

Corporate Social Responsibility

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Aspiration and Organisation

Cembra Money Bank (“the Bank”) is strongly convinced that it can only generate competitive advantage and sustainable value in the long-term if it takes into account the interests, expectations, and challenges of the stakeholders involved in its value creation. Stakeholders include customers, employees, partners, investors, regulators, and community organisations. The Bank’s major responsibilities are of an economic, legal, ethical, and social nature.

Employees from various units within the Bank have been intensely involved in a project to identify what are the key drivers to ensure sustainable value. Having examined the challenges and opportunities the Bank and its stakeholders face, four key areas have been identified:

- Product and service integrity;
- Customer orientation;
- Employee diversity and development; and
- Social engagement.

The Bank’s strategic goal is to enhance its position as the leading provider of consumer finance products and services in Switzerland whilst maintaining the corporate social responsibility goals. The critical success factors for achieving this goal are the ability to raise presence in key markets and to continue to differentiate through outstanding service and operational excellence. Product and service integrity is crucial to this strategy and at the same time to preserving the Bank’s “licence to operate”.

Customer orientation lies at the heart of the Bank and its employees, who are committed to providing responsive and responsible consumer finance products and services. In addition to the very strict consumer credit laws in Switzerland, the Bank also puts a strong emphasis on additional verification and offers personal, face-to-face contact with potential and existing customers.

Employees are the key to Bank’s success. They embody and share the Cembra values and drive the Bank’s future. Employee diversity and development are a core element of Cembra Money Bank’s corporate culture. This is expressed by the Bank’s endeavour to offer an inspiring and collaborative workplace for its employees.

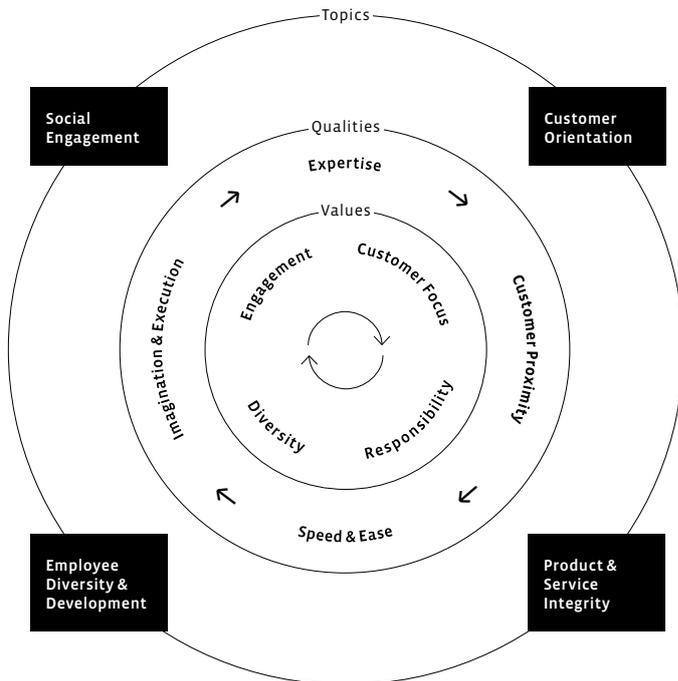
Cembra Money Bank is also committed to social engagement. Volunteering for charitable projects has been anchored in the Bank for the past two decades and it is strongly encouraged by the Bank’s management. This is not only to give something back to the community; it also provides an ideal way for employees to take on new responsibilities and further explore and develop their personal skills.

These four topics are interconnected and influence each other. Employee diversity and development considerably influences how the other three topics are approached. Employees’ professional and personal skills, attitudes, and beliefs strongly influence the product and service integrity, customer orientation, and social engagement through volunteering.

The Bank’s corporate culture and the daily work of its employees are guided by values and qualities. These have been defined in workshops by 140 employees from all departments and language regions of the Bank. The values of engagement, customer focus, responsibility, and diversity are relevant to the four material topics. The qualities of expertise, customer proximity, imagination & execution, and speed & ease help to manage the four topics in an efficient and professional way.

