

# Sustainability Report

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Note: This report refers to figures, tables and other detailed information disclosed in the “Annex to Sustainability Report 2021”. This annex was approved by Cembra’s Sustainability Committee and reviewed by the Audit and Risk Committee and the Board of Directors in March 2022 and is part of our sustainability disclosures. The annex and all other disclosures are available at [www.cembra.ch/sustainability](http://www.cembra.ch/sustainability).

# 1 Letter from the Chairman

## Dear Customers, Partners, Shareholders, Employees and other Stakeholders,

Ensuring sustainability remains an important part of our strategy. In 2021, we took additional measures to foster sustainability and responsible behaviour throughout the organisation, and details of that work are provided in this report. We are proud that we were able to make considerable progress, and that we initiated further improvements.

Despite the Covid-19 pandemic and the resulting economic downturn, and thanks to our cautious, long-term risk management approach, our overall loss performance remained robust. Last year, there was no significant rise in the number of customers in financial difficulty, and we provided appropriate, tailored solutions to customers who were unable to meet their contractual repayment obligations as a result of the pandemic (see pages 36-40 for details).

Cembra is one of the leaders in electromobility financing in Switzerland. We offer loans and leases for electric vehicles on highly favourable terms. Our strategy is to continue to grow this business in line with the market trend (see page 52).

Our Risk Management Report now includes a chapter on climate-related risk. Physical climate risks are generally considered to be limited to specific activities, as we are a financial services provider operating exclusively in Switzerland. Climate-related transition risks could gradually materialise in the form of credit risk, resulting in our leased assets losing value over the medium to long term. We describe how we mitigate these risks in our Risk Management Report (see Risk Report page 26 for details).

The Sustainability Committee, which is chaired by the CEO, held five meetings in 2021, in which it oversaw ongoing sustainability initiatives and projects. In addition, the Committee defined strategy-related sustainability targets as part of the updated strategy disclosed on our Investor Day in December. These targets are based on our commitments and are designed to drive further improvements. Sustainability targets have been part of the criteria for determining the Management Board's incentive-based compensation since 2020 (see Compensation Report, page 94). To the extent decisions are not reserved to the Board of Directors, it provides oversight, assisted by the Audit and Risk Committee.

We have gone further one more step this year by seeking external assurance on the most material topics in this Sustainability Report (see pages 31 and 64-66 for details). We are among the first smaller listed companies in Switzerland with such an external review.

Our increasing efforts to promote sustainability were acknowledged by leading ESG rating agencies. We are also very pleased that Cembra is included in the SXI Switzerland Sustainability 25 Index and is again one of only nine Swiss-based companies to join the Bloomberg Gender Equality Index in 2022. The Great Place to Work organisation named us as one of the "Best Workplaces Switzerland" and as one of "Europe's Best Workplaces" (see page 32 for details).

Your feedback matters to us, and we would like to continue our dialogue with you on sustainability and on our performance in this area. Please do not hesitate to get in touch with us.



**Dr Felix Weber**  
Chairman

## 2 Our approach to sustainability

### Aspirations, values and policies

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Cembra has set out a sustainability aspiration which is available at [www.cembra.ch/sustainability](http://www.cembra.ch/sustainability).

#### Aspiration

At Cembra we generate long-term value by actively considering the interests and expectations of our most relevant stakeholders, by fostering responsible behaviour and practices and by actively contributing to a more sustainable future. We are aware of the impact of our activities and of our responsibilities towards our customers, business partners, regulators, shareholders, employees and communities. In this way, we always aim to adhere to high responsibility standards from an economic, legal, social, environmental and ethical standpoint. Our commitments:

- **As a responsible provider of financing solutions**, we ensure the quality and integrity of all our products and services.
- **As a forward-looking business partner**, we share our expertise and innovation capacity in order to develop demand-based and reliable financing solutions.
- **As a credible investee**, we adhere to strict governance and risk management practices.
- **As an attractive employer**, we promote well-being in the workplace, diversity, equal opportunities and personal development, and we raise our employees' awareness of our environmental and social responsibilities.
- **As a good corporate citizen**, we contribute to community development and use resources in a sustainable manner while minimising the negative impacts on the natural environment.

This policy statement applies to all employees and is actively shared with contractors, suppliers and other key business partners. Members of the Management Board are responsible for ensuring full compliance with this policy.

#### Values

The daily work of our employees is guided by our values. As part of our new strategy, we reviewed the values defined in 2017 and came up with the following new core values, which will serve as our guiding principles: customer obsession, “trust and team”, accountability and empowerment, and change and learning. Our cultural transformation programme will be driven by what matters to us, enabling us to foster a customer-first mindset and promote an engaging and motivating culture based on a spirit of learning, collaboration, curiosity, and accepting failure as part of growth.

- **Customer obsession:** The customer is at the forefront of everything I do.
- **Trust and team:** I act with integrity and care; I collaborate without boundaries.
- **Accountability and empowerment:** I take charge and fix what doesn't work.
- **Change and learning:** I lead change and manage ambiguity; I keep it simple.

#### Policies

Cembra adheres to high standards in corporate governance, risk management and internal controls. Policies guide decisions and the behaviour of all our employees and business partners. Members of the Management Board are responsible for ensuring full compliance with Cembra's policies. The legal and compliance department in particular supports the internal implementation and development of effective policies and guidelines in this regard. The Board of Directors supervises the business conduct of the Management Board through corporate governance mechanisms with effective checks and balances (see the chapter on business integrity, page 53).

Our other main policies are described on pages 59-61.

## Sustainability Report

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### UN Global Compact and Sustainable Development Goals

Cembra joined the United Nations Global Compact (UNGC) as a signatory in 2020. Cembra is committed to supporting the Ten Principles on human rights, labour, environment and anti-corruption and to making these part of our strategy, culture and day-to-day operations.

Our commitment to fully supporting the Sustainable Development Goals (SDGs) is borne out in our sustainability aspirations and our participation in the UNGC since 2020. In 2021, we continued our SDG journey and worked with internal stakeholders from across the Bank to re-assess where Cembra can make the most significant contribution. As a result of these discussions, we confirmed that Cembra has the greatest impact on SDGs 4, 5, 8, 10, 12 and 16. We also concluded that Cembra can play a role in promoting SDG 13 (i.e. taking urgent action to combat climate change and its impacts) by facilitating the on-going transition to a low-carbon economy through segments of our car financing business. Demand for financing solutions for alternatively powered vehicles is increasing rapidly, and we want to encourage our customers to select vehicles with lower emissions. For further information on our contributions to the SDGs see the Annex to the Sustainability Report 2021.

### Organisation, reporting, independent limited assurance and coverage

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#### Organisation at the Board level

Sustainability matters are addressed periodically by the Board of Directors, which oversees Cembra's sustainability performance, as well as the associated targets, reflecting an important direction of the Group. They are among others also part of the compensation framework. The Board of Directors regularly reviews the feedback and concerns of institutional investors and other stakeholders. Questions regarding remuneration, the Board's composition and shareholder rights are always dealt with transparently. The Board of Directors approves Cembra's sustainability approach and periodic reporting as part of the annual report.

In the reporting period, the Board of Directors and its committees reviewed Cembra's ESG performance as part of the strategic lookback assessment for the long-term incentive compensation and initiated a readiness check to prepare for the independent external review of this Sustainability Report.

This Sustainability Report was approved by the Board of Directors in March 2022, assisted by the Audit and Risk Committee.

#### Organisation at the executive management level

Since 2020, sustainability has been managed by the Management Board through a new dedicated **Sustainability Committee**. It complements the existing Management Board committees, which include the Credit Committee, the Asset and Liability Management Committee, and the Risk and Controllability Committee. The committee is chaired by the CEO, and the members of the Management Board, the head of human resources, the head of communications & PR and the head of investor relations & sustainability also sit on the committee. The committee's role is to develop and implement the overall sustainability strategy, including climate-related topics, and to oversee key improvement projects and initiatives. The Board of Directors provides oversight, assisted by the Audit and Risk Committee.

In 2021, the Sustainability Committee held five meetings, in March, May, July, September and November. In addition, a Bank-wide **sustainability working group** held monthly meetings. The working group, which is composed of managers and employees from various departments, continued to work on various sustainability matters.

Since 2020, new **sustainability-oriented performance indicators** have formed part of the criteria for determining the Management Board's long-term incentive compensation (see the Compensation Report, page 105).

#### Reporting

This report was drawn up in accordance with the Global Reporting Initiative (GRI) Standards' Core option and in line with the principles of materiality, transparency and comparability, taking into account the Standards' most recent recommendations and guidelines. Our sustainability reporting for 2021 consists of the Annual Report 2021, including this chapter on sustainability, as well as the Annex to the Sustainability Report 2021, the GRI Content Index 2021, and additional disclosures. All information is available online at [www.cembra.ch/sustainability](http://www.cembra.ch/sustainability).

#### Independent limited assurance

This Sustainability Report 2021 was provided independent limited assurance according to the GRI Standards' Core option by an independent auditor. The chapter Community engagement was excluded from the analysis because it is not considered material in the stakeholder assessment (see page 32). For the independent limited assurance and further details see the audit opinion pages 64-66.

# Sustainability Report

## Coverage and reporting boundaries

This report describes the current situation and the progress made in the area of sustainability in the 2021 financial year. Most data and indicators are available for the three financial years up to and including 2021. Following the acquisition of cashgate in September 2019, cashgate's activities and figures were included in this report from 1 January 2020, with any exceptions marked in footnotes. The scope for the environmental figures on emissions was extended to cover all Cembra locations. The process of harmonising and enhancing key environmental figures internally was continued in 2021.

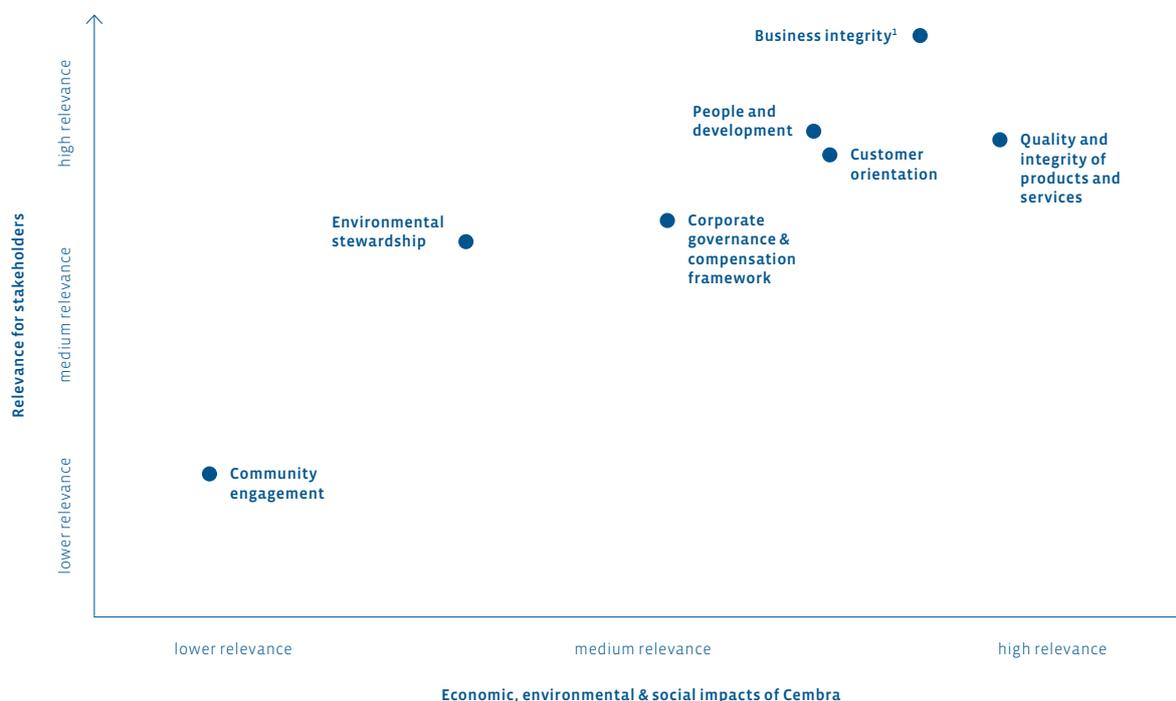
## Stakeholder assessment

Cembra's most relevant stakeholders are customers, business partners, regulators, shareholders, employees and communities. We are aware of the impact of our activities and of our responsibilities towards our stakeholders. We consequently seek dialogue at different levels and with various partners in our everyday business. Cembra employees from various business functions are in close and regular contact with individuals from these groups. The Bank interacts with other stakeholders, such as representatives of civil society, local communities and non-governmental organisations, on a case-by-case basis.

As part of our continued efforts to systematise our sustainability management and following the progress made in recent years, Cembra carried out a stakeholder assessment in line with the GRI Standards in 2020; the process was described in detail in the Annual Report 2020.

The assessment included the following topics: customer orientation, quality and integrity of products and services, personnel management and development ("people and development"), environmental stewardship, community engagement and local communities, business integrity (including data privacy and security), corporate governance, and incentives and the compensation framework. The previous topic of "demographic change" was not included in the review because both our stakeholders and Cembra considered it to be more of a cross-cutting aspect of the other topics.

