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Aargauische  
Kantonalbank

# Sustainability Report 2022

This sustainability report is a translation of the German Annual and Sustainability Report 2022 of Aargauische Kantonalbank. In the event of any discrepancies, the German version shall take precedence over the English translation. The complete German Annual and Sustainability Report 2022 of AKB can be found at [report.akb.ch](https://report.akb.ch).

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# Foreword

## DEAR READER

We think sustainably. As the most sustainable bank in Aargau, we uphold our responsibilities in what we do and do not do. This core principle guides our everyday actions. We are mindful of our responsibility as a regional financial service provider operating within an extremely dynamic environment. We aim to live up to this responsibility and to make our contribution to achieving sustainable development.

We achieved a lot to be proud of in 2022. We were able to approve our Sustainability Strategy within AKB that applies to all AKB business, from our financial services through our social and economic engagement to additional measures to reduce the ecological footprint of our business.

We consciously focus on our own products and services as we are convinced that these can achieve the greatest leverage effect in terms of sustainable development. For instance, at the start of the year we put our investment business and lending guidelines on a sustainable footing.

We are committed to a strong region, for our society and for the economy. The foundation established by us, LEBENSRAUM AARGAU, paid out the first million francs to charitable projects in 2022. In addition, AKB launched the support programme in conjunction with the University of Applied Sciences and Arts Northwestern Switzerland, which assists local

companies in achieving their sustainability goals.

Last but not least, we obtained unconditional certification straight away for the environmental management system under ISO 14001:2015, thus enabling us to pursue our sustainability efforts in a targeted manner also within our own business.

We achieved tangible outcomes by taking a large number of both small and large steps. We are aware that we are travelling along a route that still has many stages left to run. It is important for us to shoulder our share of responsibility for current and future generations. When doing so, current circumstances that have an effect on the long-term sustainable development of the economy and society, such as for instance secure energy supply, also need to be taken into account.

Kind regards  
Dieter Widmer, CEO



# The AKB Sustainability Strategy

As a sustainable, regional financial service provider, Aargauische Kantonalbank accepts responsibility for what it does and what it does not do. As a financial service provider, AKB is able to use its influence to ensure that money is directed towards meaningful uses and to reduce negative effects on sustainable development. It aims to set an example for clients and for society. For AKB this means in particular that it:

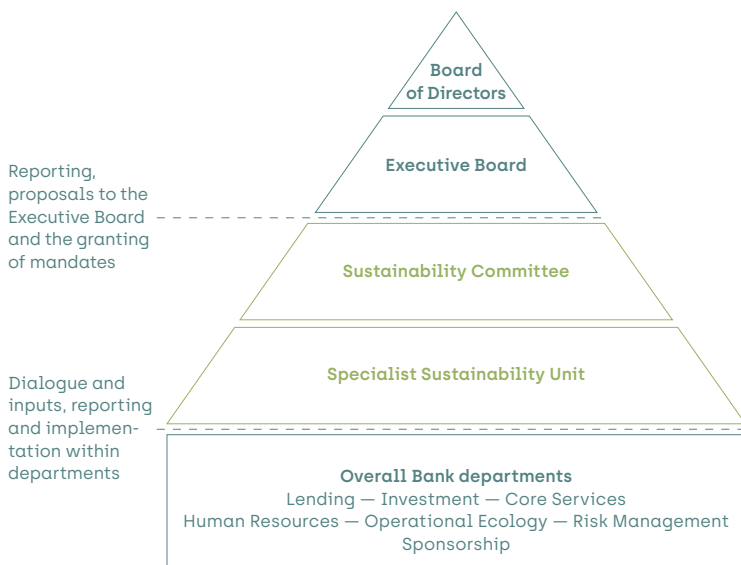
- Is always secure and reliable for its clients.
  - Proactively performs its role as a pioneer of sustainable transformation.
  - Successfully directs financial flows over the long term in an environmentally friendly and socially responsible manner, acting in accordance with responsible governance processes, whilst also earning a profit.
  - Consciously develops products and services with reference to sustainability aspects.
  - Endeavours to achieve a socially and economically strong, attractive and resilient Canton of Aargau.
- Offers its employees an inspiring environment with which they can identify and acts as an attractive, trustworthy and reliable employer.