Corporate Social Responsibility (CSR) at Cembra Money Bank is currently managed by a working group composed of senior managers from Compliance, Human Resources, Risk, Legal, Investor Relations, and Communications. The working group reports to the Management Board.

The following sub-chapters explain how the four material topics influence the Bank and its key stakeholders. They show how the Bank addresses these topics by providing details on objectives, responsibilities, measures, and results.



Product and Service Integrity

Since October 2013 Cembra Money Bank has been an independent Swiss Bank listed on the SIX Swiss Exchange. It has to comply with higher regulatory requirements than the majority of its competitors, which often operate without a banking licence. Though this entails additional controls, reporting, and results in higher cost, the Bank is convinced that it helps to create customer trust and differentiation on the market. Transparent information is part of the value creation and trust building in particular for customers and shareholders, who expect to be informed also on non-financial matters.

One of the Bank's four values is "Responsibility" and states that employees always act in the best interest of the Bank and its customers. Employees are accountable for their actions, must ensure full transparency, and behave with integrity. The quality of "Expertise" underlines that employees are highly knowledgeable about products, processes, and the market environment and that they stay up to date with trends, innovations as well as regulations.

The Bank has various formal processes in place to ensure high quality of product service and integrity. These processes are based on a binding framework and guidance for employees in their day-to-day operational activities.

Employees: Code of Conduct

The Bank has had a Code of Conduct in place for more than 15 years. To keep up with societal developments and trends in the financial industry, the Bank revised its Code of Conduct in December 2016. The Code outlines the vision, the ethical fundamentals and the professional standards, as well as the business values which form the basis for the long-term success of the Bank. It is an integral part of the employment contracts and trainings, and it is binding to all of the Bank's employees as well as third-party providers.

In May 2017, all employees received the revised version of the Code of Conduct followed by a Bank-wide e-learning programme. All employees completed the mandatory training and confirmed their compliance with the terms of the Code.

A whistleblower process is included in the Code where any alleged violation of the law, regulatory requirements or of the Code must be reported. Information on this employees' right and duty of notification as well as the process and

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responsibilities in the event of an actual or suspected violation of laws, regulations, ordinances, internal guidelines and the principles are enumerated in the Code, in the respective directive and on the Bank's intranet. In addition to internal reporting points (supervisor, Human Resources, Compliance, internal ombudspersons), an external ombudsperson is also appointed and accessible.

The Code of Conduct and the duty of notification are part of regular compliance trainings, and a breach of the rules of the Code has a negative impact on the employees' performance evaluations and may lead to a reduction in the financial incentivisation. New Bank employees are introduced to the Code and the ombuds system during a separate training session held by an internal compliance expert and one of the ombudsperson.

Partners: Independent Intermediaries, Car Dealers, and Partnerships in the Credit Card Segment

The Bank has operations across Switzerland via a network of 18 branches as well as alternative sales channels comprising the internet, credit card partners, independent intermediaries (personal loans), and car dealers (auto leases and loans). Collaboration with partners is based on mutual trust and, in most cases, has been developed over several decades. To ensure quality and product integrity, there are formal processes for the selection, training, instruction, and monitoring of independent intermediaries and car dealers. The quality of portfolios and specific customer segments is periodically assessed. In the segment of personal loans, assessments of the independent intermediaries are done on a quarterly basis. Car dealers are typically reviewed every one to three years.

The Bank imposes high requirements on its independent intermediaries and car dealers in regard to integrity. For instance, when the Bank took over EFL Autoleasing (EFL) in 2017, EFL's car dealers were critically reviewed. About 40 of these car dealers did not meet the high requirements of the Bank and consequently the relationship has been terminated. Currently, the Bank partners with 3,600 car dealers in the auto leases and loans business. The number of active independent intermediaries in the personal loans business has been intentionally reduced over the last few years in order to focus on long-term partnerships that have proven to be valuable in the past: in 2017, 140 independent intermediaries offered the Bank's personal loans, which is about 80 fewer than in previous years.