## Materiality matrix 2021



<sup>1</sup> including data privacy & security

The relevance of the topics for external and internal stakeholders is illustrated on the vertical axis of the materiality matrix. The consolidated views on the economic, environmental and social impacts of Cembra are shown on the horizontal axis. There were no changes to the materiality matrix in the reporting period.

### **Continued strong ESG ratings performance**

Cembra actively participates in several ESG ratings by leading ESG rating agencies both in order to demonstrate the company's sustainability performance and to learn about relevant areas of improvement. In the reporting period, our strong ratings from MSCI ESG, Sustainalytics, Corporate Sustainability Assessment by Dow Jones Sustainability Index/S&P Global were reaffirmed. Selected ESG rating levels are mentioned on page 190.

### **Inclusions in the SXI Switzerland Sustainability 25 Index and the 2022 Bloomberg Gender Equality Index**

In the reporting period, the Cembra share was included in the SXI Switzerland Sustainability 25 Index, which is compiled by the Swiss stock exchange. Cembra was also one of around 400 companies worldwide to be included in the 2022 Bloomberg Gender Equality Index; this is the second year in a row that we have been part of this index, which is based on gender-related criteria such as female leadership, equal pay, inclusive culture and disclosure transparency.

### **Most relevant sustainability themes**

As a result of our engagement with our main stakeholders, Cembra focuses on the five most relevant sustainability themes.

- **Customer orientation** (chapter 3) addresses Cembra's aim of providing high customer value and setting ourselves apart through our outstanding and transparent services as well as our operational excellence. Cembra's offerings are designed to meet current clients' needs and address changes in customers' financial behaviour.
- **Quality and integrity of products and services** (chapter 4) covers the responsible provision of financing products and services that adhere to strict safety standards. Since we provide retail financial products and services, we are highly responsible for our customers' financial situation.
- **People and development** (chapter 5) comprises recruitment, education and training, personal development, health promotion, work-life balance, diversity management and embedding Cembra's corporate values.
- **Environmental stewardship** (chapter 6) is achieved by optimising processes and outputs that have an environmental impact. It is addressed both within the Bank (direct impact) and in the area of vehicle financing (indirect impact).
- **Business integrity** (chapter 7) covers compliance with laws and regulations, as well as governance, risk management practices, and ethical business conduct. It also covers the protection and security of customers' privacy with regard to their data.

Community engagement (chapter 8) was not considered a material topic by our stakeholders. Nevertheless, Cembra has been committed to a number of community-related and philanthropic activities since 2003, and we continue to report on this engagement. "Corporate governance" and "incentives and the compensation framework" have combined because incentives and compensation are commonly regarded as an aspect of corporate governance by external stakeholders, especially by proxy advisors and other governance specialists. Details of these topics are included in the Corporate Governance Report (see page 67) and the Compensation Report (see page 96).

The Sustainability Committee reviewed and confirmed the most relevant sustainability themes in January 2022.

# Sustainability Report

## Commitments, performance measures and assessment 2021

We have developed commitments and key performance indicators for each of the five most relevant topics.

Most relevant topics	Customer orientation	Quality and integrity of products and services	People and development	Environmental stewardship	Business integrity
Commitment	We strive for satisfied customers who reward us through high retention and loyalty	We are a responsible provider of financing products and services	We are a Great Place to Work (GPTW) <sup>1</sup>	We reduce our environmental footprint per employee	We take a zero tolerance approach to non-compliance
Key performance indicators	Net promoter score of at least +30 on a scale from -100 to +100	Qualitative assessment of lending portfolio quality metrics	GPTW employee trust index of at least 70%	Reduce Scope 1+2 emissions until 2025 by 75% (basis 2019)	Qualitative assessment of reported complaints and cases
Assessment 2021	Net promoter score of 28 (2020: 30)	Continued solid asset quality metrics	Employee trust index of 71% in 2020 (2018: 69%), measured every two years	Reported scope 1+2 emissions increased by 39% due to extension of coverage	Zero reportable cases
Reference and details	Page 35	Page 37	Page 42	Page 51	Page 54

<sup>1</sup> [www.greatplacetowork.ch](http://www.greatplacetowork.ch)

Details of the five most relevant topics and our community engagement are provided in the following chapters.

### Sustainability-related opportunities and risks

Cembra operates exclusively in Switzerland. Given the very stringent regulatory environment, and as we are a purely financial services company, our approach to many environmental, economic and social aspects already meets high standards.

- In 2021, 95% of Cembra's total assets were in cash (or cash equivalents) or in unsecured and secured loans (net financing receivables) in Swiss francs and provided almost exclusively in Switzerland.
- Although we are a bank, we offer no investment funds or financing for international projects. Cembra does not manage any third-party assets, and responsible fund investment considerations are therefore not a critical issue for the company.
- Climate-related opportunities and risks are partly included in business planning.
- Environmental risks are described in the chapter on climate-related risks (see Risk Management Report page 26). Our vehicle financing portfolio is continuously shifting towards the financing of electromobility.
- Loan applications that do not meet our strict standards are rejected (see the chapter on quality and integrity of products and services, page 38).
- Our Business Partners' Principles of Conduct (supplier standards, see page 58) and our participation in the UN Global Compact (see page 30) help us to manage and mitigate international sustainability risks.

This forms a solid basis for our sustainable and responsible business model. We are aware of sustainability-related risks. We aim to identify such risks, and their implications are managed as part of Cembra's overall risk management framework (see the Risk Management Report, pages 20-21).

## 3 Customer orientation

### Aim and approach

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We aim to ensure that our customers are satisfied and reward us with a high level of retention and loyalty. For us, customer orientation means that we want to provide high customer value and set ourselves apart through outstanding service and operational excellence. We are committed to offering our clients transparent and responsible solutions that meet their needs and foster sustainable behaviour.

We have made a customer-first mindset one of our four values (see page 29), thereby underpinning the importance we place on customers' needs. We are aware of the fact that our products can significantly impact the financial situation of customers. Taking responsibility for ensuring that our customers have a good understanding of our products and services is of utmost importance. We have several internal policies that govern business practices and define how employees should behave towards customers. But while the way we behave with our customers is of utmost importance, we also need to make sure we keep pace with their ever-evolving needs. Customer behaviour is shifting, with increasing use of digital services and changing financing needs. This, of course, effects the way we approach and interact with our customers.

Cembra uses several indicators to assess customer orientation. The most relevant indicator is customer satisfaction for each business, measured by the net promoter score (NPS). The NPS evaluates customer loyalty towards a company. Customers are asked how likely they are to recommend a company to a friend or family member. The score can range from -100 to +100.

We seek to improve our NPS by carrying out yearly surveys of our three main businesses – personal loans, auto leases and loans, and credit cards. The surveys also identify the factors that drive customer satisfaction and areas where customers think there is room for improvement. Net promoter scores were introduced at Cembra in 2016, and the Management Board is responsible for them.

### Progress in 2021

In 2021, Cembra's total weighted NPS was +28 (2020: +30), on a scale of -100 to +100. While we consider this score to be good with regards to our internal objectives, we aim to again achieve an NPS of at least +30 through our ongoing and planned initiatives in 2022.

### Transparent, needs-based offerings

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As a leading provider of financing solutions in Switzerland, we aim to provide transparent and needs-based offerings across our businesses.

- **Premium personalised service in personal loans.** For details on our lending process and services, please see the chapter on the quality and integrity of products and services (page 36).
- **Personalised and flexible service in auto loans and leasing.** We provide a personalised, flexible and efficient auto loans and leasing service through our dedicated sales force and other teams at our four service centres in the German-, French- and Italian-speaking regions of Switzerland.
- **High customer value in the credit card business.** Through partner programmes and our own offerings, we provide a range of credit cards with high customer value. There is no annual fee on most of the cards, and in several independent consumer ratings, our credit cards regularly rank among the best in terms of customer value.

We provide customers with financing solutions. The financial situation of our customers can vary depending on their personal circumstances, and some of our customers need financing for matters such as moving to a new place, mobility and education.

### Investments in digital platforms and training

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To satisfy the needs of tomorrow's customers, we invest in intuitive payment and financing solutions, through use of technology and continued strong customer service, including a user-friendly, needs-based digital platform. Our customer focus is also enhanced by the selection, motivation and training of employees (see page 43).

### Moving towards widely accessible products

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In the last decade, we have been successfully pursuing a long-term strategic shift towards a balanced product portfolio. In all businesses, but particularly in the credit card business, we offer very good value for our retail customers. Credit cards are increasingly becoming a part of the daily lives of our customers, and we support customers in their daily payment transactions and provide convenient and secure cashless payment solutions. For more information on our share of contactless card payments, see the products and markets section (page 11).

### Shift in business mix from 2011 to 2021 (as % of net revenues)

	2011	2016	2021
Personal loans	58 %	39 %	39 %
Auto leases and loans	33 %	22 %	26 %
Credit cards	9 %	37 %	33 %
Other	–	2 %	2 %

## 4 Quality and integrity of products and services

### Aim and approach

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We aim to be recognised by our stakeholders as a responsible provider of intuitive customer solutions in consumer finance. Our overall goal is to provide customers with the amount of credit that suits their individual situation. Cembra aims to prevent customers from taking on too much debt, as this would not only have a negative impact on our customers' personal lives but could also affect Cembra's credit default risk. Additionally, our lending activities are subject to Swiss laws and regulations, requiring us to handle our products and services with adequate due diligence to protect customers. The risk of unforeseen events in the lives of our customers remains, and there is always a chance that this will lead to excessive levels of debt. In such cases, we work closely with our customers to find mutually beneficial solutions. Due to the nature of our financing products and services, we have to handle a large amount of sensitive and personal data. It is therefore our duty to handle and store data with diligence and take adequate protective measures. To ensure quality and integrity, we monitor various performance metrics relating to the quality of the lending portfolio.

The Management Board is responsible for ensuring the quality and integrity of products and services.

### Progress in 2021

The main event in the 2021 financial year was the continued Covid-19 pandemic. As in the previous reporting period, Cembra did not record a significantly higher number of customers facing financial difficulties. The government's social protection measures and Cembra's overall prudent approach to risk management helped to limit the negative economic consequences on customers. Cembra proactively restricted lending in specific customer segments likely to be affected by the economic downturn and also supported existing customers where the pandemic affected their ability to meet their contractual repayment obligations. Several tools, such as loan extensions and deferrals, were used to bring temporary financial relief to customers and to support customers in rearranging their payment schedules or manage their arrears.

We recorded a favourable loss performance in 2021 despite the effects of the Covid-19 pandemic (see the Management Report, page 16). Our risk management approach helped us to achieve this performance again, as we adopted specific measures, such as restrictions on segments that were materially exposed to macro-economic stress, and supported customers in difficulty.

### Responsible handling of customers in the lending process

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We take our responsibility towards customers and society very seriously, and our responsible lending principles are set out in our Code of Conduct. We aim to identify and prevent potential over-indebtedness throughout the lending process, focusing on:

- Protection of consumers through the Swiss Consumer Credit Act and contractual terms
- Responsible product development
- Marketing and sales
- Customer information
- Evaluation of loan applications and customer behaviour
- Underwriting (including the assessment of creditworthiness and borrowing capacity)
- Loan origination and payout
- Customer service and repayment
- Customer complaint management
- Monitoring and learning

Each step in this process is described in detail below.

### Protection of consumers through the Swiss Consumer Credit Act and contractual terms

We provide lending in accordance with the Swiss Consumer Credit Act (CCA). The CCA aims to prevent consumers from taking on too much debt and sets out precise requirements with regard to the content of the contract and the assessment of the customer's borrowing capacity, including a budget calculation (see insert).

### The Swiss Consumer Credit Act

The aim of the revised Consumer Credit Act (CCA), which entered into force in 2003, is to protect customers against over-indebtedness. The CCA covers various types of consumer credits to natural persons. The main points of the CCA are:

- **Mandatory check of the borrower’s borrowing capacity:** A detailed borrowing capacity check must be carried out by the lender for loans and leasing agreements up to a total exposure of CHF 80,000, to ensure that the amount requested does not lead to the customer’s over-indebtedness. The borrowing capacity check assumes that the consumer loan will be repaid within 36 months, even if the contract concerned specifies a longer period. For credit cards with a credit option, the law provides for a summary check. These checks are based on the information provided by the borrower regarding their income and assets, as well as information obtained by the lender from the Swiss central credit information bureau (ZEK) on lines of credit registered in its database.
- **Reporting requirement on the part of the lender:** Lenders must inform the ZEK of the consumer credits they grant and of any leasing agreements subject to the CCA.
- **Maximum interest rate:** The Federal Council determines the maximum effective annual interest rate allowed for consumer credit, based on a formula. Lenders must comply with this maximum interest rate. In 2021, the maximum interest rate was 10% for personal loans and 12% for credit cards.
- **Right of revocation within 14 days (“cool-off period”):** Customers can cancel the consumer credit contract within 14 days of receiving their copy of the agreement.
- **Early repayment:** Customers are entitled to repay their loan early and, in such cases, to be released from paying any further interest and to a fair reduction in the charges related to the unused part of the loan.
- **Advertising for consumer credit may not be aggressive:** Lenders offering consumer financing in Switzerland follow the rules set by members of the industry association, Swiss Consumer Finance (KFS).

