

# Sustainability Report 2024



Schwyzer  
Kantonalbank



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# Classification

# 1 Classification and strategy of sustainability at SZKB

## 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). Section 3(2) provides that: «It [SZKB] contributes 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.» Section 9 of the Act also defines the geographical reach of the operations of SZKB: «The geographical scope of business primarily includes the Canton of Schwyz (Section 9(1) of the Schwyzer Kantonalbank Act). «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 (Section 9(2) of the Schwyzer Kantonalbank Act). «As a rule, the Bank's foreign assets may not exceed 5% of the total balance sheet (Section 9(3) of the Schwyzer Kantonalbank Act).

SZKB's head office and all of its branches are located in the Canton of Schwyz.

## 1.2 Reporting with a sustainability focus

### Annual Report

The Annual Report also includes the SZKB Management Report, Corporate Governance Report and Annual Financial Statements. It 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 (organisational chart), business activities, corporate governance, risk management and the remuneration of the Bank Council and the Executive Board.

### Sustainability Report

The Sustainability Report includes reporting on non-financial matters pursuant to Article 964a et seq. of the CO and was drawn up in accordance with the GRI Standards. Climate reporting, which is based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), is presented in a separate chapter. Together with the Annual Report, the Sustainability Report provides a comprehensive picture of the financial, social and environmental dimensions of SZKB's business activities.

The Sustainability Report 2024 was approved by the Executive Board on 4 February 2025 and adopted by the Bank Council on 13 February 2025 for the attention of the Cantonal Council of Schwyz.

SZKB's Sustainability Report was not subjected to an external audit. It was published on 18 March 2025.

Unless specified otherwise, all information in this Sustainability Report pertains to the 2024 financial year, which spanned from 1 January to 31 December 2024. 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.

### 1.3 Point of contact

Contact in case of questions about sustainability reporting:  
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### 1.4 Embedding sustainability in the organisation

In 2023, the Executive Board and the Bank Council approved a sustainability strategy, verified the key topics and defined sustainability targets. In order to implement the sustainability strategy on an operational level, a specialist unit charged with achieving sustainability within corporate development was set up at the start of 2024 and the ESG programme was put into operational mode. A Sustainability Commission was also set up as a strategic management and decision-making committee at the start of 2024, which meets quarterly and in which the entire Executive Board and selected persons from existing commissions and departments are represented as members. This further development in sustainability governance ensures that regulatory requirements relating to sustainability are met and that strategic measures within the sustainability strategy are implemented. The interdisciplinary Sustainability Commission also incorporates the issue of sustainability into the various departments and business processes of Schwyzer Kantonalbank.

### 1.5 The SZKB sustainability strategy

SZKB's sustainability strategy, as defined by the Bank Council in 2023, comprises the following components:

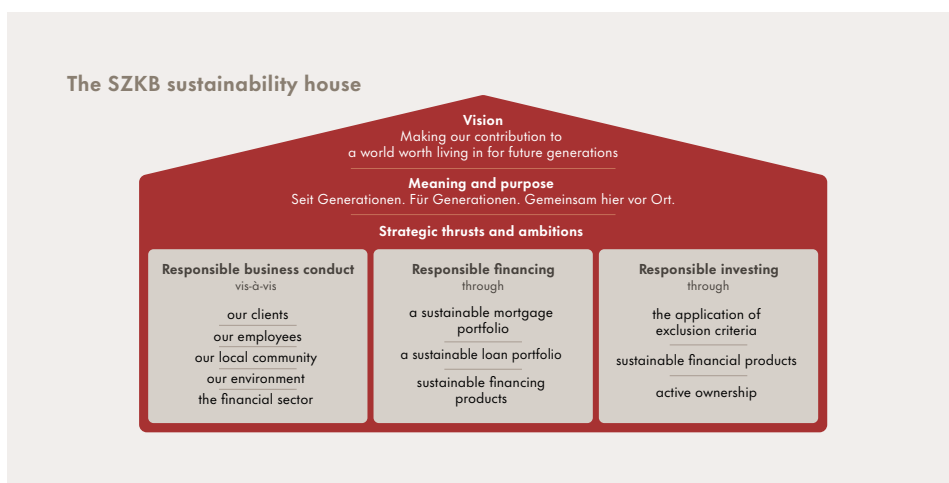
- The SZKB sustainability vision
- The SZKB sustainability house
- The key topics
- SZKB sustainability ambitions and objectives

#### The SZKB sustainability vision

SZKB defined the following sustainability vision for 2023: «We are aware that the decisions we make today will have an impact on future generations. We are therefore dedicated to ensuring a sustainable future. We foster environmentally conscious behaviour and assist our clients in developing their assets and businesses in a sustainable manner. We strive to use resources efficiently, seek environmentally friendly solutions and make a positive social impact. By taking sustainability into account in all our activities, we are contributing to the preservation of a liveable world for future generations.»

#### The SZKB sustainability house

The sustainability house is the graphic representation of the sustainability strategy as a whole. The Sustainability Report is organised along the lines of the strategic thrusts.



The key topics

The key topics are the focus of SZKB’s sustainability reporting. These were determined according to the principle of dual materiality, meaning they are those topics where the Bank has the greatest impact on society, the environment and the economy (inside out), as well as those topics that have a (financial) impact on the Bank (outside in).

The key topics were identified in the following manner: 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 have the effects assessed and analysed by internal Bank experts. The assessment of the key sustainability issues was updated in 2023 by SZKB technical experts with the involvement of people from the stakeholder groups clients, employees, Executive Board, Bank Council and Canton (Cantonal Supervisory Commission) and discussed with and approved by the Executive Board and the Bank Council.

Overview of key topics:

| Key topics   | Addressed in the report/chapter                     |
|--|---|
| <ul style="list-style-type: none"><li>• «Client satisfaction»</li><li>• «Data protection/client data/privacy»</li><li>• «Diversity and integration»</li><li>• «Remuneration of the highest governance bodies»</li><li>• «Generations and local commitment»</li><li>• «Fostering the local community and economy»</li><li>• «Energy consumption and efficiency (green-house gas emissions)»</li><li>• «Regulatory compliance»</li><li>• «Reputation»</li><li>• «Healthy growth»</li></ul> | Sustainability Report: Responsible business conduct |
| <ul style="list-style-type: none"><li>• «Financing a sustainable property»</li><li>• «Access to sustainable financial services»</li></ul>  | Sustainability Report: Responsible financing        |
| <ul style="list-style-type: none"><li>• «Sustainable products and services»</li></ul>  | Sustainability Report: Responsible investing        |
| <ul style="list-style-type: none"><li>• «Commercial traffic/commuter traffic»</li><li>• «Climate change», responsible financing</li><li>• «Climate change», responsible investing</li></ul>  | Sustainability Report: Climate Report               |

The list of key topics included in the 2024 Sustainability Report does not differ from those published in the 2023 report.

The materiality analysis identified additional topics beyond the key topics. These have been classified as non-key individual topics and are only included within key topics where necessary and in the relevant contexts.

| Other topics from the materiality analysis  | Allocation                                |
|---|---|
| <ul style="list-style-type: none"><li>• Innovation</li><li>• Equal pay</li><li>• Gender equality</li><li>• Equal opportunities</li><li>• Work-life balance</li><li>• Employee development</li><li>• Financial literacy informational event for the community</li><li>• Volunteering</li><li>• Sponsorship</li><li>• Fairness towards competitors and suppliers</li><li>• Sustainable procurement/supply chains</li><li>• Protection of human rights</li><li>• Independence of governance bodies</li><li>• Political influence</li><li>• Separation of powers</li><li>• Responsible business conduct</li><li>• Diversity and composition of the highest governance bodies</li><li>• Combating corruption</li><li>• Biodiversity</li><li>• Recycling and waste management</li><li>• Water consumption</li></ul> | Responsible investing<br>Business conduct |



## SZKB sustainability ambitions and objectives

The sustainability ambitions and the corresponding objectives, as well as the progress made in the achievement of the objectives, are set out in the following table.<sup>1</sup>

| Focus                               | Sustainability ambitions and objectives  | Status          | Comments on target status as of the end of 2024   | Chapter  |
|-------------------------------------|--|-----------------|---|--|
| <b>Responsible business conduct</b> | <b>Sustainability ambition:</b> «We stand for a conscientious company that acts in accordance with the best of its knowledge and beliefs. As a bank, we acknowledge our responsibility to our stakeholders. We strive to enhance overall trust in the financial sector and ensure the satisfaction of our clients and employees through our responsible operating practices, which reflect the results of specific measures taken. It is also important for us to recognise and reduce our negative impacts on the environment. Ultimately, we want to support local projects in making a positive contribution to society.» |                 |   | 1. Classification                                      |
| 1 ...towards our clients            | In the client satisfaction survey conducted every two years, 95% of clients express satisfaction or high satisfaction with SZKB.   | Target achieved | The figure in 2024 was 95%.   | 2.1 Responsible business conduct towards our clients   |
| 2 ...towards our clients            | In the client satisfaction survey conducted every two years, from 2030 onwards at least 70% of clients will say that they perceive SZKB as a sustainable or very sustainable bank.   | Target achieved | The figure in 2024 was 79%.   | 2.1 Responsible business conduct towards our clients   |
| 3 ...towards our clients            | By 2030, all branches will be accessible to clients with reduced mobility.   | on track        | As part of the branch concept, SZKB carries out an analysis with the aim of improving the accessibility of branch buildings to ensure that SZKB branches are accessible to clients with reduced mobility.   | 2.1 Responsible business conduct towards our clients   |
| 4 ...towards our clients            | All SZKB full-time and part-time employees, as well as all authorised representatives with access to SZKB's IT systems, are required to complete annual online training courses on data and information security to ensure the security of client data.  | Target achieved | SZKB employees complete annual online training on data and information security. 100% of those invited to participate completed the training. External employees with access to SZKB systems were provided with appropriate information by the relevant SZKB employees or by SZKB specialist units. | 2.1 Responsible business conduct towards our clients   |
| 5 ...towards our employees          | SZKB fulfils its role as a training company by providing a number of apprenticeship and internship positions equivalent to a minimum of 5% of the workforce.   | Target achieved | In 2024, SZKB offered apprenticeships and internship positions to a total of >5% of the workforce. In 2024, SZKB increased the number of apprenticeships and introduced two new occupational profiles.  | 2.2 Responsible business conduct towards our employees |
| 6 ...towards our employees          | The number of sickness-related absence days per employee (FTE) is less than 5.0 days per year.   | on track        | 2024: 4.5 days of absence due to illness per employee (including long-term absences)  | 2.2 Responsible business conduct towards our employees |
| 7 ...towards our employees          | SZKB acts as a socially responsible employer by providing job opportunities for individuals with disabilities, such as through reintegration programs or through the continued employment of employees with limited capacity, with at least 1% of its employees taking advantage of such opportunities.  | on track        | SZKB is actively involved as a social employer and focuses on ensuring sustainable employment conditions for employees, including in the event of illness or limited capacity for work.   | 2.2 Responsible business conduct towards our employees |

<sup>1</sup> All targets, including in particular quantitative CO<sub>2</sub> emissions targets, are aligned with the objectives of the Swiss Climate Strategy (Federal Office of Energy FOE: Energy perspectives 2050+: Development of greenhouse gas emissions).

| Focus                               | Sustainability ambitions and objectives   | Status          | Comments on target status as of the end of 2024  | Chapter  |
|-------------------------------------|---|-----------------|--|--|
| 8 ...towards our employees          | By 2030, reduction in greenhouse gas emissions from transportation (Scope 3) in accordance with Swiss climate strategy (reduction of 21% compared to reference year 2021).      | on track        | Further measures, such as a preliminary study on a mobility concept, will be developed in order to achieve objectives.   | 5 Climate Report   |
| 9 ...towards our employees          | The (unexplained) pay gap between the genders is no more than 2.5%.   | Target achieved | The (unexplained) pay gap between the genders is lower than 2.5%. The analysis is carried out every two years and the figure reported relates to the 2023 analysis.  | 2.2 Responsible business conduct towards our employees         |
| 10 ...towards our employees         | By 2030, there will be a minimum of 25% representation of both genders among employees at all levels, including the Executive Board.  | on track        | In 2024, SZKB was able to achieve the target representation of at least 25% of each gender at almost all levels. The proportion of women was below the 25% target, at 14.3% on level 8 and at 24.6% on level 6.  | 2.2 Responsible business conduct towards our employees         |
| 11 ...towards our local environment | Local commitment (sponsorship) of at least CHF 0.8 million per year   | Target achieved | SZKB awarded CHF 0.8 million in the form of sponsorship in 2024.   | 2.3 Responsible business conduct towards the local environment |
| 12 ...towards our local environment | Increase the number of financial literacy events hosted.  | Target achieved | The target of increasing the number of financial literacy events was achieved through the introduction of public events such as «Clever@SZKB». This initiative has focused on awareness of financial education and is aimed at a broad target group.   | 2.3 Responsible business conduct towards the local environment |
| 13 ...towards our environment       | By 2027, SZKB will reduce its operational CO <sub>2</sub> emissions by 15.8%, or 145t (base year 2021), to 770 t..  | on track        | SZKB's CO <sub>2</sub> emissions rose by 54.4 tonnes compared to 2022 to 1,050.5 tonnes in 2023. The main reasons for this were increased emissions from refrigerant losses, IT equipment purchases and the increased headcount. Emissions from IT equipment were caused by planned infrastructure renewal (e.g. emissions in the base year: 54.2tCO <sub>2</sub> ). | 5 Climate Report   |
| 14 ...towards our environment       | Raising employee awareness of resource consumption (e.g. paper, heating, light and electricity).  | Target achieved | Awareness has been raised through various channels such as an EB update call or an intranet notification.  | 2.4 Responsible business conduct towards our environment       |
| 15 ...towards our environment       | By 2030, all bank buildings (solely) owned by SZKB will cease using oil or gas heating systems, provided that it is economically feasible and technically viable to do so.      | on track        | Ongoing conversion according to the Masterplan 2030 to more environmentally friendly heating systems at branch properties (solely) owned by the Bank.  | 2.4 Responsible business conduct towards our environment       |
| 16 ...towards our environment       | By 2030, SZKB will have installed photovoltaic systems on all bank buildings (solely) owned by SZKB, provided that it is economically feasible and technically viable to do so. | on track        | Installation of photovoltaic systems according to the Masterplan 2030.   | 2.4 Responsible business conduct towards our environment       |

| Focus                             | Sustainability ambitions and objectives   | Status          | Comments on target status as of the end of 2024  | Chapter                 |
|-----------------------------------|---|-----------------|--|-------------------------|
| <b>Responsible financing</b>      | <b>Sustainability ambition:</b> «We promote sustainable financing. As a bank, we recognise our role within society as an enabler of the development of sustainable activities. We are committed to expanding access to sustainable financial services for private and professional clients while integrating environmental and social criteria into our financing solutions. We also would like to reduce the greenhouse gas emissions of our financing portfolios and achieve net zero emissions by 2050.» |                 |  | 1 Classification        |
| 17 Sustainable mortgage portfolio | The emissions intensity of mortgages <sup>2</sup> financed will be reduced by a minimum of 42% by 2030 compared to the 2022 base year.  | not on track    | SZKB is developing measures to reduce the emissions intensity of mortgages financed. In addition to raising awareness among property owners and employees, the Bank plans to develop financing products that foster and support sustainable behaviour on the part of mortgage borrowers. The integration of sustainability risks into risk management will also become more significant. | 5 Climate Report        |
| 18 Sustainable mortgage portfolio | By 2030, the emissions intensity of commercial real estate financed will be reduced by a minimum of 40% compared to the 2022 base year.   | not on track    | SZKB is developing measures to reduce the emissions intensity of commercial property. In addition to raising awareness among clients and employees, the Bank plans to develop financing products that foster and support sustainable behaviour. The integration of sustainability risks into risk management will also become more significant.  | 5 Climate Report        |
| 19 Sustainable loan portfolio     | Development of financing products that foster and support sustainable behaviour.  | on track        | Introduction of solutions for energy-efficient renovation for private clients. A solution for commercial clients is also being planned.  | 3 Responsible financing |
| 20 Sustainable loan portfolio     | Raising awareness among clients.  | Target achieved | The advice given to clients actively considers ESG issues and raises their awareness at the same time.   | 3 Responsible financing |
| 21 Sustainable financing products | Raising awareness among employees.  | Target achieved | Employees have received general ESG training through various programmes, including product-specific training focusing on ESG and sustainable financing products.   | 3 Responsible financing |
| 22 Sustainable financing products | Creation of incentives (e.g. favourable interest rates) for a reduction in emissions intensity.   | Target achieved | Advantageous conditions for energy-efficient renovation with the «handshake mortgage».   | 3 Responsible financing |
| 23 Sustainable financing products | Support with the generational transfer of a property.   | Target achieved | Introduction of the solution for advising multiple generations, providing support with the generational transfer of a property.  | 3 Responsible financing |

<sup>2</sup> Financed mortgages include single-family houses and individual flats.

| Focus                                | Sustainability ambitions and objectives  | Status                  | Comments on target status as of the end of 2024   | Chapter                 |
|--------------------------------------|--|-------------------------|---|-------------------------|
| <b>Responsible investing</b>         | <b>Sustainability ambition:</b> «We promote sustainable investments. As a bank, we recognise our duty to manage our clients' assets responsibly with a long-term focus. We are committed to systematically incorporating sustainability aspects into the development of all our portfolios in order to manage sustainability risks. At the same time, we want to offer our clients sustainable products that align with their ESG preferences and expectations. Ultimately, we see ourselves as representatives of our clients in regard to all investment recipients and seek to work towards more sustainable business development on their behalf.» |                         |   | 1 Classification        |
| 24 Application of exclusion criteria | Consideration of controversial and/or environmentally harmful sectors in the investment decision-making process.   | Target achieved         | Extreme risks are also excluded within traditional investment solutions.  | 4 Responsible investing |
| 25 sustainable financial products    | By the end of 2025, at least 20% of asset management mandates should have client preferences that are conscious, focused or effective, and by the end of 2030, this should increase to at least 50% of all asset management mandates.  | Interim target achieved | As of the end of 2024: 36.3%  | 5 Climate Report        |
| 26 sustainable financial products    | The proportion of SZKB investment funds with alignment with client preferences of conscious or focussed will be at least 20% of the total of all SZKB investment funds at the end of 2025, and this proportion will increase to at least 50% by the end of 2030. <sup>3</sup>  | Interim target achieved | As of the end of 2024: 43.3%  | 5 Climate Report        |
| 27 sustainable financial products    | Development of further financial products that foster sustainable behaviour and thus correspond to various ESG preferences.  | Target achieved         | In 2024, SZKB introduced a new ESG line, thus expanding its range of sustainable products at the portfolio management and asset management level in order to cater to various needs.                                  | 4 Responsible investing |
| 28 Active ownership                  | Development of an engagement policy by 2025.   | Target achieved         | In 2024, SZKB carried out an analysis of various proxy voting and collaborative engagement solutions. As a result, it decided that its active ownership policy will include the Ethical Fund's proxy voting solution. | 4 Responsible investing |

<sup>3</sup> This is a volume figure (AuM).







SZKB’s approach to sustainability is based on the 17 United Nations Sustainable Development Goals (SDGs). SZKB is committed to all 17 SDGs but focusses its activities on six of them in particular in order to achieve the greatest possible impact.

1.6 Progress and outlook

In 2024, SZKB made significant progress in implementing its comprehensive sustainability strategy and considers it to be effective and expedient. The respective management approaches and the main measures are listed in the individual chapters of this Sustainability Report.

- Thanks to the introduction of clear sustainability governance, competences and responsibilities in the area of sustainability within SZKB have been delineated. A key component here was the establishment of the Sustainability Commission which, as a strategic body, sets the course for future ESG activities and monitors the achievement of strategic objectives.

- Internal know-how has been further developed through various ESG training courses. The awareness and expertise of employees in the areas of environment, social affairs and governance have been enhanced in a targeted manner. Some of the training sessions were held with external partners and universities.
- The range of sustainable products in the areas of finance and investing has been expanded. This enables SZKB to offer solutions to its clients that meet their ESG needs.
- SZKB is increasingly being confronted with dynamic regulatory requirements in the area of sustainability, which will also have a significant impact on tasks and measures in the area of sustainability in the coming years. At the same time, ESG regulations also offer the opportunity to continuously adapt and further develop processes in order to meet both legal requirements and the expectations of our clients.
- Other measures for implementing the sustainability strategy described in this report are also planned for 2025 and subsequent years.

|                                 | <div>4</div> <div>QUALITY<br/>EDUCATION</div> <div></div> | <div>9</div> <div>INDUSTRY, INNOVATION<br/>AND INFRASTRUCTURE</div> <div></div> | <div>12</div> <div>RESPONSIBLE<br/>CONSUMPTION<br/>AND PRODUCTION</div> <div></div> | <div>13</div> <div>CLIMATE<br/>ACTION</div> <div></div> | <div>16</div> <div>PEACE, JUSTICE<br/>AND STRONG<br/>INSTITUTIONS</div> <div></div> | <div>17</div> <div>PARTNERSHIPS<br/>FOR THE GOALS</div> <div></div> |
|---------------------------------|--|--|--|---|--|--|
| Responsible<br>business conduct | ✓  |  | ✓  | ✓   | ✓  |  |
| Responsible<br>financing        |  | ✓  |  | ✓   |  |  |
| Responsible<br>investing        |  |  |  | ✓   |  | ✓  |





# **Responsible business conduct**

## 2.1 Responsible business conduct towards clients

### 2.1.1 Relevance, objectives, management approach and measures

#### Relevance of the topic to SZKB and objectives

Responsible business conduct is a key component of SZKB's sustainability strategy. It is based on the principles of protecting clients, ensuring transparency and building trust. By acting ethically, the Bank not only strengthens its own reputation but also makes an important contribution to financial stability and trust throughout the industry. Opportunities and risks relating to business conduct vis-à-vis clients can be divided into an inside-out perspective and an outside-in perspective:

- **Inside-Out<sup>1</sup>: accepting responsibility at the heart of operations.** SZKB develops its products and services in the best interest of its clients. In doing so, their needs are taken into account while risks and opportunities are communicated in a clear and transparent manner. This approach strengthens not only client loyalty and long-term relationships but also the Bank's market position. Through proactive risk management, SZKB protects the interests of its clients and supports the stability of the financial system.
- **Outside-In<sup>2</sup>: adapting to external influences.** External factors such as economic or regulatory changes have a direct impact on the Bank and its clients. SZKB responds to this with a forward-looking approach and by making flexible adjustments to its products and services. In this way, it offers its clients a stable financial basis whilst at the same time increasing client satisfaction, which is a high priority for it.

SZKB has defined the following objectives for responsible business conduct towards clients in the key area of «client satisfaction»:

- In the client satisfaction survey conducted every two years, 95% of clients express satisfaction or high satisfaction with SZKB.
- In the client satisfaction survey conducted every two years, from 2030 onwards at least 70% of clients will say that they perceive SZKB as a sustainable or very sustainable bank.
- By 2030, all branches will be accessible to clients with reduced mobility.

Responsible business conduct means not only catering to the needs of clients with high-quality products and services but also strengthening trust in the work of SZKB. Client satisfaction is achieved through reliability, transparency and respect for the concerns of clients. Ensuring that their personal data is protected is an essential part of this process. SZKB is committed to its responsibility to manage data securely and in accordance with the applicable legal requirements. This not only enhances security but also forms the basis for long-term cooperation rooted in trust.

SZKB has set for itself the following target with immediate effect in the key topic of «data protection/client data/privacy»: All SZKB full-time and part-time employees, as well as all authorised representatives with access to SZKB's IT systems, are required to complete annual online training courses on data and information security to ensure the security of client data.

<sup>1</sup> Considers the impact of a company's own actions on clients, society and the environment. It assesses whether internal processes, products and services have been designed sustainably in order to achieve positive outcomes and minimise risks.

<sup>2</sup> Focuses on external influences such as market trends, regulatory changes or societal expectations that affect the company. The aim is to proactively manage these influences and respond strategically to them in order to create competitive advantages and boost resilience.



## «Client satisfaction» management approach

### Advisory philosophy: «Advise well, Schwyz-style»

The new advisory philosophy «Advise well, Schwyz-style» was introduced in 2024 with a value proposition and twelve advisory standards. It stands for holistic advice rooted in foresight and is based on clearly defined pillars. The aim is to understand the individual circumstances of our clients and to offer needs-based solutions rooted in financial expertise and pragmatism. Client advisors receive regular training and support from their supervisors in order to embed this philosophy in their work. All advisors in core segments have completed a two-day basic training programme and further training on specific topics. In addition, tools have been introduced in order to prepare for discussions and to analyse client circumstances. In addition, advisors complete an SAQ-certified training course in order to ensure their expertise.

The advisory philosophy places a particular emphasis on ethical and responsible sales practices. This is done in order to ensure that financial products are only offered if they match the needs and risk profile of clients, as well as to ensure financial protection for clients and to prevent over-indebtedness.

### Development of products and services

SZKB attaches great importance to the quality of its products and services, which are regularly reviewed and assessed by the responsible specialist department. Client feedback and surveys provide additional insights concerning potential improvements. The results are fed into the Sales Commission, which decides on new products, as well as any expansion or adjustment of products already launched. The Commission, which includes representatives of the Executive Board, Sales Management, Sales and Market Management and Product Management, is responsible for careful analysis and implementation.

The product development and review process is regulated in the directive «Introduction of New Products or Entry into New Business Areas», and incorporates relevant functions from the first and second line. The Executive Board oversees all product launches.

SZKB does not engage in active market cultivation outside Switzerland and complies appropriately with regulatory requirements such as the automatic exchange of information, the Qualified Intermediary Agreement and the FATCA Agreement.

## Access to SZKB services

SZKB interacts with its clients via a broad network of branches and cashpoints, advisory consultations, product documents and client communications. As a member of the Association of Swiss Cantonal Banks (VSKB), SZKB clients can withdraw cash free of charge from more than 2,000 cashpoints operated by cantonal banks throughout Switzerland. With 1.4 branches and 3.2 ATMs for every 10,000 residents, SZKB has an above-average density of branches and cashpoints in the Canton of Schwyz. SZKB ensures that accessibility requirements are fulfilled by new buildings and renovations.

Digital distribution channels complement this access and enable banking transactions such as payments and securities trading to be conducted flexibly via e-banking and mobile banking solutions. The barrier-free design of digital services takes into account the fact that people with restrictions must also have easy access. SZKB also offers innovative alternatives such as telephone advice, video sessions and in-person appointments on site. With tools such as the TWINT App and software integration for accounting systems such as Swiss21, Klara and Bexio, SZKB is expanding its range for private and corporate clients.

SZKB also arranges specifically designed events and public events to present its range and to foster financial literacy among the general public. An internal event concept ensures efficient, professional implementation, taking into account sustainability, security and accessibility considerations. With practical formats and topics specific to the respective target group, SZKB actively supports the responsible management of finances and enhances dialogue with its clients.

SZKB ensures that its banking services can be accessed through a wide range of interfaces. Thanks to an above-average density for Switzerland in terms of branches and cashpoints per 10,000 inhabitants as well as digital and innovative solutions, SZKB ensures that its services are accessible at all times, even in under-served areas and among under-served population groups (e.g. due to a lack of infrastructure in remote regions).

## Transparency about products and services

SZKB focuses on transparency and provides its clients with targeted and comprehensive information concerning physical and digital channels, such as communication sent by postal mail, campaigns, bonus programmes and advertisements. With the e-banking and mobile banking solution, clients always have an overview of their financial situation. Alongside product-specific information, SZKB provides individual data in the form of reports.

New products or extensions are communicated to sales staff and, if necessary, accompanied by training to ensure high-quality advice. Advertising campaigns are developed with input from multiple sources and, if necessary, are reviewed by the specialist units affected by the topics dealt with, such as the Compliance/Legal Services department, in order to ensure compliance with statutory and regulatory requirements.

#### **Client satisfaction**

At least every two years, SZKB measures client satisfaction and the outside world's perception of the Bank. In addition, targeted surveys on specific topics or selected client interactions are carried out in order to gain detailed insights. These surveys are conducted on a case-by-case basis, at most once or twice each year.

In addition, SZKB participates in surveys conducted by the Association of Swiss Cantonal Banks (VSKB), including surveys regarding client satisfaction and the image of the Bank. Since 2024, SZKB has been using YouGov's Swiss Brand Observer, which analyses the perception of 225 brands and the impact of advertising campaigns on a weekly basis. Through this and other ad hoc studies concerning topics such as «security in banking», SZKB is gaining valuable insights in order to optimise client satisfaction.

#### **Complaints management and client feedback**

Client satisfaction is the focus of SZKB client service. Complaints are received, recorded and processed centrally by the client advisor or the Client Centre. The process for monitoring and analysing complaints is regularly reviewed, in particular with regard to quality assurance and raising awareness among employees.

Segment & Sales Management receives and reviews complaints weekly to ensure they have been correctly recorded in accordance with the internal «Complaints Management» policy. A dashboard is used to analyse patterns and frequencies in order to derive targeted improvement measures. The results are incorporated into reporting on operational risks and are integrated on a quarterly basis into the overall Bank's risk report, which is presented to the Executive Board, the Bank Council and the Swiss Financial Market Supervisory Authority (see Chapter 2.1.1 Relevance, objectives, management approach and measures, Section Organisation for operational risks).

This approach enables client relationships to be strengthened through competent complaints handling and, at the same time, to identify potential for improvement.

#### **Key measures**

SZKB focused on the following measures in the area of responsible business conduct towards clients during the reporting year in the key area of «client satisfaction»:

- Identifying client satisfaction
- Processing complaints and client feedback systematically
- Providing training and courses for clients

#### **Management approach to**

##### **«data protection/client data/privacy»**

#### **Anchoring data protection in the organisation**

The head of Finance and Risk Management is responsible for ensuring compliance with data protection requirements. The Compliance/Legal Services department identifies the data protection requirements that must be applied along with the data security measures that need to be implemented in the Security department.

SZKB treats all personal data confidentially and in accordance with the applicable statutory provisions, such as the Swiss Data Protection Act. Details on data protection are set out in the internal «Data Protection» directive. In principle, data is only shared with third parties if this is necessary for the performance of the contract. In the context of a final and enforceable judgement, order or legal obligation, personal data must be released to authorities in Switzerland and abroad in connection with civil, administrative and criminal proceedings.

#### **Data handling**

All SZKB systems and programs are state-of-the-art in terms of security and are protected by means of technical and organisational measures against loss, destruction, unauthorised access, modification or dissemination. Access controls, encryption and de-identification ensure that sensitive data is protected and remains confidential. The Payment Card Industry Data Security Standard (PCI-DSS) has been implemented in relevant areas. Personal data is protected in accordance with the least-privilege and need-to-know principle in order to prevent unauthorised access as well as unintentional alteration or deletion. Premises not open to the public are secured by personal access controls, and access to IT systems is only provided via individual code and password. The security system complies with applicable provisions and the need-to-know principle.

Security measures are regularly adapted in line with technical developments and reviewed by internal and external controls. In addition, employees benefit from regular training and awareness-raising measures. These measures also apply to SZKB contractual partners for which ISAE-3402 reports (International Standard on Assurance Obligations, ISAE)<sup>1</sup> are requested from relevant partners according to risk-based considerations. SZKB concludes order data processing agreements with partners if they process personal data on behalf of SZKB.