In 2015/2016, training sessions for independent intermediaries were introduced focusing on the strategy of the independent intermediaries business, products, processes, and compliance. In 2017, the Bank conducted one such training. The responses to these trainings were overall positive. Regular trainings are also conducted for car dealers. Usually, four events are held in Zurich each year and one to two events in the French and Italian part of Switzerland.

Clearly defined selection, monitoring, and reporting processes ensure the quality and integrity of independent intermediaries and car dealers. Various departments (e.g. compliance, underwriting and via escalation processes, also risk) are involved in these processes. Moreover, specific guidelines for independent intermediaries are in place to ensure professional service provision and ethical behaviour. To minimise any potential risk of non-compliance that could result from long-term partnerships, the specific guidelines for independent intermediaries are an inherent part of every professional relationship. 29 sales area managers of the Bank visit the car dealers regularly and report on discussed topics in an online tool. Any abnormalities are investigated in detail. The Bank has longstanding relationships with its car dealers. These personal relationships are absolutely necessary in a "people's business" and lead to innumerable benefits and insights. More than 50% of the volume is done with car dealers that have been partners for at least 25 years. Sales area managers are with the Bank for an average of 18 years.

Although the independent intermediaries and car dealers onboard credit applications of potential customers, the budget calculation and underwriting processes are performed internally by operational Bank entities. The final responsibility for providing a loan or car lease is always with the Bank, which also carries the risks of any potential losses due to default.

In 2017, the Bank renewed its long-term partnerships in the credit card segment. Migros was the Bank's first partner in the cards business. Together with Switzerland's biggest retailer, the Bank launched its first credit card in 2006, which was the first credit card in the Swiss market without an annual fee. This credit card is tied to Migros customer loyalty programme "Cumulus" which offers attractive benefits to customers. The cooperation agreement for the Cumulus-Mastercard has been adapted and renewed with a new card generation until 2022. The partnership with Conforama in Switzerland (partner in the credit card segment since 2008) also continues. In addition, Touring Club Switzerland has been a reliable partner since 2011 and its programme was relaunched in December 2017. The credit card programme with the French retail chain Fnac that was launched in 2016 set for continued growth.

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Monitoring Processes

The Bank uses the three lines of defence model, a state of the art control framework in modern banking (see Risk Management report starting on page 20 for more details) to ensure compliance with legal requirements, internal regulations and to mitigate risk. Additionally, there are processes in place to ensure that the Bank is compliant with the relevant regulations.

As a financial intermediary, the Bank is subject to the Anti-Money Laundering Act and therefore maintains a programme to combat any illegal form of transactions. Customers and partners are systematically checked against watch lists before the Bank enters into a contract or business relationship. This comprehensive onboarding procedure ensures that the Bank does not engage with persons who are listed on international sanctions lists. Politically exposed persons (PEPs) and high-risk relations are thoroughly examined. Even after entering into a contract or business relationship, customers and partners are regularly reviewed. In addition to continuous screening of the watch lists, there is also ongoing monitoring of the transactions and payment history of customers. Any suspicious transactions are automatically identified by an “alerts triggering” system and are investigated by the Bank’s compliance officers.

All new Bank employees receive introductory trainings about the Bank’s anti-money laundering programme, followed by regular refresher trainings over the following years.

Customer Orientation

Customer orientation lies at the heart of Cembra Money Bank. The Bank's vision is to provide individual and responsible solutions for its customers. Customer proximity as one of the four core qualities emphasises the importance of the needs of customers. The personal relationship with customers is key to the Bank's culture.

By investing in a robust infrastructure and building a customer-centric and digitised platform, the Bank aims to fulfil the needs of its customers of tomorrow. The Bank is a smart follower with regard to new payment technologies.