Cembra not only acts in accordance with applicable laws and regulations, but also makes use of additional measures and the Bank’s substantial experience. Most actions are pre-emptive and in the interests of both the customer and the Bank. It is our goal to establish responsible lending terms rather than maximising contract terms and repayment periods. Legal infringements, if any, have been judged unintended and immaterial in number and significance in 2021.

### Responsible product development

As a responsible provider of financing solutions, we are committed to ensuring the quality and integrity of all our products and services (see the section on our sustainability commitment and performance measures, page 33). Through certain features of the products we offer, we aim to protect customers from the negative aspects of consumer loans and debts. We also achieve this by providing related services, and by raising customers’ financial literacy about what to consider before taking out a product. When it comes to financing and related topics, we aim to provide customers with consistent value that goes beyond the product. We embrace digitalisation, striking the right balance between convenience and a strict compliance framework that protects the privacy and security of our customers. In product development and approval processes, several risk factors, such as credit, operational and reputational risk, are considered. Details of new products and the performance of existing products are reported to the Credit Committee, which reviews and challenges risks and product features (see the Risk Management Report, page 20).

### Marketing and sales

We are committed to marketing our products responsibly. The CCA stipulates that marketing for consumer credit may not be aggressive. Extending these legal requirements, the members of Swiss Consumer Finance (KFS), the Swiss Leasing Association (SLV) and other lending and leasing institutions self-regulate their advertising for consumer loans and take appropriate preventive measures. The “Marketing convention for consumer credit in Switzerland”, which took effect on 1 January 2016, is a self-regulation agreement approved by the Federal Council. It goes beyond the commitment not to provide information that is misleading. It also states that aggressive marketing measures must not target young adults and must not suggest taking out credit for expensive short-term investments such as holidays. For the credit card business, a similar convention was adopted by the members of the Swiss Payment Association and took effect on 1 January 2022. This revised convention replaced the previous credit card business agreement of 2016. The agreements are available at [www.cembra.ch/sustainability](http://www.cembra.ch/sustainability) in German. Cembra is a member of these associations and is committed to complying with their guidelines. In 2021, however, one advertising letter that was mailed to customers was deemed to be in breach of the applicable provisions of the agreement. The guidelines and processes concerning marketing activities are detailed in an internal policy on marketing activities and external correspondence (see page 61, for details).

Since 2018, our advertising campaigns have focused on lifecycle events. In other words, a loan should be an appropriate response to life circumstances and events. The campaign addresses certain situations in life when a loan might be an option, such as education, housing and vehicle purchases. The campaign visuals are available in the Annex to the Sustainability Report 2021, available at [www.cembra.ch/sustainability](http://www.cembra.ch/sustainability).

Cembra is also committed to adhering to responsible sales practices. To ensure responsible sales and customer service, regular training sessions are conducted for both employees and partners. All front-line employees receive regular training (once per year) on regulatory requirements and customer service. Completion tests and certificates confirm the employee's successful participation. Partners (independent intermediaries, car dealers and credit card partners) also receive regular training (see the chapter on business integrity for more details). Sales practices are subject to regular monitoring, and sales personnel receive feedback on their performance and on ethical business practices (see paragraph below on monitoring and learning).

### **Customer information**

We provide comprehensive, accurate and balanced information to our customers: Swiss regulations (such as Swiss Federal Act Against Unfair Competition, UCA) require banks to provide loan calculation examples for all online and offline marketing materials. In addition, the CCA requires all costs to be accurately and visibly presented in the contract. All marketing materials for personal loans include a legal disclaimer about the risk of over-indebtedness.

For each contract, information is provided on the Swiss Consumer Credit Association's principles for responsible lending. This information is also available on the Bank's website, in German and French ([www.cembra.ch/sustainability](http://www.cembra.ch/sustainability)).

The guidelines and processes concerning customer information are set out in the internal policy on marketing activities and external correspondence (see page 64).

### **Evaluation of loan applications and customer behaviour**

We carefully and systematically evaluate every consumer loan application. Before a contract is entered into, we assess both creditworthiness and borrowing capacity. In addition, we might get in contact with customers in order to further reduce the risk of customer over-indebtedness and debt repayment (servicing) problems. In order to diligently fulfil legal requirements, the Bank typically requires additional documents so that the accuracy of the income and expenses declared (e.g. rental expenses) can be confirmed through plausibility checks.

We also draw on our long experience by using the Bank's databases and analysing historical behaviour and patterns of customers, in the interests of conscious risk taking. Personal contact with customers is essential to the Bank's business. Knowing the borrower and the borrower's personal situation does not only keep the underwriting process concise, but it also helps in identifying the best possible financial solution for the customer's individual situation.

### **Underwriting (including the assessment of creditworthiness and borrowing capacity)**

Underwriting and the assessment of creditworthiness and borrowing capacity are key procedures that the Bank uses to prevent over-indebtedness and to limit default risk.

The **assessment of creditworthiness** involves evaluating the customer's financial circumstances and personal situation. The assessment is supported by an automated and statistically powerful scorecard-based credit risk rating system that is based on available customer information. There are five consumer ratings, each having an implied probability of default based on historical default experience. A customer's behaviour can also influence the assessment of creditworthiness (see page 136 for further details).

The **assessment of borrowing capacity** is based on: a) the legal provisions of the CCA; b) available customer data from the Swiss central credit information bureau (ZEK); and c) client-specific characteristics pursuant to internal rules, in addition to the legal requirements. The underwriting process requires detailed **budget calculations** based on the information provided by the customer concerning current income and expenses. Customers should be granted loans only if they understand how loan repayment works and if they are expected to manage it without financial difficulties. Applicants who do not meet the necessary criteria are denied credit.

The underwriting process is backed by regular plausibility checks, the monitoring of scorecards and case-specific controls regarding the consistency and completeness of the assessment. The combination of these rules-based tools and the in-depth experience of employees ensure consistent and systematic decision-making for all lending products. All **underwriting** decisions take into account the risk tolerance and risk limit requirements applicable throughout the Bank (see the Risk Management Report, page 19).

### **Loan origination and payout**

Following the conclusion of the loan agreement, loans are paid out after a “cool-off period” of 14 days (starting when the customer receives the copy of the agreement), under the condition that the customer has not exercised their statutory revocation right during said period.

### **Customer service and repayment**

Customers in arrears are made aware of the payments due through collection notifications at an early stage of the repayment process. This allows them to handle any potential repayment issues early on, and to give customers the option of rearranging their payment schedules.

In accordance with the CCA, customers can make additional early repayments at any time during the contract term, which lowers their total interest payments. In the event of early repayment, the consumer is entitled to a reduction in interest and to a reasonable reduction in the costs attributable to the unused credit period.

### **Customer complaint management**

Cembra is committed to responding to customer complaints in a timely manner and with respect and fairness. In addition to chapter III.2 of the Code of Conduct on responsible lending – which states that we will respond promptly and respectfully to customer complaints – we have a resolution management process in place for external complaints, with monthly reporting to the Risk and Controllarship Committee.

Maladministration and/or violation of rights are thoroughly investigated and handled in accordance with applicable laws and our internal regulations. The process is formalised in an internal policy. We have mechanisms in place for receiving and investigating complaints and implementing corrective action. Customer grievances (i.e. complaints) are usually handled via letters: we receive customer grievances in a written form and provide a formal reply in writing. Complaints that are received via phone are tracked separately. (See also the section on grievances in the business integrity chapter, page 57.)

In 2021, the number of complaints amounted to 0.2% of the total customer base of 1.0 million (2020: 0.3%; 2019: 0.3%).

### **Monitoring and learning**

The quality of new transactions is monitored internally to ensure that underwriting requirements are fulfilled and that the loan approval process still mitigates credit risk effectively. Underwriters receive regular feedback from their supervisors to prevent decisions that might lead to unwanted outcomes such as customer payment difficulties.

Monitoring of product and service quality is part of our net promoter score (NPS) assessment. (See chapter on customer orientation, page 34). Finally, Cembra conducts ad hoc customer surveys and regularly monitors the quality of the call centre services.

### **Training on product safety**

To ensure product safety for customers, Cembra provides training on ensuring a responsible product offering and marketing, responsible sales practices, responsible explanations and responsive services. Tools (e.g. manuals) complement these training sessions and an internal training team provides functional onboarding activities. Know-how transfer regarding directives and regulations is mandatory and standardised. All newly hired employees in the customer contact centre follow tailor-made initial training programmes. These prepare and support new employees in their roles, responsibilities and competencies relating to product safety, and system and process know-how (see page 44 for details on functional trainings).

### Serving customers in financial difficulty

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#### Responsible practices in cases of potential over-indebtedness

Although all of the pre-emptive action we take means that our portfolio is of a consistently high quality, we also help to provide debt counselling and enable fair repayment where applicable.

- **Regular contact with ombudsman:** In Switzerland, all customers and their representatives have access to the Swiss Banking Ombudsman, to whom they can address their concerns about banks. We are in regular contact with the Swiss Banking Ombudsman in order to find solutions for relevant cases.
- **Information support for debt counselling services:** Cembra supports external debt counselling services when they request information in order to find solutions for clients with debt repayment problems. We are therefore in regular contact with debt counselling institutions in Switzerland.
- **Customer complaints process:** In any case, all customers also have access to the regular customer complaints process (see page 39).

#### Responsible practices in exceptional cases

We have put a number of measures in place in the event that repayment difficulties nonetheless arise due to unforeseen events such as unemployment, sickness, divorce or a pandemic-induced decrease in a customer's capacity to make repayments:

- **Finding affordable repayment solutions:** The Bank always aims to find fair and affordable repayment solutions for all affected customers. Our internal collections department can respond appropriately and quickly to any unusual situations. The experts in Cembra's collections team have an average of about 15 years of experience.
- **Cessation of interest payments:** In certain exceptional and unfavourable situations, we allow interest payments to be ceased. In addition, at a certain stage in the collection process, interest is automatically no longer charged under Swiss debt collection and bankruptcy law.
- **Individual amicable solutions:** In certain exceptional and unfavourable situations, Cembra may try to find an individual amicable solution, e.g. by adjusting the terms of the product.
- **Loan restructurings:** Cembra makes use of a set of tools that aim to support customers in financially difficult situations by offering to rearrange payment schedules. These tools typically target short-term payment difficulties on personal loans. The usage of these tools is cautiously applied after the customer's need is assessed and substantiated. Loan extensions or deferrals are used in financially difficult situations to enable the customer to fulfil contractual obligations. Only a small portion of customers made use of these tools, and this proportion was lower in 2021 than in 2020, mainly because of the economic support measures brought in by the government. Cembra has only minimal exposure to troubled debt restructuring (TDR) and such restructuring would be granted in exceptional individual cases only (see page 127 for further details).
- **Mortality risk borne by the Bank:** In the personal loans business the mortality risk arising from the customers' obligations under the contract is borne by the Bank.

### Outcome: consistently high quality of our lending portfolio

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Thanks to all of the internal regulations, actions and measures we apply regarding the quality and integrity of products and their distribution, our loan portfolio is of a consistently high quality. Over the last six years and including the 2021 financial year, our provisions consistently amounted to about 1% of financing receivables, and non-performing loans accounted for less than 1% of financing receivables. The Bank exercises an equal amount of caution when ensuring responsible treatment of customers in personal loans, as well as in vehicle financing and the credit card business (see the Risk Management Report, page 19).

## 5 People and development

### Aim and approach

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Our employees are one of our most important stakeholder groups. Their commitment and contributions enable us to be a successful bank in Switzerland. We are therefore committed to providing our employees with a great place to work, as defined by the worldwide organisation Great Place to Work: it is important for us to provide our employees with a healthy environment, to further their development and careers, and to appreciate their performance. A number of different programmes, initiatives and specific training courses are aimed at attracting, retaining and promoting qualified and responsibly minded staff. We also recognise and consider the advantages of a diverse workforce, be it in terms of gender, age, nationality or cultural background. We strongly believe that diverse teams deliver more diverse solutions, which in turn enables us to offer better solutions to our equally diverse clients.

### Targets

Our key performance indicator in this area is employee engagement. Our goal is to achieve an Employee GPTW (great-placetowork.org) trust index of at least 70% (see table on page 33). We also set internal targets for a number of other indicators, such as employee retention rates, the absentee rate and diversity figures.

### Responsibilities

The human resources (HR) department is responsible for hiring and developing people, for internal training programmes and for ensuring effective employee relations. The head of human resources reports to the CEO and attends management board meetings and workshops as required, and provides HR management expertise.

### Progress in 2021

The main progress in people and development in the 2021 financial year was as follows:

- During the ongoing Covid-19 pandemic, Cembra maintained or adapted existing measures for the health and safety of all employees (see page 46).
- We revised our policy regarding flexible working models. In future, our employees will be allowed to work remotely for up to 60% of their work time (see page 46).
- A purpose statement was developed for Cembra in 2021. Our employees were actively involved in the process and were able to provide input through various channels. Their feedback was important in developing our purpose statement as part of the strategy process in 2021.
- The Great Place to Work organisation named us as one of the "Best Workplaces Switzerland" and as one of "Europe's Best Workplaces".
- Based on our gender-related performance and disclosure in the previous reporting period (2020), Cembra was included in the 2022 Bloomberg Gender Equality Index in January 2022, for the second time.