SZKB maintains an inventory of the data records and updates it regularly. Any data subject may request information as to whether and, if so, which personal data concerning them is being processed. In addition, the data subject has the right, in particular, to obtain the rectification and erasure of the data in accordance with statutory provisions. Personal data is stored for as long as is necessary to fulfil contractual, statutory or regulatory obligations or internal requirements, as a general rule for 10 years after the end of the business relationship. Storage for a longer period may be necessary within the context of ongoing or anticipated legal or regulatory proceedings or due to other overriding interests. After the reason for storage no longer applies, data is deleted or anonymised if technically possible.

SZKB provides public information in its Privacy Policy concerning the principles according to which all business areas at SZKB process personal data. It can be viewed on the SZKB website.

### **Emergency planning for security incidents**

For IT projects, SZKB relies on the principles of «security by default» and «security by design». This means that systems are designed safely from the outset without any need to take additional security measures and consider security aspects at an early stage of development. Measures such as multi-factor authentication, data encryption and the deactivation of insecure functions are an integral part of this.

In order to avoid data leaks and to ensure confidentiality and data storage, SZKB carries out regular risk assessments and data backups, which are checked for recovery at least once a year. An incident response plan with specific playbooks, including one for data breaches, ensures a quick response, thorough analysis, and the taking of appropriate action in the event of incidents.

### **Information security management system**

SZKB operates an information security management system (ISMS) in accordance with ISO 27001 and aims to secure ISO 27001 certification in the next few years. As part of the security system, vulnerabilities are assessed from a risk perspective. SZKB also proactively conducts internal and external audits at varying intervals to ensure high standards with regard to data security. At least once a year, an external security company is instructed to audit SZKB's security structure. In the context of projects and the introduction of new systems, risk-based checks are carried out to identify any potential vulnerabilities and, if necessary, validated with external partners and passed on to the SOC partner (security operations centre) for analysis. Anomalies are systematically analysed and measures are defined. Any vulnerabilities identified as part of the continuous bug bounty program are also validated by an external partner <sup>2</sup>.

### **Organisation for operational risks**

The former Security Commission (SI-COM) was replaced by the Operational Risk Commission (ORC). The ORC is a commission established by the Executive Board to manage operational risks in accordance with the risk catalogue. Duties and powers include operational risk reporting, monitoring and compliance with risk tolerance, the identification of measures to reduce risk or ensure compliance with reporting obligations to the Executive Board and the Bank Council and ensuring compliance with statutory and regulatory reporting obligations.

The ORC ensures effective management of operational risks within the company and also serves as a liaison body between the risk management units (first line) and the independent control bodies (second line).

<sup>1</sup> ISAE 3402 Type I: Assessment of the suitability and structure of controls. Control design and implementation are reviewed. ISAE 3402 TYPE II: Additional review of the effectiveness of controls during the audit period. Definitions and specific implementation are assessed.

<sup>2</sup> Bug bounty programs serve, as a complement to other security measures, to identify, document and remedy any vulnerabilities within IT systems and applications, working in cooperation with ethical hackers. They comply with legal requirements and act with the consent of the parties involved.

**Key measures**

SZKB focused on the following measures in the area of responsible business conduct towards clients during the reporting year in the key area of «data protection/client data/privacy»:

- Raising employee awareness and providing training to employees
- Development of artificial intelligence governance (AI)

**2.1.2 «Client satisfaction»**

**Identifying client satisfaction**

While an ordinary client satisfaction survey was previously completed by clients only once every four years, SZKB has now adjusted the survey rhythm to once every two years due to the importance of client satisfaction and the inclusion of the «voice of the client». Surveys were conducted both in 2023 and 2024 due to a change in reporting arrangements.

The 2024 client satisfaction survey was conducted online by an external institute.

| Description   | 2024 | 2023 |
|---|------|------|
| Proportion of clients who are satisfied or very satisfied with SZKB | 95%  | 96%  |
| Clients perceive SZKB as a sustainable or very sustainable bank     | 79%  | 53%  |

**Processing complaints and client feedback systematically**

At SZKB, client complaints are taken seriously and systematically recorded and handled. Proper handling of complaints also provides an opportunity to improve products and services and to strengthen client loyalty.

| Description                   | 2024 | 2023 |
|-------------------------------|------|------|
| Number of complaints received | 216  | 214  |

It is important for SZKB to record client complaints in the system so that continuous improvement can take place. In 2024, the recording process was optimised, and verification mechanisms were further developed in a targeted manner. Due to the systematisation of the process of recording and reviewing complaints, the raising of client advisor awareness through training in the complaints process and a positive culture in relation to mistakes, more complaints were recorded than in previous years.

**Providing training and courses for clients**

To enhance client familiarity with banking topics and increase client satisfaction, SZKB offers information platforms that include ones taking the form of client events. Clients are taught how to safely use digital banking services and are assisted with important topics in this way. In the summer of 2024, SZKB also launched the Clever@SZKB series, through which the Bank offers the Schwyz community free talks on various topics in order to improve financial literacy. SZKB also uses various other channels to provide financial information, such as videos and radio streams with insights and analyses from the Chief Investment Officer, the SZKB podcast, regional newspapers, specialist articles in newspapers and magazines, the SZKB client magazine, newsletters and so on. This enables it to reach its clients via a variety of digital and physical channels.

**2.1.3 «Data protection/client data/privacy»**

**Raising employee awareness and providing training to employees**

In 2024, all SZKB employees were obliged to complete IT system access training courses on information security and data protection. The awareness of SZKB partners with access to SZKB systems was raised by their responsible contact person at SZKB or the Security department. The signing of non-disclosure agreements also further raised awareness about the need to handle sensitive information in a responsible manner.

In order to enhance security awareness, SZKB has pursued measures such as simulated phishing and smishing attacks as well as regular information campaigns via the intranet. In October 2024, the Bank actively participated in the global Cybersecurity Awareness Month and provided employees with topic-specific learning videos to further increase resilience against cyber threats.

**Development of artificial intelligence (AI) governance**

During the reporting year, the development of company-wide AI governance was initiated. The use of artificial intelligence must be designed in such a way as to guarantee data protection and data security. The strategy sets out clear guidelines for the responsible use of AI. For the purpose of risk mitigation, the use of AI is then subject to the supervisory expectations of the Swiss Financial Market Authority.

In order to anchor the strategy within the organisation, employees will be prepared in future through the provision of targeted training in the responsible handling of AI.

## 2.1.4 Assessment of effectiveness and next steps

### Assessment of effectiveness

In 2024, SZKB was able to maintain the proportion of clients who are satisfied or very satisfied with SZKB. SZKB will persist in confronting daily challenges in the times ahead in order to maintain or further improve this result. SZKB has also improved significantly in terms of its perception of being a sustainable bank. The measures implemented and planned have had an impact and confirmed SZKB's progress along its chosen path.

SZKB considers the measures taken in the key area of client satisfaction to be appropriate and effective.

SZKB requires «all full-time and part-time employees, as well as all authorised representatives with access to SZKB's IT systems, to complete annual online training courses on data and information security to ensure the security of client data». All SZKB employees completed this training in 2024.

SZKB considers the measures taken in the key area of «data protection/client data/privacy» to be appropriate and effective.

### Further development and next steps

Over the coming year, comprehensive measures are planned to further anchor the advisory philosophy. This includes the introduction of a new, multi-day onboarding programme for new SZKB client advisors. Existing advisors receive refresher training, which is supplemented by targeted learning nuggets dealing with individual aspects of the advisory philosophy. In addition, the other sales staff who do not work in core segments receive training on the advisory philosophy. Sales managers continue to support client discussions in order to promote and develop the advisory expertise of their employees through targeted coaching.

The next client satisfaction survey is planned for 2026.

SZKB ensures that applicable accessibility requirements are comprehensively fulfilled by new buildings and renovations. In addition, SZKB has undertaken to examine existing structures in order to identify scope for optimisation over the coming years.

In the area of information security, the certification of the Information Security Management System (ISMS) according to ISO 27001 will be sought over the coming years. This will involve a pre-audit and a subsequent certification audit. In addition, a new annex to the contract containing technical and organisational measures (TOM) will be introduced in 2025 in order to ensure data security, which will have to be signed by the respective partners. The introduction and implementation of cloud governance will be completed next year. In addition, in the area of information security it is planned to further develop awareness measures in the context of the extended awareness concept 2.0. In the area of physical security, access control systems for bank premises are due to be exchanged soon.

From 2025, the issue of artificial intelligence will become an integral part of employee training, which will focus on the responsible handling of sensitive data and the secure use of generative AI.

## 2.2 Responsible business conduct towards employees

### 2.2.1 Relevance, objectives, management approach and measures

Relevance of the topic to SZKB and objectives

As an employer, SZKB has the ability to shape the professional development of its employees in their work roles. This can have both negative and positive effects. Opportunities and risks relating to business conduct vis-à-vis employees can be divided into an inside-out perspective and an outside-in perspective:

- **Inside-out – the impact of SZKB on employees and society:** As an employer, SZKB has a direct impact on the well-being and development of its employees and society. Positive effects such as a diverse corporate culture promote satisfaction, employee retention by the company and the positive perception of SZKB as a responsible employer (employer branding). At the same time, it is important to avoid negative effects such as health impairments, discrimination in the workplace or loss of employability. SZKB focuses on targeted measures to promote sustainable growth and innovation, including topics such as diversity and integration, business transactions/commuter traffic and remuneration of the highest governance bodies.
- **Outside-in – the impact of external factors on SZKB:** External developments such as societal expectations and environmental changes have an impact on SZKB. Commercial transactions/commuter traffic, as a key cause of operational CO<sub>2</sub> emissions, requires measures to reduce the environmental footprint. Likewise, the remuneration policy is subject to increasing requirements in order to avoid misincentives and reputational risks while at the same time helping to attract qualified managers.

With this approach, SZKB identifies areas in which action is required, minimises risks and strengthens its role as a responsible employer and sustainable institution.

SZKB has defined «Diversity and integration», «remuneration of the highest governance bodies» and «commercial traffic/commuter traffic» as key topics in the area of responsible business conduct towards employees and set the following targets (for climate targets, see Chapter 5 Climate Report):

- SZKB fulfils its role as a training company by providing a number of apprenticeship and internship positions equivalent to a minimum of 5% of the workforce.
- SZKB acts as a socially responsible employer by providing job opportunities for individuals with disabilities, such as through reintegration programs or through the continued employment of employees with limited capacity, with at least 1% of its employees taking advantage of such opportunities.
- The number of sickness-related absence days per employee (FTE) is less than 5.0 days per year (with long-term absences not taken into account).<sup>1</sup>
- The (unexplained) pay gap between the genders is no more than 2.5%.
- By 2030, there will be a minimum of 25% representation of both genders among employees at all levels, including the Executive Board.

<sup>1</sup> Long-term absences are not taken into account.



## Management approach

### Organisation

The strategic responsibility for human resources policy lies with the Bank Council, its Personnel Committee (PEA) and the Executive Board. These bodies perform central tasks in managing and monitoring the Bank's HR strategy and policy. The Human Resources department (HR) is responsible for the operational design and implementation of the human resources strategy. It reports directly to the CEO and is responsible for the development and implementation of the HR strategy. This comprises the areas of digital transformation, strategic HR projects, talent and leadership development, process optimisation, the drafting and updating of directives and HR communication.

The Bank Council, in particular the Personnel Committee, is responsible for key decisions in the area of human resources policy. This includes the appointment and dismissal of members of the Executive Board and the Board of Inspectors, approval of the Remuneration and Personnel Regulations and the organisation and development of the compensation model for the Executive Board or the Bank Council. These decisions are subject to supervision by the Cantonal Supervisory Commission and also include a determination of the fixed and variable elements of overall remuneration.

The Human Resources department is operationally responsible for the development and promotion of diversity, equality and integration within the organisation. It monitors compliance with relevant standards and implements measures that strengthen and further develop an inclusive corporate culture.

### Preventing discrimination

Sexual harassment, bullying and discrimination of any kind are not tolerated at SZKB. Appropriate provisions have been incorporated into the «Personal Regulations» for this purpose. The appropriate channels for lodging complaints are managers, the Human Resources department or the members of the Executive Board. In addition, the whistleblowing process can be used. Irrespective of this, employees can contact the board of the Bank's internal staff association for support and advice.

### Remuneration model

The structure of the SZKB remuneration model is based on clearly defined levels (1–8 for employees, 9–10 for the Executive Board) and includes the following rules:

- Fixed remuneration: Employees on levels 1 and 2 receive a fixed basic remuneration.
- Variable remuneration: On level 3 and above, variable remuneration is possible in addition to fixed remuneration, although there is no legal entitlement to it (even if it has previously been paid).
- Variability criteria: The amount of variable remuneration depends on the level, individual performance (results and behaviour) and the total amount available. This is determined on the basis of the Bank's adjusted business performance and is approved by the Bank Council.

The model reflects fair and performance-based remuneration and is adapted to and based on SZKB's business performance.

### Occupational safety and health

SZKB fosters a health-oriented corporate culture and minimises the risk of occupational illnesses. Its occupational health management is based on the pillars of prevention, intervention and integration. In the event of prolonged health-related absences, SZKB supports employees and managers with professional advice in order to ensure a smooth reintegration or a transition to disability insurance (IV). In addition, external, independent care management provides support in the event of long-term illness or occupational overload.

### Key measures

- Expanding attractive employment conditions
- Ensuring equal opportunities and equal pay
- Organising «People Days»
- Establishing employee satisfaction
- Supporting training and education

Detailed employee figures can be found in the Appendix «Key figures about employees».

## 2.2.2 «Diversity and integration»

### Expanding attractive employment conditions

Switzerland offers a solid social network and fair employment law standards, which are also fully applied at SZKB. SZKB also creates additional advantages in the area of diversity and integration in order to ensure an attractive working environment for all employees:

- **Pension fund:** The entire annual salary, including the variable component and excluding the coordination deduction, is insured with the Pension Fund of the Canton of Schwyz. SZKB also enables employees to create additional retirement capital separately from their management pension plan, if desired as a retirement pension. Through voluntary supplementary savings contributions, retirement provision can be extended and additional protection obtained to cover death and disability.
- **Maternity:** Employees receive 100% of their salary (fixed and variable remuneration) for a period of four months without any reduction in holiday entitlement.
- **Family allowances:** In addition to the statutory allowances, SZKB pays a voluntary family allowance until the child reaches the age of 20.
- **Reconciling work commitments and family life:** Employees with at least a 50% workload (mothers or single fathers) receive financial support for external childcare as well as free advisory and brokerage services. These regulations also apply to part-time employees, adjusted on a FTE basis.
- **Compatibility of work commitments and private needs:** SZKB offers its employees a highly flexible working schedule. Working hours can be freely performed within an extended time window from Mondays to Saturdays between 6.00 a.m. and 11.00 p.m. This rule enables an optimal balance between work commitments and private needs and fosters a modern, performance-focused and employee-friendly work culture.

| Parenthood (GRI 401-3)                                    | 2024   | 2023   | Change | 2022  | 2021 <sup>1</sup> | 2020 <sup>1</sup> |
|---|--------|--------|--------|-------|-------------------|-------------------|
| <b>Returning to work after parental leave<sup>2</sup></b> |        |        |        |       |                   |                   |
| Number of employees who returned to work                  | 23     | 20     | 15.0%  | 26    |                   |                   |
| thereof number of women                                   | 8      | 13     | -38.5% | 14    |                   |                   |
| thereof number of men                                     | 15     | 7      | 114.3% | 12    |                   |                   |
| Return rate after the end of parental leave <sup>3</sup>  | 92.0%  | 95.2%  | -3.2%  | 92.9% |                   |                   |
| for women   | 80.0%  | 92.9%  | -12.9% | 93.3% |                   |                   |
| for men   | 100.0% | 100.0% | 0.0%   | 92.3% |                   |                   |
| <b>Retention after returning to work<sup>4</sup></b>      |        |        |        |       |                   |                   |
| Retention rate for all employees                          | 90.5%  | 87.5%  | 3.0%   |       |                   |                   |
| Retention rate for women                                  | 85.7%  | 93.8%  | -8.1%  |       |                   |                   |
| Retention rate for men                                    | 100.0% | 81.3%  | 18.7%  |       |                   |                   |
| Number of employees retained                              | 19     | 28     | -32.1% | 22    |                   |                   |
| thereof number of women                                   | 12     | 15     | -20.0% | 14    |                   |                   |
| thereof number of men                                     | 7      | 13     | -46.2% | 8     |                   |                   |

<sup>1</sup> No key figures are shown for 2021 and 2020, as SZKB implemented a new HR system in 2022.

<sup>2</sup> Returning to work refers to all employees who are taking or have taken parental leave during the reporting year.

<sup>3</sup> The figure shows the ratio of employees who took parental leave to those who continued working after the end of parental leave.

<sup>4</sup> Retention is measured one year after returning to work (after parental leave). It is not yet possible to report the figures up to and including 2022.



**Ensuring equal opportunities and equal pay**

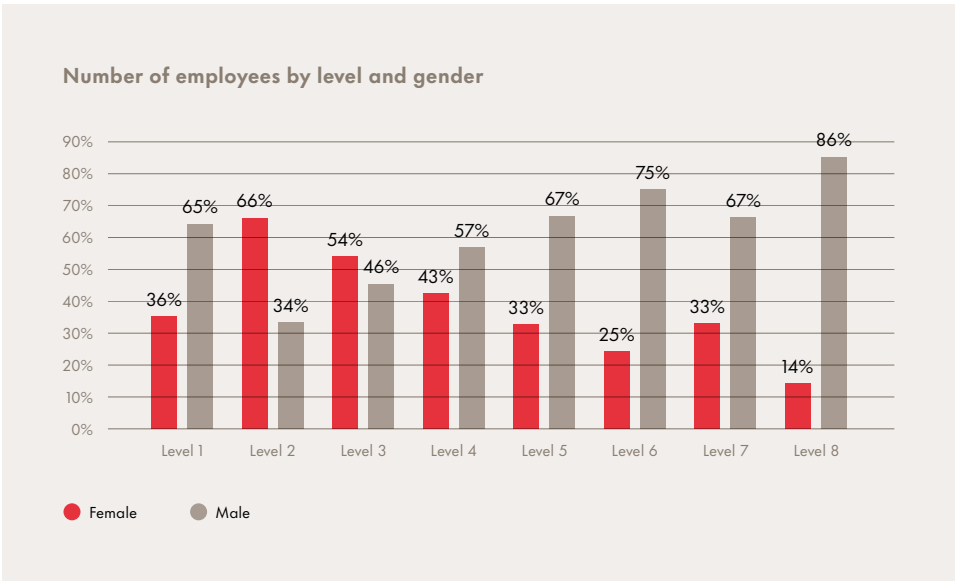
SZKB promotes diversity and integration with a special focus on reconciling work commitments and family life. Flexible working hours, the option of working from home and childcare allowances also support employees (regardless of the support model). With a rate of employment of 50% or above, employees who are mothers or single parents benefit from financial support for childcare. Part-time models are available to men and women alike. SZKB undertakes to prevent discrimination in all areas, from recruitment through promotion to remuneration, and to upholding the personal integrity of its employees.

The SZKB women’s network organised regular events, network meetings and training sessions for female employees. The aim is to facilitate dialogue concerning issues related to the professional and personal development of female employees and to enhance specific skill sets.

SZKB conducts an equal pay analysis every two years in co-operation with an external partner. This is based on total remuneration (fixed and variable components) and compares salaries by gender. SZKB has set itself the target of keeping the adjusted salary gap below 2.5%. The salary equality analysis was most recently carried out in 2023. The next analysis is planned for 2025.

**Organising People Days**

The «People Days» leadership programme has been in place since 2022. Once each 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 objectivity, 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.



**Equal pay analysis**

Adjusted salary gap

**2023**

≤2.5%

**2021**

≤2.5%

The Human Resources department carries out evaluations to identify distortions in the assessment («bias», such as in regard to employee gender, age or level). In addition, a detailed analysis will be submitted to the Executive Board after all People Days has been held in order to identify potential inequalities in evaluation between areas.

The systematic assessment of performance and behaviour, as well as the calibration of results during People Days, have proven to be effective tools in ensuring transparency and fairness in human resources development.

### Establishing employee satisfaction

Every two years, SZKB conducts a comprehensive employee satisfaction survey in cooperation with an external partner. The aim of the survey is to gain valuable insights into the needs and opinions of employees in order to further develop working conditions and the corporate culture in a targeted manner. SZKB also uses pulse checks (surveys carried out during the year) of the workforce as needed in order to review the effectiveness of the initiated measures.

The regular survey enables SZKB to identify strengths and identify potential areas where improvement is required at an early stage. The results are fed directly into strategic human resources development and support the Bank in maintaining and developing its attractiveness as a responsible employer.

| Employee satisfaction   | 2023 | 2021 | Change |
|---|------|------|--------|
| Employee satisfaction at overall bank level (0 lowest value; 100 highest value) | 77   | 78   | -1     |

| Illness and accidents (GRI 403-9 and 403-10) | 2024 | 2023 | Change | 2022 | 2021 <sup>1</sup> | 2020 <sup>1</sup> |
|--|------|------|--------|------|-------------------|-------------------|
| Days of absence per employee                 | 5.2  | 4.8  | 7.7%   | 4.7  |                   |                   |
| thereof sick days                            | 4.5  | 4.2  | 7.2%   | 4.5  |                   |                   |
| thereof accident days                        | 0.7  | 0.6  | 10.9%  | 0.3  |                   |                   |

<sup>1</sup> No key figures are shown for 2021 and 2020, as SZKB implemented a new HR system in 2022.

### Supporting training and education

SZKB attaches great importance to comprehensive education and training for its employees in order to promote their employability and support lifelong learning.

SZKB offers a wide range of learning opportunities:

- **Core training and fostering of young talent:** SZKB is actively involved in the education and promotion of young talent in order to create a solid basis for future specialists. Its commitment includes practical training programmes that prepare young talent in a targeted manner for the professional challenges ahead. SZKB offers various occupational profiles for core training. If necessary, new occupational profiles are created and introduced.
- **Talent and leadership programmes:** With an 18-month talent programme, the Bank supports potential beneficiaries in order to strengthen their leadership and cross-departmental expertise. Five women and eight men are taking part in the group, which started in 2024. Since 2021, a leadership programme has assisted in the further development of executives, which continued in the form of «leadership circles» in 2023. This involves two mandatory training sessions each year.
- **Training opportunities:** SZKB offers employees access to their own learning platform, an external learning library and support for part-time training by covering 80% of the costs for advanced training and, as a general rule, also 80% of training hours from 2025.
- **Advisory certifications:** Client advisors are certified according to SAQ within 18 months in order to ensure the highest standards of advice. For employees who require an investment fund licence, this must be obtained within 6 to 12 months.
- **ESG training:** In 2024, SZKB conducted comprehensive training on ESG issues covering general content as well as internal Bank processes such as energy-efficient renovations and sustainable financing. These training courses were conducted according to an e-learning format and are SAQ certified. In addition, further training has been provided for client advisors with a focus on ESG in advisory services. In addition, in cooperation with the Lucerne University of Applied Sciences and Arts, SZKB has also developed a tailor-made specialist course in sustainable finance aimed specifically at managers and ESG-specialist departments.

This commitment reflects the importance that the Bank attaches to the qualifications and development of its employees.

| <b>Training and education (GRI 404-1)</b>  | <b>2024</b> | <b>2023</b> | <b>Change</b> | <b>2022</b> | <b>2021<sup>1</sup></b> | <b>2020<sup>1</sup></b> |
|--|-------------|-------------|---------------|-------------|-------------------------|-------------------------|
| Total employees in training  | 34          | 35          | -2.9%         | 34          |                         |                         |
| thereof apprentices  | 29          | 30          | -3.3%         | 29          |                         |                         |
| thereof interns  | 5           | 5           | 0.0%          | 5           |                         |                         |
| Employees engaging in external training and education alongside work (GRI 402-2) | 34          | 78          | -56.4%        | 49          |                         |                         |
| Number of degrees at the tertiary level  | 22          | 33          | -33.3%        | 31          |                         |                         |
| Number of SAQ certifications   | 2           | 0           |               | 7           |                         |                         |
| Number of Banking Course completions   | 11          | 12          | -8.3%         | 9           |                         |                         |
| <b>Training costs (own standard)</b>   |             |             |               |             |                         |                         |
| Total external training costs in CHF million                                     | 1.30        | 1.26        | 4.0%          | 0.97        |                         |                         |
| Total external training costs as a percentage of human resource expenses         | 1.4%        | 1.1%        | 0.3%          | 1.2%        |                         |                         |
| Total external training costs, CHF per employee                                  | 2,027.90    | 1,611.30    | 25.9%         | 1,590.70    |                         |                         |

<sup>1</sup> No key figures are shown for 2021 and 2020, as SZKB implemented a new HR system in 2022.

### 2.2.3 «Remuneration of the highest governance bodies»

The remuneration model for SZKB's Executive Board is structured largely in a similar manner to that of employees (see Chapter 2.2.1 Relevance, objectives, management approach and measures, section Remuneration model): It consists of a fixed basic salary and a variable component.

- Half of the variable remuneration relates to 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. Two-thirds of the strategy bonus is distributed as deferred compensation. The Bank Council defines the key performance indicators (KPI).
- There is no salary component in the form of shares or options. SZKB is not a private company but rather an independent institution under public cantonal law.
- New Compensation Regulations will be introduced for the Executive Board on 1 January 2025. From this point onwards, the compensation of the Executive Board will be comprised of fixed compensation and a variable performance-related component. The previous additional performance-related component dependent upon the achievement of strategic performance targets will no longer be necessary. At the same time as the introduction of the new Compensation Regulations, the methodology used in the Compensation Report will also be adapted to the current industry standards as of 1 January 2025. From this point onwards, the profit share will no longer consist of the performance-related component paid out but rather the component allocated. This should improve transparency and comparability of compensation over the years.

The compensation model for the Bank Council is approved by the Cantonal Supervisory Commission and does not include a profit-sharing component.

### 2.2.4 Assessment of effectiveness and next steps

#### Assessment of effectiveness

SZKB uses a wide range of measures to promote its employees and create a modern, supportive working environment. Programs for advanced training, flexible working time models and initiatives such as the SZKB women's network help contribute to skill enhancement and increased workforce satisfaction. Regular surveys ensure that the measures are effectively implemented and adapted continuously to the needs of employees. At SZKB, HR topics and processes are well anchored in the Bank Council, the Executive Board, the HR department and line management. Overall, SZKB considers the measures taken to have been effective.

#### Further development and next steps

Starting in 2025, SZKB will be offering three additional apprenticeships in the Sales department and will train two apprentices for the new «Mediamatiker» apprenticeship. The new «digital business developer» apprenticeship will also be offered in 2026.

Employees in the 58+ age group have the option of partial retirement from 1 January 2025. They can reduce their workload by 20% without any financial losses under the pension scheme. These will be compensated by the Bank. In addition, an orientation seminar is offered to prepare for the next phase in life.

From 1 January 2025 onwards, SZKB will adhere to the Agreement on Working Hours (VAZ). This allows certain groups of employees to avoid having to record working hours. All other employees record their working hours in a simplified manner as daily net working hours. In this way, SZKB promotes a culture of working time rooted in trust.



## 2.3 Responsible business conduct towards the local environment

### 2.3.1 Relevance, objectives, management approach and measures

#### Relevance of the topic to SZKB and objectives

SZKB is guided by its spirit & purpose, which is focused on intergenerational thinking and actions. As an institution with strong roots in the region, SZKB knows the needs and challenges of the people of the Canton of Schwyz at the various stages of their lives. On this basis, it is committed to local activities and engages in responsible and sustainable business conduct. The ownership of SZKB by the Canton, which means it is 100% owned by the people of Schwyz, also plays a role in this.

As a bank rooted in the region, SZKB has a wide range of interactions with its local environment. There is potential for both positive and negative impacts. In accordance with Section 3(2) of the Schwyzer Kantonalbank Act, SZKB must contribute to the 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. Opportunities and risks relating to business conduct vis-à-vis the local environment can be divided into an inside-out perspective and an outside-in perspective:

- **Inside-out – the impact of SZKB on the local environment:** Through its commitment to culture, society, sport and the environment, SZKB strengthens social cohesion and promotes vibrant regional development. This supports the preservation of local traditions, motivates voluntary commitments and bolsters trust in the Bank as a responsible partner. Nevertheless, this commitment entails some risks. The possibility of associations or institutions becoming dependent on funding can lead to challenges over the long term, especially if funds need to be reduced or prioritised. In addition, negative impacts could arise as a result of supporting initiatives or projects that are subsequently considered to be controversial or do not meet the expectations of the general public and lead to reputational risk.

- **Outside-in – the impact of the local environment on SZKB:** SZKB influences the local environment through social, economic and regulatory developments. Rising expectations in terms of social and environmental engagement by financial institutions are increasing pressure to take more comprehensive and visible action. At the same time, economic challenges in the region, such as an increase in unemployment or business closures, can increase demand for support services and also raise the financial burden on the Bank. Regulatory requirements relating to sustainability and the promotion of regional development can exert additional pressure, as can social debates that force the Bank to respond to new needs or criticisms.

Key topics from SZKB's sustainability strategy in the area of responsible corporate behaviour towards the local environment are «Generations and local commitment» and «Fostering the local community and economy». SZKB has the following objectives in this regard:

- Local commitment (sponsorship) of at least CHF 0.8 million per year.
- Increase in the number of financial literacy events held

## Management approach

### Sponsorship

The Sales and Market Management department is tasked with evaluating and approving sponsorship requests. This department reports directly to the CEO. SZKB attaches great importance to promoting not so much major flagship projects but rather a large number of projects and events that offer added value to the general public and are consistent with its spirit and purpose. When making commitments, SZKB has clear rules on the allocation of decision-making authority; these specify which decisions regarding commitments can be made at which level or which particular approval process is required. Internal control mechanisms exist to ensure compliance with these regulations.

### Memberships

To consolidate common interests, SZKB is involved in various organisations. The Bank is convinced that this will enable synergies to be exploited. SZKB's involvement and membership in these organisations are aimed at expanding its network, enhancing its knowledge and expertise beyond the banking sector and establishing a presence in and committing to key institutions. SZKB has clearly defined rules on the allocation of decision-making authority, which stipulate at which level decisions on whether to join organisations can be made and which approval processes must be followed when doing so.

### Financial literacy

The promotion of financial literacy is a core area of SZKB's activities. It aims to expand the knowledge of the general public in the Canton of Schwyz concerning issues such as savings, financing, investing and pensions. In doing so, SZKB aims to help secure and enhance prosperity for future generations. As part of this mission, SZKB offers free events for its clients as well as presentations for the general public throughout the Canton.

### Key measures

- Promoting the local environment through sponsorship
- Leveraging synergies through memberships
- Enhancing social engagement and fostering financial literacy

## 2.3.2 «Generations and local commitment»

Promoting the local environment through sponsorship

SZKB has strong roots in the region and is actively committed to the Canton of Schwyz. As a sign of its practical proximity to the region, it supports a wide range of local and regional projects and events that make a lasting contribution to regional added value in the areas of culture, customs, society, economy, tourism, sport and nature.

Sponsorship grants of up to CHF 2,000 are provided, either as cash or in-kind (promotional material). When auditing sponsorship commitments of more than CHF 2,000, SZKB pays particular attention to their environmental, social and societal impacts.

SZKB promotes a wide range of sponsorship commitments but has defined clear exclusion criteria and does not make any contributions in the following cases:

- Events or projects outside the Canton of Schwyz
- National or international projects and events, as well as international projects
- Projects or events managed exclusively for commercial purposes
- Political or religious events
- Support for individuals (such as athletes and artists)
- Extreme sports or dangerous events
- Projects or events relating to motorsports
- Private events
- Book projects, work catalogues, commemorative publications
- Construction projects, renovations, refurbishments
- Image and sound storage media

Because of its significant presence in the Canton of Schwyz and its close proximity to clients, SZKB frequently receives requests for sponsorship and support contributions. In 2024, SZKB awarded a total of CHF 0.8 million in sponsorship grants. This support benefited local associations and institutions throughout the Canton. SZKB ensures transparency by posting sponsorship conditions, application forms and details of the contact person on its website.