Responsible Lending

Cembra Money Bank takes its responsibility towards customers and society very seriously and is committed to protecting customers against over-indebtedness. For consumer loan, the Bank checks each application systematically in order to ensure it complies with the very strict Consumer Credit Act (KKG) in Switzerland and performs an adequate assessment of the client's individual situation. Detailed budget calculations based on the customer's outgoings are performed as part of the underwriting process. If an applicant does not meet the eligibility criteria, the Bank declines the credit request. A personal loan is granted only if the customer understands the risks involved and if the credit is unlikely to result in financial hardship for the customer. Once a personal loan is approved, there is a 14-day cool-off period during which the customer can still step back from the contract. During the contractual term of the loan, the customer can pay back the loan at any time without penalty, which reduces residual debt and interest on debt. Furthermore, the Bank aims to have reasonable loan terms instead of maximising the duration of loans and payback periods. As for leasing and credit cards, the Bank applies similar processes as for the personal loans business to ensure compliance with the relevant regulations.

Personal interactions with customer are at the core of the Bank's business. Knowing the customer and the customer's personal situation not only supports the Bank in its underwriting process, but also contributes to find a suitable financial solution for the customer. Should a customer nevertheless experience difficulties in paying back a credit due to unforeseen events such as unemployment, illness, or divorce, the Bank supports the customer and debt advisors in an advisory capacity help to find a fair and affordable solution for repaying the debt. The Bank's internal collection management is specialised for the various products, which also helps to take specific situations into account. The performance of new business is monitored to ensure that underwriting procedures are followed correctly and, in particular, that the credit approval process continues to effectively mitigate the potential credit risk. Underwriters receive regular feedback from their supervisors, ensuring that decisions which led to undesired outcomes will not be repeated. The very low rate of default confirms the efficiency of underwriting and risk management.

Responsible Marketing and Business Conduct

The Bank commits itself to responsibly market its products and its advertising is targeted to adults only. The Bank does not engage in any aggressive advertising. As of 1 January 2016, aggressive advertising for consumer credits is prohibited. The members of the Association of Swiss Consumer Finance (KFS), the Swiss Leasing Association (SLV) and further credit and leasing institutions agreed on a self-regulation regarding consumer credit advertising and the implementation of preventive measures. The respective convention entered into force on 1 January 2016.

Internal policies guide the conduct of employees towards customers. Specific business conduct guidelines are described in an internal directive.

The Bank performs customer surveys on a regular basis. Last year over 80% of customers interviewed in the business areas of personal loans, auto leasing, and credit cards gave at least 7 out of 10 points for general satisfaction with the Bank and for the Banks' customer service. In addition, the Bank's credit card programmes received top ratings from Comparis and Bonus.ch in customer satisfaction surveys.

Employee Diversity and Development

The management of Cembra Money Bank holds its employees in high esteem because it is convinced that they are essential for upholding the trust of customers, business partners, and other key stakeholders. The employees embody the values of the company culture: engagement, customer focus, responsibility, and diversity. A number of different programmes, initiatives, and specific training courses are aimed at retaining and promoting qualified and responsible-minded staff.

Internal Training

Cembra Money Bank offers a wide range of training programmes for its employees. These include management and leadership courses as well as social skills training. The latter includes topics such as communication (e.g. feedback, performance discussions), business effectiveness (e.g. change management), personal effectiveness (e.g. personal branding, time management, emotional intelligence), and vitality (e.g. movement, sleep). In 2017, 330 training days were completed from the Bank's internal training programmes.

The Bank also supports external trainings. Each division has a budget for technical and functional trainings that are conducted by external providers.

Additional functional trainings are conducted internally with in-house trainers. Cembra Money Bank engages a team of 6.5 full-time equivalent (FTE) trainers. In 2017, a total of 1,155 participants have been trained in 54 different courses.

Apprenticeship Programme

One important pillar of the Bank's efforts in developing new talents for the future is its internal apprenticeship programme. The Bank hires seven new apprentices every year. In 2017, Cembra Money Bank employed a total of 21 apprentices (three cohorts) from 14 different nationalities. 18 of these apprentices are in a commercial apprenticeship and three in IT. Over the last seven years, all of the apprentices finished their programme successfully. It is also important for the Bank to offer continued employment to the apprentices after their successful degree. Since 2012, 82% of the apprentices stayed with the Bank after finishing their programme.

