Declaration of use | SZKB reported the information cited in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards. |
| Standard used | GRI 1 Foundation 2021 |

| GRI Standard/ other source | Disclosure | Place of disclosure/ information specified | Omission |
|---|--|--|----------|
| The organisation and its reporting practices | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | 1.1 Company profile Annual Report | |
| | 2-2 Entities included in the organisation's sustainability reporting | 2.3 Sustainability Report | |
| | 2-3 Reporting period, frequency and contact point | 2.2 Sustainability Report | |
| | 2-4 Restatements of information | 2.2 Sustainability Report | |
| | 2-5 External assurance | 2.2 Sustainability Report | |
| Governance | | | |
| GRI 2: General Disclosures 2021 | 2-6 Activities, value chain and other business relationships | Annual Report | |
| | 2-9 Governance structure and composition | Annual Report | |
| | 2-10 Nomination and selection procedure for the highest governance body | Annual Report | |
| | 2-11 Chair of the highest governance body | Annual Report | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Annual Report | |
| | 2-13 Delegation of responsibility for managing impacts | 2.4 Embedding sustainability in the organisation | |
| | 2-14 Role of the highest governance body in sustainability reporting | 2.2 Sustainability Report | |
| | 2-15 Conflicts of interest | 7.5 Conflicts of interest | |
| | 2-16 Communication of critical concerns | 2.7 Dialogue with stakeholders | |
| | 2-17 Collective knowledge of the highest governance body | Annual Report | |
| | 2-18 Evaluation of the performance of the highest governance body | Annual Report 5.3 Remuneration model | |
| | 2-19 Remuneration policies | Annual Report 5.3 Remuneration model | |
| | 2-20 Process to determine remuneration | Annual Report 5.3 Remuneration model | |

| GRI Standard/ other source | Disclosure | Place of disclosure/ information specified | Omission |
|---|---|---|----------|
| Strategy, directives and practices | | | |
| GRI 2: General Disclosures 2021 | 2-22 Statement on the sustainable development strategy | Foreword by the Chair of the Executive Board | |
| | 2-23 Policy commitments | 7.1 Relevance of the topic to SZKB | |
| | 2-24 Embedding policy commitments | 7.1 Relevance of the topic to SZKB | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 7.6 Whistleblowing | |
| | 2-27 Compliance with laws and regulations | 7.2 Proper business management and auditing | |
| | 2-28 Membership associations | 11.6 Memberships | |
| Stakeholder engagement | | | |
| GRI 2: General Disclosures 2021 | 2-29 Approach to stakeholder engagement | 2.7 Dialogue with stakeholders | |
| Material topics | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 2.3 Material topics | |
| | 3-2 List of material topics | 2.3 Material topics | |
| Financing area | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 3.1 Relevance of the topic to SZKB | |
| SZKB standard | Lending and exclusion from financing | 3.2 Responsible lending and exclusion from financing | |
| | Composition of the lending business by region, size of enterprise and sector | Annual Report 3.3 Embedded in the region | |
| | Lending business with special benefits to society | 3.4 Guarantee Fund 11.7 Fostering innovative and young enterprises | |
| Investment area | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 4.1 Relevance of the topic to SZKB 4.2 SZKB's understanding of sustainability in the investment sector | |
| SZKB standard | Volume and share of sustainable asset management mandates | 4.3 Sustainable investment products and services | |
| | Volume and share of sustainable investment funds | 4.3 Sustainable investment products and services | |
| | Interaction on environmental and social issues with companies held in portfolios of the institution | 4.3 Sustainable investment products and services | |
| Social affairs | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 5.1 Relevance of the topic to SZKB | |