No large-scale redundancies (i.e. job cuts affecting more than 5% of the total workforce) were implemented at Cembra in 2021 or have been since our initial public offering in 2013.

### Coverage

The indicators and activities presented below do not include: temporary workers from agencies (2% of headcount; 2020: 2%) as they do not have a direct employment contract with Cembra; employees of third parties providing services to the Bank; external consultants for specific projects; or employees of the subsidiary Swissbilling. The majority of employees work at our headquarters in Zurich Altstetten, while the remainder work in our network of branches and service centres across Switzerland.

# Sustainability Report

## A. Human resources management

### Employee turnover rate

One of our key performance metrics for the material topic “people and development” is the retention rate. The retention rate as a % is defined as 100 less the turnover rate as a %.

Employee turnover figures <sup>1</sup>	Retention rate – permanent contracts	Turnover rate – permanent contracts	Turnover rate – voluntary <sup>2</sup>	Turnover rate – temporary contracts	Average number of years of employment
2019	89%	11%	7%	1%	9.0
2020	88%	12%	8%	1%	9.2
2021	88%	12%	9%	1%	9.7

<sup>1</sup> Turnover rate and seniority per gender can be found in the Annex to Cembra's Sustainability Report 2021

<sup>2</sup> Only considers resignations on employees' own initiative, excluding dismissals by the employer and retirements  
Coverage: Cembra excluding Swissbilling; including cashgate since 2020

Overall, in 2021, the employee turnover rates remained at prior years' levels. Turnover was relatively higher in operational functions among employees often at an intermediary career stage. The number of years of employment, reflecting employees' loyalty and engagement, continued to increase slightly in 2021. Details regarding new employees are provided below, in the table on diversity and equal pay.

### Employee satisfaction surveys and measures to further improve satisfaction

We measure the satisfaction and engagement of our employees every two years. In order to conduct standardised trust index surveys and to compare ourselves to benchmarks, we work with the worldwide organisation Great Place to Work ([en.greatplacetowork.ch](http://en.greatplacetowork.ch)).

Employee satisfaction (Great Place to Work)	2020	2018	2016
Trust index	71%	69%	67%
Participation rate	72%	77%	72%

The last survey was conducted in 2020 with a participation rate of 72%, which resulted in a trust index of 71%, an improvement of two percentage points on the survey in 2018 (69%). As a result of this score and having passed the audit report assessment by Great Place to Work, in May 2021 Cembra was ranked ninth (April 2019: fifth) among the Great Places to Work in Switzerland 2021, in the Large Companies (250+ employees) category. In addition, in September 2021, we were nominated for the "Europe's Best Workplaces" award for the first time, where we were ranked 44th out of 50 companies (Large Companies category).

Based on the results of the survey conducted in 2020, Cembra asked employees where we can improve further. Following these deep-dive sessions it was decided to concentrate on three specific optimisation areas in 2021 ("Day-to-day simplification", "Culture Journey, Values & Behaviours" and "Leading with a Trust and Team attitude and mindset").

### Recruitment, with a focus on team skills and cultural fit

We believe that recruiting based on our values helps us to achieve our long-term goals and supports our four values (see page 29). It is important to us that potential new employees can identify with our corporate culture. During the interview process, we not only check candidates' technical and functional skills, but we also assess how they would fit into the team and our culture based on the principles of our Code of Conduct.

### Staff regulations

The staff regulations form the basis of our interaction with employees, and the Code of Conduct describes the key principles of working together within the company. These policies also specify that our behaviour should be based on mutual appreciation and respect. This includes protecting personal privacy, integrity and employee health. Our Code of Conduct also ensures that ethical and moral standards are safeguarded. We do not tolerate any discriminatory conduct, in particular based on race, nationality, gender, sexual orientation, religion or age (see chapter on diversity below). Nor do we tolerate violations of people's rights, in particular workplace bullying. In 2021, there was one case of inadequate behaviour reported.

## Sustainability Report

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### Our “Dialogue” performance management approach

The four key elements of “Dialogue” are a continuous dialogue about priorities instead of annual goals, focus on team performance, discussion of behaviour and feedback for the line manager by the employee. With this approach, we promote an open dialogue between managers and employees through continuous feedback in both directions. With this approach, we aim to promote an open and honest dialogue between managers and employees through continuous feedback in both directions to learn from each other, and help each other further develop our strengths. Employees are encouraged to periodically give subjective feedback to their manager with regard to their perceived leadership behaviour.

To establish a culture of trust and to transfer more responsibility to managers, the traditional performance assessment process was replaced with our new system “Dialogue”, to ensure a continuous dialogue between employees and managers in 2020. The traditional performance ratings (management by objectives) were abolished.

The four key elements of “Dialogue” are a continuous dialogue about priorities instead of annual goals, focus on team performance, discussion of behaviour and feedback for the line manager by the employee. With this approach, we aim to promote an open and honest dialogue between managers and employees through continuous feedback in both directions to learn from each other, and help each other further develop our strengths. Employees are encouraged to periodically give subjective feedbacks to their manager with regard to their perceived leadership behaviour. “Dialogue” also places greater emphasis on the ambitions that we as a team want to achieve together. Shorter-term milestones will be defined for individual employees so that we can respond in a more agile way to changes. The rules governing variable compensation have been aligned with this new approach for employees eligible for our variable incentive compensation plan.

## B. Development and training

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### Mandatory training

Cembra requires **all employees** to complete a number of mandatory online training courses (see section on training on responsible sales practices, page 37, and on regulatory and in-house practices, page 55) in order to meet regulatory requirements. These courses cover topics relating to general compliance, operational risk awareness, employees’ reporting obligations, anti-money-laundering compliance, Bank-wide information security, business continuity management awareness, data protection and governance, insider trading, and conflicts of interest. Where necessary, specific groups of employees receive additional mandatory online training covering topics such as user access management, high privileged access and work and rest period provisions in Switzerland.

Key figures mandatory training	2021	2020	2019
Number of mandatory e-learning courses (of which 10 were mandatory for all employees in 2021)	19	21	24
Total average training hours per employee	4.2	4.7	4.2

Cembra excluding Swissbilling; including cashgate since 2020

All **new employees** attend the mandatory two-day “onboarding” training course offered in the first 2-3 months of employment. The training covers topics such as compliance, risk management and our vision and culture, as well as our products, employee benefits and the Cembra brand. Due to the continued Covid-19-related restrictions, the onboarding days were temporarily shortened to one day and held in an online format in 2021.

Those new employees who will be working in operations roles within the Bank also attend specific onboarding training sessions. Among these, we offer monthly new hire training on sales, originations, customer servicing and collections. Training does not only cover products, systems and process skills; human skills are also strengthened in order to ensure an excellent customer experience throughout the entire customer journey.

These mostly mandatory **functional training sessions for new employees in operations roles** last between two days and five weeks. They are a mix between classroom and web-based training, one-to-one coaching, testing, self-study and job-monitoring formats. The structure is adapted to the employee’s specific needs, and we aim to make the learning content as personalised as possible. The new-hire training sessions are held in the German-, French- and Italian-speaking parts of Switzerland in order to reach all employees.

## Sustainability Report

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In addition, where necessary, **specific groups of employees** receive functional refresher training to improve operational readiness and awareness relating to relevant topics (e.g. on changes in compliance, in technology, processes or new products). Further training is given in cases where management identifies skill gaps in customer service employees, e.g. managing complaining customers, negotiation skills and handling retention issues.

The mandatory functional training programmes are developed and carried out by eight internal functional trainers and one lead. In 2021 a total of 1,241 (2020: 1,041) participants were trained through 69 (2020: 49) different courses.

### Non-mandatory training

We aim to find a balance that gives employees the opportunity to develop both professional skills and soft skills. By assessing employees' and the Bank's needs, an annual curriculum of management and leadership courses, as well as courses in soft skills, is offered.

In the reporting period, Cembra offered a reduced training programme due to the ongoing pandemic and the restrictions related to running live, on-site training courses. A number of planned courses were, therefore, redesigned to a shorter, online format. The 2021 offering, nevertheless, covered soft and management skills topics such as resilience, engagement, unconscious bias, feedback, flex-work, leadership and health, and a special focus on absence management to enable our line managers to develop sensitivity to the topic and assess employee health concerns.

### Key figures for non-mandatory internal training

	2021	2020	2019
Management and soft skills training days	7	7	30
Courses offered	12	6	17
Number of employees taking part in management and soft skills training sessions	238	100	289
% of employees trained in management and soft skills	25%	10%	36%
Total training costs in CHF 1,000	32	60	150

For figures per gender and seniority see Annex to Sustainability Report 2021, section 5  
Cembra excluding Swissbilling, including cashgate since 2020.

In 2021, 25% of employees took advantage of the offering (2020: 10%). The shorter sessions and moving to online formats allowed us to increase the number of employees taking part in training courses even though the number of training days remained at a low level.

### External training

Employee training is an essential part of employee performance, satisfaction and retention. By training employees well, we enable them to reach their full potential.

In 2021, CHF 0.14 million was spent on technical and functional training and certifications by external providers (2020: CHF 0.03 million) and a total of 86 employees received such training. The relatively low number in 2020 was due to Covid-19 restrictions. These training courses are generally one to two-day courses to ensure that our employees and specialists can adapt to constantly changing professional and technical conditions. Examples of such training courses are debt collection, architecting on AWS, ISACA certifications, cyber security, due diligence and money laundering prevention, and compensation governance.

Furthermore, we support employees in improving their language skills and their professional development. All employees have the opportunity to apply for funding for a course or training session at an external educational institution. In 2021 we reimbursed CHF 0.03 million to a total of 28 employees for language training and CHF 0.12 million to 27 employees for external advanced training such as a DAS (Diploma of advanced studies) and CAS (Certificate of advanced studies). As a founding member of the "Advance" network for gender equality in business, we get access to various skills-building training courses (for details, please see page 43). In 2021, 18 employees took courses on topics such as influencing, leading your team effectively, courage – crush self-doubt, and women on boards.

### **Succession planning and talent development**

The development of internal talent is important to Cembra, as we aim to fill management and expert positions with internal candidates where possible. Internal succession plans help us to steer this process. Possible succession solutions for all roles at the top management level and one functional hierarchy level below, as well as critical dependencies on single or key people, were discussed for the entire Bank in the reporting period.

### **Junior talent development programme**

In 2016, we launched our junior talent programme, Radix. Since 2018, the programme has been conducted in collaboration with the University of Applied Sciences in Business Administration in Zurich (HWZ) as part of a CAS and has been expanded to include a module in general management. The Bank-wide programme consists of 22 training days over a period of nine months. Graduates have the opportunity to sharpen their business understanding, gain new perspectives and learn to develop solutions based on challenging cases, as well as to expand their network.

In 2021, the blended-learning programme was launched in June and will run until March 2022. Ten young employees are currently enrolled in the programme.

### **Apprenticeship programme**

One pillar of the Bank's efforts in developing new talent for the future is our internal apprenticeship programme. We generally hire new apprentices every year. After the apprenticeship, we try to take on all the apprentices and offer them their desired position, often successfully. In addition, following the apprenticeship, we help young employees to complete their further education with the possibility of working part time. Because of the Covid-19 pandemic, we took special care in 2021 to find an adequate follow-up solution for all apprentices after they had completed their apprenticeship.

Over the past 11 years, 52 apprentices have successfully completed their programme at the Bank, of which 18 are still employed. Three of the six apprentices who graduated in 2021 are still working within the Bank.

## **C. Working conditions**

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Cembra aims to be an attractive employer by providing competitive monetary and non-monetary benefits, as well as a healthy work environment in which employees feel comfortable and are able to realise their full potential.

### **Ensuring the health and safety of employees during the Covid-19 pandemic**

In the reporting period, Cembra ensured the health and safety of employees at all times. The measures taken in 2021 included:

- Cembra provided updates and advised all employees on how to stay safe. Employees were updated frequently on relevant information and measures regarding Covid-19. Additional hygiene measures were taken in the office environment and employees worked from home wherever possible.
- Social distancing and/or physical separation was ensured for employees who could not work from home.
- Free lunches were offered to employees working at headquarters when the staff restaurant had to remain closed due to national regulations.

Responsibility for working conditions and ensuring a healthy work environment lies with the Management Board, which regularly reviews the progress made. The head of human resources, reporting to the CEO, coordinates health and safety management activities. Line managers ensure that statutory health and safety requirements are met. Measures to maintain and improve working conditions include the following topics, which are described in detail below:

- Absentee rate measurements and targets
- Healthy work environment and work-life balance
- Employee assistance programme and mental health management
- Flexible ways of working
- Annual leave and absentee regulation
- Leave for dependent care and maternity leave
- Safety in the workplace
- Non-salary employee benefits
- Predominantly permanent employment contracts
- No significant sub-contracting of employees

### Absentee rate measurements and targets

The absentee rate is an indicator we use to learn about our employees' well-being. The absentee rate is calculated as the percentage of work time that an employee is absent due to sickness or an accident. Sickness includes both short-term and long-term sickness as well as sickness during pregnancy. In 2021, the absentee rate was 3.8% (2020: 3.2%). The ongoing Covid-19 situation certainly had an impact on this increase. Cembra has set internal targets with the aim of reducing the absentee rate.