Junior Talent Programme Radix

In 2016, Cembra Money Bank set up the junior talent programme "Radix". This training and development programme aims at promoting 13 young talents within the Bank. Young employees from various departments who demonstrate a high level of motivation, engagement, and personal responsibility are trained in professional and personal skills in order to prepare them for a potential next career step. During a total of 22 days, the candidates attend internal training sessions and participate in projects regarding process or product development, join a mentoring programme, and thereby build up their networks within the Bank.

Each participant is requested to show a high level of personal commitment and takes part in at least 80% of the training days. From 2018 onwards, Radix will form part of a CAS (Certified Advanced Studies) in general management in partnership with the HWZ Hochschule für Wirtschaft Zürich.

Connect Programme

"Connect" is an internal programme that provides women with a professional platform to exchange ideas, share their knowledge and experiences, draw inspiration, and learn from each other – thus creating new perspectives for themselves and for the Bank. The Connect team organises talks and panel discussions with internal and external speakers as well as events on topics such as diversity, networking, and personal appearance. The programme also supports participation in the annual Pink Ribbon Charity Walk against breast cancer and donates to the Women's Shelter Zurich. In 2017, the events were organised under the theme "Diversity rocks!".

Connect is sponsored by the Bank's Chief of Staff. Two women from the management level (Senior HR manager Learning & Development and Cards Operations Leader) lead the programme. Nine other employees contribute to the organisation of events. Participation and reactions to this programme are encouraging. The Bank further developed the programme during a workshop within the Connect team in early 2018.

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Advance – Women in Swiss Business

“Advance” is a corporate, membership-led association and network which complements the Connect programme. As a founding member, the Bank supports the association’s aim to increase the share of women in leading positions in Swiss companies and to help boost gender diversity. Advance offers its 75 member companies skill-building and mentorship programmes as well as role model exposure and best practice sharing on innovative working models that are conducive to combining career and other interests and maintaining balance for sustainable success. Advance organises various events and leverages the most innovative talent management tools of each associated organisation. As a Gold Member of Advance, the Bank has access to 15 exclusive training days for talented women in middle and upper management. The Bank sends its employees to various workshops, seminars, and networking events offered throughout the year.

The Bank’s HR Learning & Development Leader is a board member of Advance and responsible for the work stream “Future Workplace”. The Bank’s CEO Robert Oudmayer serves on the advisory board. Cembra Money Bank hosts at least one of the platform’s yearly events by making its facilities available.

Vitality Programme

With the Vitality programme, the Bank supports its employees in achieving a healthy work-life balance. The Vitality team organises sporting events, such as football tournaments, bowling nights, or a 10,000-steps-a-day challenge, as well as various campaigns and training sessions on nutrition, health, and well-being.

The Bank also offers its employees a state-of-the-art in-house gym at no charge as well as a chill-out room and lounges for relaxation. Sports classes, massages, and healthy meals are offered at substantially reduced rates thanks to Bank subsidies.

There are various ways for employees to get involved in the Vitality initiative: Besides taking part in the events, interested employees can lead or support an initiative or actively influence the programme with ideas for specific themes. Health and work-life balance are increasingly important in today’s working environment. This is why Cembra Money Bank plans to further develop the Vitality programme (which has been in place for ten years) and integrate it into a holistic workplace health management system.

Key HR Performance Indicators

Year	Turnover rate – permanent contracts	Turnover rate – temporary contracts	Average years of employment	New recruits 50+
2015	12%	3%	9.1	8
2016	14%	2%	9.3	8
2017	13%	1%	9.6	5

In 2016, the employee turnover rate increased slightly compared to the previous year mainly due to the closure of six branches. In 2017, the average rate decreased again to 13%, close to the level of 2015. The comparatively high average years of employment with the Bank also reflect employees’ loyalty and engagement. The call centres, which are typically intermediary stages for young professionals, have traditionally a significantly higher turnover rate. In this area the turnover rate is around five times higher than the Bank’s average.

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Period	Returns after maternity leave ¹
July 2014 – June 2015	76%
July 2015 – June 2016	75%
July 2016 – June 2017	100%

¹ Returns in the same or next year

Wherever possible, the Bank offers part-time employment after maternity leave. This depends not only on the desired workload, but also on the position and the actual team constellation.