In 2022 AKB approved its own AKB Sustainability Strategy. The strategy is focused on the goals of the Paris Climate Agreement of 2015, the 17 UN Sustainable Development Goals (SDG) and well-established ESG criteria. ESG stands for Environment, Social and Governance. With reference to the dimensions of "Products and Services", "Organisation", "Social and Economic Engagement" and "Environmental Protection", the strategic guidelines embody the strategic sustainability targets to be achieved by the end of the strategy period in 2024. Sustainability is part of the DNA of AKB and its business operations are focused rigorously on it.



# CORPORATE GOVERNANCE – SUSTAINABLE CORPORATE GOVERNANCE

Sustainability is firmly established within the corporate culture on all levels of the Bank's organisation as the core mission within the overall banking strategy for 2021–2024. This is based on the service mandate set out in the cantonal Banking Act requiring the promotion of economic and social development in the Canton of Aargau with reference to the three ESG goals [E–Environment, S–Social, G–Governance].



## The Board of Directors

The Board of Directors is responsible for the management and supervision of the Executive Board. It is also responsible amongst other things for the strategic focus of AKB in the field of sustainability. Accordingly, it is represented on the Sustainability Committee by the Chair of the Audit and Risk Committee.

## The Executive Board

The Executive Board is responsible for the Bank's operational business and thus for implementing sustainability throughout the various departments. It is also represented on the Sustainability Committee by the CEO.

## The Sustainability Committee

The Sustainability Committee pursues the development of sustainability issues in accordance with the overall banking strategy for 2021–2024. This includes the designation of priority areas for action, the drafting of preparatory decisions for the Executive Board and the pre-emption of trends and developments. The Sustainability Committee currently has nine members. Further information is available at [akb.ch/nachhaltigkeit](http://akb.ch/nachhaltigkeit).

## The Specialist Sustainability Unit

The Specialist Sustainability Unit coordinates and promotes efforts relating to sustainability throughout the Bank as a whole. It acts as an interface with all stakeholders and reports regularly to the Sustainability Committee, the Executive Board and the Board of Directors. It implements the sustainability goals of AKB, acting in conjunction with the individual departments. The specialist unit directs the Sustainability Committee and draws up a sustainability report each year. It is comprised of the Head of Sustainability and, from 2023, an additional sustainability specialist.

## Departments

The following sustainability issues are firmly established throughout the individual areas of the Bank as a whole:

- Lending: the Head of Credit Management is responsible for incorporating ESG targets into lending business (mortgage and corporate credit), with the aim of structuring financial flows in an environmentally friendly and socially responsible manner.
- Investment: the Sustainability Investment Specialist is responsible for incorporating ESG targets into investment business, and creates appropriate structures and processes in relation to investment advice.
- Human Resources: the Head of Human Resources Management ensures that AKB fulfils its responsibility for employees and ensures training and continued development, amongst other things concerning the issues of diversity and equality.

- Operational Ecology: the Head of Infrastructure and Security is responsible for implementing the ISO 14001 environmental management system. This provides for optimisations in terms of electricity and heating demand, travel and other environmental issues.
- Risk: Risk assesses transition and physical climate risks within the ambit of the Task Force on Climate-related Financial Disclosures (TCFD), issues disclosure recommendations and regularly reports to the Sustainability Committee.
- Core Services: the Head of Segment and Product Management develops sustainable basic products for clients.
- Sponsorships and Events: the Head of Sponsorships and Events ensures the sustainable focus of sponsorship activity and events at AKB and ensures that they make a contribution to social development.

Details concerning the composition and organisation of other bodies within the Bank are set out in the Corporate Governance Report from page 73\* of the Annual Report, whilst the main features of the Bank's salary system as well as the rules for setting and disclosing the remuneration of the members of governance bodies are presented in the Remuneration Report from page 82\* of the Annual Report.

## DIALOGUE WITH STAKEHOLDERS

A lasting and successful relationship with stakeholders must be grounded on fair and respectful dealings with one another as well as transparent dialogue. Active dialogue is important for AKB for discussing the key aspects of sustainability, taking stock of current developments, reflecting on the efficacy of current measures and establishing further measures. AKB incorporates its stakeholder groups into processes and decision making. The following stakeholder groups are of key importance:

### Employees

The expertise and know-how of employees constitute the most important capital for the success and long-term continuing existence of AKB. Thanks to their specialist knowledge, commitment and motivation, clients receive optimal support and the Bank is able to achieve ambitious goals.