### Healthy work environment and work-life balance

Employee health is important to us, and we are continuously working on improving our health management. The current measures include:

- **Absence prevention and absence management** workshops for line managers. The training provides managers with a clear process before, during and after an absence due to a personal crisis, an illness or an accident.
- **Work-life balance training**, such as health and leadership, resilience, and stress management, both online and physically. In the in-house gym at headquarters, we offer fitness courses and yoga classes. In 2021, these courses and classes were cancelled due to Covid-19-related restrictions.
- **Seminars on health topics**, such as quitting smoking, as well as information sessions and awareness campaigns on topics related to nutrition, well-being and first aid. Cembra also has an emergency response system.

Cembra ensures that **health risks** and issues are managed effectively and that related action plans are prioritised. We provide documents on health risks and hold regular discussions between human resources and managers on this topic; executive management is also involved in preventing health issues.

### Employee assistance and mental health management

Cembra has around 1,000 employees. The size of the company allows us to handle every case in a responsible way and on an individual basis. Cembra works with an external provider that supports and provides counselling to employees and management on cases related to personal matters (e.g. family, marriage, migration), occupational issues (e.g. conflicts in the workplace, tension within the team, sexual harassment, termination, mobbing), health matters (e.g. stress, burnout, longer-term illness, addiction, disability), and personal finance (e.g. budget consultancy, burden of debt, retirement). Employee counselling always takes place in a confidential setting and is available in German, French, Italian and English. In 2021, seven cases were handled by the external provider. For medical issues and in cases of long-term absences, we work with our insurance provider and the related disability insurance office. In 2021, 11 medical and/or long-term absences were handled.

### Flexible ways of working

The Bank offers flexible working solutions to foster a healthy work-life balance. The solutions include part-time and remote work arrangements, given that Cembra is convinced that flexible ways of working can increase job satisfaction, employee commitment, productivity and retention. Covid-19 and the resulting restrictions mean that most of our employees now have the technical prerequisites to be able to work remotely and we assume that many of them will continue to opt for a hybrid solution in the future. We have therefore revised our policy regarding flexible working models to allow employees to work remotely for up to 60% of their work time in the future. The flexible work arrangements are outlined in our ways of working framework. The key elements of the framework are described on page 61.

Many of our part-time employees are working parents. At year-end 2021, 25% (2020: 25%) of all employees were working part time (for the detailed figures please see the Annex to the Sustainability Report 2021).

### Annual leave and absentee regulation

The health of our employees and their families is a high priority for the Bank. In general, we believe that annual leaves and other days off have positive effects on health and well-being, that they limit the time employees have to take off due to sickness, and also improve morale and productivity in the workplace. All of our employees are entitled to 25 days of paid annual leave. This is above the legal minimum of 20 days and corresponds to the industry standard in Switzerland. Employees over the age of 50 are entitled to five additional days of annual leave. Moreover, we also grant employees paid days off for various family matters.

### **Safety in the workplace and emergency response system**

In collaboration with numerous cantonal Samaritan associations, Cembra offers all employees the opportunity to take part in first aid training, in case of emergency. Such courses are offered to employees on a voluntary basis in order to ensure that we have enough people who are trained in first aid and in the use of an AED (automated external defibrillator). We have a dedicated safety point webpage on our intranet so that all emergency information is provided on one page. The location of all internal safety kits and a list of all certified first responders by location and floor, information about evacuation and defibrillators, and all emergency numbers are listed on the webpage.

### **Leave for dependent care and maternity leave**

Cembra offers fully paid maternity leave, the duration of which exceeds the legal requirements. Fully paid paternity leave is ten workdays, reflecting the legal requirement. See the Annex to the Sustainability Report for details.

In the reporting period a total of 15 women took maternity leave (five are still on leave) and 11 men took paternity leave. In the previous year, 19 women took maternity leave and 29 men took paternity leave. Of these 19 women, 10 have returned and all of these 10 were still employed by the Group at year-end 2021.

### **Non-salary employee benefits**

Alongside salaries customary for the sector, Cembra's non-salary (fringe) employee benefits contribute to our attractiveness as an employer. The Bank offers a variety of benefits including travel vouchers for public transport (covering the full cost for commuting within the city of Zurich), financial support for employees with children, meal benefits and increased amounts for travel vouchers (Reka-Checks). Our fringe benefits brochure, which provides an overview of all benefits for employees, is available upon request.

### **Predominantly permanent employment contracts, and no significant sub-contracting**

All our staff members are employed under Swiss law. We aim to limit the use of non-regular employment to specific projects and to address short-term needs to cover peak times in operational departments, such as customer service and originations.

There is no significant sub-contracting of employees. The number of people working for Cembra to address short-term needs represented 2% (2020: 2%) of the workforce. These temporary employees, hired through recruitment agencies generally for a few weeks or months and at short notice, are not included in this report. Cembra also works with IT and other expert advisors for project-related work.

Any significant outsourcing is reported on a yearly basis to the regulator FINMA. This includes major IT outsourcing to expert companies such as Swisscom and IBM. Our due diligence and supervision processes adhere to the strict requirements of FINMA's regulation "Outsourcing – Banks".

# Sustainability Report

## D. Diversity and equal pay

Cembra promotes diversity and provides equal opportunities for all employees. In particular, we do not discriminate against anyone on the basis of gender, ethnicity, religion, origin, sexual orientation, age, marital status, genetic information, skills, disability or any other characteristic. This is outlined in our staff regulations and our Code of Conduct (See section II. “Cembra’s responsibility as an employer”).

We strongly believe that we and our stakeholders benefit from diversity in various ways, such as enhanced understanding of the customer base, an increased skills set, improved employee onboarding and retention, a larger talent pool, and enhanced productivity.

### Gender and age

49% of employees are women (2020: 49%). At the employee level (including the employee and senior employee levels), the proportion of female employees is 51% (2020: 51%). At the management level (including the management and senior management levels), it is 23% (2020: 21%). For the detailed figures please see the Annex to the Sustainability Report 2021.

### Internal career mobility

HR key figures	2021	2020	2019
Total entries	101	113	156
– of which women	44	53	65
– of which total new employees 50+ (excl. cashgate)	9	12	18
Internal department changes	15	52	175 <sup>1</sup>
Internal promotions (pay grade changes)	36	26	66
– of which women	21	12	25

Cembra excluding Swissbilling; including cashgate since 2020.

<sup>1</sup> Reorganisation

### Women-only networking groups

Giving female employees the opportunity to take part in networking groups is an efficient way for women to come together and offer each other support, build up a valuable network and gain ideas. It also provides them with a space to discuss gender issues and equality without judgement.

Our internal “Connect” programme provides women across different functions and hierarchies with various platforms to facilitate personal development, career advancement and the exchange of ideas. A team of volunteers contributes to the organisation of the talks, panel discussions with internal and external speakers and events on topics such as diversity, networking and courage. The programme is open to all female staff within the organisation, with some events also open to men. As in 2020, the programme had to be significantly reduced in 2021 due to Covid-19-related meeting restrictions.

Additionally, Cembra is a founding member of the “Advance” network for gender equality in business. As an Advance Gender Equality in Business Gold Member, Cembra gets access to 17 skills-building training days per year for talented women in middle and upper management as well as a mentorship programme and workshops with role model exposure and best-practice-sharing on innovative working models.

### Internationality and cultural backgrounds

The internationality and cultural background of employees are considered part of Cembra’s diversity. Despite being a relatively small company, Cembra employs people from 43 different countries (2020: 39; not counting multiple citizenships) and with diverse cultural backgrounds. For the detailed figures please see the Annex to the Sustainability Report 2021.

### Equal pay for men and women

In the previous reporting period 2020, we had performed an internal equal pay analysis based on legal requirements in order to identify differences in pay between men and women doing work of equal value for the Bank. The analysis confirmed that Cembra complies with the principle of "equal pay for work of equal value". The analysis was audited by KPMG as an external entity (see Annual Report 2020). Based on the analysis, Cembra had been awarded the "We Pay Fair" certificate by the Competence Center for Diversity and Inclusion of the University of St Gallen.

Unlike pay gap models in some other countries, the tool looks at factors that can explain a pay gap, such as workplace-related criteria like employee level and personal qualification elements, i.e. education, to calculate an adjusted pay gap.

### Pay quartiles

In 2021, women made up 25.0% of our top earners (i.e. whose pay was in the 1st quartile). 55% of our revenue-producing roles were held by women (figure not comparable to previous ones due to adjusted definition).

### Cembra pay quartiles: proportions of women (Bloomberg disclosure standard)

Pay quartile	2021	2020	2019
1st quartile	24.7%	25.0%	27.2%
2nd quartile	44.8%	46.3%	42.4%
3rd quartile	60.3%	58.2%	58.5%
4th quartile	65.1%	64.5%	62.4%

### Top-to-median salary ratio

The top-to-median pay ratio was 12.1 in 2021, in line with previous years (2020: 12.3; 2019: 12.3; 2018: 12.5). The median is based on the annual base salary plus variable target compensation for the previous financial year. The annual base salary is extrapolated to full-time equivalents.

## 6 Environmental stewardship

### Aim and approach

Environmental stewardship is a key part of our sustainability aspiration (see page 29). We are committed to using resources in a sustainable manner, minimising the negative impact of our operations, and supporting the transition to a low-carbon economy.

In the relevance matrix, our stakeholders considered environmental stewardship to have a “medium impact” (see page 32). Being specialised in lending, deposit and savings products in Switzerland only, Cembra’s environmental footprint was considered relatively small compared to other companies by our stakeholders.

Cembra manages environmental stewardship using a two-fold approach:

- **Operational environmental management:** We are engaged in ongoing efforts to protect the environment by conserving natural resources and preventing pollution, including specific effects from supply chains.
- **Ongoing shift towards financing electromobility:** Cembra is one of the leaders in financing electromobility in Switzerland, and electric vehicles account for a growing share of our financing. We see the increase in demand for climate-friendly products as an opportunity, and we provide loans and leases for electric vehicles on highly favourable terms.

As for **environmental opportunities and risks**, we strive to manage the climate-change-related effects on the business and as part of our general risk management (see the Risk Management Report on Climate-related risks, page 26). Where deemed appropriate, we include environmental risks and opportunities in our business planning. We also intend to include such impacts in our scenario analysis framework.

### Progress in 2021

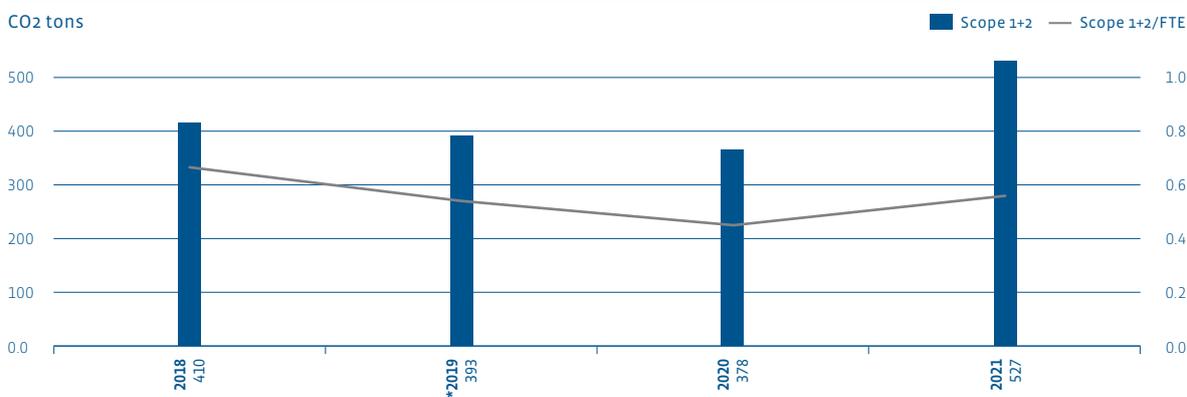
Cembra continued replacing cars with combustion engines in its own fleet with electric vehicles, leading to a slight decrease of the carbon emissions from its own fleet. Various operational improvements were made to reduce other carbon emissions in 2021. The planned switch to district heating was delayed owing to the pandemic. For details see below.

In 2021, coverage of **scope 1 and 2 emissions** was extended from 76% to 100% of employees (see paragraph below on Coverage and boundaries). As a consequence scope 1 and 2 emissions increased by 39% to 527 carbon tonnes (2020: 379). The **scope 1 and 2 emissions intensity** increased from 0.46 in 2020 to 0.57 in 2021 for the first time after several years. This effect was driven by several factors: the extended coverage (see Coverage and boundaries below), the lower number of employees as well as higher gas consumption.

In addition, we further enhanced our carbon emission disclosures by slightly restating and improving our scope 1 and scope 2 emissions to reflect new data sources and insights.

In the period 2017–2021 we were able to considerably reduce our scope 1 and 2 carbon emissions intensity (CO<sub>2</sub> tons/FTE). This trend reversed in 2021 mainly because of less Covid-19 restrictions compared to 2020.