| GRI Standard/ other source | Disclosure | Place of disclosure/ information specified | Omission |
|--|--|--|--|
| GRI 2: General Disclosures 2021 | 2-7 Employees | 5.1.6 Key figures about employees | Disclosure of employees by region cannot be used (since it is not applicable), as SZKB only employs staff in the Canton of Schwyz. |
| | 2-8 Workers who are not employees | 5.1.6 Key figures about employees | |
| | 2-21 Annual total compensation ratio | 5.3 Remuneration model | |
| | 2-30 Collective bargaining agreements | No SZKB employees are subject to a collective bargaining agreement. | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 5.1.6 Key figures about employees | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 5.7 Amendments to the rules and regulations for personnel | |
| | 401-3 Parental leave | 5.1.6 Key figures about employees | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 5.1.2 Training and education | |
| | Disclosure 404-2 Programmes for upgrading employee skills and transition assistance programmes | 5.1.2 Training and education | |
| | Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews | 5.4 Annual HR process and People Days | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Annual Report 5.6 Equal opportunity 5.1.6 Key figures about employees | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 5.5 Equal pay | |
| Procurement practices | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 11.1 Relevance of the topic to SZKB | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 11.2 Consideration of local businesses, institutions and associations | |
| Fighting corruption | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 6.8 Procurement | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 6.8 Procurement | |
| | 205-2 Communication and training about anti-corruption policies and procedures | 6.8 Procurement | |
| | 205-3 Confirmed incidents of corruption and actions taken | 6.8 Procurement | |
| Anti-competitive behaviour as well as marketing and labelling | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 7.1 Relevance of the topic to SZKB | |
| GRI 206: Anti-competitive Behaviour 2016 | 206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices | As in 2021, there were no legal proceedings due to anti-competitive behaviour or cartel/monopoly formation in 2022 | |
| GRI 417 Marketing and Labelling 2016 | 417-2 Incidents of non-compliance concerning product and service information and labelling | 8.3 Information about products and services | |
| GRI 419: Socio-economic Compliance 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area | 7.2 Proper business procurement and auditing procurement | |

| GRI Standard/ other source | Disclosure | Place of disclosure/ information specified | Omission |
|-----------------------------------|---|--|---|
| Operation and procurement | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 6.1 Relevance of the topic to SZKB | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| | 301-2 Recycled input materials used | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| | 301-3 Recycled products and their packaging materials | 6.9 Key figures on operational ecology | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | 6.9 Key figures on operational ecology | No information specified. Since the Sustainability Report is being prepared for the first time, it is not yet possible to make any statements about the change in energy consumption. |
| | 302-3 Energy intensity | 6.9 Key figures on operational ecology | |
| | 302-4 Reduction of energy consumption | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 6.6 Materials (paper, water, waste) | |
| | 303-2 Management of water discharge-related impacts | 6.6 Materials (paper, water, waste) | |
| | 303-3 Water withdrawal | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| | 303-4 Water discharge | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| | 303-5 Water consumption | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 6.2 CO ₂ footprint (greenhouse gas footprint) 6.9 Key figures on operational ecology | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 6.2 CO ₂ footprint (greenhouse gas footprint) 6.9 Key figures on operational ecology | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 6.2 CO ₂ footprint (greenhouse gas footprint) 6.9 Key figures on operational ecology | |
| | 305-4 GHG emissions intensity | 6.2 CO ₂ footprint (greenhouse gas footprint) 6.9 Key figures on operational ecology | |
| | 305-5 Reduction of GHG emissions | 6.3 CO ₂ emissions reduction goal | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | No relevant emissions | |
| | 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions | No relevant emissions | |

| GRI Standard/ other source | Disclosure | Place of disclosure/ information specified | Omission |
|--|--|--|----------|
| GRI 306: Waste 2020 | 306-1 Waste generated and significant waste-related impacts | 6.6 Materials (paper, water, waste) | |
| | 306-2 Management of significant waste-related impacts | 6.6 Materials (paper, water, waste) | |
| | 306-3 Waste generated | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| | 306-4 Waste diverted from disposal | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| | 306-5 Waste directed to disposal | 6.6 Materials (paper, water, waste) 6.9 Key figures on operational ecology | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 6.8 Procurement | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 6.8 Procurement | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 6.8 Procurement | |
| | 414-2 Negative social impacts in the supply chain and actions taken | 6.8 Procurement | |
| Good corporate governance | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 7.1 Relevance of the topic to SZKB | |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | 7.7 Political influence | |
| Tax evasion and aggressive tax avoidance | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 7.1 Relevance of the topic to SZKB | |
| SZKB standard | Business areas evaluated for risks related to untaxed client funds | 7.4 Tax evasion | |
| SZKB standard | Confirmed cases of untaxed client assets and measures taken | 7.4 Tax evasion | |
| Insider trading and market manipulation | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 7.1 Relevance of the topic to SZKB | |
| SZKB standard | Legal proceedings due to insider trading and market manipulation | In 2022, SZKB was not involved in any legal proceedings due to insider trading or market manipulation. | |
| Confidentiality of client data, data security and data protection | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 10.1 Relevance of the topic to SZKB | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 10.6 Data loss | |