Employees are trained and informed on an ongoing basis concerning the issue of sustainability. This is done through information events, written notices over the Intranet, midday talks with the CEO as well as direct messages to line managers and short reports from the Sustainability Committee. In addition, employees' views are canvassed several times each year in the form of questionnaires on various issues, including amongst others sustainability. Further information can be found in chapter 5.

### Clients

Clients, each with their own individual needs, are at the heart of AKB's business activities. As a reliable and fair business partner, AKB tailors its services rigorously and professionally in line with their needs.

AKB asks its clients to state their views concerning particular sustainability issues once each year in a sustainability survey. In addition, AKB specifically cultivates additional fora for dialogue such as the AKB think tank [Denkfabrik] [akb.ch/denkfabrik].

### Owner (Canton)

AKB is resolutely committed to a sustainable business model, mindful of its responsibility for the economic development of the regional market as well as social engagement within the region. The Canton of Aargau benefits from this in the form of profit distributions, the payment of the state guarantee and an increase in corporate value. Discussions with the owner are held several times each year with the Executive Council, at which sustainability issues are addressed.

### Politics/parties

AKB pursues active dialogue with politicians and parties. It frequently exchanges views with the Executive Council of the Canton of Aargau in its capacity as the cantonal supervisory body, the Grand Council of the Canton of Aargau, which exercises overall supervision, as well as the Grand Council Committee for the Economy and Tax. The annual accounts are approved and the Board of Directors is granted discharge according to this procedure. A regular exchange of views occurs with the main parties in Aargau and their officials. In addition, AKB surveys the views of all representatives serving on the Grand Council once each year in a sustainability survey.

\* 2022 Annual Report available for download at [report.akb.ch](http://report.akb.ch), only available in German.



### Suppliers and partner companies

As an important buyer of goods and services, AKB maintains a large network of relations with suppliers. When engaging with all partner companies, AKB ensures that they comply with environmental, labour and human rights standards. AKB asks its suppliers and partner companies for their views once each year in a sustainability survey. Further details can be found in the chapter on "Sustainable procurement".

### Associations

Thanks to its engagement within various associations, AKB makes an important contribution to the social and economic stability of a region or economic sector, promoting independent opinion formation. These efforts are described in the chapter on "Memberships and initiatives". AKB also regularly exchanges views with economic associations within the Canton of Aargau and their representatives.

### Organisations/NGOs

AKB pursues active dialogue with various organisations and NGOs, for example with the WWF. This means that it is possible to respond quickly to global and social developments and demands that have an impact on the Bank's business operations. AKB incorporates this knowledge into processes and decision making.

## MATERIAL TOPICS

AKB aims to gain an awareness of the topics of material importance for it that could have significant effects for the Bank where it exerts or could exert an influence on them itself. This is a goal of the Sustainability Strategy. AKB reports transparently on key issues.

The relevant stakeholder groups were also questioned in 2022 in the annual sustainability survey concerning the impact of various issues. The resulting assessment was subsequently discussed and consolidated by a specialist body comprised of the Sustainability Committee, Risk and two external experts. This gave rise to the following list of key issues. AKB reports comprehensively on the following issues [chapters 1 to 10] in accordance with the requirements set forth in the GRI:

1. Engaging with digital responsibility
2. Economic development in the Canton of Aargau
3. Compliance with legal requirements
4. Attractive financing of sustainable real estate
5. Attractiveness as an employer
6. Offer of sustainable investment products
7. Definition of and compliance with an over-arching climate strategy for the core business and operations of AKB
8. Application of environmental and social criteria in relation to lending
9. Active promotion of a sustainable business model for corporate clients
10. Social engagement in the Canton of Aargau

Further issues have been discussed, although were not classified as significant. These are considered in a concluding chapter, although not with reference to GRI requirements.

## TARGETS

AKB sets itself annual targets in relation to all four dimensions of the Sustainability Strategy and reports transparently on the achievement of targets as well as the measures taken during the reporting year.