### Scope 1+2 emissions (CO<sub>2</sub> tons) and emissions intensity (CO<sub>2</sub> tons/FTE) 2018–2021



\* 2019 excluding cashgate

# Sustainability Report

## Coverage and boundaries

Since 2021, Cembra's the coverage of energy and emissions reporting was considerably extended to cover the whole group and 100% of employees (coverage up to 2020: 76% of employees at headquarters). Through our Business Partners' Principles of Conduct, we also pay attention to our suppliers' environmental management systems (see page 58).

## Operational environmental management

Cembra's environmental management is based on Swiss law relating to environmental protection, energy and carbon. We ensure environmental stewardship mainly by optimising processes and outputs with an environmental impact. We also achieve cost reductions by optimising and reducing our use of energy and equipment.

## Energy and emissions

Cembra strives to make more efficient use of energy and to reduce greenhouse gas emissions. Since 2012, we have been part of the voluntary energy programme run by the Energy Agency of the Swiss Private Sector (EnAW) in Zurich, through which we have committed to actively reducing carbon emissions and optimising energy efficiency. By working with the EnAW, an official partner of the Swiss Federal Government and cantons for energy savings and climate protection, we have been able to cut our energy consumption and to increase cost-efficiency.

- **Lower energy consumption.** Energy is the area in which the Bank's operations have the biggest impact on the environment. At our headquarters (about three quarters of all employees), we have been using electric power generated 100% from renewable sources since 2016. The majority of the branches and service centres use heating gas, and three branches use heating oil. The majority of the branches are using electric power generated from renewable sources, while some branches are using 100% Nativa energy where a large majority comes from renewable sources.

We have a strong interest in ensuring a stable energy system for the unobstructed operation of our business activities. In order to reduce our environmental impact and lower costs, we continuously implement a variety of measures aimed at reducing the greenhouse effects of energy use.

In 2021, the heating intensity (kWh/average number of FTE) increased considerably by 57% to 1,371. The increase was driven by several factors, such as more cold days compared to previous years, more fresh air circulation, and the extended coverage (for details see below under Coverage and boundaries). Since 2013, the consumption of electric power per FTE has declined by 46% and heating by 49%.

		2021	2020	2019	2018	2017	2016	2015	2014	2013
Electricity	kWh/FTE avg	1,849	2,317	2,570	2,633	2,525	2,649	2,944	3,188	3,409
Gas	kWh/FTE avg	1,371	871	850	1,231	1,220	1,695	2,351	1,983	2,679

Coverage: 100% of total employees since 2021, and 76% of total employees until 2020. From 2021, heating includes oil and gas heating. Until 2020, heating consisted of gas heating at headquarters only.

- **Upcoming significant reduction in carbon emissions at headquarters:** The owner of the building where Cembra is headquartered switched to district heating in 2021 (effective from 2022 on) and is planning to switch to district cooling by 2022. These thermal networks, which are environmentally friendly and energy efficient, will replace gas heating and allow us to further decrease our direct carbon emissions in the coming years.
- **Company fleet:** In 2020, Cembra had adopted a new internal target to significantly reduce carbon emissions from its own vehicles. In 2021, the number of cars in the fleet amounted to 62 (2020: 60; 2019: 57; 2018: 63). The increase related to the addition of Swissbiling cars. In 2021, the total number of kilometres travelled stayed the same as the previous year, mainly because of the continued pandemic.
- **Employee benefits to support the use of public transport:** We encourage commuting by public transport as part of our employee benefits. We cover a significant part of public transport commuting costs for most employees (see page 47). In 2021, commuting with private cars and public transport was considerably lower due to longer periods of Covid-related restrictions for employees compared to the previous reporting period.
- **Flexible ways of working:** Working from home and commuting to the workplace during off-peak hours reduces emissions and peak use of public transport. In our Flexible Work Arrangement Framework (see page 61 for a summary) we have been encouraging teleworking and flexible working hours since 2018. Due to the ongoing Covid-19 pandemic, remote working remained exceptionally high in 2021.

## Materials

As part of our sustainability aspiration, we aim to reduce and optimise the use of natural resources. We pay particular attention to where we source materials for our products, and how we use paper, IT equipment and infrastructure. In 2021, energy efficiency was further increased at headquarters: incandescent light bulbs were replaced with LEDs and a building automation system was installed with thermostatic valves to help reduce gas consumption.

## Sustainability Report

### Key environmental figures

Since 2021, the coverage of the key environmental figures include 100% of employees, except for the items waste and water for which the coverage are Cembra headquarters (about 75% of employees). In the years until 2020, the key environmental figures include Cembra headquarters only.

	Unit	2021	2020	2019
<b>Consumption</b>				
Electricity <sup>2</sup>	kWh	1,704,739	1,538,548	1,553,193
Gas, oil and district heating <sup>2</sup>	kWh	1,263,727	578,700	513,900
Water	m <sup>3</sup>	1,727	3,454	3,342
Paper	kg	10,945	18,166	24,335
Waste	liters	484,000	596,000	819,600
Lease cars (own fleet) <sup>1</sup>	km	1,583,692	1,583,747	1,783,526
Lease cars (own fleet) / FTE <sup>1</sup>	km / FTE avg	1,718	1,674	2,292
Business air travel	km	21,500	34,000	565,600
<b>Greenhouse gas emissions</b>				
<b>Direct emissions (scope 1)</b>	<b>CO<sub>2</sub> tons</b>	<b>502</b>	<b>357</b>	<b>371</b>
Heating <sup>2</sup>	CO <sub>2</sub> tons	264	117	104
Lease cars (own fleet)	CO <sub>2</sub> tons	238	240	267
<b>Indirect emissions (scope 2)</b>	<b>CO<sub>2</sub> tons</b>	<b>25</b>	<b>22</b>	<b>22</b>
Electricity <sup>2</sup>	CO <sub>2</sub> tons	25	22	22
<b>Indirect emissions (scope 3)</b>	<b>CO<sub>2</sub> tons</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Business air travel (cat. 6)	CO <sub>2</sub> tons	5	5	78
Scope 1+2 emissions / FTE <sup>3</sup>	CO <sub>2</sub> tons	0.57	0.46	0.55
Number of employees (emissions scope) <sup>2,3</sup>	FTE avg	922	664	604

<sup>1</sup> Excluding Swissbilling up to 2020

<sup>2</sup> Scope: Zurich headquarters and branches (100% of employees) since 2021. Up to 2020, only Zurich headquarters (about 75% of employees) and only gas heating

<sup>3</sup> Since 2021, average of FTEs in Cembra Group

### Scope 3 reporting

Our Scope 3 reporting is currently limited to business air travel by our employees. In 2021, Cembra was a participant in the Scope 3-related "Climate Accelerator Initiative" by UN Global Compact Switzerland. In this initiative, we continued to learn how to further develop our Scope 3 disclosure. The current "ScBTi Financial Sector Science-Based Targets Guidance v1.1" states that consumer finance and motor vehicle loans, which account for more than 90% of Cembra's total assets, are not applicable for Scope 3. Cembra's commissions and fees are also not considered applicable for Scope 3 in the guideline. Other less material categories (e.g. purchased goods and services and employee commuting by private car/train) are currently not measured. We continue to assess the need for further Scope 3 reporting in 2022.

### Ongoing shift towards financing of electromobility

Cembra is one of the leaders in financing electromobility in Switzerland. We offer loans and leases for electric vehicles on highly favourable terms. Electric vehicle leasing is expected to generate a much larger share of total revenues over the long term. Declining prices for electric vehicles and a larger supply of used vehicles will further increase the popularity of electromobility, as will tighter carbon requirements and regulations. Ultimately, Cembra's customers benefit from products that enable them to save energy. Our strategy is to continue to grow this business in line with the market trend, to ensure continued diversification in the auto portfolio.

The share of electric vehicles in Switzerland is growing fast. In 2021, about 22% of new car registrations on the Swiss market were for electric cars, including grid-charging plug-in hybrid vehicles (source: auto schweiz). The share of registered new cars in Switzerland equipped with only electric engines increased to 13% (2020: 8%; 2019: 4.2%; 2018: 1.7%).

In 2021, Cembra's share of new electric vehicles (including grid-charging plug-in hybrid vehicles) financed in the vehicle loans and leases portfolio decreased temporarily from 9% in 2020 to 3%.

## 7 Business integrity

### Aim, approach and progress

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As an independent bank that has been listed since 2013, we are required to comply with strict regulatory requirements. We continuously aim to provide greater transparency than most of our competitors, many of which are neither listed nor have a banking licence. However, as a market leader, we are convinced that strict regulatory requirements and transparent information are a good way to foster greater confidence, particularly among customers and other key stakeholders who want to know about the Bank's financial and non-financial services and business practices. For us, business integrity in many aspects implies going beyond the mere legal requirements that we need to fulfil and act in a way that ensures we are perceived as a transparent and trustworthy business partner, such as ensuring responsible cooperations or supporting customers in financial difficulties. Clearly defined structures, responsibilities and processes, as well as their regular review, form the basis of our approach to managing compliance and reputational risks in a highly regulated and competitive market with increasing customer and stakeholder expectations. In this way, we aim to earn the reputation of being a trusted business partner that behaves with integrity and takes a zero-tolerance approach to non-compliance.

This allows us to set ourselves apart in the marketplace.

Cembra operates only in Switzerland, where there are relatively low risks of corruption compared with other countries (according to Transparency International and World Bank data). However, as a financial intermediary, the Bank has to consider money-laundering risks and prevent illegal transactions (see below for related policies and processes).

Responsibility, one of our four values, means that employees should always act in the best interests of the Group and our customers. Employees are responsible for their actions, should ensure complete transparency and need to behave with integrity. Through our training and performance management system, employees gain in-depth knowledge of products, processes and market conditions and can stay on top of the latest trends, innovations and regulations.

We inform our regulators about potential self-identified issues of regulatory relevance openly, transparently and proactively.

#### Progress in 2021

The existing anti-money-laundering (AML) policy was revised and amended (see pages 59-60), and procedures were adapted accordingly.

In 2021, no cases were reported to regulators.

#### Compliance and risk framework

Cembra has several detailed internal policies in place, which aim to prevent bribery and corruption. These include the Code of Conduct and the Business Partners' Principles of Conduct, the policy on fraudulent practices by external parties, the policy on the acceptance and presentation of gifts, and the policy on sponsoring and contributions (summaries of the most relevant policies are available at the end of this chapter). Cembra is in full compliance with global regulations such as the Foreign Account Tax Compliance Act (FATCA) and the Automatic Exchange of Information (AEI) in order to prevent tax evasion.

The Bank uses the "three lines" framework to manage risk and monitor compliance with legal requirements and internal policies (see the Risk Management Report, page 20, for more details). Binding, regularly updated processes likewise ensure that the Bank follows all applicable laws and regulations. Various policies are in place to ensure a high level of business integrity and compliant, responsible behaviour.

Operating guidelines for reporting irregularities or suspicious transactions are set out in various policies (e.g. AML policy) (see page 61).

## Sustainability Report

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### Managerial responsibility

The Management Board sets the tone and creates a culture in which employees are aware of their responsibilities and can express concerns without fear of reprisals. The Management Board promotes ethical behaviour, sets an example and provides sufficient resources for the Bank's compliance programme.

All members of the Management Board bear the ultimate responsibility for adhering to business ethics in their respective areas of responsibility. Managerial responsibility for handling any instances of bribery or corruption lies with the members of the Management Board, and operating guidelines for record-keeping are defined in the internal policies. Furthermore, Cembra has an internal and external ombuds system, and employees have the right and duty to report any compliance breaches.

The Management Board is the highest level of executive oversight for the company's anti-bribery and anti-corruption programme and for business ethics. An annual compliance risk assessment is performed on behalf of the Management Board and reported to the Board of Directors.

The compliance department is represented on the Management Board by the general counsel.

### Mandatory training for employees

Cembra has a comprehensive programme of mandatory training based on both regulatory and in-house requirements for all employees (for details see people and development, page 44). Employees are required to complete this mandatory training once a year and confirm their skills by successfully completing several online tests.

- **Annual mandatory training for all employees on nine topics:** General compliance, operational risk awareness, reporting obligations for employees, anti-money-laundering compliance, Bank-wide information security, business continuity management awareness, data protection and governance, insider trading, and conflicts of interest.
- **Annual mandatory training for specific target groups:** Credit cards, insurance (intermediation), risk and control, data management, identity and access management, and working hours regulations.
- **Mandatory training for all new employees:** Onboarding days typically comprise two days at the start and one day after two months. Due to the ongoing Covid-19 pandemic, the onboarding days were temporarily shortened to one day and held in an online format in 2021.

Cembra's head of human resources is responsible for ensuring that all mandatory training is made accessible to employees. The members of the Management Board are responsible for ensuring that all targeted employees successfully complete the mandatory training courses.

### Code of Conduct

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The Bank introduced a Code of Conduct in 2005, and it has been updated several times. The current version was approved by the Board of Directors in March 2020 and published in April 2020. In our Code of Conduct, we have defined internal rules that include compliance with laws and professional standards and form the basis for our behaviour and thus our long-term success, and that we are convinced are correct. The Code of Conduct is intended to provide clear guidance for all employees as to the principles that must be complied with and the rules by which Cembra is governed. The Code of Conduct addresses the areas of basic conduct requirements, Cembra's responsibility as an employer, Cembra's responsibility in dealing with customers, business partners and third parties, the personal integrity of Cembra employees, Cembra assets, and Cembra's responsibility to society and the environment.