### **Leveraging synergies through memberships**

As a player in the economic environment of the Canton of Schwyz, SZKB works closely with partners from various areas. These cooperative relationships pool resources and expertise in order to actively address current developments throughout the region and the industry. Regular dialogue enables the Bank to identify relevant trends at an early stage and to work together with other stakeholders to develop sustainable solutions that benefit both the economy and society.

SZKB, or SZKB employees on its behalf, are members of the following organisations (annual membership fee of at least CHF 1,000):

- Arbeitgeberverband der Banken (Employer Association of Swiss Banks)
- Asset Management Association Switzerland (AMAS)
- Esisuisse
- fmpro Schweizerischer Verband für Facility Management und Maintenance (Swiss Association for Facility Management and Maintenance)
- Industrie- und Handelskammer Zentralschweiz IHZ (Chamber of Commerce and Industry of Central Switzerland)
- PCAF Partnership for Carbon Accounting Financials
- PPI Schweiz GmbH
- Schweiz. Bankiervereinigung/Swiss Banking
- Swiss GAAP FER
- Swiss Risk Association
- Swiss Sustainable Finance
- SwissDebitPay
- Venture Foundation
- Verein Unternehmens-Datenschutz (Association for Corporate Data Protection)

### **2.3.3 «Fostering the local community and economy»**

#### **Enhancing social engagement and fostering financial literacy**

SZKB promotes social engagement by its employees and allows one working day to be used each year for charitable activities, known as a «change of perspective». Employees actively support local organisations and associations on site. In 2024, 176 employees changed their perspectives on 133 days off, working on 33 different projects. Some projects relating to the upgrading of the Schwyz hiking trail had to be cancelled due to adverse weather conditions, which is why not all 196 registered employees were able to «change their perspectives». In addition, many SZKB employees work privately within associations or serve in political office. Any secondary employment is approved by the Executive Board in accordance with internal requirements.

In autumn 2024, SZKB launched the Clever@SZKB series of events aimed at the entire population of the Canton of Schwyz. The free introductory presentations deal with key financial topics such as digital transformation, asset accumulation, financing the purchase of a home, pension planning and inheritance planning. The aim is to answer questions that are often asked when seeking advice in a comprehensible and practical way. The plan is to make the programme an integral part of the SZKB event calendar in order to provide targeted support to various stakeholder groups. In 2024, eight events took place with a total of 387 participants.

Another important commitment is the support provided by the Schwyz Mentoring Programme, which was launched in 2022 in conjunction with partners such as the Women's Network of the Canton of Schwyz, the SME Association Women Schwyz and the Schwyz University of Teacher Education. The programme enables mentors from a wide range of industries to provide assistance to young professionals in career planning, network management and work-life balance, as well as raising awareness of occupational pension issues.

With these initiatives, SZKB not only strengthens the social and economic fabric of the Canton of Schwyz, but also helps to foster education, equal opportunity and financial responsibility.



### 2.3.4 Assessment of effectiveness and next steps

#### Assessment of effectiveness

In 2024, SZKB achieved the target objective for its engagement in the Canton of Schwyz by awarding total sponsorship worth CHF 0.8 million. This commitment helps to strengthen social life and cross-generational development in the Canton. SZKB has specified clear processes and criteria, including exclusion criteria, in order to make sure that the funds are used in a targeted manner. This ensures that sponsorship payments are distributed fairly in accordance with predefined criteria. Over the coming months, SZKB will examine whether sponsorship partners should be required in future to present a concept that demonstrates their awareness of their environmental, social and societal responsibility for commitments of CHF 10,000 or more.

SZKB pays particular attention to improving financial literacy in the region. With the rollout of the Clever@SZKB series of events, key financial topics are being brought to the attention of the general public. In 2024, SZKB reached 387 participants in a total of eight events, thus meeting the targets set. SZKB considers the measures taken to be appropriate and effective.

#### Further development and next steps

The Clever@SZKB series will continue in 2025 and the possibility of adding further topics to the event series in order to address and support the needs of various stakeholder groups in a more targeted manner.

The change of perspective will also continue in 2025. The number of partners and projects will be gradually expanded over the coming years.

## 2.4 Responsible business conduct towards the environment

### 2.4.1 Relevance, objectives, management approach and measures

#### Relevance of the topic to SZKB and objectives

SZKB's commitment to sustainability also includes its own operational ecology. SZKB's operations can have both a positive and a negative impact. Opportunities and risks relating to business conduct vis-à-vis the environment can be divided into an inside-out perspective and an outside-in perspective:

- **Inside-out – the impact of SZKB on the environment:** SZKB's operations have a direct impact on the environment. The reduction of resource consumption, demand for environmentally and socially responsible products and services and support for biodiversity and the like can have an impact on the environment. SZKB focuses on reducing energy consumption and emissions associated with the operation of its own buildings as well as efforts to save resources. Measures such as the transition to renewable energy, the installation of photovoltaic systems (PV) and the removal of fossil heating systems underscore the Bank's responsibility in this area.
- **Outside-in – the impact of external environmental factors on SZKB:** External factors such as rising energy prices, stricter regulatory requirements in terms of emission reductions or societal expectations in regard to sustainable business management have an impact on SZKB's business activities. These developments increase the need to implement energy-efficient and resource-saving solutions but can also create incentives for innovation and long-term cost savings.

SZKB has set the following targets for the key topic of «energy consumption and efficiency (greenhouse gas emissions)» (for the climate targets, see section 5 of the Climate Report):

- Raising employee awareness of resource consumption (e.g. paper, heating, light and electricity).
- By 2030, all bank buildings (solely) owned by SZKB will cease using oil or gas systems, provided that it is economically feasible and technically viable to do so.
- By 2030, SZKB will have installed photovoltaic systems on all bank buildings (solely) owned by SZKB, provided that it is economically feasible and technically viable to do so.

#### Management approach

Even if the consumption of resources and the associated environmental impact at SZKB (as at all financial companies) is significantly lower than with undertakings such as industrial companies, operational sustainability management is still of great importance to SZKB. In order to avoid or reduce potential risks, SZKB pursues the following concepts:

Responsibility for the identification, analysis and implementation of measures is clearly defined internally and lies with the Real Estate/Services department as well as the Contract/Partner Management specialist unit.

Technical maintenance of buildings is carried out by an in-house team of specialists, with the support of external experts if necessary. SZKB raises employees' awareness regarding the use of resources through intranet messages, campaigns in the in-house newspaper and so on.

In order to measure its CO<sub>2</sub> emissions, SZKB calculates its carbon footprint each year in accordance with ISO 14064-1 and the Greenhouse Gas Protocol for Scope 1 and Scope 2 as well as parts of Scope 3. SZKB identifies appropriate action from the knowledge gained from this process.

Key measures

- Cutting CO<sub>2</sub> emissions associated with heat consumption
- Reducing consumption of materials (papers, water, etc.) and waste
- Using electricity efficiently
- Avoiding refrigerant loss
- Sourcing sustainable and regional advertising material

2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)»

Cutting CO<sub>2</sub> emissions associated with heat consumption  
Emissions from heating systems (including water heating) at the headquarters and in the branches account for 110.2 tCO<sub>2</sub> (previous year 116.7 tCO<sub>2</sub>), accounting for 10.5% of total CO<sub>2</sub> emissions. This means that CO<sub>2</sub> emissions associated with heating have decreased by 5.6% (–6.5 tCO<sub>2</sub>) compared to the previous year, and by 22.1% compared to the base year 2021.

In 2023, the proportion of heating energy generated mainly from renewable energy sources was 66.8% (previous year: 63.5%).

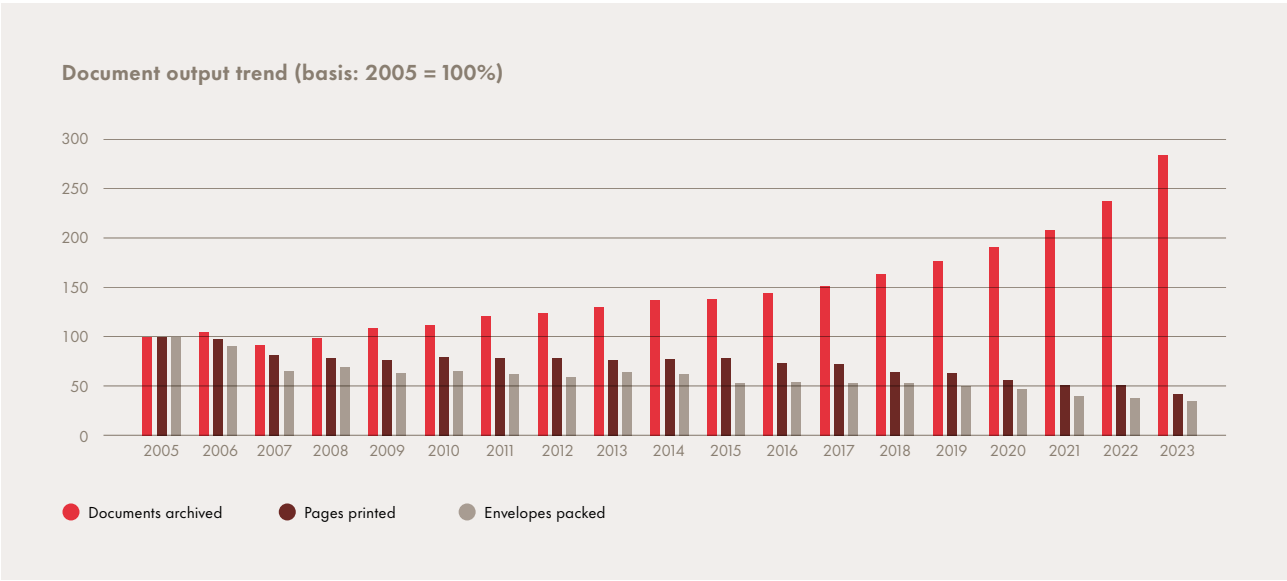
At the end of 2024, six branches out of the 13 under sole SZKB ownership were heated using fossil fuels (primary and/or secondary heating).

Reducing consumption of materials (papers, water, etc.) and waste

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

The volume by weight of paper and printed matter declined significantly by 32% in 2023 to 52.6 t (previous year 77.6 t). The corresponding CO<sub>2</sub> emissions were estimated at 47.4 t (previous year 81.3 t) or 4.5% of the total. The sharp decline can be attributed to a fall in the use of printed matter, as well as the systematic use of recycled paper instead of fresh fibre paper.

SZKB only uses 100% recycled paper for information and advertising material. SZKB also minimises environmental impacts for all print orders by offsetting the CO<sub>2</sub> emissions associated with printing and transportation. Only offsetting projects in Switzerland are supported. This cooperation takes place exclusively with printers in the Canton of Schwyz and, in exceptional cases, with printers elsewhere in Switzerland. SZKB collects, separates and disposes of numerous consumable materials, including paper, cardboard, plastics/films, IT equipment, PET bottles, coffee capsules and household rubbish.



SZKB primarily generates paper waste (documents and waste paper) and household waste. Compared to 2022, the quantity of waste generated by SZKB in 2023 increased by 57.4% from 17.7 t to 28.0 t. The primary reason for this was the cleanup of various material stores at the headquarters during the reporting year. This was also the reason for the sharp decline in the recycling rate to 44.2% (previous year 56.7%).

At 5,062 m<sup>3</sup> in 2023, water consumption was slightly lower than in the previous year. However, as a new emission factor was applied, the CO<sub>2</sub> emissions calculated as a result of water consumption were reduced to 0.7 tCO<sub>2</sub> (previous year 2.2 tCO<sub>2</sub>).

### Using electricity efficiently

SZKB's electricity consumption amounted to 2,283 MWh in 2023 (increase of 2.0% compared to the previous year). With 17.1 tCO<sub>2</sub> (increase of 28.6% compared to the previous year), this accounted for 1.6% of SZKB's operational CO<sub>2</sub> emissions. This increase was largely due to an adjustment in emission factors for the provision of energy. The carbon footprint takes into account the power consumption of the actual Bank premises (headquarters and branches), the external computer centre and the 13 cashpoints located at third-party sites. A total of 96.6% (previous year 93.8%) of the almost 2,283 MWh of electricity comes from renewable energy sources. Due to rental agreements, the exact composition of the remaining 3.4% is not conclusively known.

### Avoiding refrigerant loss

SZKB services its cooling equipment and air conditioning systems at least once each year. Nevertheless, defects are liable to occur unexpectedly, leading to a loss of refrigerant. In 2023, an SZKB air conditioning system lost 36 kg of R-134a refrigerant. As refrigerants are harmful to the climate, one kilogram of refrigerant R-134a has the effect of 1.43 tCO<sub>2</sub>. In 2023, the CO<sub>2</sub> emissions reported in the carbon footprint amounted to 51.7 t (previous year: 25.5 t).

### Sourcing sustainable and regional advertising material

When it comes to promotional items and giveaways, SZKB sees value and quality as extremely important. These are sourced exclusively from suppliers in Switzerland, with most of them coming from the Canton of Schwyz. Care is taken to ensure that the promotional items and gifts are manufactured in Switzerland or Europe. SZKB requires its suppliers to ensure that fair working conditions prevail during production and that resource-efficient materials are used. Where possible, SZKB works with institutions that offer

employment opportunities to people with disabilities, such as the BSZ Foundation. SZKB also focuses on regional partners for its advertising campaigns: 98.5% of costs are paid in Switzerland, in particular in the Canton of Schwyz. The minimum foreign share (1.5%) is due exclusively to the use of international digital advertising platforms. The key figures on operational ecology are listed on the right.

## 2.4.3 Assessment of effectiveness and next steps

### Assessment of effectiveness

The following measures were implemented in 2024 to achieve targets:

- In September, the old gas heating system at the Lachen branch was decommissioned thanks to the connection to Fernwärmeverbund Ausserschwyz (District Heating Association of Outer Schwyz).
- Replacement of high-consumption light fittings.
- A specialist company instructed by SZKB assessed branch buildings in order to identify the potential for photovoltaic systems. A master plan for the specific installation of PV installations to replace heating systems by 2030 has been drawn up, which provides for the construction of six PV systems.
- in regard to the target of «raising employee awareness of resource consumption (e.g. paper, heating, light and electricity)», the Executive Board raised awareness through a bank-wide call.

SZKB considers the measures taken to be appropriate and effective.

### Further development and next steps

SZKB aims to achieve the defined environmental targets by continuing to pursue its chosen approach and also systematically taking advantage of its options for reducing its CO<sub>2</sub> emissions. Over the coming years, SZKB will focus on the following measures:

- Ongoing conversion to more environmentally friendly heating systems at branch properties (solely) owned by the Bank.
- Installation of photovoltaic systems according to the Masterplan 2030.
- Implementation of the article on major consumers in the Canton of Schwyz based on an energy consumption analysis prepared by an external energy specialist. This will result in energy efficiency improvements, which will be implemented within the next three years.

## Key figures on operational ecology

|  | Unit                | 2023   | 2022   | Change<br>compared to<br>previous<br>year in % | 2021 <sup>1</sup> | Change<br>compared to<br>base year<br>2021 in % |
|--|---------------------|--------|--------|--|-------------------|---|
| <b>Energy consumption (GRI 302-1)</b>                                      |                     |        |        |  |                   |   |
| Total energy consumption   | MWh                 | 3,163  | 3,142  | 0.7%   | 3,322             | -4.8%   |
| thereof electricity <sup>2</sup>   |                     | 2,283  | 2,238  | 2.0%   | 2,181             | 4.7%  |
| thereof heating oil  |                     | 100    | 135    | -25.9%   | 146               | -31.5%  |
| thereof natural gas  |                     | 192    | 195    | -1.5%  | 285               | -32.6%  |
| thereof wood   |                     | 84     | 68     | 23.5%  | 72                | 16.7%   |
| thereof electric heat pump   |                     | 131    | 121    | 8.3%   | 112               | 17.0%   |
| thereof district heating   |                     | 373    | 385    | -3.1%  | 526               | -29.1%  |
| <b>Energy intensity (GRI 302-3)</b>  |                     |        |        |  |                   |   |
| Consumption per energy reference area in m <sup>2</sup>                    | MWh                 | 0.15   | 0.15   | 0.0%   | 0.16              | -6.3%   |
| Energy consumption per employee  | MWh/FTE             | 5.8    | 6.0    | -3.3%  | 6.4               | -9.4%   |
| <b>Paper consumption (including printing and toilet paper) (GRI 301-1)</b> |                     |        |        |  |                   |   |
| Total paper consumption  | kg                  | 52,574 | 77,602 | -32.3%   | 61,326            | -14.3%  |
| thereof recycled paper   |                     | 34,268 | 11,734 | 192.0%   | 3,891             | 780.7%  |
| thereof climate-neutral printing   |                     | 1,646  | 5,782  | -71.5%   | 4,539             | -63.7%  |
| Paper consumption per employee   | kg/FTE              | 95.9   | 148    | -35.1%   | 118               | -18.4%  |
| <b>Water consumption (GRI 303-5)</b>                                       |                     |        |        |  |                   |   |
| Total water consumption  | m <sup>3</sup>      | 5,062  | 5,076  | -0.3%  | 6,314             | -19.8%  |
| Water consumption per employee   | m <sup>3</sup> /FTE | 9.2    | 9.7    | -5.2%  | 12.1              | -24.0%  |
| <b>Waste (GRI 306-1)</b>   |                     |        |        |  |                   |   |
| Total waste  | kg                  | 27,941 | 17,743 | 57.5%  | 17,029            | 64.1%   |
| thereof recycled   |                     | 12,347 | 10,053 | 22.8%  | 8,767             | 40.8%   |
| thereof not recycled   |                     | 15,594 | 7,670  | 103.3%   | 8,078             | 93.0%   |
| thereof hazardous waste  |                     | 0      | 20     | -100.0%  | 184               | -100.0%   |
| <b>Branches (own standard)</b>   |                     |        |        |  |                   |   |
| Total branches incl. headquarters  | Number              | 22     | 22     | 0.0%   | 22                | 0.0%  |
| In sole ownership  |                     | 13     | 13     | 0.0%   | 13                | 0.0%  |
| thereof with primary and/or secondary fossil fuel heating                  |                     | 7      | 9      | -22.2%   | 9                 | -22.2%  |
| thereof with a PV system   |                     | 4      | 4      | 0.0%   | 4                 | 0.0%  |

<sup>1</sup> Reference year.<sup>2</sup> Of which 96.5% from renewable energy sources in 2023.

## 2.5 Responsible business conduct towards the financial sector

### 2.5.1 Relevance, objectives, management approach and measures

#### Relevance of the topic to SZKB and objectives

Complying with regulations and fostering healthy growth that aligns with SZKB's risk profile are essential for maintaining SZKB's impeccable reputation. Responsible business conduct in and towards the financial sector has an impact on various sustainability issues, such as the environment, society and the economy.

- **Inside-out – the impact of SZKB on the financial sector:** SZKB influences environmental and social standards in the financial sector through its decisions. Supporting companies that meet sustainable criteria helps bolster trust in the Bank and achieve long-term stability. At the same time, there is a risk that the provision of financing to companies that do not comply with environmental regulations or social standards may result in reputational damage, regulatory consequences or financial losses.
- **Outside-in – the impact of external factors on SZKB:** External factors such as regulatory changes, climatic risks, societal expectations and environmental changes affect SZKB's business activities. Companies that are slow to adapt to new requirements can become more difficult to finance, increasing the risk of default and associated financial burdens for the Bank. Reputational risks may also arise if SZKB is not perceived as being sufficiently sustainable. In addition, there may be a threat of regulatory consequences if regulatory requirements are not fully complied with. Effective risk management is therefore crucial to address these challenges at an early stage and to prepare the Bank and its clients for future changes.

Overall, responsible action helps to meet regulatory requirements, protect the Bank's reputation and gain the trust of clients and society. This fosters not only sustainable growth but also financial sector stability for the Bank. For these reasons, «regulatory compliance», «reputation» and «healthy growth» are key topics for SZKB in terms of responsible business conduct vis-à-vis the financial sector.

SZKB has not defined any specific targets in terms of responsible business conduct vis-à-vis the financial sector.

#### Management approach

##### Compliance management system

At SZKB, compliance primarily means compliance with regulatory requirements. At SZKB, corporate governance requirements are implemented through appropriate regulations and targeted directives. These are updated as part of a regular review process. In addition, compliance with corporate governance regulations and directives is ensured by means of risk management processes and the internal control system (ICS) and is verified by internal (Board of Inspectors) and external bodies (external auditor, FINMA).

The «Code of Conduct of Schwyzer Kantonalbank» outlines the fundamental principles necessary for successful and responsible business conduct at SZKB. This Code is issued by the Bank Council of SZKB and is applicable to all employees and governing bodies of the Bank. The Code of Conduct is accessible to all employees on the intranet and is published on the website [www.szkb.ch](http://www.szkb.ch). It aims to foster an effective and consistent corporate and compliance culture within SZKB. It sets out the most important behavioural rules that must be complied with by all employees and includes statements on compliance with regulations and responsible behaviour, on integrity, fairness and professionalism in dealing with internal and external partners (including the avoidance of conflicts of interest), and on sustainability, risk behaviour and whistleblowing.

Ethics and the anchoring of ethical principles are ensured by the SZKB Code of Conduct as well as by the obligation for all employees to comply with regulations and internal requirements. SZKB establishes the responsibilities of the Compliance function and other business areas in the internal directive on «Compliance (adherence to standards)» and stipulates in particular reporting obligations in relation to incidents.

### **Whistleblowing**

SZKB has established a reporting office to which employees and third parties, such as clients and suppliers, can report misconduct at any time by e-mail or in writing. Related information is made available to the public at [www.szkb.ch](http://www.szkb.ch). Information can also be provided anonymously and will be treated confidentially unless there is a legal obligation to disclose it. Provided that reports are submitted in good faith, SZKB will protect employees who report wrongdoing from any related sanctions. The handling of information received is governed by the «Whistleblowing Policy» issued by the Bank Council of SZKB, which is available to all employees on the intranet. In addition, employees or third parties can also reach SZKB via public channels or contact other bodies such as the Banking Ombudsman or the Swiss Financial Market Supervisory Authority FINMA<sup>1</sup>.

### **Compliance with market conduct rules**

In the internal directive on «Market Conduct Rules», SZKB specifies the statutory provisions on impermissible market conduct and the relevant requirements of the supervisory authority. In order to avoid market abuse, guarantee the transparency and proper functioning of the securities markets and ensure equal treatment of investors, trading in securities should only take place on the basis of generally accessible or published information. The exploitation of insider information and market manipulation is prohibited.

### **Managing conflicts of interest**

SZKB complies with the requirements of the Swiss Criminal Code on corruption (bribery, granting of benefits, acceptance of benefits) and clearly rejects bribery and corruption. It has also adopted internal regulations on conflicts of interest and the management of conflicts of interest, which have been approved by the Bank Council. This document describes in detail the forms that conflicts of interest can take, as well as what amounts to bribery and corruption, and establishes a monitoring mechanism to be operated by the Chief Compliance Officer.

### **Combatting money laundering**

There is an internal directive at SZKB on «Combatting Money Laundering (AMLA, AMLO-FINMA) and Specification of Due Diligence Obligations (CDB)». It defines the processes for preventing money laundering, responsibilities and the dedicated anti-money laundering unit. In all areas of business, SZKB does not accept employees engaging in illegal conduct or violating internal policies. In addition, SZKB uses databases (e.g. Dow Jones) to combat corruption and money laundering by identifying high-risk individuals and organisations. Both transactions and new clients are reviewed. If there is any suspicion of illegal activities such as money laundering, terrorism or corruption, this will be reported to the competent authorities. Audits and controls by supervisors, second-line units (in particular by Risk Management and the Compliance function) and the risk-based approach of the internal and external auditors ensure that the requirements are met.

<sup>1</sup> The Swiss Banking Ombudsman operates as a source of information and a mediation body, without any judicial authority, for clients of member institutions of the Swiss Bankers Association (banking and financial service providers) as well as other institutions affiliated with the Swiss Bankers Association for this purpose.



### Prevention of tax evasion

SZKB does not provide any tax advisory services in connection with investment advice, asset management, M&A or offshore domiciling. As a member of the Swiss Bankers Association, SZKB fulfils the obligations arising from the Agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence. Detailed provisions are stipulated in binding directives. Clients are evaluated with regard to the existence of qualified tax offences, and the tax compliance information they provide is checked. SZKB holds the FATCA status «Registered Deemed Compliant FFI – Local FFI» and implements the relevant restrictive FATCA rules with the support of an independent specialised consulting firm in some respects. In accordance with the applicable statutory provisions, SZKB strictly refuses to provide any active support for capital flight, tax evasion or similar actions. This ban has been firmly anchored in its principles for many years.

As an independent institution operating under cantonal public law, SZKB is not subject to direct taxes on profits and capital at the federal, cantonal or municipal levels. The interest on the endowment capital provided by the Canton of Schwyz and the settlement of the state guarantee are based on the provisions of the publicly available «Law on the Schwyzer Kantonalbank».

### Due diligence in the supply chain

SZKB has a «Third-Party Management» directive that governs procurement, contract and partner management. On this basis, SZKB has implemented risk-appropriate measures to ensure compliance with its duties of due diligence and transparency with regard to minerals and metals from conflict regions and child labour:

- **Due diligence and transparency with regard to conflict minerals:** Confirmation from the counterparties for gold (Good Delivery Rules of the London Bullion Market Association (LBMA)) is obtained and documented annually.
- **Due diligence and transparency with regard to child labour:** An ESG risk assessment, including the risk of child labour, is carried out annually with suppliers, covering the entire supply chain identifiable through financial accounting. Suppliers considered to be high-risk must sign

the SZKB sustainability agreement or an equivalent confirmation. In this document, the contracting parties confirm that their products and services comply with applicable regulations, laws and standards, such as those of the International Labour Organization (ILO) or the applicable standards in the countries in which they operate. All items distributed, such as cards, giveaways, and the like, must be manufactured in a country classified by UNICEF in its Children's Rights in the Workplace Index<sup>1</sup> as «Basic». Otherwise, the supplier must sign the SZKB sustainability agreement or submit an equivalent confirmation.

With regard to procurement activities, SZKB adheres to the following principles, among others: product-specific requirements, transparency and partnership-based cooperation, social compatibility – including respect for human rights – environmental compatibility and cost-effectiveness.

### Key measures

- Establishing processes to comply with due diligence requirements in the supply chain
- Ensuring ethical business conduct
- Fostering sustainable development
- Minimising reputational risks

## 2.5.2 «Regulatory compliance»

Establishing processes to comply with due diligence requirements in the supply chain

SZKB has implemented the defined due diligence processes within the supply chain. Based on the results of these as well as the ESG risk analysis carried out (covering the entire supply chain identifiable through financial accounting), the areas of operations and management (with a focus on office materials, machinery and equipment), facility management and infrastructure (maintenance, disposal, heating oil consumption, etc.), IT and technical services (e.g. IT hardware and logistics, such as the transportation of valuables), as well as marketing and client loyalty (e.g. advertising and client gifts), were assessed as having high risks within the supply chain, and appropriate action was taken.

Employees entrusted with the procurement of advertising materials and goods, in particular in high-risk areas, were trained in 2024 with regard to SZKB procurement principles.

<sup>1</sup> Abrufbar unter [www.childrensrightsatlas.org](http://www.childrensrightsatlas.org) (nur auf Englisch verfügbar).



### Ensuring ethical business conduct

SZKB has an independent Board of Inspectors, which reports to the Bank Council and performs the audit and monitoring tasks assigned to it in an independent manner. The Board of Inspectors is an independent entity and reports to the Audit Committee with regard to technical aspects but is answerable to the Chairperson of the Bank Council. Ethical incidents are duly escalated and reported to the Audit Committee or directly to the Chairperson of the Bank Council. The Board of Inspectors focuses its work on the binding elements of the International Standards for Professional Practice adopted by the IIA (Institute of Internal Auditors), that is, Global Internal Audit Standards (GIAS) and topical requirements, as well as the qualitative requirements of IIA Switzerland. The aim of the Board of Inspectors is to strengthen, protect and preserve the Bank's ability to create value by providing the Bank Council and the Executive Board with independent, risk-based and objective auditing certainty, advice, insights and perspective. The Board of Inspectors conducts a comprehensive risk assessment of the Bank at least once a year, taking due account of external developments and internal factors. Based on this analysis, the Board of Inspectors carries out audit planning using a risk-based approach. All areas are audited at least once every five years. Examinations relating to fraud and business ethics are integral components of the audits. In addition, an annual audit is carried out by the external auditor based on a questionnaire on fraud and business ethics. By applying the three-line model of the IIA, SZKB ensures that responsible and ethical business conduct is engaged in at SZKB by implementing various protection and control mechanisms within processes or through the ICS.

Regular checks and audits by operational or controlling units, as well as the independent unit of the Board of Inspectors, have put in place numerous safeguards designed to protect the Bank from unethical business conduct. Ethical business conduct can be reflected by the Bank's healthy growth and the reduction of reputational risks, as responsible and ethical action is a key element of the decision-making process.

### 2.5.3 «Healthy growth»

#### Fostering sustainable development

For SZKB, healthy growth means balancing economic success with environmental and social responsibility. The aim is to achieve a balanced combination of long-term stability, innovation and sustainable value creation. Healthy growth results from various measures adopted within the framework of the corporate and sustainability strategy. There are no stand-alone measures or objectives in this regard. As part of a review of the sustainability strategy to be carried out in 2025, SZKB will reassess and, if necessary, adapt its sustainability targets and measures to meet legal requirements and its own standards in terms of sustainable development. It will then be considered whether new measures or objectives in the area of «healthy growth» are necessary.

### 2.5.4 «Reputation»

#### Minimising reputational risks

SZKB's reputation is a key component of its sustainability strategy and is largely responsible for its long-term success. The trust of clients, employees, business partners and the general public is earned through consistent transparency, reliability and responsible action. By launching new processes, such as the due diligence process in procurement, SZKB sets new internal standards and minimises its reputational risks.

Since 2024, SZKB has been integrating ESG risk drivers into its comprehensive risk management system. As a result of this expansion, processes have been implemented that systematically assess the impact of a risk on its reputation and, if necessary, minimise the risk through appropriate action.

For SZKB, its reputation is not only the result of its performance but also reflects an obligation to foster long-term trust through responsible action and to strengthen its position as a reliable partner.

### 2.5.5 Assessment of effectiveness and next steps

#### Assessment of effectiveness

In 2024, SZKB focused in particular on new regulatory requirements in terms of responsible business conduct vis-à-vis the financial sector. The following milestones were reached:

- Processes and responsibilities relating to ESG within procurement were laid down in a directive «Third-Party Management» and the corresponding process instructions were set out in a work instruction.
- The ESG risk framework (including greenwashing) was implemented and applied for the first time as part of the annual risk management process.

SZKB considers the measures taken to be appropriate and effective.

#### Further development and next steps

To ensure that it continues to meet all regulatory requirements in future, the Bank uses a regulatory radar scheme to proactively monitor current developments. Requirements in regard to sustainability (including those relating to greenwashing) are also taken into account. At periodic intervals, the regulatory radar is presented and discussed at the Executive Board level, and any necessary changes within the Bank are made.