### Achievement of 2022 sustainability targets

Out of the twelve targets set for 2022, six were met in full and four in part (target achievement metric in Q1 2023). Two targets were not achieved and will continue to be pursued in 2023. The action taken with the aim of achieving targets is described in chapters 1 to 10.



## Formulation of targets

## Achievement of targets

### Products and services – Lending

All client advisors are familiar with the AKB Sustainable Lending Policy and apply it systematically when providing advice.

In 2022 two training sessions of 2 hours each were held for all client advisors of business clients. The policy is known and is being applied.

The overwhelming majority of heat sources in properties financed by AKB are covered.

In 2022 AKB participated in the FOEN PACTA Climate Compatibility Test, through which energy sources can be obtained from the Federal Register of Buildings and Dwellings (RBD). There has been a delay in the provision of test results and the related GWR data by the FOEN. The data will be reported in 2023.

The value of AKB green bonds increases to CHF 350 million.

The AKB Green Bond Framework has been successfully expanded to all properties. Until now, only owner-occupied homes have been financed. The value of AKB green mortgages paid out rose in 2022 from CHF 143.7 million to CHF 286 million. It was not necessary to issue an additional green bond as part of the Asset and Liability Management (ALM) process.

### Products and services – Investment

All client advisors are familiar with the AKB Sustainable Investment Policy and apply it when providing advice.

The policy was successfully introduced in 2022. In order to further bolster the policy, in 2023 an e-learning module for providing further training to employees will be introduced.

The proportion of impact investing is increased within AKB investment business.

The fund universe was supplemented by an impact fund in 2022.

### Products and services – Core Services

AKB will launch a sustainable product within the Core Services segment by the end of 2022.

AKB will launch a sustainable time deposit during the first half of 2023.

### Organisation

The proportion of women in newly created positions, including internal promotions to middle management level, is at least 45%.

The proportion is 34%. The target is being maintained for 2023. The result is at least higher than the existing level of 31%.

AKB launches a corporate volunteering programme by April 2022.

The AKB corporate volunteering programme was successfully introduced in April 2022. AKB employees are encouraged to participate and become engaged through a range of additional measures.

### Social and economic engagement

Sponsorship activities are placed on a sustainable footing, taking account of the exclusion criteria specified for lending business.

The Sponsorships and Events Guidelines have been revised in order to take account of sustainable aspects. They consider the exclusion criteria specified for lending business.

In 2022 AKB operates a support programme for sustainable entrepreneurship for the first time.

The AKB support programme was successfully launched.

### Environmental protection

AKB obtains certification in 2022 according to the ISO standard 14001:2015.

Certification was successfully obtained on 31 August 2022.

AKB devises a Climate Strategy by the middle of 2022 and publicly announces it.

AKB is working on the development of a Climate Strategy with external partners. The current state of play is described in detail in chapter 7. Owners and other stakeholders should be involved further in the process in order to achieve broad acceptance. The target will be rolled over to 2023.

### **2023 sustainability targets**

AKB has set itself the following ten targets for the coming year within the four dimensions of the Sustainability Strategy. They focus on the sustainable development of products and services.

#### Products and services – Lending

- AKB develops a sustainable credit product for firms by the end of 2023.
- The proportion of green bonds and green time deposits on all bonds issued by AKB increases in 2023.

#### Products and services – Investment

- The Investment Centre draws up a climate policy for AKB portfolio funds and asset management mandates on the basis of the AKB Climate Strategy.
- Regular and transparent reports are made on the sustainability characteristics of the AKB portfolio fund.

#### Organisation

- The proportion of women in newly created positions, including internal promotions to middle management level, is at least 45%.
- At least 80% of persons completing an apprenticeship, the career entry track to the banking industry for high school graduates or a traineeship remain at AKB until at least the end of the year after completing their training module.
- The rating allocated to AKB by the ratings agencies MSCI ESG and ISS ESG is increased.

#### Social and economic engagement

- The AKB support programme is operated for the second time. At least 80% of the businesses that have completed the AKB support programme rate the programme as good or very good.

#### Environmental protection

- AKB continues to work on a Climate Strategy. A climate position paper is published in consultation with relevant stakeholders.
- All AKB events for more than 250 participants are climate neutral.