Cembra conducts occasional audits to determine internal compliance with its Code of Conduct, via first-, second and third-level controls (three lines model, see Risk Management Report page 21). The Code of Conduct is available at <http://www.cembra.ch/governance>.

### Coverage

Compliance with the Code of Conduct is mandatory for all Bank employees and for the members of the Board of Directors. The Code of Conduct is an integral part of all employment contracts and is available in three languages (German, French and English), and it has been adopted by Cembra's subsidiaries.

### Implementation and training

Annual training on the Code of Conduct is mandatory for all employees and is part of the mandatory onboarding workshop for all new employees.

- All new employees are given the Code of Conduct as part of their employment contract. New employees also attend two compulsory training sessions on the Bank's corporate values and the Code of Conduct.
- All employees are required to attend annual online compliance training that covers key components of the Code of Conduct. We are working on including various aspects of diversity, sustainability and human rights in future mandatory compliance training. All employees take an annual online test to demonstrate that they understand the contents of the Code of Conduct, the whistleblowing process and the related procedures. Regular controls based on the three-lines-of-defence model ensure that compliance risks regarding the Code of Conduct are identified and actively mitigated as needed.
- Suspected employee violations of laws, regulations or the Code of Conduct must be reported to the supervisor, the compliance department, the human resources department or the ombudsperson (whether internal or external). Violations by the Management Board must be reported to the general counsel or to the Audit and Risk Committee. Violations by the CEO must be reported to the Chairman of the Board of Directors.
- Violations of the Code of Conduct have a negative impact on employee performance reviews and may affect variable compensation. Such violations may also result in dismissal.
- In 2021, all employees completed the mandatory online compliance training including the Code of Conduct and pledged to comply with the provisions of the Code.
- For further details on mandatory training, see the section on development and training, page 56.

### Whistleblowing process

The Code of Conduct, various policies and the Bank's intranet provide information on the whistleblowing process for employees and on the procedures and responsibilities that apply to actual or suspected violations of laws, regulations, administrative or judicial orders, and internal policies and procedures.

- Cembra does not tolerate reprisals against anyone who reports alleged violations in good faith.
- Employees can report suspected violations internally (to their supervisor, human resources department, compliance department or the internal ombudspersons) or to the independent external ombudsperson. A form is also available on the Cembra intranet.
- All employees are informed about the ombudsperson and educated about what to do and whom to contact if they uncover possible violations.
- Operating subsidiaries have their own whistleblowing processes, and suspected violations can be reported internally and externally.
- Whistle-blowers can report their concerns confidentially and anonymously. The whistleblowing process is subject to regular reviews by compliance. Violation of the Code of Conduct by Board members, the Management Board or employees can lead to disciplinary measures. Violations amounting to criminal behaviour will be brought to the attention of the competent authorities. If suspected violations of the Code of Conduct are reported, Compliance will investigate. If a violation is confirmed, Compliance will inform the relevant supervisor and the member of the Management Board.
- In 2021, no cases were reported (2020: one case).

### Political involvement

Cembra does not make any political contributions, as stated in chapter 3, paragraph 5, of Cembra's Code of Conduct. Also, the policy on sponsoring, contributions and donations states that no support can be given to political parties (find more information on this policy below).

### Sign-off on policies

There is an annual sign-off on the most relevant policies as part of the e-learning programme, which is mandatory for all employees. An internal monitoring system is implemented by the control functions (risk and compliance). This is also part of the whistleblowing process, which is used to detect corruption ("ombuds system").

### Grievance procedures

Information and general guidelines on Cembra's grievance mechanisms concerning matters of employees' personal interests (including freedom of association) can be found in the Code of Conduct itself as well as the Bank's intranet, to ensure that all employees are aware of the Bank's reporting procedure (including the internal and external ombuds system). Furthermore, Cembra's staff regulations also encourage all employees to report any violations (including suspected violations) or unethical behaviour. Violations can be reported anonymously by phone or via email to an external ombudsperson.

### Human rights

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By signing the UN Global Compact in 2020, Cembra publicly committed to observing and complying with the Ten Principles, which include human rights. Furthermore, we acknowledge, support and respect the UN Guiding Principles on Business and Human Rights (UNGPs), the Universal Declaration of Human Rights, and the fundamental labour rights outlined in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Within our sphere of influence, we support the protection and promotion of human rights and ensure that all employees act in accordance with internationally recognised human rights. We do not tolerate child labour or forced labour or any other form of exploitation of human beings. This applies to our own operations, employees, products and services and is also something we require of our suppliers and partners.

At the Sustainability Committee meeting in September 2021, the Management Board reviewed the actual or potential human rights issues that could be of concern and committed to continue fulfilling the UN Global Compact's Ten Principles.

### Supplier standards and management

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Cembra's supplier selection is based on comprehensive criteria, which include sustainability and risk control, as applicable. In order to safeguard the social, environmental and economic impact of our extended supply chain, we issued a set of improved supplier standards and values in 2020.

#### Supplier standards

Through our supplier standards – the Business Partners' Principles of Conduct (available at [www.cembra.ch/sustainability](http://www.cembra.ch/sustainability)) – our business partners and their subcontractors agree to comply with all applicable laws, regulations, industry standards, agreements and guidelines relating to social standards (including labour law and occupational health and safety regulations). This includes providing a safe working environment that ensures the physical and mental integrity of employees at all times.

Our supplier standards are derived from the Code of Conduct. The standards were improved in 2020. They explicitly cover integrity, anti-corruption and social and environmental standards and are aligned with the principles of the UN Global Compact. With our approach, we strive to embrace areas that are not comprehensively covered by law or where we need our suppliers to adhere to more stringent standards than those applicable in their respective locations. As an example, we require explicitly that our suppliers ban child labour, forced labour, discrimination, harassment and abusive behaviour and that health and safety requirements are met throughout their entire value chain (i.e. including upstream subcontractors and auxiliary staff in all geographic regions).

#### Supplier management processes

Our supplier standards are based on our values. We rely on a multi-layered enforcement system:

- In Switzerland, the European Union and many other markets, most of the requirements imposed on our suppliers are legal requirements, covered in an industry standard and widely accepted. For many aspects, compliance is independently monitored and enforced by public authorities, industry bodies, regulators and other institutions.
- Our supplier standards are available on our website, and suppliers will be actively and continuously made aware of our requirements throughout the procurement lifecycle.
- For our key suppliers – i.e. all third parties delivering products or services to the Bank that may directly support the delivery of core banking processes –, the supplier standards will become an integral part of the contractual framework governing the business relationship. We continuously extend coverage and include the supplier standards in all relevant supplier agreements by renewing and extending existing contracts, thereby making it a contractual obligation.
- Our key suppliers are obliged, and all others are expected, to report and mitigate breaches of the supplier standards upon detection of a problem. Breaches are monitored and followed up on by Cembra.

Cembra's sourcing and vendor management departments are responsible for continuously raising awareness of Cembra's requirements, enforcement approach and controls among all relevant internal stakeholders.

### Coverage

Our supplier standards aim to cover those suppliers that do not already have their own sustainability programmes. The vast majority of our suppliers are Switzerland-based companies with extensive supplier standards and that implicitly already fulfil Cembra requirements. Cembra has updated templates of the framework contract to include these standards. The templates are now in use whenever framework contracts are renewed or when larger new contracts are awarded. This means that the standards will be contractually endorsed following a risk-based approach: larger suppliers (especially those that operate in regions with lower standards than Switzerland) have already endorsed the standards and those remaining will do so during the next renewal cycle. As at end-2021, all renewed contracts (excluding licences) with key suppliers included a commitment to the new Business Partners' Principles of Conduct.

### Controls

We require our key suppliers to have a robust control system in place in order to detect failures to comply with standards and to ensure that corrective action is taken. This is complemented by an obligation for Cembra employees in charge of a specific service or supplier to report and escalate any observation of non-compliance, as well as to carry out periodic checks of key suppliers. In cases of non-compliance, we review the seriousness of the specific case and take appropriate corrective action. Additionally, all new suppliers are screened, including through watchlist screening and further checks depending on services and the extent to which data is shared. The intensity of these checks depends on the type of relationship and integration with Cembra. The highest level of diligence is applied when critical or sensitive data are shared and/or an outsourcing relationship is in place. The risk assessment is reviewed periodically. Key suppliers are assigned minimum yearly performance assessment ratings covering all critical aspects of supplier performance.

In 2021 we asked our key suppliers and those identified by an internal cross-functional group as most relevant to our sustainability footprint to complete a self-assessment relative to our Business Partners' Principles of conduct. Excluding a few outstanding replies, all respondents considered themselves to be fully compliant and most considered that they were ahead of their respective industry average. Some mentioned that they see potential for improvement regarding evidence-based controls on their subcontractors. We will continue to work with our partners to continuously improve our control quality and appreciate all related efforts.

### Training

The sourcing and the vendor management department includes senior employees who actively draw up Cembra policies and supplier standards (and hence do not require training themselves). New and existing sourcing employees undergo both Cembra-wide and department-specific onboarding processes and receive training covering corporate responsibility and sustainability requirements.

### Audits

Key suppliers are contractually obliged to report (suspected) breaches without undue delay. Non-compliance is treated on a case-by-case basis, with consequences ranging from supplier development to contract termination. For our key suppliers, we undertake regular performance review meetings, and adherence to data protection and information security requirements is monitored through a risk-based approach (controls ranging from self-declaration to on-site audits depending on the circumstances).

### Privacy and data protection

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The protection of personal data using lawful and transparent data processing is important to us. We regularly review and optimise processes and controls in order to protect personal data, including customer data. We have implemented a comprehensive framework to ensure data protection, banking secrecy and information security, in order to adhere to applicable legislation and regulations.

- The Bank implements this framework with the overall intent of ensuring that critical information, personal data (such as customer data), and information technology relevant to data processing are protected. This framework also covers the protection of data processed by service providers. Such service providers are diligently selected, instructed and controlled.
- All employees receive regular training on data protection and information security. For further details see the section on mandatory training, page 44.
- Cembra has published a privacy policy that sets out the rules governing data processing in the Bank and the corresponding rights of customers. The Bank's privacy policy is published on Cembra's website ([www.cembra.ch/en/privacy-policy/](http://www.cembra.ch/en/privacy-policy/)) and applies to all relevant business lines. It informs customers about the Bank's data processing and provides all information on how to exercise their rights.

## Sustainability Report

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In its Guidance 05/2020, the Swiss Financial Market Supervisory Authority (FINMA) details the duty to report cyber attacks pursuant to Article 29 para. 2 FINMASA. Such cyber attacks could lead to potentially severe information security incidents, including breaches of data confidentiality. In order to provide utmost transparency, Cembra shared in 2021 two incidents with the regulator despite judging them non-reportable given the lack of materiality.

Furthermore, the Bank has implemented and maintains response plans in line with the requirements of FINMA, the Swiss Federal Act on Data Protection and the EU General Data Protection Regulation (GDPR). This also includes response plans with notification requirements towards the customer.

Cembra conducts regular audits of its information security policies and systems. Audit frequencies are determined in accordance with internal and external policies, and audits are usually conducted at least on an annual basis.

### **Ensuring the business integrity of partners**

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The Bank conducts business across Switzerland via a network of branches, as well as alternative sales channels such as online, credit card partners, independent intermediaries (personal loans) and car dealers (auto leases and loans).

#### **Longstanding active relationships**

We maintain close, longstanding relationships with our distribution partners. In many cases, partnerships have been developed over several decades. The average sales area manager has been with the Bank for 15 years. At year-end 2021, about 115 (2020: about 125) independent intermediaries were originating personal loans for the Bank. In the auto leases and loans segment, we partner with around 4,000 car dealers. In the credit card segment, we have longstanding relationships in Switzerland with Migros (since 2006), Conforama (since 2008), Touring Club Suisse (since 2011), and Fnac (since 2016, renewed in 2019). In 2019 and 2020, new partnerships were entered into with LIPO and IKEA Switzerland. In August 2021, Cembra announced that the partnership with Migros (since 2006) would be terminated by June 2022.

#### **Processes in place to ensure business integrity and ethical conduct**

We are committed to working together with our business partners to serve the interests of our clients. Partnerships are designed to ensure service quality and product integrity. Cembra has various processes in place to ensure compliance, good governance and risk management practices, and ethical business conduct in partnerships.

- Our collaboration with independent intermediaries and car dealers is guided by standard procedures to minimise risks of non-compliant behaviour.
- Formal processes govern the selection, training, instruction and monitoring of independent intermediaries and car dealers. The precautions and requirements for independent intermediaries are particularly strict and tightly regulate the Bank's business dealings with them.
- All partners undergo anti-money-laundering (AML) screening processes (see above).