The Board of Inspectors has already previously conducted ESG reviews in the past. With ESG becoming increasingly integrated into business processes and with regulatory requirements increasing, the issue of ESG will continue to be an integral part of the auditing activities of the Board of Inspectors in the coming years.

As part of a strategy review, in 2025 SZKB will review whether targets should be set in regard to responsible business conduct vis-à-vis the financial sector.







# **Responsible financing**

## 3 Responsible financing

### 3.1 Relevance, objectives, concepts and measures

#### Relevance of the topic to SZKB and objectives

Opportunities and risks relating to business conduct vis-à-vis clients can be divided into an inside-out perspective and an outside-in perspective:

- **Inside-out: the impact of SZKB's financing activities on the environment:** SZKB's financing activities have a direct impact on environmental, social and economic aspects. Through targeted lending, the Bank can foster innovation, create jobs and support sustainable projects. At the same time, it helps to positively structure regional and supra-regional developments by promoting responsible business practices. However, financing also entails risks such as high CO<sub>2</sub> emissions, poor working conditions or loss of biodiversity.
- **Outside-in: The impact of external factors on SZKB's financing activities:** SZKB's financing activities are influenced by external ESG factors such as climate change, regulatory changes and societal trends. Climatic risks, such as physical damage to assets or interruptions in supply chains, can affect the creditworthiness of borrowers and thus increase the risk of credit defaults. In addition, stricter legal requirements in areas such as environmental and social standards have a direct impact on the economic stability of client companies.

For this reason, SZKB has defined «financing a sustainable property», «access to sustainable financial services» and «climate change» as key topics in the area of responsible financing<sup>1</sup>.

SZKB has defined the following targets in the area of responsible financing (for climate targets see Chapter 5 Climate Report):

- Development of financing products that foster and support sustainable behaviour.
- Raising awareness among clients.
- Raising awareness among employees.
- Creation of incentives, such as favourable interest rates, to facilitate a decrease in emissions intensity.
- Support with the generational transfer of a property.

Due to its balance sheet volume and its contribution to business income, the lending business will play an important role in SZKB's business model. The Bank focuses on business with private, commercial and corporate clients primarily in the Canton of Schwyz and neighbouring regions. Being the largest lender in the Canton, SZKB wields influence over the flow of funds through loans and investments. It therefore plays a key role in the sustainable development of the Schwyz economic region and assists private, commercial and corporate clients over generations.

<sup>1</sup> The key topic of «climate change» is covered in Chapter 5 Climate Report and is not addressed in this chapter.

### Management approach a sustainable mortgage portfolio

As the leading bank in the Canton of Schwyz for private and business clients, SZKB is primarily active in the mortgage business and concentrates on its market area. This includes the Canton of Schwyz and neighbouring regions in which SZKB possesses extensive market expertise. The regional allocation is based on the location of the property for mortgage insurance and the debtor's domicile for all other types of insurance. The Schwyzer Kantonalbank Act limits the foreign assets of SZKB to a maximum of 5% of the balance sheet total. As a result of internal regulations, the financing business can account for a maximum of 0.5% of this. Mortgages are not granted to clients with covered properties outside Switzerland. Whenever a mortgage is granted, both affordability and the loan-to-value ratio are examined, including from a sustainable perspective.

The advice given to clients actively considers ESG issues and raises their awareness at the same time. SZKB has made the topics of sustainability and energy efficiency an integral part of the consultations with private clients. With sustainable products, such as the «handshake mortgage», issues such as energy-efficient renovation are explicitly discussed and addressed in the consultation. A variety of tools, including the myky partner platform or factsheets, are used for illustration purposes. By partnering with myky, a property projection can be created for clients using an online application, which makes it possible to establish the energy status. For more detailed advice, clients are actively referred to external experts. SZKB also plans to expand its financing solutions for all clients, including business clients.

### Sustainable loan portfolio

SZKB manages the impact of responsible financing also through the credit products it offers and the established credit processes. To date, SZKB has not yet recorded any exclusions in internal documents or regulations in the lending sector. In future, it will complement established credit processes by incorporating sustainability aspects in the interests of the environment.

#### Special sectors:

- Due to the restriction on foreign engagement and sectoral composition, as of 31 December 2024; there is no direct financing in the following areas: Arctic drilling, oil sands/fracking, coal extraction, mining.
- Agriculture in Switzerland, and in the Canton of Schwyz in particular, is dominated by small-scale farms. The average usable area per farm in the Canton of Schwyz is 16 hectares. SZKB does not have any exclusions for financing specific business sectors. The regulations of the Canton determine the maximum amount of financing available for the specific agricultural enterprise. Legislation sets out extensive requirements for land management (environmental protection, biodiversity, water protection, sustainable land use) and animal welfare. Control mechanisms have been put in place by the state.
- SZKB also provides financing for companies that produce renewable energy, specifically in the areas of district heating and hydropower. Furthermore, loans are provided to support smaller-scale solar power installations and energy-efficient renovations for private, commercial and corporate clients, as well as non-profit housing developers. SZKB also provides financing for hospitals, retirement and nursing homes and other social institutions and handles student loans granted by the Canton of Schwyz.

SZKB has decided to discontinue its consumer credit range for sustainable and strategic reasons. In the past, applications in this area were forwarded to a partner bank for review and processing. This partnership was terminated at the end of 2024, and SZKB will no longer offer consumer credit in future.

### **Sustainable financing products**

SZKB defines general financing rules in an internal directive. Among other things, it states that creditworthiness and credit eligibility must be checked in relation to each commitment. SZKB is willing to support its clients even under challenging circumstances, also as part of its statutory mandate. SZKB supports clients throughout all phases and across generations. For this purpose, it has developed a consulting solution for the transfer of an owner-occupied property to the next generation that considers the individual circumstances and needs of clients (see Chapter 3.3 «Access to sustainable financial services», section Supporting clients throughout all phases).

The internal directive on non-performing commitments requires, among other things, that clients with higher default risks must receive specific support from a specialist recovery team. SZKB is committed to working with its clients to identify sustainable solutions whenever possible. It is also possible to make adjustments to the loan terms, taking into account the default risk. The SZKB recovery team supports client advisors in relation to non-performing commitments and provides training for this purpose. The processes and guidelines are set out in an internal work instruction on mortgages and credit monitoring. The risks taken must always be quantifiable. Individual establishments or sectors are not kept on their feet simply for the sake of it.

SZKB also works with the Guarantee Fund of the Canton of Schwyz to provide clients with access to additional sources of financing. The Guarantee Fund is a cantonal institution with a legal personality, 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:

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

SZKB is responsible for reviewing applications and processing such loans. With this instrument, Schwyzer Kantonalbank can provide additional clients with sustainable access to financing, which also supports the promotion of business activity in the Canton of Schwyz.

### **Key measures**

During the reporting year, SZKB focused on «financing a sustainable property» and «access to sustainable financial services» as key topics in the area of responsible financing:

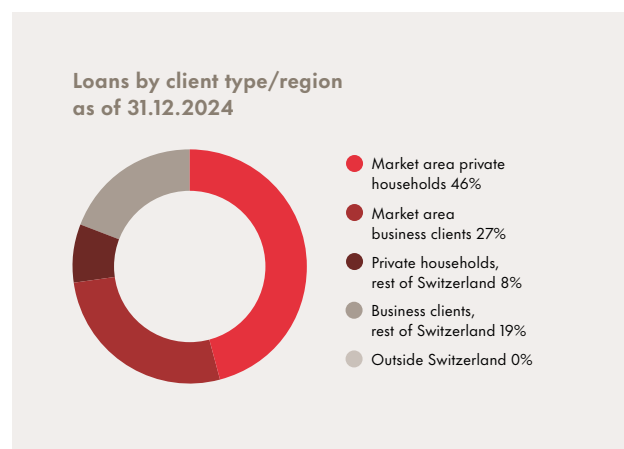
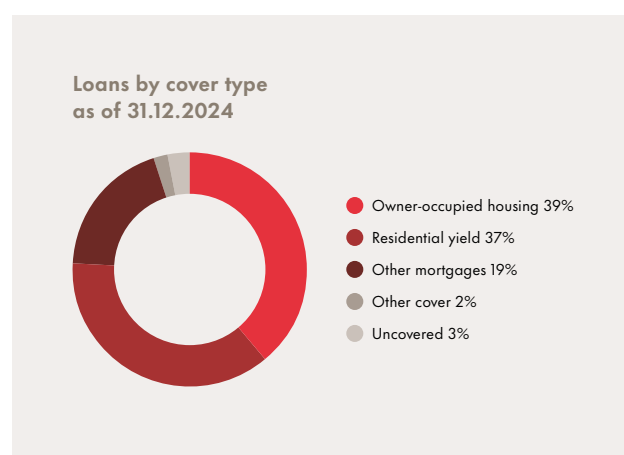
- Developing a sustainable credit portfolio and improving its quality overall
- Providing energy-efficient renovation products and further developing them
- Raising awareness of employees and clients
- Supporting clients throughout all phases and across generations



### 3.2 «Financing a sustainable property»

#### Developing a sustainable credit portfolio and improving its quality overall

SZKB is heavily active in the mortgage business and focuses on its core markets in the Canton of Schwyz and neighbouring regions. Thanks to its long-standing market knowledge and close client relationships, it is able to respond in a targeted and sustainable manner to the needs of its private and business clients. The regional allocation for mortgages and other types of financing is based on the location of the property for mortgage insurance and the debtor's domicile for all other types of insurance.



#### Providing energy-efficient renovation products and further developing them

SZKB launched its «handshake mortgage» as a standardised product for financing energy-related renovations at the beginning of 2024. With this product, SZKB clients with owner-occupied properties in the Canton of Schwyz can benefit from subsidised loans up to a maximum of CHF 75,000, additional advice and a surety from the surety fund financed by SZKB for measures intended to increase the energy efficiency of their properties. Application and processing have been simplified for clients and interest has been made extremely attractive in order to create additional incentives for energy-efficient renovations. The solution is free of charge and interest-free in the first year. The arrangement is also characterised by flexible use and processing.

SZKB will soon launch another energy financing product for amounts up to CHF 500,000. This solution is available to all clients, especially commercial clients. Client advisors consistently integrate the issue of sustainability into advice in relation to all residential property financing and discuss possible solutions with the clients.

### 3.3 «Access to sustainable financial services»

#### Raising awareness of employees and clients

The Swiss Bankers Association (SBA) has adopted two guidelines in the area of sustainable finance, setting out binding sustainability requirements for investment advice and asset management, as well as mortgage advice<sup>1</sup>. As a member of the SBA, these requirements are mandatory for SZKB and were implemented on time, which also requires long-term value preservation (in particular the need for energy-efficient renovation) to be addressed as part of the advisory process. At SZKB, the topics of sustainability, ESG and energy efficiency are an integral part of consultations with private clients, which at the same time results in the raising of their awareness. In addition, through the «Clever@SZKB» series, SZKB has established an additional channel for increasing the competence of the general public in the Canton of Schwyz in relation to various financial issues, including the topic of «renovating your home» (see Chapter 2.1.2 «Client satisfaction», section Providing training and courses for clients).

SZKB supports the advanced training of all employees and raises their awareness through various training programmes and refresher courses, such as a bank-wide ESG e-learning course (including processes relating to energy-efficient renovations or sustainable investments for front office employees) for all employees or through a specialist course in sustainable finance specifically designed for SZKB in cooperation with the Lucerne University of Applied Sciences and Arts (see Chapter 2.2.2 «Diversity and integration», section Training and education).

#### Supporting clients throughout all phases

As a generational bank, SZKB supports its clients in the transfer of residential property within the family. For this purpose, SZKB has developed a consulting solution that considers the individual circumstances and needs of clients. SZKB offers a tailored solution that is suitable for both current and future homeowners. For this purpose, individual circumstances are discussed, and the needs of all parties involved are examined in a personal meeting. The comprehensive expertise of client advisors in the areas of asset accumulation, asset management, financing, and pensions is provided holistically to clients and their families before, during and after the transfer of their home. In addition, a selection of proven financing products are offered that are individually tailored to the respective situation.

The multi-generation advisory solution is comprised of four pillars:

1. Clarifying the financial basis
2. Identifying targets in relation to the home
3. Finding the right solution
4. Transferring the property

The consulting solution offered is not classified as a sustainable financing product in a strict sense, such as in regard to environmental or social criteria. Nevertheless, it helps foster a sustainable client relationship by offering transparent solutions that are viable over the long term and that meet the individual needs of clients. This individual approach supports a long-term partnership characterised by trust.

<sup>1</sup> «Guidelines for mortgage providers on the promotion of energy efficiency» and «Guidelines for the financial service providers on the integration of ESG preferences and ESG risks and the prevention of greenwashing in investment advice and portfolio management».

### 3.5 Assessment of effectiveness and next steps

#### Assessment of effectiveness

During the reporting year, the focus in terms of responsible financing was on the implementation and further development of products and processes in relation to compliance with the «Guidelines for mortgage providers on the promotion of energy efficiency» of the Swiss Bankers Association (SBA) in regard to the key topic of «financing a sustainable property» and the key topic of «access to sustainable financial services». SZKB has achieved the following milestones:

- SZKB launched its «handshake mortgage» as a standardised product for the financing of energy-efficient renovations for private clients at the beginning of 2024. It is set to be extended soon to commercial clients (including investment and commercial properties). In the same year, the multi-generation advisory solution was also introduced. This solution enables families to keep a home in the family across multiple generations and to pass on residential property from generation to generation. SZKB has been able to expand its product range accordingly.
- SZKB has made sustainability, ESG and energy efficiency an integral part of consultations with private clients with owner-occupied homes or holiday homes, thus helping to raise awareness among clients.
- SZKB developed a project plan for incorporating ESG criteria into the credit check and credit approval process and for examining other sustainable financing products.

SZKB considers the measures taken to be appropriate and effective.

#### Further development and next steps

In 2025, SZKB will further advance sustainability efforts through responsible financing in the following areas:

- Examining further sustainable financing products and further developing existing sustainable financing products.
- Developing training courses for accumulating knowledge about sustainability, the corresponding regulatory requirements and SZKB products and processes.
- Developing the catalogue of criteria and implementing exclusion criteria in the financing process (including consideration of ESG criteria within credit assessment).





# **Responsible investing**

## 4 Responsible investing

### 4.1 Relevance, objectives, concepts and measures

Relevance of the topic to SZKB and objectives

Investment decisions (e.g. investments or exclusions) can cause positive or negative environmental and social impacts. For example, climate change, regulatory changes or societal developments can affect the risk or return of an investment and thus have a direct impact on SZKB. In addition, investors are also affected by such effects on returns. Opportunities and risks relating to responsible investing can be divided into an inside-out perspective and an outside-in perspective:

- **Inside-out – the impact of investment business on the environment and society:** SZKB investment business can have environmental and social impacts. Investments may finance companies that implement measures relating to sustainable CO<sub>2</sub> reduction, for example. At the same time, there is a risk that problematic activities may be supported by investments in certain sectors. Positive effects include the fostering of innovation and the creation of jobs, while negative effects may include undesired CO<sub>2</sub> emissions. The investment business enables clients to systematically accumulate assets and thus increase private pensions, among other things.
- **Outside-in – the impact of ESG factors on investment business:** External ESG factors such as climate change, resource scarcity or regulatory requirements directly affect SZKB's investment business. These factors can alter the risks and return opportunities on investments, affecting both SZKB and its investors.

«Sustainable products and services» and «climate change» are key topics for SZKB in the area of responsible investments<sup>1</sup>.

SZKB has defined the following targets in the area of responsible investment (for climate targets see Chapter 5 Climate Report):

- Consideration of controversial and/or environmentally harmful sectors in the investment decision-making process.
- Development of further investment products that foster sustainable behaviour and thus correspond to various ESG preferences.
- Development of an engagement policy by 2025.

After the financing business, the investment business is SZKB's second-largest segment.

#### Management approach

##### Asset management and investment advice

As part of its asset management and investment advisory services, SZKB ensures that clients receive the right investment solutions. The investment horizon, risk tolerance, investment objectives and ESG preferences are recorded individually and taken into account in the investment recommendations. For all investment clients, ongoing checks are carried out in order to ensure that existing investments comply with the defined ESG preferences. Any discrepancies are identified and discussed with clients in order to ensure that they meet individual needs. No investor profiling and thus no review is carried out for execution-only clients who decide without any advice.

<sup>1</sup> The key topic of «climate change» is covered in Chapter 5 Climate Report and is not addressed in this chapter.

### Bank-wide processes and guidelines

Bank-wide processes, responsibilities and framework conditions are defined in internal requirements such as directives. The SZKB Investment Committee, which sets tactical asset allocations for various risk profiles on a monthly basis, is headed by a member of the Executive Board. The financial instruments for managed portfolios are selected according to clearly defined due diligence criteria, as set out in the directive «Investment Process in Asset Management and SZKB Fund Management».

### Recording of ESG preferences

In order to record ESG preferences, SZKB has established a process in which clients are classified either during the advisory consultation or on the basis of existing investments. Sustainability is fully integrated into the investment advisory process, supported by a tool that enables ESG preferences to be recorded directly during the advisory process. At SZKB, the following four classifications are used for ESG preferences:

- Classic (exclusion of ESG extreme risks)
- Aware (compliance with moderate sustainability criteria)
- Focused (compliance with comprehensive and strict sustainability criteria)
- Effective (achievement of a specific, measurable sustainable benefit)

SZKB issues its own an ESG rating for all securities based on the requirements set out in the internal document «ESG Rules», which operates as a sustainability policy. This set of rules defines, among other things, the process for creating and applying SZKB's ESG ratings.

### Application of exclusion criteria

As part of the investment advisory process, each transaction is checked (except in the case of execution-only clients) in order to establish whether the selected financial instrument corresponds to the respective client's sustainability preferences. In addition, financial instruments that could pose significant financial or reputational risks (referred to as extreme risks) are excluded from the SZKB investment universe in a manner comparable to a blacklist.

### Further development of specialist knowledge in the area of responsible investing

SZKB ensures that its employees have the necessary expertise in the area of sustainability. This is ensured through targeted training measures, such as online ESG learning provided throughout the Bank, which also covers ESG processes and products specific to SZKB, as well as a specialist course in sustainable finance developed and certified in co-operation with the Lucerne University of Applied Sciences and Arts for managers and employees in areas with strong ESG relevance (see Chapter 2.2.2 «Diversity and integration», section Training and education).

### Key measures

- Developing sustainable financial products
- Transparency in relation to SZKB investment funds
- Exercising shareholder voting rights
- Gold from fair trade

### Overview of SZKB exclusion criteria

| Critical  | Classic  | Aware   | Focused   | Effective  |
|---|--|---|---|--|
| <ul style="list-style-type: none"> <li>• Violations of standards such as child labour</li> <li>• Controversial weapons<sup>1</sup></li> <li>• Particular forms of energy extraction</li> <li>• Weapons embargo<sup>2</sup></li> <li>• Inhumane treatment</li> </ul> | <ul style="list-style-type: none"> <li>• No ESG criteria with the exception of critical securities</li> <li>• Securities not covered by suppliers</li> </ul> | <ul style="list-style-type: none"> <li>• UNGC Principles</li> <li>• Weapons (% sales)<sup>3</sup></li> <li>• Fracking (% sales)</li> <li>• Tobacco</li> <li>• Government</li> <li>• Freedom of expression</li> <li>• Nuclear weapons</li> </ul> | <ul style="list-style-type: none"> <li>• Alcohol (% sales)</li> <li>• Animal welfare</li> <li>• Gambling</li> <li>• Genetic engineering</li> <li>• Nuclear power</li> <li>• Climate target</li> </ul> | <ul style="list-style-type: none"> <li>• Investment in specific, transparent projects</li> <li>• Measurable through metrics</li> <li>• e.g. green bonds</li> </ul> |

<sup>1</sup> Exclusion of companies involved in controversial weapons. By analogy with the interpretation followed by the Swiss Association for Responsible Investments (SVVK-ASIR), SZKB takes this umbrella term to cover the following: anti-personnel mines (production/sale), cluster munitions (production/sale), nuclear weapons (production/sale other than under the Nuclear Non-Proliferation Treaty).

<sup>2</sup> For countries (government bonds), a UN arms embargo establishes status as critical (i.e. countries to which weapons may not be sold according to a UN resolution).

<sup>3</sup> Exclusion of companies involved in: biological weapons, chemical weapons, munitions made from depleted uranium, incendiary weapons, nuclear weapons (also under the Nuclear Non-Proliferation Treaty), white phosphorus. Exclusion of companies that generate more than 5% of their sales in relation to the production/servicing/sale of: civilian firearms, military equipment in conflict zones.



4.2 «Sustainable products and services»

Developing sustainable financial products

As part of its reviews and analyses of selected products, product management reviews the range of investment opportunities that take ESG considerations into account at least once a year and expands the range if necessary.

- Ethical line: SZKB successfully implemented its inaugural ethical mandate solution for a client in 2009 and has been providing clients with a variety of financial instruments that take ESG considerations into account since 2010. Specifically, this ethical line is based on a combination of comprehensive exclusion criteria (negative selection), a best-in-class approach (positive selection) and traditional financial analysis. In addition, climate risks have been explicitly taken into account since 2024, and the range has been further refined accordingly. Solutions from the ethical line have the «Focused» SZKB ESG rating and comply with the relevant exclusion criteria.

- ESG line: in 2024, SZKB supplemented its product portfolio with two sustainable solutions, the investment fund «SZKB ESG strategy fund» and the asset management mandate «ESG core mandate». Both solutions have four risk classifications (income, balanced, growth, capital gain). With these global and diversified solutions, 10% of the bond component and 25% of the equity component are invested in global ESG topics (e.g. water, smart infrastructure, healthcare, climate transition). New solutions from the ethical line have the «Aware» SZKB ESG rating and comply with the relevant exclusion criteria.
- Effective third-party funds: SZKB uses third-party funds for clients with the «Effective» ESG preference. A careful review is carried out, and SZKB selects potential third-party providers from effective funds. These funds generate a specific, measurable sustainable benefit. By using third-party funds, SZKB can offer effective funds in all ESG areas.

Key figures in the investment sector

|   | 2024  | 2023 <sup>2</sup> | Change |
|---|-------|-------------------|--------|
| By the end of 2025, at least 20% of asset management mandates should have client preferences that are «Aware», «Focused» or «Effective», and by the end of 2030, this should increase to at least 50% of all asset management mandates.                                       | 36.3% |                   |        |
| The proportion of SZKB investment funds with alignment with client preferences of «Aware» or «Focussed» will be at least 20% of the total of all SZKB investment funds at the end of 2025, and this proportion will increase to at least 50% by the end of 2030. <sup>1</sup> | 43.3% |                   |        |

<sup>1</sup> This is a volume figure (AuM).  
<sup>2</sup> Data with different client preferences only available from 2024 onwards.



### Transparency in relation to SZKB investment funds

SZKB offers its clients product-independent reporting according to the metrics defined in the value proposition. These metrics vary depending on the ESG rating, and the scope and content of the respective reporting to clients differ accordingly. The reports are also different depending on the type of product (private banking, asset management or investment funds).

For example, SZKB publishes a transparency report concerning all risk considerations relating to the ethical line, which provides information concerning the sustainability aspects of the investment solution. It transparently discloses the companies/issuers in which the investment solution is invested as of the reporting date. SZKB also prepares a climate report with information on the fund's environmental footprint. In this way, SZKB helps investors more effectively evaluate the ESG impact of their investments.

### Exercising shareholder voting rights

Voting rights (proxy voting) are actively exercised for all SZKB Ethical Funds, taking into account ESG criteria based on the proposals of an independent voting rights advisor. The applied voting policy, the voting directives and the specific voting behaviour are published transparently on the SZKB website. Other forms of active ownership, such as engagement solutions, were reviewed in the reporting year. For the time being, it has been decided not to expand this aspect.

### Gold from fair trade

As a global hub in the refining and trading of gold, Switzerland has a special role to play in this market. SZKB focusses on gold from fair trade. Since 2021, gold bars weighing between one and twenty grams have been sold exclusively with the Fairtrade seal of approval from the Max Havelaar Foundation (Switzerland).

SZKB purchases gold bars weighing 20 grams or more exclusively from Swiss banks. The banks have provided written assurance to SZKB that all bars delivered by them adhere to the relevant rules of the London Bullion Market Association (LBMA)<sup>1</sup> for proper delivery, also known as good delivery.

## 4.3 Assessment of effectiveness and next steps

### Assessment of effectiveness

SZKB expanded its range of products to include the SZKB ESG strategy fund and the ESG core mandate while adding a selection of effective third-party funds to the product portfolio for private banking clients.

All employees received training in 2024 concerning the topic of ESG as well as specifically the ESG products and ESG processes at SZKB. Sustainability is integrated into SZKB processes, and employees have enhanced their understanding of ESG.

SZKB complies with its due diligence obligations and accepts its responsibility. It has clear ESG due diligence requirements within various processes and products, which must be examined and complied with.

SZKB considers the measures taken to be appropriate and effective.

### Further development and next steps

SZKB has planned the following measures for 2025 and beyond:

- SZKB will make adjustments to processes and reporting with the implementation of the new requirements under the SBA and AMAS Sustainable Finance Self-regulation 2.0.
- Building an independent investment controlling system that ensures, among other things, monitoring of ESG investment risks.
- Developing other investment products that take ESG preferences into account.
- Assessing how biodiversity risks and data can be integrated into the investment process.

<sup>1</sup> The London Bullion Market Association (LBMA) is the leading trade association for the global over-the-counter trade in gold and silver. Its rules, in particular the «Responsible Sourcing Guidance», set standards for responsible procurement, transparency and sustainability within the supply chain in order to protect human rights and comply with environmental standards.



# Climate Report

# 5.1 Introduction

## 5.1.1 Relevance, objectives and management approach

### Relevance of the topic to SZKB and objectives

Sustainability, with the climate as a key component, is of high strategic relevance for SZKB. In 2023, the Bank Council adopted SZKB's comprehensive sustainability strategy, which covers the three dimensions of Environment (E), Social (S) and Governance (G), abbreviated to ESG.

SZKB's climate reporting is based on the requirements of Swiss legislation (non-financial matters pursuant to Articles 964a et seqq. CO) and the regulatory requirements of the Swiss Financial Market Supervisory Authority (FINMA). As part of this process, SZKB prepares its climate reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which have been incorporated into the new IFRS Sustainability Disclosure Standards of the International Sustainability Standards Board (ISSB).

SZKB targets in the area of climate are listed on the right.

### Management approach

#### Governance

Governance at Schwyzer Kantonalbank is based on the national, cantonal and internal requirements, which are explained in the following sub-chapters. Climate reporting focuses on the role of the Executive Board and the role of the Bank Council in managing climate-related risks and opportunities.

#### Strategy

With its sustainability strategy, SZKB has laid the foundation for integrating environmental, social and governance factors into the company's business practices. The strategy focuses on ensuring the company's long-term resilience to climate-related risks and opportunities, which are specifically addressed by the TCFD framework. The aim is to create transparency and promote responsible management of climate-related risks and opportunities in order to inform the company's stakeholders (e.g. investors, clients, employees and regulatory authorities) and to generate long-term value.

#### Risk management

SZKB has built up an ESG risk management system and integrated it into the risk management process. All three dimensions of E, S and G form an integral part of SZKB's risk management. A special focus is also placed on climate-related financial risks. SZKB follows the recommendations of the TCFD, thereby ensuring a transparent, consistent and strategic approach to climate risks and opportunities while enhancing its resilience to the challenges posed by climate change.

#### Key figures and targets

An essential part of the Climate Report is the transition plan, which serves as a long-term roadmap for decarbonisation and adapting to climate-related challenges. This plan takes into account key figures, such as the reduction of CO<sub>2</sub> emissions, as well as objectives and the integration of climate and sustainability aspects into SZKB business models and financial products. The transition plan also includes strategic targets, timeframes and necessary adjustments or measures.

## Climate targets under the sustainability strategy

| Focus                               | Sustainability ambitions and objectives  |
|-------------------------------------|--|
| <b>Responsible business conduct</b> | <b>Sustainability ambition:</b> «We stand for a conscientious company that acts in accordance with the best of its knowledge and beliefs. As a bank, we acknowledge our responsibility to our stakeholders. We strive to enhance overall trust in the financial sector and ensure the satisfaction of our clients and employees through our responsible operating practices, which reflect the results of specific measures taken. It is also important for us to recognise and reduce our negative impacts on the environment. Ultimately, we want to support local projects in making a positive contribution to society.»                           |
| 8 ... towards our employees         | By 2030, reduction in greenhouse gas emissions from transportation (Scope 3) in accordance with Switzerland's climate strategy (reduction of 21% compared to reference year 2021).   |
| 13 ...towards our environment       | By 2027, SZKB will reduce its operational CO <sub>2</sub> emissions by 15.8%, or 145 t (base year 2021), to 770 t.   |
| <b>Responsible financing</b>        | <b>Sustainability ambition:</b> «We promote sustainable financing. As a bank, we recognise our role within society as an enabler of the development of sustainable activities. We are committed to expanding access to sustainable financial services for private and professional clients while integrating environmental and social criteria into our financing solutions. We also would like to reduce the greenhouse gas emissions of our financing portfolios and achieve net zero emissions by 2050.»  |
| 17 Sustainable mortgage portfolio   | The emissions intensity of mortgages <sup>1</sup> financed will be reduced by a minimum of 42% by 2030 compared to the 2022 base year.   |
| 18 Sustainable mortgage portfolio   | By 2030, the emissions intensity of commercial real estate financed will be reduced by a minimum of 40% compared to the 2022 base year.  |
| <b>Responsible investing</b>        | <b>Sustainability ambition:</b> «We promote sustainable investments. As a bank, we recognise our duty to manage our clients' assets responsibly with a long-term focus. We are committed to systematically incorporating sustainability aspects into the development of all our portfolios in order to manage sustainability risks. At the same time, we want to offer our clients sustainable products that align with their ESG preferences and expectations. Ultimately, we see ourselves as representatives of our clients in regard to all investment recipients and seek to work towards more sustainable business development on their behalf.» |
| 25 Sustainable financial products   | By the end of 2025, at least 20% of asset management mandates should reflect client preferences that are classified as «Aware», «Focused» or «Effective», and by the end of 2030, this should increase to at least 50% of all asset management mandates.   |
| 26 Sustainable financial products   | The proportion of SZKB investment funds with alignment with client preferences of «Aware» or «Focussed» will be at least 20% of the total of all SZKB investment funds at the end of 2025, and this proportion will increase to at least 50% by the end of 2030.   |

## Additional climate targets for the transition plan

|            | Sustainability ambitions and objectives   |
|------------|---|
| Investing  | Funds with Focused preference (ethical funds): <ul style="list-style-type: none"> <li>• 2030: Adherence to the 1.5° C climate target in the Ethical Fund</li> <li>• 2050: Adherence to the 1.5° C climate target in the Ethical Fund</li> </ul>   |
| Investing  | AM mandates with Focused preference (ethical core mandate) <ul style="list-style-type: none"> <li>• 2030: Adherence to the 1.5° C climate target for asset management mandates with a Focused preference</li> <li>• 2050: Adherence to the 1.5° C climate target for asset management mandates with a Focused preference</li> </ul> |
| Operations | Reduction of operating CO <sub>2</sub> e emissions: <ul style="list-style-type: none"> <li>• 2030: 841.2 tCO<sub>2</sub>e</li> <li>• 2040: 678.1 tCO<sub>2</sub>e</li> <li>• 2050: 414.4 tCO<sub>2</sub>e</li> </ul>  |

<sup>1</sup> Financed mortgages include single-family houses and individual flats.