CO reporting

13 Reporting on non-financial issues in accordance with the Code of Obligations (CO)

13.1 Transparency regarding non-financial issues

| CO Art. | | Place of disclosure | |
|---|---|--|--|
| The report on non-financial issues gives ... | | | |
| Art. 964b (1) | an account of CO ₂ targets | 6.2 CO ₂ footprint (greenhouse gas footprint) | |
| Art. 964b (1) | an account of social issues | 5 Sustainability in the area of social affairs | |
| Art. 964b (1) | an account of employee issues | 5 Sustainability in the area of social affairs | |
| Art. 964b (1) | an account of respect for human rights | 6.8 Procurement 11.2 Consideration of local businesses, institutions and associations | |
| The report contains information ... | | | |
| Art. 964b (1) | that is necessary for an understanding of the business development | Annual Report Sustainability Report | |
| Art. 964b (1) | that is necessary for understanding the company's situation | Annual Report Sustainability Report | |
| Art. 964b (1) | that is necessary for understanding the impact of the company's activities in the area of ... | area of CO ₂ targets | 6 Sustainability in operations and procurement |
| | | area of social issues | 5 Sustainability in the area of social affairs |
| | | area of respect for human rights | 6.8 Procurement |
| | | area of the fight against corruption | 6.8 Procurement 7.3 Fighting corruption and money laundering |
| The report includes, in particular, ... | | | |
| Art. 964b (2) (1) | a description of the business model | Annual Report | |
| Art. 964b (2) (2) | a description of the approaches taken to the issues referred to in paragraph 1, including the due diligence applied | area of CO ₂ targets | 6.2 CO ₂ footprint (greenhouse gas footprint) |
| | | area of social issues | 5 Sustainability in the area of social affairs |
| | | area of respect for human rights | 6.8 Procurement 11.2 Consideration of local businesses, institutions and associations |
| | | area of the fight against corruption | 6.8 Procurement 7.3 Fighting corruption and money laundering |

| OR Art. | | | Ort der Offenlegung |
|-------------------|---|---|--|
| Art. 964b (2) (3) | a presentation of the measures taken to implement these concepts and an evaluation of the effectiveness of these measures | area of CO ₂ targets | 6 Sustainability in operations and procurement |
| | | area of social issues | 5 Sustainability in the area of social affairs |
| | | area of respect for human rights | 6.8 Procurement 11.2 Consideration of local businesses, institutions and associations |
| | | area of the fight against corruption | 6.8 Procurement 7.3 Fighting corruption and money laundering |
| Art. 964b (2) (4) | a description of the material risks associated with the issues referred to in paragraph 1 and the company's management of those risks; material risks are risks that: | A. arise from the company's own business activities and | 2.5 ESG-related risk management Annual Report |
| | | B. where relevant and proportionate, arise from its business relationships, products or services; | No information available. Currently, SZKB only has initial estimates of the CO ₂ emissions it finances. Over the next one to two years, SZKB will examine how the corresponding data quality can be improved. |
| Art. 964b (2) (5) | the key performance indicators for the company's activities in relation to the issues referred to in paragraph 1. | area of CO ₂ targets | 6.2 CO ₂ footprint (greenhouse gas footprint) |
| | | area of social issues | 5.1 Relevance of the topic to SZKB |
| | | area of respect for human rights | 6.8 Procurement |
| | | area of the fight against corruption | 6.8 Procurement 7.3 Fighting corruption and money laundering |

13.2 Due diligence and transparency regarding minerals and metals from conflict regions and child labour

| CO Art. | | Place of disclosure |
|--|--|--|
| The companies are to maintain a management system and define in it the following: | | |
| Art. 964k (1) (1) | the supply chain policy for minerals and metals potentially originating from conflict regions and other areas of high risk; | Not applicable. SZKB does not import or process minerals or metals from conflict regions and other areas of high risk. |
| Art. 964k (1) (2) | the supply chain policy for products and services for which there is reasonable suspicion of child labour; | 6.8 Procurement |
| Art. 964k (1) (3) | a system that makes it possible to retrace and track the supply chain. | 6.8 Procurement |
| Art. 964k (2) | They identify and assess the risks of adverse impacts on their supply chain. They draft a risk management plan and take measures to minimise the identified risks. | 6.8 Procurement |
| Art. 964k (3) | They comply with due diligence requirements regarding minerals and metals audited by an independent expert. | Not applicable. SZKB does not import or process minerals or metals from conflict regions and other areas of high risk. |

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