## Overview: quality assurance, training, responsibilities and monitoring of business partners

	Independent intermediaries	Car dealers	Credit card partners
<b>Quality assurance</b> We require our business partners to meet high standards of integrity.	Quality is reviewed monthly, with more in-depth reviews conducted quarterly.	Quality is reviewed yearly or at least every three years.	Credit card partners and their branches are regularly visited by a review team.
<b>Training</b> We provide regular training to ensure business integrity.	Training focuses on business and product strategies, products, processes and compliance.  Around 115 independent intermediaries receive training each year. In 2021 all training sessions were conducted despite Covid-19 restrictions.	Training focuses on business and product strategies, products, processes and compliance.  70 to 80 car partners take part in a centralised one-day training session each year. Due to Covid-19 restrictions in 2020, ten centrally run training sessions took place in the first quarter, and thereafter training was provided locally at the partners' locations.	Retailer credit card partners receive regular training and additional onboarding training for new partnerships.  The number of point-of-sale training sessions increased to 300 from 200, reflecting increasing needs, for our partners' about 80 branches. In 2021 the training sessions were conducted both at the partners' locations and virtually.
<b>Responsibilities and monitoring</b> Various departments (including compliance, underwriting and – through guidelines and escalation processes – risk management) are involved in the quality assurance processes.  Bank departments handle the budget calculations and underwriting processes internally. The Bank always has the ultimate responsibility for approving a loan, a lease or a credit card and bears the risk for possible losses due to default.	Specific policies for independent intermediaries ensure professional delivery of services and full compliance with ethics requirements. These policies are included in every business relationship in order to minimise compliance risk.	Car dealers are regularly visited by the Bank's 25 sales area managers, who report their findings via an online tool. Abnormal findings are investigated, and in case of non-compliance by the dealer, the partnership is terminated.	Credit card partners and their branches are regularly visited by a review team. They provide support and perform spot checks of customer applications. Any irregularities are investigated jointly with the partners and are reported internally. Additional training sessions are provided where deemed necessary.

## Other policies covering aspects of business integrity

In addition to the Code of Conduct and the Business Partners' Principles of Conduct (both available on our website), Cembra has put in place other policies.

- Each policy is reviewed and updated on a regular basis.
- As with the Code of Conduct, there is an annual e-learning programme which is mandatory for all employees covering the most important topics and other related policies.
- An internal monitoring system is implemented by the control functions (risk and compliance). It is also part of the whistleblowing process, which is used to detect corruption ("ombuds system").
- The policies are relevant for all employees

The most relevant policies are described below.

### Anti-money-laundering (AML) policy

As a financial intermediary, the Bank is subject to the Anti-Money-Laundering Act and thus operates a programme to prevent illegal transactions.

- We systematically assess customers and partners before entering into a contract or business relationship.
- This exhaustive onboarding process protects the Bank from engaging in relationships with individuals or entities that have been placed on international sanctions lists.
- Politically exposed persons (PEPs) and high-risk relationships are thoroughly analysed.

- Customers and partners continue to be regularly reviewed after the contract or business relationship has been entered into. In addition to the continuous review of customers, transactions and payment practices are constantly monitored. Suspicious transactions are flagged and reviewed by the Bank's compliance officers.
- All new Bank employees receive introductory training that covers the Bank's AML programme and then attend regular refresher training sessions in subsequent years (see the chapter on people and development, page 44).

### **Policy on the prevention of fraudulent practices by external parties**

This policy governs the competencies, measures and controls for preventing fraudulent practices that can adversely affect the Bank.

- Cembra defines the processes, roles and responsibilities needed to prevent suspected cases of fraud by external parties and to investigate such cases accordingly.
- Within the Bank, it is primarily the risk business unit, together with the risk strategies department, that is in charge of setting up a strategy for preventing fraud and conducting further investigations.
- To ensure the timely monitoring of operating activities and because of the complexity of the credit card business, the risk function is supported by other departments within the B2C business area.

### **Policy on the acceptance and presentation of gifts**

In addition to the staff regulations and the Code of Conduct, there is also a policy on accepting and presenting gifts.

This policy sets out the standards of behaviour to be maintained by all employees when giving and receiving gifts or where business entertainment is accepted or provided. Conflicts of interest must be avoided, and the Bank's reputation protected. Furthermore, it sets out competencies regarding the administration of customer and partner gifts of any kind.

It covers receiving gifts, presenting gifts and events. In particular, the policy stipulates under which circumstances gifts and invitations can be accepted, the principles that are observed when the Bank presents gifts to third parties, and the ethical behaviour to be followed by the Bank as a host of events or by employees as guests at events. Furthermore, it states that granting or accepting facilitating payments or goods is strictly forbidden. The legal and compliance departments are responsible for any changes to this policy.

### **Policy on sponsoring, contributions and donations**

This policy sets out the requirements to be observed in connection with sponsoring activities and the awarding of contributions and donations. It defines criteria for sponsoring and donation purposes and corresponding review and approval processes; it is applicable to all employees of the Bank. When working with third parties (e.g. advertising agencies), it must be ensured that such third parties also comply with and implement the requirements of this policy.

Providing sponsoring and making contributions or donations to organisations, interest groups and associations is intended to strengthen Cembra's image. Such activities are also an opportunity to create a platform for active customer care.

In particular, the policy states that:

- Sponsoring activities are carried out in keeping with the priorities set by some departments as part of their respective communications, marketing and brand strategies.
- Contributions may only be awarded to those institutions and organisations with which goodwill will be created, in the specific interests of the Bank or a subsidiary and its sales channels.
- No support can be given to political parties.
- Contributions with a strictly personal connection are not permitted. Furthermore, contributions may not be awarded in cases where an applicant's request is made solely with reference to an ongoing or terminated customer relationship.

The review and approval process is described in detail and contains the following elements:

- Each year, a certain amount from the public relations budget can be made available for donations. Donations must be determined, on a binding basis, as part of public relations measures.
- All applications for sponsoring and contributions are reviewed and evaluated in accordance with the above criteria.
- Each donation and each charitable contribution must be approved by the general counsel and the CFO.

### **Policy on public disclosure, reporting and securities trading**

The purpose of this policy is to ensure compliance with the respective laws, rules and regulations and to prevent any form of insider trading. The policy defines applicable procedures to ensure: an orderly information flow and any other reporting obligations; immediate capital market information concerning non-public, potentially price-sensitive facts in accordance with the Listing Rules; and prevention of market abuse. The policy applies to all members of the Board of Directors as well as to all employees of the Group. In addition, it defines the rules and procedures applicable to any third parties providing services to any subsidiary having access to insider information. It applies to all written and oral statements.

### **Policy on marketing activities and external correspondence**

Cembra has a policy on marketing activities and external correspondence. This policy describes both the regulatory and internal requirements applicable to marketing and advertising activities. The regulatory requirements, such as the Consumer Credit Act, Swiss Federal Act against Unfair Competition (UCA), data protection legislation and further provisions, Price Indication Ordinance and their relevance for employees, are described in detail. Furthermore, the development of marketing and advertising activities/materials and the corresponding design requirements and approval process are outlined in this policy. The policy applies to all employees of the Bank. If third parties are hired (e.g. advertising agencies), it must be ensured that the requirements of this policy are also complied with and implemented by such third parties.

In particular, the policy states that:

- Consumer credit contracts (including lease and loan agreements, credit and customer cards) may not be advertised aggressively.
- In product advertising, the relevant provider (company) must be clearly specified and a calculation example, including the effective interest rate and the total costs, must be provided in all cases.
- An over-indebtedness warning must be included, referring to the fact that any loan that would lead to the consumer taking on too much debt is prohibited.
- All application forms for products offered by the Bank or its subsidiaries must contain a notice concerning data protection and processing, in particular for marketing purposes.
- Appropriate controls must be implemented to ensure compliance with the requirements of the policy.

### **The Flexible Work Arrangement Framework**

The Bank is committed to fostering cooperation based on mutual trust and supports flexible ways of working, provided that the personal needs of employees can be reconciled with company goals. As a result, the Bank has acted on the desire for greater flexibility and to work from home; it has also adapted to changes in working practices. The policy demonstrates various working models offered by the Bank and is the responsibility of human resources.

In particular, the policy:

- applies to all Bank employees. However, not all of the working models are appropriate for all employees; therefore, managers and employees must select the feasible option(s) for their respective business area.
- sets out the guiding principles for effective implementation of a flexible working culture (e.g. customer focus will not be compromised) and describes different work options (flexible location or time, part-time working, job-sharing). Employees may freely choose their own ways of working in conjunction with their line managers, taking into account the Bank's core principles.
- addresses how to deal with data protection, banking and business secrecy and work equipment and costs when working flexplace.

## 8 Community engagement

### Aim and approach

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Community engagement is not considered to be a highly material topic by our stakeholders. However, because this topic is important for our employees and relations in Switzerland, we address it separately in this chapter.

At Cembra, we see ourselves as part of a wider social network and as a community member. Being part of the local community comes with great advantages but also responsibilities. We take our social responsibility seriously, want to be a good corporate citizen and are committed to important social policy issues. By focusing on disadvantaged people in our community engagement, we want to strengthen how Cembra is perceived in the market. We see ourselves as equal partners, and we attach great importance to supporting projects and initiatives over the long term.

Our community engagement has three goals:

- **Enhancing understanding about social responsibility in general:** Our social engagement aims not only to take our responsibility towards society seriously but also to foster understanding about social responsibility.
- **Awareness of Cembra's social responsibility:** Our collaboration on social projects has a positive effect on the feeling of togetherness within the company, contributing to a greater awareness of Cembra's social responsibility.
- **Strengthening employee loyalty:** Finally, we are convinced that social engagement strengthens our employees' loyalty to the company.

### Progress in 2021

In 2021, we continued our long-term oriented community engagement activities of which some were impacted by the Covid-19 restrictions. Going forward, we see particular potential for creating synergies between social engagement and relevant business skills. In this context Cembra continued to support skills-based volunteering in its collaboration with YES, where employees help enhance financial literacy among schoolchildren and vocational school students.

### Projects and initiatives involving volunteers

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The company-wide initiative Cembra Volunteers is part of Cembra's social engagement and provides all employees with the opportunity to do volunteer work. We are proud of our long-standing partnerships and our employees' continued engagement. Cembra employees have the right to two working days a year for their volunteer commitments.

Alongside our other activities, we work with Swiss schools (years one to nine) through the YES programme "Personal Economics". As a Cembra volunteer, employees can take on the role of teacher for some lessons and can make an important contribution to the practical entrepreneurial education of children and young people.

For a table with details of the various projects and the total cost of the initiatives we pursued in 2021, please see the Annex to the Sustainability Report 2021.

Cembra regularly asks employees for feedback on their volunteering activities. We also keep up a constant dialogue with our partners. These processes help us to evaluate and monitor our activities, implement improvements and make adjustments if necessary.



# Independent limited assurance report on selected Sustainability Information of Cembra Money Bank AG

## To the Board of Directors of Cembra Money Bank AG, Zurich

We have undertaken a limited assurance engagement on Cembra Money Bank AG's (hereinafter "Cembra") Sustainability Information in the following sections of the Sustainability Report as part of the Annual Report for the year ended December 31, 2021 (hereinafter "Sustainability Information"):

- Our approach to sustainability
- Customer orientation
- Quality and integrity of products and services
- People and development
- Environmental stewardship
- Business integrity

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report or in the Annual Report 2021 or linked to from the Sustainability Information or from the Annual Report 2021, including any images, audio files or embedded videos.

## Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the '*Summary of the work we performed as the basis for our assurance conclusion*' and the evidence we have obtained, nothing has come to our attention that causes us to believe that Cembra's Sustainability Information in the above-mentioned sections of the Annual Report 2021 for the year ended December 31, 2021 is not prepared, in all material respects, in accordance with the Global Reporting Initiative (GRI) Standards' option "core".

We do not express an assurance conclusion on information in respect of earlier periods or to any other information included in the Sustainability Report or in the Annual Report 2021 or linked to from the Sustainability Information or from the Annual Report 2021, including any images, audio files or embedded videos.

## Understanding how Cembra has Prepared the Sustainability Information

The GRI Standards, option "core", have been used as criteria references for the topic-specific disclosures. Consequently, the Sustainability Information needs to be read and understood together with the GRI Standards, option "core".

## Inherent Limitations in Preparing the Sustainability Information

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.



### Cembra's Responsibilities

The Board of Directors of Cembra is responsible for:

- Selecting or establishing suitable criteria for preparing the Sustainability Information, taking into account applicable law and regulations related to reporting the Sustainability Information;
- The preparation of the Sustainability Information in accordance with the criteria (the GRI Standards' option "core");
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

### Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our opinion to the Board of Directors of Cembra.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

### Professional Standards Applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners and sustainability experts. We remain solely responsible for our assurance conclusion.

### Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. Carrying out our limited assurance engagement on the Sustainability Information included, among others:

- Assessment of the design and implementation of systems, processes and internal controls for determining, processing and monitoring sustainability performance data, including the consolidation of data;
- Inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the selected disclosures;
- Inspection of selected internal and external documents to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;



- Assessment of the data collection, validation and reporting processes as well as the reliability of the reported data on a test basis and through testing of selected calculations;
- Analytical assessment of the data and trends of the quantitative disclosures for the GRI disclosures included in the scope of the limited assurance engagement;
- Assessment of the consistency of the GRI disclosures applicable to Cembra with the other disclosures and key figures and of the overall presentation of the disclosures through critical reading of the Sustainability Report as part of the Annual Report 2021.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

KPMG AG

A handwritten signature in black ink, appearing to read 'S. Jurt'.

Silvan Jurt  
Licensed audit expert

A handwritten signature in black ink, appearing to read 'Theresa Tiersch'.

Theresa Tiersch

Zurich, 15 March 2022