Cembra Money Bank values and promotes diversity, not only regarding gender, but also regarding nationalities, professional competencies, and age. The Bank's workforce is made up of 38 different nationalities. The Bank and its stakeholders benefit from a diverse workforce in various ways, such as enhanced understanding of the customer base, an increased skill set, improved employee onboarding and retention, a larger talent pool, and raised productivity. In addition, the Board of Directors is diverse in terms of background, gender and nationalities.

Headcount as of 31 December 2017 ¹	Female	Male	Total
Employee level	289	211	500
Senior employee level	63	138	201
Management level	16	38	54
Senior management level	0	11	11
Total	368	398	766
in %	48%	52%	

¹ Cembra Money Bank AG only; does not include Swissbilling SA and EFL Autoleasing AG

Overall, the share of women in the Bank is 48%. At the employee level (including employee and senior employee level), the ratio of female employees is 50%. At the management level (including management and senior management level), it is almost 25%. Female representation on the Board of Directors is 29% (two out of seven members).

Part-time work share as of 31 December 2017 ¹	Female	Male	Total (headcount)
Employee level	140	35	175
Senior Employee level	26	8	34
Management level	6	2	8
Total	172	45	217
in %	79%	21%	
in % of all employees	22%	6%	28%

¹ Cembra Money Bank AG only; does not include Swissbilling SA and EFL Autoleasing AG

Part-time work is a reality for both men and women. 28% of all employees were working part-time as per year-end 2017. Many of the part-time employees are working mothers. The Bank's "Ways of Working Programme" offers flexible working solutions such as part time, flex time, and home office. The Bank is convinced that flexible ways of working can increase job satisfaction, employee commitment, productivity, and retention.

Social Engagement

The Bank encourages its employees to get involved in charitable projects. Every employee of the Bank is entitled to spend two working days each year to volunteer with qualified organisations. The Bank's volunteer programme aims not only at giving something back to the community, but is also a way to advance employees' notion of social responsibility. Volunteering is a promising way of taking on new responsibilities and to further develop personal skills. It complements the existing employee development programmes.

The Bank has partnered with various organisations for over 15 years. The partnerships are initiated primarily bottom-up by the Bank's employees thereby focusing on civil society organisations with local activities and readiness for longer-term engagements. Each initiative is sponsored through the senior management team. Activities are identified together with the respective committees.

Some of the volunteering projects and initiatives are the following:

- Theodora Foundation (Stiftung Theodora): The Bank has a formal partnership with the foundation since December 2015. The foundation's "Giggle Doctors" are bringing magical moments to children in hospitals. Every year in June, a Kids' Day with Race & Charity for all families and interested parties takes place at the Dielsdorf race course. In 2017, 30 Cembra employees participated in this event on behalf and for the benefit of the Theodora Foundation.
- YES: Young Enterprise Switzerland (YES) is a non-profit organisation which develops and supports practice-oriented business training programmes for students, linking the business community and schools. As part of "YES – Personal Economics", a programme that focuses on important business-related topics, the Bank's employees teach at schools (primary schools, mostly 3rd grade/secondary schools, 9th and 10th grade career choice schools) to provide students with practical business knowledge.
- Kinderkrebshilfe Schweiz: The partnership with Kinderkrebshilfe Schweiz goes back to 2006. Every year about 25 employees volunteer in the children's holiday camps in Engelberg and Lenzerheide to engage with the patients and their families.
- Blood drive/Swiss Red Cross (Blutspendeaktionen, Schweizerisches Rotes Kreuz): Together with the Swiss Red Cross, the Bank organises blood donation days at its headquarters twice a year. Usually, more than 100 employees take part.

The volunteer programme is sponsored by various "ambassadors" of the senior management team. Two employees manage the programme. Eight other employees contribute to the organisation of the events.

Every year, 150 employees volunteer for one of the projects with a total of 700 hours of volunteer work. In order to continuously improve the volunteer programme, the Bank collects feedback from the employees and the organisations after every event.