## 5.2 Governance

### 5.2.1 Sustainability governance at SZKB

SZKB's sustainability governance ensures that ESG-related risks or opportunities are incorporated into the corporate strategy and risk management. SZKB has made commitments to various aspects of sustainability. Topics relating to the climate and climate change form an integral and essential part of SZKB's sustainability strategy and sustainability governance.

#### **Bank Council with Strategy Committee**

As part of the company-wide establishment of sustainability, SZKB has established responsibility for the sustainability strategy and governance, and thus also for climate-related risks and opportunities, in the Competence Regulations. These vest responsibility for the sustainability strategy and governance in the Bank Council. The Competence Regulations are approved by the Bank Council on an annual basis, and the most recent amendments took effect on 1 January 2025.

#### **Sustainability Committee**

At the beginning of 2024, SZKB transferred the ESG programme to a Sustainability Committee, which operates as a steering and decision-making body for sustainability-related topics. It focuses on planning, managing and coordinating cross-departmental measures and activities in the area of sustainability, as well as monitoring ESG risk drivers and key figures from the sustainability strategy. The Sustainability Committee is comprised of the entire Executive Board, members of other SZKB committees and selected individuals from departments for which sustainability is relevant. The powers of the Sustainability Committee are set out in the internal directive on the SZKB Sustainability Committee.

#### **Sustainability Office**

The SZKB Sustainability Office is located within the Project & Portfolio Management department and supports the Executive Board and the Bank Council in setting the strategic sustainability focus and guides the process relating to the development of the sustainability strategy. It coordinates bank-wide and department-specific activities for implementing the sustainability strategy and organises the Sustainability Committee.

## 5.3 Strategy

Sustainability is at the core of Schwyzer Kantonalbank's mission and purpose. This is derived, among other things, from the Schwyzer Kantonalbank Act, which states that SZKB must contribute to the balanced and sustainable development of the Canton. The SZKB sustainability strategy comprises all dimensions of E, S and G. Climate change is addressed and embedded in the Bank's sustainability strategy by means of appropriate objectives and measures.

### 5.3.1 Sustainability strategy

Climate change is a growing challenge for the financial sector. Climate risks or nature-dependent financial risks in general can affect credit portfolios and investments, while sustainable financing opens up new business opportunities. Regulatory requirements, increasing stakeholder expectations and long-term profitability make it necessary to integrate climate issues into the strategy. The SZKB sustainability strategy considers climate change to be of material significance and takes account of climate issues as well as other sustainability aspects.

### 5.3.2 Assessment of climate risks and opportunities: the impact of climate-related risks and opportunities on SZKB

At SZKB, climate change is not regarded as a new risk category, but rather as a risk driver that applies to risk categories such as credit risks, market and liquidity risks, operational risks and strategic risks. Events associated with the climate change risk driver are differentiated into physical risks and transition risks.

Physical risks generally result in an increase in damage due to climate-related acute events (in particular natural disasters or natural events) or long-term developments (e.g. changes in vegetation zone, snowfall boundary, thawing of permafrost).

Transition risks arise from political changes, such as due to regulatory intervention like the introduction of a carbon tax, the prohibition of certain technologies (e.g. certain types of heating) or social changes (e.g. changing demand behaviour).

With the specific involvement of other internal employees, the Sustainability Office conducts an annual assessment of ESG risk drivers, which is reviewed by the Risk Management department and approved by the Sustainability Committee. The main ESG risk drivers are then allocated to the existing risk categories. As part of the annual risk assessments, these risk drivers are then in turn incorporated into the risk assessment of the risk categories, ensuring that the drivers are taken into account.

In the area of environment (including the climate), the following material ESG drivers have been identified:

**Physical risks**

- Natural events (flooding, storms, droughts/heatwaves, landslides, etc.)

**Transition risks**

- Carbon tax (climate legislation)
- Social change
- Prohibiting and/or promoting individual technologies
- Stronger shift in demand within the fixed-income asset class to green assets (green bonds)
- Inadequate analysis and integration of climate data into processes
- Fines imposed by regulators
- Greenwashing
- Inadequate corporate governance

**Overview of the 2024 risk assessment**

At SZKB, the time horizon for assessing climate-related opportunities and risks is broken down into short-term, medium-term and long-term.

|             |                |
|-------------|----------------|
| Short-term  | 0 to 5 years   |
| Medium-term | 5 to 10 years  |
| Long-term   | 10 to 30 years |

The key ESG risk drivers have an impact on credit and liquidity risks as well as operational and strategic risks. They are listed below.

**Key ESG risk drivers**

|                  | Physical risks       |                     | Transition risks     |                     |
|------------------|----------------------|---------------------|----------------------|---------------------|
|                  | Short to medium term | Medium to long term | Short to medium term | Medium to long term |
| Credit risk      |                      | ×                   | ×                    | ×                   |
| Liquidity risk   |                      | ×                   | ×                    | ×                   |
| Operational risk |                      |                     | ×                    | ×                   |
| Strategic risk   |                      |                     | ×                    |                     |

**Climate-related risks**

The risk analyses carried out show that SZKB is increasingly being exposed to physical climate-related risks, especially over the long term. Physical risks brought about by climate change will manifest more frequently in the future. These risks primarily relate to infrastructure elements and natural events, such as extreme weather events that could affect SZKB's business processes and credit portfolio. SZKB expects these risks to become increasingly significant over the long term, as the effects of climate change become increasingly more apparent.

In addition to physical risks, SZKB is also confronted with transition risks that arise especially as a result of social and technological change in the context of adapting to a low-carbon economy. These risks affect all companies and are important both in the short term and in the medium term. Over a medium-term perspective, these risks tend to be even greater, as the introduction of new regulatory standards, technological innovations and social changes can give rise to adjustment pressures. Over the long term, however, when new standards are established and markets have adapted further, transition risks are expected to fade and companies will increasingly be able to rely on stable framework conditions.



SZKB has identified the following climate-related risks over the short, medium and long term.

| Risk category     | Physical risks  | Transition risks   |
|-------------------|---|--|
| Credit risk       | Natural events such as flooding or mudslides increase SZKB's credit risk by reducing the value of assets held, generating income and revenue losses, triggering repair costs and disrupting production and supply chains. Companies in high-risk regions are particularly at risk, with SZKB being moderately affected by their exposure. Climate-related damage can affect the values of loan collateral such as real estate and securities. Natural events affect companies directly or indirectly and may also have an impact on their partners and SZKB. In Switzerland, damage to buildings is largely covered by compulsory building insurance, but this could change over the medium term. | The introduction of a carbon tax represents a credit risk for SZKB as it will lead to rising energy and commodity prices, resulting in higher costs for companies and homeowners. Carbon and energy-intensive industries are particularly affected, where an increased cost burden could impair solvency and lead to risks such as stranded assets, business model disruption and higher default risks. In addition, technological innovations and possible bans on certain technologies, such as fossil fuels, pose additional challenges. Companies and individuals could be burdened by higher investment costs, further increasing the credit risk.  |
| Liquidity risk    | Natural events such as flooding can increase the liquidity risk by increasing recourse to credit lines (active) and also reducing demand for demand and savings deposits (passive). Climate change influences in particular the withdrawal risk, as large-scale flooding could affect large numbers of clients at the same time due to geographic concentration in the Canton of Schwyz. This could lead to a significant withdrawal of deposits and increased strain on open credit lines, significantly increasing SZKB's need for refinancing.   | The introduction of a carbon tax represents a credit risk for SZKB as it will lead to rising energy and commodity prices, resulting in higher costs for companies and homeowners. Carbon and energy-intensive industries are particularly affected, where an increased cost burden could impair solvency and lead to risks such as stranded assets, business model disruption and higher default risks. In addition, technological innovations and possible bans on certain technologies, such as fossil fuels, pose additional challenges. Companies and individuals could be burdened by higher investment costs, further increasing the credit risk.  |
| Operational risks | SZKB has not identified any material physical ESG risk drivers in the area of operational risks.  | Transition ESG risk drivers have a significant impact on SZKB's operational risks. There is a focus on topics such as inadequate corporate governance, regulatory violations, incorrect integration of climate data, greenwashing and the inadequate implementation of sustainability aspects. Breaches of regulations or delayed implementations of regulatory requirements can lead to fines, penalties, negative media reports and a loss of trust among clients and investors. SZKB operates within a dynamic regulatory environment where legal standards for sustainable financial products have not yet become fully established. A lack of definitions, such as a Swiss equivalent of the EU taxonomy, increases the risk of greenwashing. In addition, incorrect climate data and insufficiently adjusted business processes can lead to increased compliance risks. Temporary uncertainties regarding new reporting obligations create scope for interpretation, which can lead to rule breaches. Over the long term, clear market standards are expected to establish and reduce the risks mentioned. |
| Strategic risk    | SZKB has not identified any material physical ESG risk drivers in the area of strategic risks.  | Social change represents a key strategic risk for SZKB. The growing expectations of clients and society that companies will take on responsibility for dealing with climate change and ESG issues are increasingly influencing the perception of and demand for products and services. Companies that neglect these developments risk experiencing a drop in demand as well as a long-term loss of market and competitive relevance. Insufficient engagement with ESG issues can also lead to reputational damage and limit the ability to cater to all client needs.  |

Climate-related opportunities

SZKB has identified the following climate-related opportunities over the short, medium and long-term.

| Opportunity                            | Description  |
|--|--|
| New business areas and products        | Tackling climate change opens up a wide range of opportunities for SZKB to tap into new business areas and products. In particular, the development and offering of «green» loans, sustainable investment products and ESG funds offer the Bank an opportunity to generate additional sources of income. In the building sector, the potential will arise through the financing of building renovations and the replacement of fossil-fuel heating systems. These measures not only support the energy transition but also bolster SZKB's position.  |
| Energy efficiency and cost reduction   | Investments in energy-efficient buildings, technologies and processes will enable SZKB to reduce its operating costs over the long term. The increasing use of renewable energy not only helps to cut costs but also raises environmental awareness within the workforce and underscores the Bank's commitment to sustainable business.  |
| Fostering sustainable entrepreneurship | SZKB sees further opportunities as we move towards sustainable production methods and processes. Companies will increasingly invest in sustainable innovations, such as recycling or other circular business models. SZKB is currently examining whether and to what extent targeted financing could be considered for projects or companies that potentially offer social or environmental benefits. Such measures have not yet been implemented, although in future they could strengthen the position of SZKB as a trusted partner for sustainable financing, thereby attracting new clients and consolidating existing client relationships. At the same time, financing according to social and environmental criteria makes an important contribution to social and ecological transformation. |

The strategy's resilience to climate scenarios

As part of the risk inventory, a qualitative assessment of ESG risk drivers was carried out. The assessment is supplemented by scenario analyses and calculations for the risk category with the highest exposure. Due to increased relevance, in 2023 SZKB engaged more with credit risk in relation to clients and carried out a scenario analysis in the areas of mortgage business and corporate clients concerning the transition risk «carbon tax on client loans». The other risk categories were comparatively less affected, and as a result no further scenario analyses were carried out. The results of the scenario analyses demonstrate that expected losses increase only marginally. The materiality of the scenarios must be classified in such a way that the realisation of the scenario would have a tangible effect on SZKB but would not pose an existential risk. As SZKB's credit portfolio has not changed significantly, the same approach will also be applied for 2024. For assessments of long-term developments, initial tests were carried out using quantitative scenario analyses, although further analyses and clarifications will be carried out in future in order to validate these and increase their reliability.

The impact of climate-related risks and opportunities on the business strategy

SZKB recognises climate-related risks and opportunities as key drivers that affect both strategic orientation and financial planning. The targeted integration of sustainable approaches not only creates the potential to set the Bank apart from its competitors but also makes it possible to effectively reduce long-term risks and proactively address rising regulatory and social requirements.

In order to take climate-related risks into account systematically, SZKB will continue to develop its risk management processes so as to capture and quantify these risks more precisely. This may require an increased creation of provisions as well as the consideration of prospective future market fluctuations and regulatory requirements in liquidity planning. At the same time, growth forecasts in the area of sustainable products are opening up promising prospects, which are actively integrated into strategic decision-making processes.

## 5.4 Risk management

### 5.4.1 ESG-related risk management

#### ESG-related risk management process

The management of ESG risks, including climate-related risks, is an integral part of the SZKB risk management process. Sustainability aspects are systematically integrated into this process, which consists of five phases:

1. Continuous identification of pertinent risks and risk drivers.
2. Assessment of identified risks.
3. Ongoing management of risks in everyday business operations.
4. During monitoring, applicable standards and control mechanisms are subject to review or quality assurance.
5. Reporting provides all hierarchical levels with a transparent and current overview of the underlying risk profile and the respective risk position.

Each year SZKB updates its ESG risk inventory, which it is constantly expanding to cover the dimensions of E, S and G. Climate risks are part of the environmental dimension and are divided up into physical and transition risks that are acute or chronic in nature. Key ESG risk drivers and their transmission channels to risk categories and portfolios are defined and described in detail. The assessment is based on exposure, likelihood and impact, from which a score is derived. This score helps identify key transmission channels. The qualitative assessment includes gross and net risks and takes into account regional circumstances (e.g. hazard maps of the Federal Office for the Environment (FOEN)) as well as SZKB risk-mitigating measures. The analysis is complemented by an assessment of long-term trends. A defined threshold identifies key ESG risk drivers, which are assigned to the relevant risk categories and risks and are regularly adjusted. As a result of this allocation, ESG risk drivers are taken into account within the risk assessments carried out on an annual basis and are incorporated into the risk management process.

The annual risk inventory of ESG risk drivers is prepared for the Sustainability Committee on an interdisciplinary basis under the aegis of the Sustainability Committee in conjunction with experts from areas such as Risk Management.

# 5.5 Key figures and targets

SZKB has addressed the topic of climate change and anchored the topic in its sustainability strategy with specific objectives. In addition, metrics have been developed and targets defined to assess climate-related risks and opportunities in accordance with the sustainability strategy and risk management process.

## 5.5.1 Measuring greenhouse gas emissions

Emissions were calculated based on the global standards of the Greenhouse Gas Protocol (GHG) and the Partnership for Carbon Accounting Financials (PCAF), which SZKB adhered to in 2024. Primarily four business fields or areas within SZKB have been identified to calculate greenhouse gas emissions and their reduction targets, with further subdivision into fund business and asset management (AM) in the investment sector.

SZKB owns investment properties. There has not yet been any systematic collection and reporting of associated CO<sub>2</sub> emissions (see Annex Disclosure of the methodological bases, Chapter 1.3 Measuring CO<sub>2</sub> emissions).

### Financed emissions and key figures in the area of financing

SZKB has calculated the greenhouse gas emissions on its financing portfolio (Mortgage and credit area) (Scope 3, Category 15) as of 30 June 2024 (previous period 31 December 2022). It will report in future as of 30 June. The calculated values are used as the basis for measuring the emission intensity objectives.

SZKB allocated its financing portfolio to the following PCAF classes (this subdivision differs from the SZKB definitions used internally):

- Mortgages (owner-occupied residential property and condominiums)
- Commercial properties (outstanding mortgage financing with mortgage liens)
- Corporate financing (other loans)

Matrix for emissions calculations

| Business/area | Financing business   | Financial assets | Fund business                                   | Assets under management  | Direct and indirect operational greenhouse gas emissions  |
|---------------|--|------------------|---|--|---|
| Description   | <ul style="list-style-type: none"><li>• Mortgage portfolio</li><li>• Commercial property</li><li>• Corporate loans</li></ul> | Financial assets | Own funds                                       | <ul style="list-style-type: none"><li>• Custody account assets for advisory mandates</li><li>• Custody account assets for discretionary mandates</li></ul> | <ul style="list-style-type: none"><li>• Direct emissions (Scope 1)</li><li>• Indirect emissions from purchased energy (Scope 2)</li><li>• Upstream and downstream value chain (Scope 3)</li></ul> |
| Measurement   | Yes  | Yes              | Funds with «Focused» preference (ethical funds) | Yes, AM mandates with a «Focused» preference   | Yes   |
| Objective     | Yes, without corporate loans   | No               | Yes   | Yes  | Yes   |

Following its adherence to the PCAF, SZKB has reviewed the calculation methodology and implemented the following methodological changes:

- Blank örk financing from corporate financing excluded (PCAF does not have emission factors for cantons, districts or municipalities but currently only at the state level).
- Mortgage financing of agricultural real estate will now be allocated to commercial real estate (previously to corporate loans). Operating loans remain under corporate loans. This is in line with the approach to commercial financing.
- For holding companies, financing has been divided up among the operating companies wherever possible.

- By adhering to the PCAF, SZKB now has access to its emission factors. According to the PCAF recommendation, figures for «advanced economies» are adopted at the sectoral level. During the previous year, SZKB used an input/output model for calculating emission factors that was developed by a consulting firm.

Due to these changes, SZKB was restating last year's calculation as of 31 December 2022.

In cases where values were missing, external public data sources were used for the calculation and, if necessary, average figures and estimates were derived from known values. The PCAF Data Quality Score (PCAF score) reflects the average quality of the data used.

| Financing <sup>1</sup>  | 30/06/2024 | 31/12/2022 | Change |
|---|------------|------------|--------|
| <b>Volume/share of portfolio (CHF million)</b>  |            |            |        |
| Mortgages   | 8,139      | 7,658      | 6.3%   |
| Commercial property   | 9,113      | 7,802      | 16.8%  |
| Corporate financing   | 464        | 900        | -48.5% |
| <b>Absolute emissions Scope 1 and 2 (ktCO<sub>2</sub>e)</b>                                 |            |            |        |
| Mortgages   | 24.8       | 24.8       | -0.2%  |
| Commercial property   | 46.1       | 44.8       | 2.9%   |
| Corporate financing   | 55.5       | 52.2       | 6.2%   |
| <b>Carbon footprint Scope 1 and 2 (tCO<sub>2</sub> per CHF million financed volume)</b>     |            |            |        |
| Mortgages   | 3.0        | 3.2        | -6.1%  |
| Commercial property   | 5.1        | 5.7        | -11.9% |
| Corporate financing   | 119.7      | 58.1       | 106.2% |
| <b>Emissions intensity Scope 1 and 2 (kgCO<sub>2</sub> per m<sup>2</sup> financed area)</b> |            |            |        |
| Mortgages   | 24.3       | 24.2       | 0.1%   |
| Commercial property   | 23.3       | 23.3       | -0.1%  |
| Corporate financing   | 113.1      | 123.0      | -8.0%  |
| PCAF data quality score (Scope 1 and 2) <sup>2</sup>  | 4.0        | 4.0        |        |
| <b>Absolute emissions Scope 3 (ktCO<sub>2</sub>e)</b>                                       |            |            |        |
| Corporate financing <sup>3</sup>  | 114.0      | 95.3       | 19.6%  |

<sup>1</sup> Outstanding amounts are selected and aggregated based on the PCAF standard. The subdivision into the asset classes of mortgages (residential properties) and mortgages (commercial properties) differs from the definitions commonly used by SZKB.

<sup>2</sup> Weighted score.

<sup>3</sup> PCAF requires Scope 3 disclosure only for the categories of corporate financing and unlisted investee companies (not relevant for SZKB).

The emissions intensity shown pertains to the Scope 1 and Scope 2 emissions from financing. The PCAF also provides companies with emission factors for Scope 3. These are reported separately for the first time.

The financed emissions for the mortgages and commercial properties have been calculated using the emission factors in kgCO<sub>2</sub>/m<sup>2</sup> (PCAF score 4, in an analogous manner to the previous year) for 2020 provided by PCAF (in accordance with

PCAF's recommendation, as more recent factors still have a provisional status). Financed corporate financing emissions have been calculated using the PCAF emission factors for «advanced economies» at the sectoral level (figures for 2019 in EUR, currency and inflation adjusted according to PCAF's requirements as of the reference date). If no turnover or accounting data was available for the companies, the emissions were computed using the PCAF factors for score 5.

### Corporate financing

| Sector name <sup>1</sup>  | 30/06/2024                        |  |  | 31/12/2022                        |  |  |
|---|-----------------------------------|--|--|-----------------------------------|--|--|
|   | Outstanding amount in CHF million | Absolute emissions Scope 1 and 2 (ktCO <sub>2</sub> e) | Absolute emissions Scope 3 (ktCO <sub>2</sub> e) | Outstanding amount in CHF million | Absolute emissions Scope 1 and 2 (ktCO <sub>2</sub> e) | Absolute emissions Scope 3 (ktCO <sub>2</sub> e) |
| Mining and quarrying  | –                                 | –  | –  | 0.4                               | 0.4  | 0.2  |
| Manufacture of coke and refined petroleum products  | –                                 | –  | –  | –                                 | –  | –  |
| Manufacture of chemicals and chemical products  | 0.5                               | 0.4  | 0.6  | 1.1                               | 0.8  | 1.3  |
| Manufacture of food and feed, beverages and tobacco processing  | 21.0                              | 3.9  | 15.2   | 1.0                               | 0.1  | 0.6  |
| Production of textiles, clothing, leather, leather goods and shoes  | 2.4                               | 0.0  | 0.4  | 2.6                               | 0.1  | 0.5  |
| Manufacture of wood and of products of wood and cork, paper and paper products, printing and reproduction of recorded media | 0.7                               | 0.1  | 0.2  | 2.2                               | 0.5  | 1.0  |
| Manufacture of basic pharmaceutical products and pharmaceutical preparations  | 0.0                               | 0.0  | 0.0  | 0.0                               | 0.0  | 0.0  |
| Manufacture of rubber and plastic products, glass and of other non-metallic mineral products                                | 0.5                               | 0.4  | 0.6  | 0.3                               | 0.3  | 0.5  |
| Manufacture of basic metals, manufacture of fabricated metal products   | 5.4                               | 2.2  | 5.2  | 8.0                               | 3.2  | 7.9  |
| Manufacture of computer, electronic and optical products  | 0.3                               | 0.0  | 0.1  | 1.2                               | 0.1  | 0.5  |
| Manufacture of electrical equipment   | 1.0                               | 0.4  | 1.4  | 0.9                               | 0.3  | 1.0  |
| Manufacture of machinery and equipment  | 0.8                               | 0.1  | 0.5  | 1.6                               | 0.2  | 0.8  |
| Manufacture of automobiles and automobile parts and other vehicle construction  | 10.5                              | 0.0  | 0.3  | 0.1                               | 0.0  | 0.1  |
| Manufacture of furniture, other goods, repair and installation of machinery and equipment                                   | 0.6                               | 0.1  | 0.4  | 1.5                               | 0.2  | 0.9  |
| Construction, civil engineering, specialised construction activities  | 28.3                              | 1.9  | 21.9   | 24.3                              | 1.3  | 15.4   |
| Transport and warehousing   | 9.0                               | 6.6  | 3.7  | 9.2                               | 7.6  | 4.2  |
| Services to buildings and landscape activities  | 0.4                               | 0.0  | 0.2  | 1.0                               | 0.1  | 0.4  |
| <b>Total corporate financing</b>  | <b>81.3</b>                       | <b>16.1</b>  | <b>50.7</b>                                      | <b>55.4</b>                       | <b>15.4</b>  | <b>35.2</b>                                      |

<sup>1</sup> According to the general classification of economic activities of the Federal Statistical Office (NOGA classification). The sectors described above fulfil the disclosure requirements under the PCAF and are therefore not exhaustive.

Emissions are calculated according to unchanged emission factors for residential and commercial real estate. SZKB only has actual consumption data in a few isolated cases. SZKB expects that emission factors will decrease over the years with the replacement of fossil-fuel heating systems or energy-efficient renovations.

Emission factors for companies do not sufficiently reflect the source of energy in Switzerland. Due to the application of PCAF emission factors for «advanced economies» at the sectoral level for the first time, emissions tend to be higher because these factors do not take into account the specific clean electricity mix prevailing in Switzerland. This has resulted in a significant increase in emissions compared to the 2023 Sustainability Report, in which Swiss figures for sources of energy were used to calculate emissions.

The volume of financing in climate-sensitive industries makes up 0.4% of SZKB's total loans (see table on the left).

### Financed emissions and key figures in the area of financial investments

As of the end of December 2024, SZKB had a financial investment portfolio totalling CHF 1,530 million, with the majority being highly liquid bonds that are qualified as high-quality liquid assets (HQLA). The portfolio consists of corporate bonds, mortgage bonds, and public sector bonds.

Emissions are calculated in accordance with the PCAF standard, taking into account only securities for which CO<sub>2</sub> data has been lodged<sup>1</sup>. This means that the reported emissions account for 61% (previous year 25%) of SZKB's financial investment portfolio (table below).

The significant reduction in emissions associated with financial investments compared to the previous year was mainly due to the change in portfolio composition: emission-intensive bonds have matured, contributing to the sharp reduction. At the same time, emissions by some counterparties have decreased compared to the previous year.

SZKB uses data from the sustainability specialist ISS ESG to assess sustainability indicators, with a focus on climate metrics in the area of financial investments and the investment business.

| Financial investments <sup>2</sup>   | 2024 | 2023 | Change |
|--|------|------|--------|
| Volume (CHF million)   | 928  | 371  | 244%   |
| Absolute emissions Scope 1 and 2 (ktCO <sub>2</sub> e)                                     | 3    | 8    | -63%   |
| Carbon footprint Scope 1 and 2 (tCO <sub>2</sub> per CHF million invested)                 | 3.3  | 21.7 | -85%   |
| Emissions intensity Scope 1 and 2 (tCO <sub>2</sub> e per million turnover, known as WACI) | 5.5  | 17.7 | -69%   |
| PCAF data quality score (Scope 1 and 2) <sup>3</sup>                                       | 1.1  | 1.7  |        |
| Absolute emissions Scope 3 (ktCO <sub>2</sub> e)   | 57   | 75   | -24%   |

<sup>1</sup> There is no standard according to the PCAF for municipalities, cantons and multilateral organisations.

<sup>2</sup> For the overview, only securities for which CO<sub>2</sub> data has been lodged were taken into account. Coverage: 61%.

<sup>3</sup> Weighted score.

### Financed emissions and key figures in the area of investments

SZKB reviews the climate-relevant data for SZKB Ethical Funds and mandates on a quarterly basis. These only contain individual securities for which it is easier to assess climate-relevant data due to better data availability than

for collective investments. SZKB offers ethical products with four different risk characteristics (ratio of equities to fixed-income securities): income, balanced, growth and capital gains. Each type of risk is analysed separately in relation to greenhouse gases, and the findings are published in the specific climate report for that product.

| Fund business <sup>1</sup>  | 2024  | 2023 <sup>2</sup> | Change <sup>2</sup> |
|---|-------|-------------------|---------------------|
| <b>Volume (CHF million)</b>   |       |                   |                     |
| SZKB Ethical Fund Income  | 29.6  |                   |                     |
| SZKB Ethical Fund Balanced  | 255.0 |                   |                     |
| SZKB Ethical Fund Growth  | 31.5  |                   |                     |
| SZKB Ethical Fund Capital Gain  | 197.3 |                   |                     |
| <b>Absolute emissions Scope 1 and 2 (ktCO<sub>2</sub>e)</b>                                     |       |                   |                     |
| SZKB Ethical Fund Income  | 0.2   |                   |                     |
| SZKB Ethical Fund Balanced  | 1.3   |                   |                     |
| SZKB Ethical Fund Growth  | 0.2   |                   |                     |
| SZKB Ethical Fund Capital Gain  | 1.1   |                   |                     |
| <b>Carbon footprint Scope 1 and 2 (tCO<sub>2</sub> per million CHF invested)</b>                |       |                   |                     |
| SZKB Ethical Fund Income  | 6.4   |                   |                     |
| SZKB Ethical Fund Balanced  | 5.0   |                   |                     |
| SZKB Ethical Fund Growth  | 5.3   |                   |                     |
| SZKB Ethical Fund Capital Gain  | 5.8   |                   |                     |
| <b>Emissions intensity Scope 1 and 2 (tCO<sub>2</sub>e per million turnover, known as WACI)</b> |       |                   |                     |
| SZKB Ethical Fund Income  | 9.3   |                   |                     |
| SZKB Ethical Fund Balanced  | 9.7   |                   |                     |
| SZKB Ethical Fund Growth  | 10.2  |                   |                     |
| SZKB Ethical Fund Capital Gain  | 10.1  |                   |                     |
| PCAF data quality score (Scope 1 and 2) <sup>3</sup>  | 1.2   |                   |                     |
| <b>Absolute emissions Scope 3 (ktCO<sub>2</sub>e)</b>   |       |                   |                     |
| SZKB Ethical Fund Income  | 9.7   |                   |                     |
| SZKB Ethical Fund Balanced  | 83.2  |                   |                     |
| SZKB Ethical Fund Growth  | 11.6  |                   |                     |
| SZKB Ethical Fund Capital Gain  | 121.9 |                   |                     |

<sup>1</sup> For the overview, only securities for which CO<sub>2</sub> data have been lodged were taken into account. Coverage of SZKB Ethical Funds: Income 90.54%, Balanced 94.12%, Growth 95.99%, Capital Gain 99.05%

<sup>2</sup> Data only available from the 2024 financial year; no changes can be reported.

<sup>3</sup> Weighted score.



| <b>Asset management (AM mandates with a «Focused» preference (ethical mandates))<sup>1</sup></b> | <b>2024</b> | <b>2023<sup>2</sup></b> | <b>Change<sup>2</sup></b> |
|--|-------------|-------------------------|---------------------------|
| <b>Volume (CHF million)</b>  |             |                         |                           |
| Core mandate Ethical Income  | 1.5         |                         |                           |
| Core mandate Ethical Balanced  | 81.4        |                         |                           |
| Core mandate Ethical Growth  | 16.1        |                         |                           |
| Core mandate Ethical Capital Gain  | 13.1        |                         |                           |
| <b>Absolute emissions Scope 1 and 2 (ktCO<sub>2</sub>e)</b>                                      |             |                         |                           |
| Core mandate Ethical Income  | 0.0         |                         |                           |
| Core mandate Ethical Balanced  | 0.4         |                         |                           |
| Core mandate Ethical Growth  | 0.1         |                         |                           |
| Core mandate Ethical Capital Gain  | 0.1         |                         |                           |
| <b>Carbon footprint Scope 1 and 2 (tCO<sub>2</sub> per million CHF invested)</b>                 |             |                         |                           |
| Core mandate Ethical Income  | 6.2         |                         |                           |
| Core mandate Ethical Balanced  | 5.0         |                         |                           |
| Core mandate Ethical Growth  | 5.3         |                         |                           |
| Core mandate Ethical Capital Gain  | 5.8         |                         |                           |
| <b>Emissions intensity Scope 1 and 2 (tCO<sub>2</sub>e per million turnover, known as WACI)</b>  |             |                         |                           |
| Core mandate Ethical Income  | 9.1         |                         |                           |
| Core mandate Ethical Balanced  | 9.5         |                         |                           |
| Core mandate Ethical Growth  | 10.2        |                         |                           |
| Core mandate Ethical Capital Gain  | 10.2        |                         |                           |
| <b>PCAF Data Quality Score (Scope 1 and 2)<sup>3</sup></b>                                       | <b>1.2</b>  |                         |                           |
| <b>Absolute emissions Scope 3 (ktCO<sub>2</sub>e)</b>  |             |                         |                           |
| Core mandate Ethical Income  | 0.5         |                         |                           |
| Core mandate Ethical Balanced  | 26.7        |                         |                           |
| Core mandate Ethical Growth  | 6.0         |                         |                           |
| Core mandate Ethical Capital Gain  | 8.2         |                         |                           |

<sup>1</sup> For the overview, only securities for which CO<sub>2</sub> data have been lodged were taken into account. Coverage of core mandate Ethical: Income 92.72%, Balanced 95.32%, Growth 97.03%, Capital Gain 100%)

<sup>2</sup> Data only available from the 2024 financial year; no changes can be reported.

<sup>3</sup> Weighted score.

**Direct and indirect operational greenhouse gas emissions**

Each year, SZKB calculates its climate footprint in accordance with ISO 14064-1 and the Greenhouse Gas Protocol for Scope 1 and 2 as well as parts of Scope 3 in conjunction with the consulting company Swiss Climate (see Annex 1 Disclosure of the methodological bases, Chapter 1.3.4 Measuring operational CO<sub>2</sub> emissions). An external auditing company conducted an audit of the carbon footprint and awarded the «Certified CO<sub>2</sub> optimised by Swiss Climate» label. The cer-

tification guidelines for this «Silver Label» require not only an annual survey and audit of the company’s own carbon footprint but also the establishment of a target path and measures to reduce CO<sub>2</sub> emissions.

A carbon footprint for the 2023 financial year was prepared in 2024. Each year, SZKB can only report on the previous year’s emissions due to delays in the provision of data (internal and external dependence).

| Direct and indirect operational greenhouse gas emissions (tCO <sub>2</sub> )                | 2023    | 2022  | Change | 2021  |
|---|---------|-------|--------|-------|
| Scope 1: Direct GHG emissions due to the burning of fuels                                   | 68.4    | 73.9  | -7.4%  | 95.4  |
| Scope 2: Indirect GHG emissions due to district heating and electricity (energy production) | 16.1    | 15.9  | 1.3%   | 16.5  |
| Scope 3: Indirect GHG emissions from...   |         |       |        |       |
| Scope 1, 2 and 3 operational GHG emissions total  | 1,050.5 | 996.1 | 5.5%   | 916.9 |
| Scope 1, 2 and 3 operational GHG emissions in tCO <sub>2</sub> e per employee               | 1.9     | 1.9   | 1.1%   | 1.8   |

### 5.5.2 Transition plan to reduce greenhouse gas emissions

SZKB is committed to reducing greenhouse gas emissions and achieving the target of climate neutrality («net zero») by 2050 at the latest. It has set clear reduction targets that will be pursued as part of its transition plan. These targets are reviewed regularly (at least annually) using relevant metrics and key performance indicators (KPIs) to evaluate progress in meeting the targets. SZKB focuses on Switzerland's climate strategy when setting its climate targets. However, achieving these targets requires not only a commitment by the financial industry and SZKB itself through the provision of education, advice and financing but also the creation of appropriate political framework conditions. In order to implement them successfully, it is crucial for Switzerland to pursue its net zero target systematically and support the economy with the necessary incentives and regulatory measures (see Annex 1 Disclosure of the methodological bases, Chapter 1.4 Transition plan).

### Transition plan for financed emissions in the financing business

#### Achievement of objectives

As part of the transition plan to reduce financed emissions in the financing business, SZKB has set clear targets in order to play its part in achieving climate targets. Although initial measures have already been implemented, such as promoting a sustainable financing solution («handshake mortgage»), the emissions intensity in the portfolio has not yet been significantly reduced. This is due to factors that include structural, sector-specific conditions that require long-term adjustments.

There has been no change in intensity for real estate, as emission factors are still calculated using 2020 emission factors (PCAF recommendation). SZKB only has actual consumption data in a few isolated cases. Due to the fact that renovations are constantly being carried out in the loan portfolio (third-party and self-financed), there will be further reductions in this area in the coming years.

#### Transition plan for financed emissions in the financing business

| Financing                       | Targets   | Methodology and data  | Base year | Base value   | 30/06/2024   | Measures   |
|---------------------------------|---|---|-----------|--|--|--|
| Mortgages Residential buildings | 2030: Reduction of the emissions intensity of financed mortgages by 42%           | <b>Method:</b> PCAF Scope 3, cat. 15<br><b>Scenario:</b> Energy Perspectives 2050+; Zero basis scenario<br><b>Metric:</b> Intensity (tCO <sub>2</sub> e per million. CHF) (Scope 1+2) | 2022      | 24.2 tCO <sub>2</sub> e per million CHF) (Scope 1+2) | 24.3 tCO <sub>2</sub> e per million CHF) (Scope 1+2) | <ul style="list-style-type: none"> <li>• Introduction of mandatory ESG training courses for all employees as well as training courses for sales employees and managers</li> <li>• Introduction of «handshake mortgage» as a mortgage for energy-efficient renovation</li> <li>• Raising of awareness of mortgage customers concerning the energy efficiency of their property and supporting them in increasing the energy efficiency of their property</li> <li>• Integration of sustainability risks into risk management</li> </ul> |
| Mortgages Commercial property   | 2030: Reduction of the emissions intensity of financed commercial property by 40% | <b>Method:</b> PCAF Scope 3, cat. 15<br><b>Scenario:</b> Energy Perspectives 2050+; Zero basis scenario<br><b>Metric:</b> Intensity (tCO <sub>2</sub> e per million. CHF) (Scope 1+2) | 2022      | 23.3 tCO <sub>2</sub> e per million CHF) (Scope 1+2) | 23.3 tCO <sub>2</sub> e per million CHF) (Scope 1+2) | <ul style="list-style-type: none"> <li>• Bank-wide ESG training for all employees and advanced training in sustainable finance or ESG in the financial sector for sales employees and managers</li> <li>• Introduction of the mortgage for energy-efficient renovation, including for commercial clients</li> <li>• Integration of sustainability risks into risk management</li> </ul>  |

## Transition plan for financed emissions in the fund business and in asset management

### Achievement of objectives

As part of the transition plan for the investment and fund business, SZKB is seeking to reduce financed emissions and

focus on sustainable investment strategies with the ethical line. SZKB is on track to achieve the climate targets set using targeted measures, such as the expansion and strengthening of sustainable fund products. The progress made so far shows that the strategic focus is having an effect.

### Transition plan for financed emissions in the fund business and in asset management

| Fund business <sup>1</sup>                                 | Targets   | Methodology and data  | Base year     | Base value        | 31/12/2024        | Measures  |
|--|---|---|---------------|-------------------|-------------------|---|
| Funds with an «Aware», «Focused» or «Effective» preference | The proportion of SZKB investment funds with alignment with client preferences of «Aware» or «Focussed» as a total of all SZKB investment funds amounts to:<br>2025 at least 20%<br>2030 at least 50% | <b>Method:</b> SZKB profiling<br><b>Metric:</b> Share (volume size) in %<br><b>Scenario:</b> –  | Not available | Not available     | 43.3%             | <ul style="list-style-type: none"> <li>• Building of a systematic, independent investment controlling system as a second line of defence in planning</li> <li>• Integration of sustainability risks into risk management</li> </ul> |
| Funds with «Focused» preference (ethical funds)            | 2030: Adherence to the 1.5° C climate target in the Ethical Fund<br>2050: Adherence to the 1.5° C climate target in the Ethical Fund  | <b>Method:</b> ISS<br><b>Metric:</b> report by data provider on adherence to 1.5°C climate target (<1.5°C)<br><b>Scenario:</b> implied temperature rise | 2023          | 1.5° C adhered to | 1.5° C adhered to | <ul style="list-style-type: none"> <li>• Building of a systematic, independent investment controlling system as a second line of defence in planning</li> <li>• Integration of sustainability risks into risk management</li> </ul> |

| Asset management <sup>1</sup>                                | Targets  | Methodology and data   | Base year     | Base value        | 31/12/2024        | Measures  |
|--|--|--|---------------|-------------------|-------------------|---|
| Funds with an «Aware», «Focused» or «Effective» preference   | The number of asset management mandates with client preferences «Aware», «Focused» or «Effective» out of the total of all asset management mandates amounts to:<br>2025 at least 20%<br>2030 at least 50%.       | <b>Method:</b> SZKB profiling<br><b>Metric:</b> number of AM mandates in %<br><b>Scenario:</b> –   | Not available | Not available     | 36.3%             | <ul style="list-style-type: none"> <li>• Building of a systematic, independent investment controlling system as a second line of defence in planning</li> <li>• Integration of sustainability risks into risk management</li> </ul> |
| AM mandates with «Focused» preference (ethical core mandate) | 2030: Adherence to the 1.5° C climate target for asset management mandates with a «Focused» preference<br>2050: Adherence to the 1.5° C climate target for asset management mandates with a «Focused» preference | <b>Method:</b> ISS<br><b>Metric:</b> report by data provider on adherence to 1.5° C climate target (<1.5°C)<br><b>Scenario:</b> implied temperature rise | 2023          | 1.5° C adhered to | 1.5° C adhered to | <ul style="list-style-type: none"> <li>• Building of a systematic, independent investment controlling system as a second line of defence in planning</li> <li>• Integration of sustainability risks into risk management</li> </ul> |

<sup>1</sup> Investment objectives will be reviewed again in the coming year and adapted and/or further developed if necessary.

### Transition plan for direct and indirect operational greenhouse gas emissions (Scope 1 to 3)

The transition plan was supplemented in 2024 by reduction targets for 2030, 2040 and 2050. SZKB resolved in 2024 to pay climate protection contributions for unavoidable operational CO<sub>2</sub> emissions starting for the first in 2025, covering CO<sub>2</sub> emissions from the 2024 reporting year.

### Achievement of objectives

SZKB's operational CO<sub>2</sub> emissions increased by 54.4t from 996.1 t in 2022 to 1,050.5 t in 2023. This is mainly due to the increase in emissions due to refrigerant losses, the procurement of IT equipment and the rising headcount.

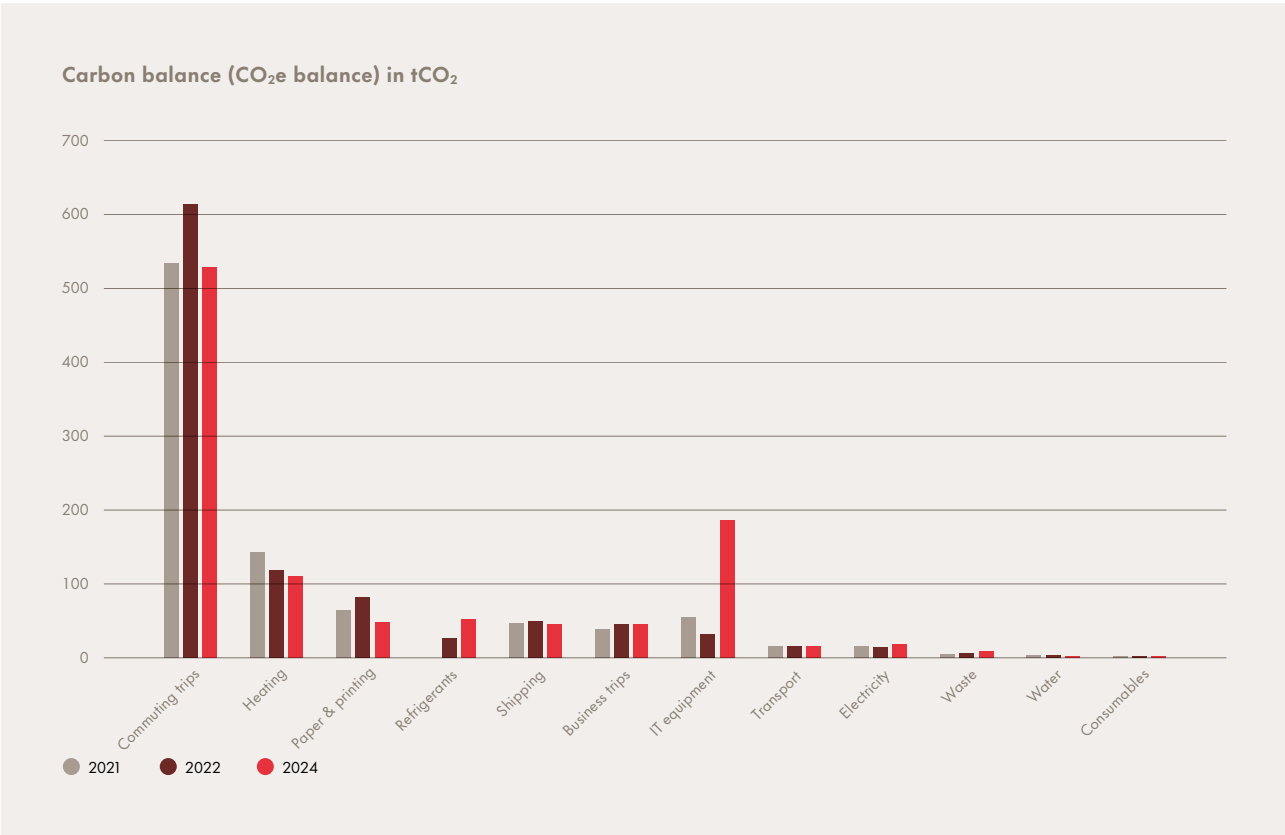
### Transition plan for direct and indirect operational greenhouse gas emissions (Scope 1 to 3)

| Operations  | Targets   | Methodology and data   | Base year | Base value               | 2023                       | Measures  |
|---|---|--|-----------|--------------------------|----------------------------|---|
| Operational CO <sub>2</sub> emissions (Scope 1, 2, 3) | 2027: Reduction of operational CO <sub>2</sub> emissions by 145.0 tCO <sub>2</sub> e to 770.0 tCO <sub>2</sub> e.<br>2030: 841.2 tCO <sub>2</sub> e<br>2040: 650.9 tCO <sub>2</sub> e<br>2050: 357.5 tCO <sub>2</sub> e | <b>Method:</b> GHG Protocol/Swiss Climate: direct and indirect operational emissions (Scope 1, 2, 3)<br><b>Metric:</b> absolute tCO <sub>2</sub> (Scope 1, 2, 3)<br><b>Scenario:</b> own calculations based on assumptions | 2021      | 916.9 tCO <sub>2</sub> e | 1,050.5 tCO <sub>2</sub> e | <ul style="list-style-type: none"> <li>• Energy efficiency analysis at the headquarters in Schwyz and implementation of the resulting measures</li> <li>• Usage of photovoltaic installations and replacement of fossil heating systems</li> <li>• Allocation of climate change contributions for operational CO<sub>2</sub> emissions from the 2024 financial year</li> <li>• Taking ESG criteria into account in procurement</li> </ul> |
| KPI Scope 1:  | 2030: 60.1 tCO <sub>2</sub> e<br>2040: 30.1 tCO <sub>2</sub> e<br>2050: 0 tCO <sub>2</sub> e  | See operational CO <sub>2</sub> emissions (Scope 1, 2, 3)  | 2021      | 98.4 tCO <sub>2</sub> e  | 123.2 tCO <sub>2</sub> e   | See operational CO <sub>2</sub> emissions (Scope 1, 2, 3)   |
| KPI Scope 2:  | 2030: 20.8 tCO <sub>2</sub> e<br>2040: 10.4 tCO <sub>2</sub> e<br>2050: 0 tCO <sub>2</sub> e  | See operational CO <sub>2</sub> emissions (Scope 1, 2, 3)  | 2021      | 16.5 tCO <sub>2</sub> e  | 16.1 tCO <sub>2</sub> e    | See operational CO <sub>2</sub> emissions (Scope 1, 2, 3)   |
| KPI Scope 3:  | 2030: 760.3 tCO <sub>2</sub> e<br>2040: 610.4 tCO <sub>2</sub> e<br>2050: 357.5 tCO <sub>2</sub> e  | See operational CO <sub>2</sub> emissions (Scope 1, 2, 3)  | 2021      | 802.0 tCO <sub>2</sub> e | 911.2 tCO <sub>2</sub> e   | See operational CO <sub>2</sub> emissions (Scope 1, 2, 3)   |
| Means of transport (Scope 3) <sup>1</sup>             | 2030: Reduction of CO <sub>2</sub> emissions for means of transport (Scope 3) by 123.3 tCO <sub>2</sub> e   | <b>Method:</b> GHG Protocol/Swiss Climate: direct and indirect operational emissions (Scope 3)<br><b>Metric:</b> absolute tCO <sub>2</sub> e (means of transport Scope 3)<br><b>Scenario:</b> Energy Perspectives 2050+    | 2021      | 583.4 tCO <sub>2</sub> e | 579.6 tCO <sub>2</sub> e   | Preparation of preliminary study for a mobility concept for reducing CO <sub>2</sub> emissions associated with means of transport   |

<sup>1</sup> Means of transport Scope 3 is comprised of: commuter journeys, transportation, business trips, although without vehicles owned by the company.

At 1,050.5tCO<sub>2</sub>, operational CO<sub>2</sub> emissions were 167.6tCO<sub>2</sub> or 19.0% above the target under the reduction pathway. While the targets for the emission sources of heating, transport, paper, printing and shipping, consumables and water could be achieved, this was not the case for power consumption (+5.1tCO<sub>2</sub>), business travel (+9.7tCO<sub>2</sub>), commuter journeys (+6.2tCO<sub>2</sub>), IT equipment (+131.4tCO<sub>2</sub>), waste (+3.4tCO<sub>2</sub>) and refrigerants (+51.5tCO<sub>2</sub>). The significant deviation for refrigerants was due to a leak in an air condition-

ing system as well as the fact that no leaks occurred during the base year and thus emissions of 0.0tCO<sub>2</sub> were recorded. The large deviation for IT equipment can be attributed to purchases made in 2023 as part of a planned infrastructure renewal (emissions in the base year: 54.2tCO<sub>2</sub>). If the two special factors such as the procurement of refrigerants and IT equipment had been disregarded, SZKB would have successfully achieved its reduction target for 2023.



### 5.5.3 Assessment of effectiveness and next steps

#### Assessment of effectiveness

- SZKB reports climate-related financial risks in accordance with the TCFD recommendations.
- Switzerland's climate strategy emphasises the importance of reducing CO<sub>2</sub> emissions in the building sector. To meet the targets outlined in the Swiss climate strategy, it is crucial to elevate the renovation rate for existing properties in particular. SZKB aims to reduce CO<sub>2</sub> emissions in the real estate sector by developing financing products (in addition to raising awareness among property owners) that foster and support sustainable behaviour on the part of mortgage borrowers.
- The risk analysis in the area of ESG risk drivers was further developed and supplemented by time horizons. ESG risk drivers have been integrated into the risk management process.
- Data retention and improving data quality are still important, and SZKB will continue to make efforts on these fronts in the years to come.
- The SZKB transition plan is regularly reviewed to assess progress and take into account new scientific findings and regulatory requirements.
- As part of further development in the coming years, it will be possible to add reduction targets for greenhouse gas emissions in other areas.

SZKB considers the measures taken to be appropriate and effective.

#### Next steps

Switzerland's climate strategy emphasises the importance of reducing CO<sub>2</sub> emissions in the building sector. To meet the resulting goals, it is necessary to elevate the renovation rate for existing properties in particular. SZKB sees actively contributing to the reduction of CO<sub>2</sub> emissions in the real estate sector as its mission. In addition to raising awareness among property owners, the Bank plans to develop financing products that foster and support sustainable behaviour on the part of mortgage borrowers.

Another focus is on maintaining and improving data quality. This is important in order to achieve progress in climate reporting and control. Over the coming years, SZKB will continue to work on expanding data and improving data quality.

The SZKB transition plan is regularly reviewed to assess progress achieved and to integrate new scientific findings or regulatory requirements. This iterative approach ensures that the Bank can flexibly respond to changes and adapt its climate strategy on an ongoing basis.

As part of its further development, SZKB is also considering whether to introduce further reduction targets for greenhouse gas emissions in additional areas. In doing so, the Bank is committed to its responsibility and underscores its commitment to making a sustainable contribution to achieving Swiss climate targets.





# Notes

# 1 Disclosure of the methodological basis

## 1.1 General requirements

The following general requirements are relevant for SZKB's 2024 sustainability reporting:

- In accordance with the Swiss Code of Obligations (CO), SZKB is obliged to report on non-financial matters starting from financial year 2023.
- SZKB has prepared its 2024 sustainability reporting in accordance with the standards of the Global Reporting Initiative (GRI).
- Reporting on climate issues (climate reporting) is based on the requirements of Swiss legislation (non-financial matters pursuant to Articles 964a et seqq. CO) and the regulatory requirements of the Swiss Financial Market Supervisory Authority (FINMA). SZKB prepares its climate reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which have been incorporated into the new IFRS Sustainability Disclosure Standards of the International Sustainability Standards Board (ISSB).
- SZKB calculates financed emissions in accordance with the PCAF standard.
- In this Sustainability Report, the terms CO<sub>2</sub> and CO<sub>2</sub> equivalent (CO<sub>2</sub>e) are used interchangeably.

Notes 3 and 4 feature an index for the requirements «Reporting on non-financial matters in accordance with the Swiss Code of Obligations» and «Reporting in accordance with GRI (GRI Index)», which shows where the information pertaining to the points to be reported can be found in the Sustainability Report.

SZKB employs targeted concepts for reporting on individual, specific matters.

## 1.2 CO<sub>2</sub> emissions

### 1.2.1 Definition of CO<sub>2</sub> emissions

CO<sub>2</sub> is a key driver of climate change. In addition to the greenhouse gas carbon dioxide (CO<sub>2</sub>), there are other greenhouse gases such as methane and nitrous oxide. The different gases do not contribute to the greenhouse effect to the same extent and remain in the atmosphere for different lengths of time. In order to make the effect comparable, the unit of measurement CO<sub>2</sub> equivalents (CO<sub>2</sub>e) was created to standardise the climate impact of the various greenhouse gases.

### 1.2.2 CO<sub>2</sub> emissions Scope 1, 2 and 3

The terms «Scope 1», «Scope 2» and «Scope 3» play a role in CO<sub>2</sub>e reporting. The following applies:

1. **Scope 1** comprises direct greenhouse gas emissions that originate from sources that are under the company's control or within its sphere of influence. This typically includes emissions from the combustion of fossil fuels such as gas or oil in our own facilities or vehicles.
2. **Scope 2** comprises indirect greenhouse gas emissions resulting from the purchase of external sources of electricity or thermal energy.
3. **Scope 3** encompasses all other indirect emissions of greenhouse gases that are not included in Scope 1 or Scope 2. These are emissions that occur along the entire value chain of a company, including suppliers, clients, transport, disposal and product use.

SZKB distinguishes between financed emissions and operational emissions for its CO<sub>2</sub>e emissions.

## 1.3 Measuring CO<sub>2</sub> emissions

### 1.3.1 Financed CO<sub>2</sub> emissions

SZKB calculates financed emissions in accordance with the PCAF standard. The acronym PCAF stands for «Partnership for Carbon Accounting Financials». PCAF is a global initiative that was launched in 2019 with the primary objective of developing uniform standards and methods for accounting for greenhouse gas emissions. This will allow banks in particular to quantify their emissions, develop targets for reducing emissions and communicate their progress in a transparent manner.

PCAF defined seven primary categories for accounting for greenhouse gas emissions in the financial sector. The categories are:

- Listed shares and corporate bonds
- Corporate loans and unlisted equity
- Project financing
- Commercial property
- Mortgages
- Motor vehicles
- Public debt

The PCAF categories of projects and financing of motor vehicles are not material for SZKB because SZKB does not engage in this type of business. In the area of leasing, however, SZKB refers clients to a specialised partner company.

### Methodological approach

As part of the PCAF standard, emissions are recorded and calculated according to the following steps:

1. **Data sources and data collection**
  - a. Emission data (Scope 1, Scope 2 and, where applicable, Scope 3) are collected by reporting companies or determined on the basis of sector-specific estimating models. SZKB does not yet have any effective emission and energy consumption data from financed companies and real estate, and therefore uses emission factors provided by PCAF.
  - B. Non-reporting companies are evaluated using industry-specific models and financial or operational metrics.
2. **Allocation of emissions**
  - a. Emissions associated with investee companies and loans are allocated according to the share of the investor or lender in the financing activity.
3. **Consideration of data quality**
  - a. According to PCAF requirements, data quality is assessed according to a five-level system, ranging from the highest level (directly reported emissions) to the lowest level (estimates based on generic sector data).
  - B. For the sake of transparency, the data quality used is disclosed in the SZKB Climate Report.
4. **Scope 3 emissions**
  - a. For companies operating in emission-intensive sectors, Scope 3 emissions are also taken into account, provided that sufficient data are available, and such data are relevant for SZKB.
  - B. This estimate is based on the sectoral profiles and models provided by ISS ESG. SZKB uses the emission factors provided by PCAF for financed emissions.

### 1.3.2 Measuring financed CO<sub>2</sub> emissions in the financing area

SZKB calculates greenhouse gas emissions in its lending portfolio (Scope 3, Category 15). Emissions are calculated in accordance with the global standards of the Greenhouse Gas Protocol (GHG) and the requirements set out in the PCAF. SZKB allocated its financing portfolio to the following PCAF classes:

- Mortgages (owner-occupied residential property and condominiums)
- Commercial properties (outstanding mortgage financing with mortgage liens, excluding agriculture)
- Corporate financing (other loans, including agriculture)

These allocations differ from the definitions typically used at SZKB.

Although SZKB also provides individual financing in the energy sector, SZKB has simplified its presentation by grouping this activity in commercial real estate and corporate financing due to the low volume of this business.

The emissions intensity shown pertains to the Scope 1 and 2 emissions from financing. SZKB currently only calculates Scope 3 emissions of financed emissions in relation to corporate financing.

#### Mortgages and commercial real estate

The financed emissions for the mortgages and commercial properties have been calculated using the emission factors in kgCO<sub>2</sub>/m<sup>2</sup> (PCAF score 4) for 2020 provided by PCAF (in accordance with PCAF's recommendation, as more recent factors still have a provisional status). Areas contained in the Bank's estimates are used when applying emission factors. The annual building emissions are determined by multiplying the surface area by the emission factor. The share of SZKB corresponds to the outstanding loan amount as a proportion of the market value.

In cases where areas were missing, external public data sources were used for the calculation. Whenever the data for the calculation was still incomplete, average values based on the known values were derived and applied. The PCAF Data Quality Score reflects the average quality of the data used. The emissions intensity shown pertains to the Scope 1 and Scope 2 emissions from financing.

The following methodological changes were rolled out in 2024:

- Mortgage financing of agricultural real estate will now be allocated to commercial real estate. Operating loans remain under corporate loans.

#### Corporate financing

Financed emissions for corporate financing were determined according to the emission factors provided by PCAF in terms of kgCO<sub>2</sub>e per thousand CHF of turnover (PCAF score 4) or kgCO<sub>2</sub>e per thousand CHF of assets (PCAF score 5). According to the PCAF recommendation, emission factors for «advanced economies» are adopted at the sectoral level. The PCAF provides separate emission factors for Scope 1, Scope 2 and Scope 3.

If the company's turnover and balance sheet data are available, turnover is multiplied by the emission factor for the specific sector (PCAF score 4). The calculated total emissions of the company are imputed to the SZKB balance sheet total in proportion to the outstanding loan. If no turnover or accounting data was available for the companies, the emissions were computed using the PCAF score 5 calculation methodology. The current loan drawdown is multiplied by the emission factor for the specific sector (PCAF score 5), and the financed emissions calculated are imputed in full to SZKB.

The following methodological changes were rolled out in 2024:

- Blank orK financing from corporate financing excluded (PCAF does not have emission factors for cantons, districts or municipalities but currently only at state level).
- Mortgage financing of agricultural real estate will now be allocated to commercial real estate. Operating loans remain under corporate loans. This is in line with the approach to commercial financing.
- For holding companies, financing has been divided up among the operating companies wherever possible.
- By adhering to the PCAF, SZKB now has access to its emission factors. According to the PCAF recommendation, figures for «advanced economies» are adopted at sectoral level. During the previous year, an input/output model developed by a consulting firm was used to calculate emission factors.

Due to these changes, SZKB is restating last year's calculations as of 31 December 2022.

### **1.3.3 Measuring financed CO<sub>2</sub> emissions in the investment area (including own financial assets)**

At present, the collection and measurement of CO<sub>2</sub> emissions in the investment sector is primarily carried out in the areas in which the Bank has a direct influence on the investment decision. In this context, the Bank measures CO<sub>2</sub> emissions associated with its ethical line. SZKB pursues a methodical approach that makes it possible to quantify and monitor CO<sub>2</sub> emissions in the portfolio.

#### **Recording of emissions in the investment sector**

SZKB uses data from the sustainability specialist ISS ESG to assess sustainability indicators, with a focus on climate metrics. ISS ESG is a subsidiary of the Institutional Shareholder Services (ISS) Group, which was founded in 1985 and specialises in ESG solutions.

The ISS ESG methodology for measuring and assessing the climate footprint of investment portfolios includes various sector and sub-sector-specific models. This allows a special focus to be placed on factors that are especially pertinent to the specific business sector.

The ISS ESG methodology consists of the following steps:

1. Compilation of the emissions reported by the company itself: Various public sources are used for this purpose, such as sustainability reports, Bloomberg surveys, CDP and investor relations.
2. Evaluation and validation of this information, with the possibility of discarding if necessary. The data points received are checked for their trustworthiness using criteria such as discrepancies with historical data, discrepancies between sources, external validation and company experience in climate data collection.
3. Estimate of emissions from companies that do not provide information about their own greenhouse gas emissions: Sector- and sub-sector-specific models are used for this purpose.
4. Assessment of Scope 3 emissions: Depending on the company-specific sector profile, the Scope 3 emissions of each company are modelled with a) a bottom-up approach focused on the value chain, b) a top-down approach focused on the product or c) a peer group-oriented process.
5. Allocation of corporate emissions to portfolios: Greenhouse gas emissions of companies are allocated to their investors on a pro rata basis in accordance with the «ownership principle», similar to how company assets are allocated. The TCFD recommendations are used to determine the weighted greenhouse gas intensity. For this purpose, the emissions per sales dollar are multiplied by the specific company's portfolio share.

#### **Limits on recording**

The current focus on measuring CO<sub>2</sub> emissions relates exclusively to investments in which the Bank has an influence on decisions relating to the use of capital. This means that investments in asset classes in which the Bank has a limited ability to influence emissions sources are not included.

### 1.3.4 Measurement of operational CO<sub>2</sub> emissions

Direct and indirect CO<sub>2</sub> emissions are documented in SZKB's carbon footprint. Due to business-related delays in reporting by data suppliers that are primarily external, the carbon gas footprint does not refer to the same reporting year as the Sustainability Report, but instead to the previous year in each case.

#### Emission sources

In addition to Scope 1 and Scope 2 emissions, SZKB also reports parts of its Scope 3 emissions associated with operations in accordance with ISO 14064-1 and the Greenhouse Gas Protocol. The following table provides an overview of the emission sources that fall under Scope 3 in SZKB's operational carbon footprint:

| GHG   | Emission source  | Taken into account | Reason  |
|-------|--|--------------------|---|
| 3-1   | Purchased goods and services:  |                    |   |
|       | Paper consumption (copy paper, toilet paper, paper towels)                                   | Yes                | Relevant in terms of quantity and relevant to all measures.   |
|       | Print jobs (external)  | Yes                | Relevant in terms of quantity and relevant to all measures.   |
|       | Shipments  | Yes                | Relevant in terms of quantity and relevant to all measures.   |
|       | Consumables (cardboard, plastic, film)   | Yes                | Negligible in terms of quantity but relevant to all measures.   |
|       | Chemicals  | No                 | No relevant chemicals present.  |
|       | Water  | Yes                | Relevant in terms of quantity and relevant to all measures.   |
| 3-2   | Capital goods (computers, laptops, monitors, mobile phones, telephones, tablets, projectors) | Yes                | Relevant in terms of quantity and relevant to all measures.   |
| 3-3   | Activities with energy sources:  |                    |   |
| 3-3-a | Energy supply, preliminary stages of oil, gas and wood power plants                          | Yes                | Relevant  |
| 3-3-b | Energy supply, preliminary stages of electrical power plants                                 | Yes                | Relevant  |
| 3-4   | Upstream transport and distribution  | Yes                | Relevant in terms of quantity and relevant to all measures.   |
| 3-5   | Waste from business activities   | Yes                | Low emissions in terms of quantity, but relevant to measures and raising awareness internally.  |
| 3-6   | Business trips (external vehicles)   | Yes                | Relevant in terms of quantity and for measures.   |
| 3-7   | Commuting trips  | Yes                | Relevant in terms of quantity and for measures.   |
| 3-8   | Upstream leasing assets  | No                 | None available or already integrated in Scope 1–2   |
| 3-9   | Transport and distribution of the goods sold   | No                 | None available  |
| 3-10  | Further processing of goods sold   | No                 | Services sold do not cause any emissions  |
| 3-11  | Use of goods sold  | No                 | Services sold cause hardly any emissions during use   |
| 3-12  | Disposal of sold goods   | No                 | Services sold cause hardly any emissions during disposal  |
| 3-13  | Downstream leasing assets  | No                 | None available or already included in Scope 1–2 as it is part of the core business  |
| 3-14  | Franchises   | No                 | None available  |
| 3-15  | Investments  | No                 | These are financed emissions, information about which can be found in Chapters 3 Responsible financing and 4 Responsible investment, as well as in these notes. |

In 2024, SZKB did not purchase any CO<sub>2</sub> certificates or engage in emissions trading, and there were no reductions in production capacity or significant instances of process outsourcing.

### Emission factors

The emission factors used by Swiss Climate that can often change in line with new findings have a major impact on the calculation of the carbon footprint.

Emission factors have changed as follows:

| Emission factors                                  | Δ 2023/2022 | Δ 2022/2021 |
|---|-------------|-------------|
| Heating: natural gas direct emissions             | 10.8%       | 3.5%        |
| Heating: natural gas indirect emissions           | 13.7%       | 3.5%        |
| Heating: heating oil indirect emissions           | 8.8%        | 12.7%       |
| Heating: wood (pellets)                           | 11.4%       | -3.1%       |
| Electricity                                       | *           | unchanged   |
| Fresh fibre paper                                 | -4.7%       | unchanged   |
| Recycled paper                                    | -5.7%       | unchanged   |
| Print jobs: fresh fibre                           | -3.6%       | unchanged   |
| Print jobs: recycled                              | -5.7%       | unchanged   |
| Business trips: external petrol & diesel vehicles | 12.3%       | 0.5%        |
| Transport: external diesel trucks                 | 12.2%       | 0.6%        |
| Commuting trips: cars                             | -18.6%      | 6.6%        |
| Commuting trips: hybrid vehicle                   | 8.4%        | 9.9%        |
| Commuting trips: LPG vehicle                      | -15.0%      | -0.2%       |
| Commuting trips: electric car                     | 4.5%        | unchanged   |
| Commuting trips: motorbike                        | 2.0%        | unchanged   |
| Commuting trips: public transport                 | -16.9%      | 5.7%        |
| Commuting trips: bus                              | 95.0%       | 4.2%        |
| Water   | -68.6%      | unchanged   |
| IT equipment: computers                           | 3.6%        | -5.8%       |
| IT equipment: laptops                             | unchanged   | 28.6%       |
| IT equipment: monitors                            | unchanged   | 15.7%       |
| IT equipment: mobile phones                       | unchanged   | 15.0%       |
| IT equipment: Telephone                           | unchanged   | 114.3%      |
| IT equipment: projectors                          | unchanged   | -16.6%      |
| IT equipment: tablets                             | 0.4%        | -16.6%      |

\* Various emission factors are used to calculate the CO<sub>2</sub> emissions associated with electricity. A number of adjustments were made to them in 2023, but these are not deemed to be significant. With regard to the electricity mix, data and information on the respective electricity products were queried at all locations (hydropower, Swiss electricity mix, etc.). A conservative assumption (market-based, i.e. Swiss electricity mix) was made for locations that did not have precise information on electricity products (e.g. for external cashpoints).

## 1.4 Transition plan

Under the terms of the Ordinance on Reporting on Climate Matters, SZKB is obliged to publish a transition plan that is comparable to Swiss climate targets. In line with the Paris Climate Agreement<sup>1</sup>, Switzerland has set itself a long-term climate target of «net zero» by 2050 and an intermediate target of –50% by 2030. Switzerland has complied with this agreement by adopting the Federal Council decision in August 2019 to reduce Switzerland's greenhouse gas emissions to net zero by 2050.

The resulting climate strategy stipulates an interim target of a 50% reduction in greenhouse gas emissions by 2030 compared to 1990 levels. A climate fund is intended to finance work on buildings and the fostering of technologies that can help achieve a reduction in greenhouse gas emissions. The imposition of CO<sub>2</sub> levies creates incentives to switch to low-carbon and CO<sub>2</sub>-free energy sources. The largest savings in greenhouse gas emissions by 2050 are expected to come from the building sector at 16.3 MtCO<sub>2</sub> – a 98% reduction.

### 1.4.1 Transition plan: financed CO<sub>2</sub> emissions in the financing business

SZKB is guided by the Swiss climate targets in regard to the transition plan for financed CO<sub>2</sub> emissions in the financing business. The transition plan can thus be derived in a top-down fashion from the trajectory of the Swiss Climate Strategy. A bottom-up analysis was carried out in order to put the reduction pathway on an operational footing so as to be able to derive key figures and potential measures for the required portfolio development. As emissions are the next major milestone on the pathway to net zero by 2030, the 2030 target will be a greater focus – both in selecting the modelling of parameters (availability, interpretability) and for the potential measures under consideration.

When establishing the transition plan, SZKB distinguishes between the «business as usual» (BAU) and «ZERO basis» scenarios and has committed to the ZERO basis scenario. Under this scenario, the following assumptions were made:

- CO<sub>2</sub> price is formed freely within the emissions trading system with the EU
- CO<sub>2</sub> levies on fuels from sectors outside the European emissions trading system (ETS)
- CO<sub>2</sub> levy on fuels, building subsidies, CO<sub>2</sub> requirements in transport
- By 2030 additional CO<sub>2</sub> levies on fuel
- No expiry of the measures

Already under the BAU scenario, there has been a sharp decline in emissions associated with services and households, which has been reinforced by measures, thus establishing a convex reduction pathway. The Swiss Climate Strategy envisages a significant decline in industrial emissions, with emissions associated with industrial processes stagnating at a slightly lower level. Based on actual emissions, a target reduction pathway can be defined using the Swiss Climate Strategy with the concave target pathway as the starting point. A concave target pathway shape assumes that the short- to medium-term reduction of emissions will initially be slower, followed by an increase over time (corresponding to the «disorderly transition» scenario). Increasing pressure to act or technological innovation leads to additional acceleration. This also reflects the current long-term climate strategy in Switzerland, which envisages a concave decline in emissions for the «zero» (net zero) scenario. The first CO<sub>2</sub> cuts (thanks to negative emissions technologies (NET) or carbon capture and storage (CCS)) will be possible from 2035 onwards and will increase rapidly after 2040. The use of NET and CCS is targeted at otherwise non-reducible manufacturing processes.

A bottom-up simulation of the reduction pathway was used to test its feasibility and calculate how many renovation loans would need to be completed annually per advisor to achieve the reduction pathway. In future, this simulation and these measures will remain under review, and targets and measures will be established if possible.

<sup>1</sup> The Paris Agreement stipulates that the parties must establish a long-term climate strategy by 2020, which they must comply with by the middle of the century through a mix of emission sources and reductions.



In order to implement the Swiss Climate Targets, the Canton of Schwyz has developed an Energy and Climate Plan 2022+, which is based on existing energy policy over the period of 2013 to 2020. The partial revision of the cantonal Energy Act of the Canton of Schwyz entered into force on 1 May 2022. This includes more stringent requirements for new buildings and renovations. There is no ban on fossil heating in the Canton of Schwyz. Essentially, the Act lays down standard requirements for the cantons in the energy sector (MuKen 2014).

#### 1.4.2 Transition plan: financed CO<sub>2</sub> emissions in the investment sector

The Bank adopts a systematic approach to measuring and reducing CO<sub>2</sub> emissions associated with the investments financed by it. In this context, the Bank measures CO<sub>2</sub> emissions under the ethical line (sustainable asset management mandates and sustainable funds). The Bank is committed to continuously monitoring, analysing and actively reducing its financed CO<sub>2</sub> emissions. The strategy focuses on promoting sustainable investments.

The SZKB transition plan is based on clear objectives to foster a sustainable and responsible investment strategy. This plan incorporates several material measures for decarbonisation that also seek to influence clients' preferences. The SZKB investment transition plan aims to comprehensively transform its investment strategies both to support global climate targets and cater to the growing sustainable investment preferences of its clients. As a first step, SZKB has defined the following objectives:

- **Decarbonisation of the ethical line according to the implied temperature rise approach:** For its ethical line, SZKB uses the implied temperature rise approach (adherence to the 1.5°C target). The admissibility of investments is thus determined on the basis of a maximum implicit increase in temperature for the activities carried out by an issuer.
- **Share of SZKB investment funds geared towards client preferences:** The proportion of SZKB investment funds with alignment with client preferences of «Aware» or «Focused» as a total of all SZKB investment funds amounts to at least 20% in 2025 and at least 50% by 2030.
- **Number of asset management mandates with client preferences:** The number of asset management mandates with client preferences «Aware», «Focused» or «Effective» out of the total of all asset management mandates amounts to at least 20% in 2025 and at least 50% in 2030.

In the management of AuM (Assets under Management), SZKB already takes into account the criterion of alignment with a 1.5°C target in the portfolio construction of its ethical line (funds and discretionary mandates). With this strict focus on climate neutrality in line with the requirements of the Paris Agreement, SZKB is already in a position to declare a «target» of 100% of fund assets as being consistent with the 1.5°C target. This approach demonstrates the funds' systematic alignment with climate targets. According to its chosen approach, SZKB ensures that targets are always in line with scientific findings. However, there is also heavy dependence on climate scenarios, which can result in greater demand for rebalancing and also pose a risk to the size of the investment universe. SZKB will once again focus on the topic of transition plan and objectives in the coming years and also review and extend scenario selection, objectives and the transition plan in the investment area as well as treasury, and if necessary, adapt and expand it.

#### 1.4.3 Transition plan: Operational CO<sub>2</sub> emissions

In 2024, SZKB calculated the reduction pathway for its operational emissions for the years 2030, 2040 and 2050. The following assumptions were made:

##### General assumptions

- All calculations and analyses are based on SZKB's certified carbon footprints.
- In future, the carbon footprint will continue to take into account the same emission sources as in 2023, in order to ensure a systematic and comprehensible basis for calculation.
- It is assumed that emission factors in Scope 1 and 2 (and in part in Scope 3) will be halved in accordance with Switzerland's climate targets by 2040 and will fall to zero by 2050. The figures for 2023 apply to all other emission factors, as SZKB cannot adapt any adjustments to the emission factors.
- The number of full-time equivalents (FTEs) remains constant over the period considered.

## Assumptions regarding Scope 1

### Heating

- Consumption is influenced by the number of heating days. All fossil heating systems in bank buildings under the sole ownership of SZKB will be replaced by 2030, whereas those in rented properties and condominium buildings will be replaced by 2050.
- CO<sub>2</sub> emissions from wood heating systems will increase by 50% by 2030 and will remain stable thereafter (assumption: at least one other property under the sole ownership of SZKB will be heated with wood pellets in the future). Since wood is a biogenic source of CO<sub>2</sub> emissions, it is assumed that only 50% will be recognised in the carbon footprint by 2040 and that it will no longer be included from 2050.

### Refrigerant leakage

- These emissions are difficult to predict. For the reduction pathway, it is assumed that by 2030, emissions will correspond to the average figure for 2021 to 2023, and to 50% of that level by 2040, and that full replacement with climate-neutral coolants will occur by 2050.

### Transport (vehicles owned by the company)

- The remaining vehicles with internal combustion engines will be replaced with low-emission vehicles by 2026. Thereafter, CO<sub>2</sub> emissions in Scope 1 will be zero.

## Assumptions regarding Scope 2:

### Electricity consumption

- Electricity consumption, mix: There is not as yet any information on the electricity mix for properties that are not under the sole ownership of SZKB and for cashpoints at third-party locations. Due to limited influence, emissions are expected to remain at the 2023 level until 2030 (representing a decrease of 47.9% compared to the base year 2021). From 2040 onwards, the emissions factor for the electricity mix will be halved until it reaches zero in 2050.
- Electricity consumption, 100% renewable: SZKB employees are expected to see a rise in electricity consumption due to FTE growth, proliferating electrification and increasing use of charging stations for electric vehicles.

### Heating

- The SZKB headquarters and several branches are connected to a district heating network. As the shift from fossil heating to district heating progresses, emissions are expected to increase by 40% by 2030 (compared to 2023). From 2040 onwards, the emission factor for district heating will be reduced, reaching zero in 2050.

## Assumptions regarding Scope 3

### Energy provision (energy-related emissions not included in Scope 1 or 2)

- Preliminary remark: Swiss Climate calculates the so-called «energy supply emissions» for the energy that SZKB purchases. For example, in 2023 electricity consumption with 100% renewable electricity emissions was associated with CO<sub>2</sub> emissions of 9.8 t.
- Energy supply emissions are adjusted based on forecast consumption.
- By 2030, CO<sub>2</sub> emissions from electric heat pumps will rise to 1.0 t and will remain constant.
- The emission factor for electricity consumption, mix, will align with the emission factor for electricity consumption, 100% renewable, in 2050.
- Biogenic CO<sub>2</sub> emissions from wood will be recognised at 50% from 2040 and not at all from 2050.

### Business trips (external vehicles)

- Due to the switch to low-emission vehicles, the use of petrol and diesel vehicles will be reduced by 21% by 2030, by 50% by 2040 and by 100% by 2050. The number of journeys by electric vehicle will increase accordingly. There will be no significant change in the use of public transport options such as trains and buses compared to 2023.

### Transport (external vehicles)

- A fall in the use of petrol and diesel vehicles of 21% by 2030, 50% by 2040 and 100% by 2050 is also assumed in relation to transportation of valuables and cashpoint maintenance. No significant changes in processes are expected.

### Commuting trips

- Energy consumption when working from home: Assumption: CO<sub>2</sub> emissions remain the same compared to 2023 at 6.9 t. No FTE growth.
- Petrol- and diesel-powered vehicles: The use of fossil fuel vehicles will fall by 21% by 2030, 50% by 2040 and 100% by 2050 due to the switch to low-emission vehicles.
- Electric vehicles: With the increase in electric vehicles, the distance travelled will grow by 15% annually until 2030. 1.5 million km will be travelled annually by 2040 and 2.5 million km annually by 2050, resulting in CO<sub>2</sub> emissions of 66.9 t.
- Hybrid vehicles, LPG vehicles, motorbikes, trains, e-scooters, e-bikes: CO<sub>2</sub> emissions will remain in line with the 2023 figures.

### IT equipment

- The procurement of IT equipment is managed according to a replacement cycle. The reduction pathway is based on the average for 2021 to 2023.

#### Paper

- SZKB uses mostly recycled paper, which results in only minor reductions in CO<sub>2</sub> emissions (no significant reduction in CO<sub>2</sub> in the event of a reduced consumption of fresh fibre paper).
- The amount of paper consumption will fall by 3% annually by 2030, with a further decline of 9.17% by 2040 and 17.43% by 2050.

#### Print jobs

- The volume of print jobs fell sharply from 2021 to 2023.
- By 2030, CO<sub>2</sub> emissions from external print jobs will remain at 10,000 kg per year and will fall to 9,000 kg by 2040 and 8,000 kg by 2050.

#### Shipping

- Assumption: –4% annually by 2030, with constant assumptions for 2040 and 2050.

#### Consumables

- Assumption: CO<sub>2</sub> emissions will remain constant at 1.5 t per year.

#### Waste

- Assumption: CO<sub>2</sub> emissions amount to 5.0 t per year.

#### Water

- In 2023, the emission factor for water was massively reduced. Based on this new emission factor, CO<sub>2</sub> emissions are expected to amount to 1.0 t per year.

### 1.5 Client satisfaction survey

In 2024, SZKB worked together with a specialized consulting firm to conduct a client satisfaction survey with the following key figures:

- Survey period: 14 Aug. to 9 Sep. 2024
- Case numbers
  - Total: n=1,396 (12% response rate)
  - Private clients: n=1,087 (12% response rate)
  - Private banking: n=171 (16% response rate)
  - Corporate clients: n=138 (8% response rate)
- SZKB attended to data selection and dispatch.
- Clients had the option of submitting responses anonymously.
- Collection methodology: Online in response to a letter containing an access code for the survey.

### 1.6 Employee satisfaction survey

SZKB conducts employee satisfaction surveys (ESS) every two years. As the last survey was conducted in 2023, the next survey is planned for 2025.

## 2 Key figures about employees

All key figures excluding hourly employees, including apprentices and interns.

|  | 2024 | 2023 | Change <sup>1</sup> | 2022 | 2021 <sup>2</sup> | 2020 <sup>2</sup> |
|--|------|------|---------------------|------|-------------------|-------------------|
| <b>Number of employees, employment relationship and employment level (GRI 2-7)</b>   |      |      |                     |      |                   |                   |
| <b>Total number of employees</b>   |      |      |                     |      |                   |                   |
| Number of personnel units (full-time equivalents) <sup>3</sup>                       | 561  | 548  | 2.3%                | 525  |                   |                   |
| Number of employees (persons) <sup>4</sup>   | 647  | 638  | 1.4%                | 610  |                   |                   |
| thereof in the Executive Board   | 5    | 5    | 0.0%                | 5    |                   |                   |
| thereof per level: <sup>5</sup>  |      |      |                     |      |                   |                   |
| Level 1-2  | 145  | 159  | -8.8%               | 162  |                   |                   |
| Level 3-4  | 209  | 200  | 4.5%                | 179  |                   |                   |
| Level 5-6  | 239  | 231  | 3.5%                | 220  |                   |                   |
| Level 7 +  | 54   | 48   | 12.5%               | 49   |                   |                   |
| thereof number of apprentices  | 29   | 30   | -3.3%               | 29   |                   |                   |
| thereof number of interns  | 5    | 5    | 0.0%                | 5    |                   |                   |
| Employees paid on an hourly basis <sup>6</sup>                                       | 36   | 37   | -2.7%               | 35   |                   |                   |
| <b>Employees by employment relationship (permanent/temporary/hourly)<sup>7</sup></b> |      |      |                     |      |                   |                   |
| Permanent employees <sup>8</sup>   | 637  | 628  | 1.4%                | 603  |                   |                   |
| thereof women  | 271  | 269  | 0.7%                | 268  |                   |                   |
| thereof men  | 366  | 359  | 1.9%                | 335  |                   |                   |
| Temporary employees <sup>9</sup>   | 10   | 10   | 0.0%                | 7    |                   |                   |
| thereof women  | 6    | 4    | 50.0%               | 2    |                   |                   |
| thereof men  | 4    | 6    | -33.3%              | 5    |                   |                   |

<sup>1</sup> For the % comparison figures, the change is shown in basis points rather than as a ratio.

<sup>2</sup> No key figures are shown for 2021 and 2020, as SZKB implemented a new HR system in 2022.

<sup>3</sup> Excluding employees paid on an hourly basis and banking authority employees, including apprentices and interns (included at 50% as per SNB requirements).

<sup>4</sup> Excluding employees paid on an hourly basis and banking authority employees, including apprentices and interns.

<sup>5</sup> Explanations on the levels in chapter 2.2.<sup>1</sup> Relevance, objectives, management approach and measures.

<sup>6</sup> Hourly employees are not included in the other figures.

<sup>7</sup> Excluding banking authority employees.

<sup>8</sup> Apprentices and interns are counted as permanent employees. Excluding hourly employees.

<sup>9</sup> Excluding hourly employees.

|   | 2024  | 2023  | Change | 2022  | 2021 <sup>2</sup> | 2020 <sup>2</sup> |
|---|-------|-------|--------|-------|-------------------|-------------------|
| Hourly employees <sup>10</sup>  | 36    | 37    | -2.7%  | 35    |                   |                   |
| thereof women   | 35    | 36    | -2.8%  | 34    |                   |                   |
| thereof men   | 1     | 1     | 0.0%   | 1     |                   |                   |
| <b>Employees by employment level (full-time/part-time)<sup>11</sup></b> |       |       |        |       |                   |                   |
| Full-time employees   | 396   | 381   | 3.9%   | 399   |                   |                   |
| Women in full-time employment (compared to total headcount)             | 18.1% | 16.6% | 1.5%   | 19.3% |                   |                   |
| Women in full-time employment (compared to all women)                   | 42.2% | 38.8% | 3.4%   | 43.7% |                   |                   |
| Men in full-time employment (compared to total headcount)               | 43.1% | 43.1% | 0.0%   | 46.1% |                   |                   |
| Men in full-time employment (compared to all men)                       | 75.4% | 75.3% | 0.1%   | 82.6% |                   |                   |
| Part-time employees   | 251   | 257   | -2.3%  | 211   |                   |                   |
| Women in part-time employment (compared to total headcount)             | 24.7% | 26.2% | -1.5%  | 24.9% |                   |                   |
| Women in part-time employment (compared to all women)                   | 57.8% | 61.2% | -3.4%  | 56.3% |                   |                   |
| Men in part-time employment (compared to total headcount)               | 14.1% | 14.1% | 0.0%   | 9.7%  |                   |                   |
| Men in part-time employment (compared to all men)                       | 24.6% | 24.7% | -0.1%  | 17.4% |                   |                   |
| <b>New employee hires and employee turnover (GRI 401-1)</b>             |       |       |        |       |                   |                   |
| <b>New employees<sup>12</sup></b>                                       |       |       |        |       |                   |                   |
| Number of employees (persons)   | 71    | 83    | -14.5% | 67    |                   |                   |
| thereof employees under 30 years  | 25    | 33    | -24.2% | 29    |                   |                   |
| thereof employees under 30 years (in per cent)                          | 35.2% | 39.8% | -4.6%  | 43.3% |                   |                   |
| thereof employees between 30 and 50 years                               | 32    | 40    | -20.0% | 32    |                   |                   |
| thereof employees between 30 and 50 years (in per cent)                 | 45.1% | 48.2% | -3.1%  | 47.8% |                   |                   |
| thereof employees over 50 years   | 14    | 10    | 40.0%  | 6     |                   |                   |
| thereof employees over 50 years (in per cent)                           | 19.7% | 12.0% | 7.7%   | 9.0%  |                   |                   |
| thereof women   | 26    | 31    | -16.1% | 31    |                   |                   |
| thereof women (in per cent)   | 36.6% | 37.3% | -0.7%  | 46.3% |                   |                   |
| thereof men   | 45    | 52    | -13.5% | 36    |                   |                   |
| thereof men (in per cent)   | 63.4% | 62.7% | 0.7%   | 53.7% |                   |                   |
| <b>Employee departures<sup>13</sup></b>                                 |       |       |        |       |                   |                   |
| Annual fluctuation (net)  | 47    | 40    | 17.5%  | 59    |                   |                   |
| thereof employees under 30 years  | 15    | 16    | -6.3%  | 10    |                   |                   |
| thereof employees under 30 years (in per cent)                          | 31.9% | 40.0% | -8.1%  | 16.9% |                   |                   |
| thereof employees between 30 and 50 years                               | 25    | 19    | 31.6%  | 36    |                   |                   |

<sup>10</sup> Hourly employees are not included in the other figures.

<sup>11</sup> Excluding hourly employees and banking authority employees, including apprentices and interns.

<sup>12</sup> New employees with a fixed-term employment relationship are not included.

<sup>13</sup> Departures of employees with a fixed-term employment relationship and retired persons are not included.

|   | 2024  | 2023  | Change | 2022   | 2021 <sup>2</sup> | 2020 <sup>2</sup> |
|---|-------|-------|--------|--------|-------------------|-------------------|
| thereof employees between 30 and 50 years (in per cent)   | 53.2% | 47.5% | 5.7%   | 61.0%  |                   |                   |
| thereof employees over 50 years                           | 7     | 5     | 40.0%  | 13     |                   |                   |
| thereof employees over 50 years (in per cent)             | 14.9% | 12.5% | 2.4%   | 22.0%  |                   |                   |
| thereof women   | 20    | 25    | -20.0% | 28     |                   |                   |
| thereof women (in per cent)                               | 42.6% | 62.5% | -19.9% | 47.5%  |                   |                   |
| thereof men   | 27    | 15    | 80.0%  | 31     |                   |                   |
| thereof men (in per cent)                                 | 57.4% | 37.5% | 19.9%  | 52.5%  |                   |                   |
| <b>Turnover (in per cent)</b>                             |       |       |        |        |                   |                   |
| Annual turnover rate (net) <sup>14</sup>                  | 9.2%  | 8.0%  | 1.2%   | 10.3%  |                   |                   |
| Annual turnover rate (gross) <sup>15</sup>                | 15.5% | 11.4% | 4.1%   | 14.5%  |                   |                   |
| <b>Diversity</b>  |       |       |        |        |                   |                   |
| <b>Governance bodies (GRI 405-1)<sup>16</sup></b>         |       |       |        |        |                   |                   |
| Number of members of the Bank Council:                    | 9     | 9     | 0.0%   | 9      |                   |                   |
| thereof women   | 1     | 1     | 0.0%   | 1      |                   |                   |
| thereof women (in per cent)                               | 11.1% | 11.1% | 0.0%   | 11.1%  |                   |                   |
| thereof men   | 8     | 8     | 0.0%   | 8      |                   |                   |
| thereof men (in per cent)                                 | 88.9% | 88.9% | 0.0%   | 88.9%  |                   |                   |
| Age structure of the Bank Council:                        |       |       |        |        |                   |                   |
| Proportion of Bank Council members under 30 years         | 0.0%  | 0.0%  | 0.0%   | 0.0%   |                   |                   |
| Proportion of Bank Council members from 30 to 50 years    | 44.4% | 44.4% | 0.0%   | 44.4%  |                   |                   |
| Proportion of Bank Council members over 50 years          | 55.6% | 55.6% | 0.0%   | 55.6%  |                   |                   |
| Number of members of the Executive Board:                 | 5     | 5     | 0.0%   | 5      |                   |                   |
| thereof women   | 2     | 1     | 100.0% | 1      |                   |                   |
| thereof women (in per cent)                               | 40.0% | 20.0% | 20.0%  | 20.0%  |                   |                   |
| thereof men   | 3     | 4     | -25.0% | 4      |                   |                   |
| thereof men (in per cent)                                 | 60.0% | 80.0% | -20.0% | 80.0%  |                   |                   |
| Age structure of the Executive Board:                     |       |       |        |        |                   |                   |
| Proportion of Executive Board members under 30 years      | 0.0%  | 0.0%  | 0.0%   | 0.0%   |                   |                   |
| Proportion of Executive Board members from 30 to 50 years | 60%   | 80.0% | -20.0% | 100.0% |                   |                   |
| Proportion of Executive Board members over 50 years       | 40%   | 20.0% | 20.0%  | 0.0%   |                   |                   |
| <b>Age structure (GRI 2-7)</b>                            |       |       |        |        |                   |                   |
| Employees under 30 years <sup>17</sup>                    | 23.4% | 23.4% | 0.0%   | 23.6%  |                   |                   |
| Employees between 30 and 50 years                         | 47.6% | 47.0% | 0.6%   | 46.4%  |                   |                   |
| Employees over 50 years                                   | 29.0% | 29.6% | -0.6%  | 30.0%  |                   |                   |

<sup>14</sup> Number of departures of permanent employees (as a percentage of the total headcount at the end of the year).

<sup>15</sup> Number of departures (including retirements, deaths and terminations by the employer) (as a percentage of the total headcount at the end of the year).

<sup>16</sup> The governance bodies comprise the Bank Council and the Executive Board.

<sup>17</sup> Excluding Executive Board (from figures for 2024), excluding Bank Council members.

|                              | 2024  | 2023 <sup>18</sup> | Change <sup>18</sup> | 2022 <sup>18</sup> | 2021 <sup>2</sup> | 2020 <sup>2</sup> |
|------------------------------|-------|--------------------|----------------------|--------------------|-------------------|-------------------|
| <b>Levels (own standard)</b> |       |                    |                      |                    |                   |                   |
| Proportion of women level 1  | 35.5% |                    |                      |                    |                   |                   |
| Proportion of men 1          | 64.5% |                    |                      |                    |                   |                   |
| Proportion of women level 2  | 66.4% |                    |                      |                    |                   |                   |
| Proportion of men 2          | 33.6% |                    |                      |                    |                   |                   |
| Proportion of women level 3  | 54.3% |                    |                      |                    |                   |                   |
| Proportion of men 3          | 45.7% |                    |                      |                    |                   |                   |
| Proportion of women level 4  | 42.7% |                    |                      |                    |                   |                   |
| Proportion of men 4          | 57.3% |                    |                      |                    |                   |                   |
| Proportion of women level 5  | 32.9% |                    |                      |                    |                   |                   |
| Proportion of men 5          | 67.1% |                    |                      |                    |                   |                   |
| Proportion of women level 6  | 24.6% |                    |                      |                    |                   |                   |
| Proportion of men 6          | 75.4% |                    |                      |                    |                   |                   |
| Proportion of women level 7  | 33.3% |                    |                      |                    |                   |                   |
| Proportion of men 7          | 66.7% |                    |                      |                    |                   |                   |
| Proportion of women level 8  | 14.3% |                    |                      |                    |                   |                   |
| Proportion of men 8          | 85.7% |                    |                      |                    |                   |                   |

<sup>18</sup> The figures for the previous year are not available due to a change in the computational logic from 2024.

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

## 3.1 Transparency regarding non-financial issues

| CO Art.  |   | Place of disclosure   |
|--|---|---|
| <b>The report on non-financial issues provides ...</b> |   |   |
| Art. 964b (1)  | an account of environmental issues (especially CO <sub>2</sub> targets) | 2.4 Responsible business conduct towards the environment and the corresponding section in the GRI Index<br>5 Climate Report   |
| Art. 964b (1)  | an account of social issues   | 2.1 Responsible business conduct towards clients and the corresponding section in the GRI Index<br>2.3 Responsible business conduct towards the local environment and the corresponding section in the GRI Index<br>2.5 Responsible business conduct towards the financial sector<br>3 Responsible financing<br>4 Responsible investing |
| Art. 964b (1)  | an account of employee issues   | 2.2 Responsible business conduct towards employees and the corresponding section in the GRI Index   |
| Art. 964b (1)  | an account of respect for human rights                                  | 2.5 Responsible business conduct towards the financial sector and the corresponding section in the GRI Index  |
| Art. 964b (1)  | an account of the fight against corruption                              | 2.5 Responsible business conduct towards the financial sector and the corresponding section in the GRI Index  |
| <b>The report contains information ...</b>             |   |   |
| Art. 964b (1)  | that is necessary for an understanding of the business development      | Annual Report<br>1 Classification and strategy of sustainability at SZKB<br>5 Climate Report<br>GRI 2–6   |
| Art. 964b (1)  | that is necessary for understanding the company's situation             | Annual Report   |



| CO Art.                                 |   | Place of disclosure                                       |  |
|---|---|---|--|
| Art. 964b (1)                           | that is necessary for understanding the impact of the company's activities on ...                                   | environmental issues (especially CO <sub>2</sub> targets) | 2.4 Responsible business conduct towards the environment and corresponding section in the GRI Index<br>5 Climate Report  |
|   |   | social issues   | 2.1 Responsible business conduct towards clients and the corresponding section in the GRI Index<br>2.3 Responsible business conduct towards the local environment and the corresponding section in the GRI Index<br>2.5 Responsible business conduct towards the financial sector and corresponding section in the GRI Index |
|   |   | employee issues   | 2.2 Responsible business conduct towards employees and the corresponding section in the GRI Index  |
|   |   | respect for human rights                                  | 2.5 Responsible business conduct towards the financial sector and the corresponding section in the GRI Index   |
|   |   | combating corruption                                      | 2.5 Responsible business conduct towards the financial sector and the corresponding section in the GRI Index   |
| The report includes, in particular, ... |   |   |  |
| Art. 964b (2) (1)                       | a description of the business model   |   | Annual Report<br>GRI 2-6   |
| Art. 964b (2) (2)                       | a description of the approaches taken to the issues referred to in paragraph 1, including the due diligence applied | environmental issues (especially CO <sub>2</sub> targets) | 2.4.1 Relevance, objectives, management approach and measures<br>5 Climate Report  |
|   |   | social issues   | 2.2.1 Relevance, objectives, management approach and measures<br>2.3.1 Relevance, objectives, management approach and measures<br>2.5.1 Relevance, objectives, management approach and measures  |
|   |   | employee issues   | 2.2.1 Relevance, objectives, management approach and measures  |
|   |   | respect for human rights                                  | 2.5.1 Relevance, objectives, management approach and measures<br>4.1 Relevance, objectives, management approach and measures and 4.2 «Sustainable products and services», Section Gold from fair trade   |
|   |   | combating corruption                                      | 2.5.1 Relevance, objectives, management approach and measures  |

| CO Art.           |  | Place of disclosure   |  |
|-------------------|--|---|--|
| Art. 964b (2) (3) | a presentation of the measures taken to implement these concepts and an evaluation of the effectiveness of these measures  | environmental issues (especially CO <sub>2</sub> targets)   | 2.4.1 Relevance, objectives, management approach and measures and 2.4.3 Assessment of effectiveness and next steps<br>5 Climate Report   |
|                   |  | social issues   | 2.2.1 Relevance, objectives, management approach and measures and 2.2.4 Assessment of effectiveness and next steps<br>2.3.1 Relevance, objectives, management approach and measures and 2.3.4 Assessment of effectiveness and next steps<br>2.5.1 Relevance, objectives, management approach and measures and 2.5.5 Assessment of effectiveness and next steps |
|                   |  | employee issues   | 2.2.1 Relevance, objectives, management approach and measures and 2.3.4 Assessment of effectiveness and next steps   |
|                   |  | respect for human rights  | 2.5.1 Relevance, objectives, management approach and measures and 2.5.5 Assessment of effectiveness and next steps<br>4.1 Relevance, objectives, management approach and measures and 4.3 Assessment of effectiveness and next steps   |
|                   |  | combating corruption  | 2.5.1 Relevance, objectives, management approach and measures and 2.5.5 Assessment of effectiveness and next steps   |
|                   |  |   |  |
| 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   | Annual Report<br>2.1.1, 2.2.1, 2.3.1, 2.4.1, 2.5.1, 3.1 and 4.1 Relevance, objectives, concepts and measures<br>5 Climate Report   |
|                   |  | b. where relevant and proportionate, arise from its business relationships, products or services; | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain»<br>5 Climate Report  |
| Art. 964b (2) (5) | the key performance indicators for the company's activities in relation to the issues referred to in paragraph 1. SZKB uses the terms «(sustainability) targets» and «key performance indicators (KPIs)» synonymously. | Area of CO <sub>2</sub> targets   | 1.5 The SZKB sustainability strategy<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section Key figures on operational ecology<br>5 Climate Report   |
|                   |  | area of social issues   | 1.5 The SZKB sustainability strategy<br>2.1.2 «Client satisfaction», Section «Identifying client satisfaction» and Section «Processing complaints and client feedback systematically»  |
|                   |  | area of employee issues   | 1.5 The SZKB sustainability strategy<br>2.2.2 «Diversity and integration», Section «Identifying employee satisfaction»<br>Appendix 2 Key figures about employees   |
|                   |  | Area of respect for human rights  | No specific performance indicators have been defined with regard to human rights.  |
|                   |  | Area of combating corruption  | No specific performance indicators have been defined for the issue of corruption.  |

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

| CO Art.  |  | Place of disclosure  |
|--|--|--|
| <b>The companies are to maintain a management system and define in it the following:</b> |  |  |
| Art. 964k (1) (1)  | the supply chain policy for products and services for which there is reasonable suspicion of child labour;   | 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;   | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain»  |
| Art. 964k (1) (3)  | a system that makes it possible to track and trace the supply chain.   | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain»<br>4.2 «Sustainable products and services», Section «Gold from fair trade»                     |
| 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. | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain»<br>4.2 «Sustainable products and services», Section «Gold from fair trade»<br>5 Climate Report |
| 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.   |

# 4 Reporting in accordance with GRI (GRI Index)

|                        |   |
|------------------------|---|
| Declaration of use     | SZKB has drawn up the information cited in this GRI Content Index for the period from 1 January to 31 December 2024 in accordance with the GRI Standards. |
| Standard used          | GRI 1 Foundation 2021   |
| Industry standard used | None, as the banking standard is not yet available.   |
| General note           | There is generally no disclosure by region, as SZKB only operates in the Canton of Schwyz.  |

| GRI standard/<br>other source                       | Disclosure   | Place of disclosure   | Disclosure/omission   |
|---|--|---|---|
| <b>The organisation and its reporting practices</b> |  |   |   |
| GRI 2: General Disclosures 2021                     | 2-1 Organisational details   | 1.1 Company profile<br>Annual Report                              | The organisation consists of the following governance bodies: Bank Council (highest governance body), Executive Board and auditors (internal audit).  |
|   | 2-2 Entities included in the organisation's sustainability reporting | Annual Report   | The companies in which SZKB holds a permanent direct or indirect material interest are listed in the Annual Report. SZKB's Sustainability Report does not contain any information about these companies.  |
|   | 2-3 Reporting period, frequency and point of contact                 | 1.2 Reporting with a sustainability focus<br>1.3 Point of contact |   |
|   | 2-4 Restatements of information                                      |   | There are no changes due to organisational adjustments (acquisition of companies, changes in the legal structure, outsourcing). All climate objectives are disclosed in Chapter 5 of the Climate Report. There was no change in the measurement method or other similar aspects, only developments in existing methods and processes. In the area of financed emissions, this resulted in a restatement of the previous year's figures. |
|   | 2-5 External assurance   | 1.2 Reporting with a sustainability focus                         | There was no external audit of the Sustainability Report.   |

| GRI standard/<br>other source   | Disclosure   | Place of disclosure   | Disclosure/omission  |
|---------------------------------|--|---|--|
| <b>Governance</b>               |  |   |  |
| GRI 2: General Disclosures 2021 | 2–6 Activities, value chain and other business relationships                     | 1.1 Company profile<br>Annual Report  | SZKB offers the following services in particular:<br><ul style="list-style-type: none"> <li>• Mortgage loans</li> <li>• Corporate loans</li> <li>• Lombard loans</li> <li>• Investment advice</li> <li>• Asset management</li> <li>• Retirement planning advice</li> <li>• Account management</li> <li>• Payment transactions</li> </ul> |
|                                 | 2–9 Governance structure and composition   | Annual Report<br>1.4 Embedding sustainability in the organisation   |  |
|                                 | 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<br>1.4 Embedding sustainability in the organisation   |  |
|                                 | 2–13 Delegation of responsibility for managing impacts                           | 1.4 Embedding sustainability in the organisation  |  |
|                                 | 2–14 Role of the highest governance body in sustainability reporting             | 1.2 Reporting with a sustainability focus<br>1.4 Embedding sustainability in the organisation<br>Annual Report  |  |
|                                 | 2–15 Conflicts of interest   | 2.5.1 Relevance, objectives, management approach and measures, Section Managing conflicts of interest   |  |
|                                 | 2–16 Communication of critical concerns  | Annual Report   |  |
|                                 | 2–17 Collective knowledge of the highest governance body                         | Annual Report   |  |
|                                 | 2–18 Evaluation of the performance of the highest governance body                |   | The Bank Council conducts an annual self-evaluation.   |
|                                 | 2–19 Remuneration policies   | Annual Report<br>2.2.3 «Remuneration of the highest governance bodies»<br>2.5.1 Relevance, objectives, management approach and measures, Section «Remuneration model» | The remuneration of the Executive Board is only reported in total and not per person.  |
|                                 | 2–20 Process to determine remuneration   | Annual Report<br>2.2.3 «Remuneration of the highest governance bodies»<br>2.5.1 Relevance, objectives, management approach and measures, Section «Remuneration model» |  |

| GRI standard/<br>other source             | Disclosure   | Place of disclosure  | Disclosure/omission  |
|---|--|--|--|
| <b>Strategy, directives and practices</b> |  |  |  |
| GRI 2: General Disclosures 2021           | 2–22 Declaration of application of the sustainable development strategy    | Annual Report<br>Sustainability Report, special chapter 1<br>Classification and strategy of sustainability at SZKB   |  |
|   | 2–23 Declaration of commitment to principles and conduct                   | 1.5 The SZKB sustainability strategy, Section «SZKB sustainability ambitions and objectives»<br>2.2.2 «Diversity and integration»<br>2.4.1 Relevance, objectives, management approach and measures<br>2.5.1 Relevance, objectives, management approach and measures<br>2.5.2 «Regulatory compliance»<br>2.5.3 «Healthy growth»<br>2.5.4 «Reputation»<br>5 Climate Report                                       |  |
|   | 2–24 Incorporation of declarations of commitment to principles and conduct | 2.5.1 Relevance, objectives, management approach and measures<br>2.5.2 «Regulatory compliance»<br>5 Climate Report   | SZKB continuously enhances its impact on people, society and the environment through the implementation of various strategies, processes and measures. Information on this can be found in the respective descriptions of the management approaches in Chapters 2.1.1, 2.2.1, 2.3.1, 2.4.1, 2.5.1, 3.1, 4.1, 5.1.  |
|   | 2–25 Procedure for eliminating negative effects                            | 2.2.1 Relevance, objectives, management approach and measures, Section Preventing discrimination and Section Occupational safety and health<br>2.5.1 Relevance, objectives, management approach and measures, Section Whistleblowing   | SZKB continuously enhances its impact on people, society and the environment through the implementation of various strategies, processes and measures. Information on this can be found in the respective descriptions of the management approaches in Chapters 2.1.1, 2.2.1, 2.3.1, 2.4.1, 2.5.1, 3.1, 4.1, 5.1.<br><br>In the reporting year, the whistleblowing office did not receive any reports. |
|   | 2–26 Mechanisms for seeking advice and reporting concerns                  | 2.1.1 Relevance, objectives, management approach and measures, Section Complaints management and client feedback<br>2.1.2 «Client satisfaction», Section Processing complaints and client feedback systematically<br>2.2.1 Relevance, objectives, management approach and measures, Section Preventing discrimination<br>2.5.1 Relevance, objectives, management approach and measures, Section Whistleblowing |  |
|   | 2–27 Compliance with laws and regulations                                  | 2.5 Responsible business conduct towards the financial sector  |  |
|   | 2–28 Membership associations   | 2.3.1 Relevance, objectives, management approach and measures, Section Memberships   |  |

| GRI standard/<br>other source                       | Disclosure   | Place of disclosure  | Disclosure/omission  |
|---|--|--|--|
| <b>Stakeholder engagement</b>                       |  |  |  |
| GRI 2: General Disclosures 2021                     | 2-29 Approach to stakeholder engagement  | 1.5 The SZKB sustainability strategy, Section «Material topics»  |  |
| <b>Material topics</b>                              |  |  |  |
| GRI 3: Material Topics 2021                         | 3-1 Process to determine material topics   | 1.5 The SZKB sustainability strategy, Section «Material topics»  |  |
|   | 3-2 List of material topics  | 1.5 The SZKB sustainability strategy, Section «Material topics»  |  |
| <b>Responsible business conduct</b>                 |  |  |  |
| <b>Responsible business conduct towards clients</b> |  |  |  |
| GRI 3: Material Topics 2021                         | 3-3 Management of material topics  | 1.5 The SZKB sustainability strategy, Section «Material topics»<br>2.1.1 Relevance, objectives, management approach and measures |  |
| 416: Client safety and health 2016                  | 416-1 Assessment of the safety and health impacts of various categories of products and services |  | SZKB does not manufacture any products or services that have an impact on safety and health.   |
|   | 416-2 Violations related to the safety and health impacts of products and services               |  | SZKB does not manufacture any products or services that have an impact on safety and health. Accordingly, there were no violations during the reporting year.      |
| GRI 417 Marketing and Labelling 2016                | 417-1 Requirements for product and service information and labelling                             |  | Not applicable for SZKB.   |
|   | 417-2 Incidents of non-compliance concerning product and service information and labelling       |  | In the reporting year, there were no significant violations of laws, regulations or voluntary codes of conduct in connection with product and service information. |
|   | 417-3 Incidents in connection with marketing and communication                                   |  | In the reporting year, there were no significant violations of laws, regulations or voluntary codes of conduct in connection with marketing and communication.     |
| GRI 418: Protection of Client Data 2016             | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of client data |  | There were no externally reportable incidents during the reporting year.   |

| GRI standard/<br>other source                         | Disclosure   | Place of disclosure  | Disclosure/omission  |
|---|--|--|--|
| <b>Responsible business conduct towards employees</b> |  |  |  |
| GRI 3: Material Topics 2021                           | 3–3 Management of material topics  | 1.5 The SZKB sustainability strategy, Section «SZKB sustainability ambitions and objectives»<br>Section «Material topics»<br>2.2.1 Relevance, objectives, management approach and measures | All work carried out by employees working from home is subject to labour law contracts.  |
| GRI 2: General Disclosures 2021                       | 2–7 Employees  | Appendix 2 Key figures about employees   | All employees of SZKB currently identify as either male or female. There are no employees who have declared that they are of a different gender or of no gender.<br><br>There were no significant fluctuations in the number of employees during the reporting year. |
|   | 2–8 Workers who are not employees  |  | SZKB does not employ any staff on an on-call basis. SZKB works together with a range of recognised specialists on a contractual basis.   |
|   | 2–21 Annual total compensation ratio   | Annual Report<br>2.2.3 «Remuneration of the highest governance bodies»<br>2.5.1 Relevance, objectives, management approach and measures, Section «Remuneration model»                      | The remuneration of the Executive Board is only reported in total and not per person.  |
|   | 2–30 Collective bargaining agreements  |  | SZKB has its own employment terms and conditions, which are based on Swiss legislation, standard industry conditions and SZKB's corporate values.<br><br>No SZKB employees are subject to a collective bargaining agreement.   |
|   | 401–1 New employee hires and employee turnover   | Appendix 2 Key figures about employees   |  |
| GRI 401: Employment 2016                              | 401–2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 2.2.2 «Diversity and integration», Section Expanding attractive employment conditions  | All benefits are available to all SZKB employees (at all business locations, adjusted for part-time work).   |
|   | 401–3 Parental leave   | 2.2.2 «Diversity and integration», Section Ensuring equal opportunities and equal pay  | The number of employees who have taken maternity or paternity leave is omitted due to non-controllable, random factors.  |
| GRI 402: Employee-employer relationship 2016          | 402–1 Minimum notice period for operational changes  |  | SZKB has no minimum notification deadlines (except in case of contractual changes where the statutory deadlines are observed).   |



| GRI standard/<br>other source                | Disclosure  | Place of disclosure  | Disclosure/omission   |
|--|---|--|---|
| GRI 403: Occupational safety and health 2018 | 403-1 Management system for occupational safety and health  | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  |   |
|  | 403-2 Hazard identification, risk assessment and incident investigation   | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  |   |
|  | Specification 403-3 Occupational health services  | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  |   |
|  | Specification 403-4 Employee involvement, consultation and communication on occupational safety and health          | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  |   |
|  | 403-5 Employee training on occupational safety and health   | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  | An internal occupational health management campaign is carried out at regular intervals (approximately every two years).  |
|  | 403-6 Promotion of employee health  | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  |   |
|  | 403-7 Prevention and mitigation of occupational safety and health impacts directly linked to business relationships | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  |   |
|  | 403-8 Employees covered by an occupational safety and health management system                                      |  | All employees are covered (100%).   |
|  | 403-9 Work-related injuries   | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health<br>Appendix 2 Key figures about employees  | The risk of injury and illness is low in the financial sector in comparison with other industries.<br><br>The lost days reported also include accidents that occurred outside of the work environment. There were no work-related fatalities in the reporting year. |
|  | 403-10 Work-related illnesses   | 2.2.1 Relevance, objectives, management approach and measures, Section Occupational safety and health  | The reported lost days include all days lost due to illness, including those that are unrelated to work.  |
| GRI 404: Training and Education 2016         | 404-1 Average hours of training per year per employee   | 2.1.3 «Data protection/client data/privacy», Section Raising employee awareness and providing training to employees<br>2.2.2 «Diversity and integration», Section «Education and training at SZKB»<br>2.5.2 «Regulatory compliance», Section Regulatory compliance | The number of hours for participation in internal and external training and continuing education courses is not available.<br><br>Compliance training concerning for instance market behaviour or conflicts of interest is regularly carried out.                   |
|  | Specification 404-2 Programmes for upgrading employee skills and transition assistance programmes                   | 2.2.2 «Diversity and integration», Section «Education and training at SZKB»  |   |
|  | Specification 404-3 Percentage of employees receiving regular performance and career development reviews            | 2.2.2 «Diversity and integration», Section «Organising People Days»  | All employees (excluding part-time cleaning staff) receive a regular appraisal.   |

| GRI standard/<br>other source                                  | Disclosure   | Place of disclosure  | Disclosure/omission  |
|--|--|--|--|
| GRI 405: Diversity and Equal Opportunity 2016                  | 405–1 Diversity in governance bodies and among employees   | Annual Report<br>2.2.2 «Diversity and integration», Section «Ensuring equal opportunities and equal pay»<br>Appendix 2 Key figures about employees |  |
|  | 405–2 Ratio of basic salary and remuneration of women to men   | 2.2.2 «Diversity and integration», Section «Ensuring equal opportunities and equal pay»  | The average pay for men and women within each employee category (level) is not disclosed.  |
| GRI 406: Non-discrimination 2016                               | 406–1 Incidents of discrimination and corrective actions taken   | 2.2.1 Relevance, objectives, management approach and measures, Section Preventing discrimination   | No incidents of discrimination were reported during the reporting year.  |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407–1 Business locations and suppliers for which the right to exercise freedom of association and collective bargaining may be at risk |  | SZKB guarantees its employees the general right to freedom of association. The employees have the right to form or join employee organisations of their choice without the prior approval of SZKB. SZKB does not discriminate against employees on the basis of their membership in such an organisation or their participation in trade union activities. |
| SZKB standard  | Number of strikes and mass redundancies  |  | During the reporting year, there were no strikes and no mass redundancies at SZKB.   |

#### Responsible business conduct towards the local environment

|   |   |   |  |
|---|---|---|--|
| GRI 3: Material Topics 2021               | 3–3 Management of material topics   | 1.5 The SZKB sustainability strategy, Section «Material topics»<br>2.3.1 Relevance, objectives, management approach and measures  |  |
| GRI 204: Procurement Practices 2016       | 204-1 Proportion of spending on local suppliers   | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Sustainable and regional advertising material»   |  |
| GRI 408: Child Labour 2016                | 408–1 Business locations and suppliers at significant risk for incidents of child labour                | 2.5.1 Relevance, objectives, management approach and measures, Section Due diligence in the supply chain and 2.5.2 «Regulatory compliance», Section Establishing processes to comply with due diligence requirements in the supply chain    | There is no significant risk of child labour at any of SZKB's business locations or direct suppliers.      |
| GRI 409: Forced or Compulsory Labour 2016 | 409–1 Business locations and suppliers at significant risk for incidents of forced or compulsory labour | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain» | There is no significant risk of child labour at any of SZKB's business locations or direct suppliers.      |
| GRI 410: Security Practices 2016          | 410–1 Security personnel trained in human rights policies and procedures                                |   | No training required, as SZKB does not employ any security personnel who act in a quasi-official capacity. |

| GRI standard/<br>other source                               | Disclosure   | Place of disclosure   | Disclosure/omission  |
|---|--|---|--|
| GRI 411: Rights statement 2016                              | 411–1 Incidents in which the rights of indigenous peoples have been violated                       |   | SZKB has no knowledge of any incidents in which the rights of indigenous peoples have been violated. |
| GRI 413: Local Communities 2016                             | 413–1 Business locations with local community involvement, impact assessments and grant programmes | 2.3.1 Relevance, objectives, management approach and measures   |  |
|   | 413–2 Business locations with significant or potential negative impacts on local communities       | 2.3.1 Relevance, objectives, management approach and measures<br>5 Climate Report   |  |
| SZKB standard   | Access points in areas that are sparsely populated or structurally weak                            | 2.1.1 Relevance, objectives, management approach and measures, Section Access to SZKB services  |  |
| <b>Responsible business conduct towards the environment</b> |  |   |  |
| GRI 3: Material Topics 2021                                 | 3–3 Management of material topics  | 1.5 The SZKB sustainability strategy, Section «Key topics» and «SZKB sustainability ambitions and objectives»<br>2.4.1 Relevance, objectives, management approach and measures<br>5 Climate Report<br>Appendix 1 Disclosure of the methodological bases                 |  |
| GRI 301: Materials 2016                                     | 301–1 Materials used by weight or volume   | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology»  |  |
|   | 301–2 Recycled input materials used  | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |  |
|   | 301–3 Recycled products and their packaging materials  | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |  |

| GRI standard/<br>other source     | Disclosure   | Place of disclosure   | Disclosure/omission  |
|-----------------------------------|--|---|--|
| GRI 302: Energy 2016              | 302–1 Energy consumption within the organisation                 | 5.5 Key figures and targets<br>Appendix 1 Disclosure of the methodological bases<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology»  |  |
|                                   | 302–2 Energy consumption outside the organisation                | 5 Climate Report<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology»<br>Appendix 1 Disclosure of the methodological bases   |  |
|                                   | 302–3 Energy intensity   | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section Key figures on operational ecology<br>5 Climate Report  |  |
|                                   | 302–4 Reduction of energy consumption                            | 2.4.1 Relevance, objectives, management approach and measures<br>5 Climate Report<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology»<br>Appendix 1 Disclosure of the methodological bases            |  |
|                                   | 302–5 Reduction in energy requirements for products and services |   | Not applicable for SZKB.   |
| GRI 303: Water and Effluents 2018 | 303–1 Interactions with water as a shared resource               | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»   |  |
|                                   | 303–2 Management of water discharge-related impacts              |   | SZKB discharges 100% of its wastewater to sewage treatment plants.     |
|                                   | 303–3 Water withdrawal   | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology»  | SZKB obtains the water it requires only from official water suppliers. |
|                                   | 303–4 Water discharge  | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |  |
|                                   | 303–5 Water consumption  | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |  |

| GRI standard/<br>other source | Disclosure   | Place of disclosure   | Disclosure/omission    |
|-------------------------------|--|---|------------------------|
| GRI 305: Emissions<br>2016    | 305–1 Direct (Scope 1) GHG emissions   | 5.5 Key figures and targets<br>Appendix 1 Disclosure of the methodo-<br>logical bases<br>2.4.2 «Energy consumption and efficien-<br>cy (greenhouse gas emissions)», Section<br>«Key figures on operational ecology» |                        |
|                               | 305–2 Energy indirect (Scope 2) GHG emissions  | 5.5 Key figures and targets<br>Appendix 1 Disclosure of the methodo-<br>logical basis<br>2.4.2 «Energy consumption and efficien-<br>cy (greenhouse gas emissions)», Section<br>«Key figures on operational ecology» |                        |
|                               | 305–3 Other indirect (Scope 3) GHG emissions   | 5.5 Key figures and targets<br>Appendix 1 Disclosure of the methodo-<br>logical basis<br>2.4.2 «Energy consumption and efficien-<br>cy (greenhouse gas emissions)», Section<br>«Key figures on operational ecology» |                        |
|                               | 305–4 GHG emissions intensity  | 5.5 Key figures and targets<br>Appendix 1 Disclosure of the methodo-<br>logical basis<br>2.4.2 «Energy consumption and efficien-<br>cy (greenhouse gas emissions)», Section<br>«Key figures on operational ecology» |                        |
|                               | 305–5 Reduction of GHG emissions   | 5.5 Key figures and targets<br>Appendix 1 Disclosure of the methodo-<br>logical basis<br>2.4.2 «Energy consumption and efficien-<br>cy (greenhouse gas emissions)», Section<br>«Key figures on operational ecology» |                        |
|                               | 305–6 Emissions of ozone-depleting substances<br>(ODS)                                   | 2.4.2 «Energy consumption and efficien-<br>cy (greenhouse gas emissions)», Section<br>«Avoiding refrigerant loss»   |                        |
|                               | 305–7 Nitrogen oxides (NOx), sulphur oxides<br>(SOx) and other significant air emissions |   | No relevant emissions. |

| GRI standard/<br>other source                   | Disclosure   | Place of disclosure   | Disclosure/omission |
|---|--|---|---------------------|
| GRI 306: Waste 2020                             | 306–1 Waste generated and significant waste-related impacts                | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |                     |
|   | 306–2 Management of significant waste-related impacts                      | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |                     |
|   | 306–3 Waste generated  | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology»  |                     |
|   | 306–4 Waste diverted from disposal   | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |                     |
|   | 306–5 Waste directed to disposal   | 2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Reducing consumption of materials (papers, water, etc.) and waste»<br>2.4.2 «Energy consumption and efficiency (greenhouse gas emissions)», Section «Key figures on operational ecology» |                     |
| GRI 308: Supplier Environmental Assessment 2016 | 308–1 New suppliers that were screened using environmental criteria        | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section Establishing processes to comply with due diligence requirements in the supply chain                               |                     |
|   | 308–2 Negative environmental impacts in the supply chain and actions taken | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain»                             |                     |
| GRI 414: Supplier Social Assessment 2016        | 414–1 New suppliers that were screened using social criteria               | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain»                             |                     |
|   | 414–2 Negative social impacts in the supply chain and actions taken        | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain»                             |                     |

| GRI standard/<br>other source                                    | Disclosure   | Place of disclosure   | Disclosure/omission   |
|--|--|---|---|
| <b>Responsible business conduct towards the financial sector</b> |  |   |   |
| GRI 3: Material Topics 2021                                      | 3–3 Management of material topics  | 1.5 The SZKB sustainability strategy, Section «Key topics» and «SZKB sustainability ambitions and objectives»<br>2.5.1 Relevance, objectives, management approach and measures<br>5 Climate Report  |   |
| GRI 207: Taxes 2019  | 207–1 Tax concept  | 2.5.1 Relevance, objectives, management approach and measures, Section «Prevention of tax evasion»  |   |
|  | 207–2 Tax governance, control and risk management  |   | In the reporting year, neither fines nor other non-monetary sanctions were imposed on SZKB due to non-compliance with laws and/or regulations (in general, but especially not in the social or economic area).                        |
|  | 207–3 Stakeholder engagement and management of tax concerns                                      |   | As an independent institution operating under cantonal public law, SZKB is not subject to direct taxes on profits and capital at the federal, cantonal or municipal levels.   |
|  | 207–4 Country-by-country reporting   |   | Not relevant for SZKB, as SZKB only operates in Switzerland.  |
| SZKB standard  | Confirmed cases of untaxed client assets and measures taken                                      |   | In the reporting year, it was not necessary to submit any reports or take any measures regarding untaxed client assets.   |
|  | Legal proceedings due to insider trading and market manipulation                                 |   | In the reporting year, SZKB was not involved in any legal proceedings due to insider trading or market manipulation.  |
|  | Reports to the Money Laundering Reporting Office (MROS) at the Federal Office of Police (fedpol) |   | 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. |
| GRI 205: Fighting corruption                                     | 205–1 Business locations assessed for risks related to corruption                                | 2.5.1 Relevance, objectives, management approach and measures<br>2.5.2 «Regulatory compliance»  | The internal and external regulations apply to all areas and branches of SZKB.  |
|  | 205–2 Communication and training about anti-corruption policies and procedures                   | 2.5.1 Relevance, objectives, management approach and measures<br>2.5.2 «Regulatory compliance»  | SZKB conducts mandatory compliance training for all employees on an annual basis.   |
|  | 205–3 Confirmed incidents of corruption and actions taken  | 2.5.1 Relevance, objectives, management approach and measures, Section «Due diligence in the supply chain»<br>2.5.2 «Regulatory compliance», Section «Establishing processes to comply with due diligence requirements in the supply chain» | For the reporting year 2024, SZKB has not received any indications of possible cases of corruption among its employees. Therefore, no specific measures are necessary.  |
| GRI 206: Anti-competitive Behaviour 2016                         | 206–1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices            |   | In the reporting year, there were no legal proceedings due to anti-competitive behaviour or cartel/monopoly formation.  |

| GRI standard/<br>other source     | Disclosure                    | Place of disclosure | Disclosure/omission   |
|-----------------------------------|-------------------------------|---------------------|---|
| GRI 415: Political Influence 2016 | 415–1 Political contributions |                     | SZKB refrains from exerting political influence. SZKB made a contribution of CHF 2,500 to the Cantonal Council President's celebration in the reporting year. SZKB otherwise did not make any contributions to political parties or individual politicians in the reporting year. 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. |

### Responsible financing

|                             |  |   |
|-----------------------------|--|---|
| GRI 3: Material Topics 2021 | 3–3 Management of material topics                                    | 1.5 The SZKB sustainability strategy, Section «Key topics» and «SZKB sustainability ambitions and objectives»<br>3.1 Relevance, objectives, management approach and measures<br>5 Climate Report                |
| SZKB standard               | Composition of the lending business by region, cover type and sector | 3.2 «Financing a sustainable property», Section «Developing a sustainable credit portfolio and improving its quality overall»<br>5 Climate Report   |
|                             | Lending business with special benefits to society                    | 3.1 Relevance, objectives, management approach and measures<br>3.2 "Financing a sustainable property", Section «Providing energy-efficient renovation products and further developing them»<br>5 Climate Report |

### Responsible investing

|                             |  |  |
|-----------------------------|--|--|
| GRI 3: Material Topics 2021 | 3–3 Management of material topics  | 1.5 The SZKB sustainability strategy, Section «Key topics» and «SZKB sustainability ambitions and objectives»<br>4.1 Relevance, objectives, management approach and measures<br>5 Climate Report |
| SZKB standard               | Number of asset management mandates with client preferences «Aware», «Focused» or «Effective» out of the total of all asset management mandates      | 4.2 «Sustainable products and services»<br>5 Climate Report  |
|                             | Proportion of SZKB investment funds with alignment with client preferences of «Aware» or «Focussed» as a total of all SZKB investment funds (volume) | 4.2 «Sustainable products and services»  |
|                             | Interaction on environmental and social issues with companies held in portfolios of the institution  | 4.2 «Sustainable products and services»<br>Section, «Exercising shareholder voting rights»   |





## **Imprint**

Text: Schwyzer Kantonalbank

Concept and design: Büro Nord GmbH, Küssnacht am Rigi

Printing: Buhin AG, Freienbach

Paper: Refutura Blauer Engel, Recycling matt, 100% recycled paper

CO<sub>2</sub> compensation: climate-neutral print production

Supported climate protection project: forest conservation, Oberallmig, Canton of Schwyz