# 1. Engaging with digital responsibility

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

For a financial service provider, client confidence is the most important prerequisite for a successful business relationship. A core aspect of this is making sure that personal data are protected and handled in a careful manner. Accordingly, conscientious engagement with digital responsibility is directly related to the economic success of AKB.

## MANAGEMENT APPROACH – DATA PROTECTION AND IT SECURITY

Both data protection, i.e. ensuring protection for personal data, as well as general data protection ([akb.ch/datenschutz](http://akb.ch/datenschutz)) and the guarantee of secure business operation – information security – are an integral part of the Bank's risk management at AKB and have the utmost priority. For AKB, risk management is a process in which all relevant risks with a potential negative impact on the Bank are systematically identified, assessed, limited, controlled and monitored. This process is supported by appropriate organisational structures, technical measures as well as methods, tools, and guidelines.

### Clear rules and competences

Governance requirements within the context of data protection (principles, processes, tools etc.) are based on applicable data protection law. Adequate and effective organisational, contractual and technical measures are put in place in order to ensure compliance with data protection requirements. The disciplines of data protection and information security are implemented and responsibly managed at AKB by independent units. The remits and competences of these units are clearly defined. Principal responsibility is borne by the Executive Board.

All employees of AKB undergo appropriate awareness raising and training

concerning the issues of data protection and information security at least once each year, or in the case of specific stakeholders such as golden key holders (employees with privileged user permissions) several times each year.

### Regular assessment and evaluation

Risks liable to impair data or information security are monitored and assessed on an ongoing basis. The Information Security Policy takes account of the current threat situation and is updated on an ongoing basis. It provides adequate and effective security measures to protect information and infrastructures in terms of confidentiality, integrity, availability and traceability. Regular security assessments, vulnerability scans, penetration tests, internal and external audits and further measures assess requirements as well as the extent to which IT security standards are being implemented.

### Information security management system

AKB operates an information security management system (ISMS), which is subject to a process of ongoing improvement, for the purpose of the risk-based management and control of the Information Security Policy. The ISMS sets out the process for managing information security risks – including in particular cyber risks. It is established according to the requirements of ISO standard 27001/2 and takes account of the requirements of the NIST framework (National Institute of Standards and Technology), financial market supervision (FINMA) as well as all other statutory and regulatory requirements.

### Constant identification of risks

Cyber risks are identified, measured, assessed and reported to the Executive Board on an ongoing basis. In addition, all major IT partners and outsourcing service providers have ISO certification and an ISAE control framework, including reporting and monitoring of compliance with controls. This control framework is audited annually by an accredited auditor. The reporting processes for cyber attacks comply with FINMA requirements.

### **Regular exchange of views**

AKB is a member of a number of working groups, bodies and institutions that deal with various issues relating to information and cyber security. Information on the current threat situation is exchanged in the Finance Sector of the National Cybersecurity Centre (NCSC and FS-CSC). As a member of the Association of Swiss Cantonal Banks (VSKB) and the Computer Emergency Response Team (CERT) for banks operated by Switch, AKB is in regular contact with IT security organisations of other Swiss cantonal and major banks.

## **DIGITAL ETHICS AT AKB**

It is second nature for AKB to ensure that aspects relating to digital ethics are dealt with in a responsible manner. These include in particular the following areas:

- processing data and protecting the privacy of clients and employees
- usage of artificial intelligence (AI)
- digitalisation and saving resources

AKB has set out various requirements regarding these matters in the Code of Conduct and Ethics ([akb.ch/codeofconduct](http://akb.ch/codeofconduct)). This Code is regularly updated and approved by the Board of Directors.

## 2. Economic development in the Canton of Aargau

### RELEVANCE OF THE MATERIAL TOPIC FOR AKB

The economy plays a key role in sustainable development. It is the driver and engine of social development – in both a positive and a negative sense. AKB is able to promote sustainable development in a targeted manner through projects and initiatives, which has a positive impact on the environment and society, establishing AKB as a committed partner. The economic engagement of AKB is directed at all operators. There is no need for there to be any business relationship with AKB. As such, AKB takes seriously the social responsibility aspect of its service mandate.

### MANAGEMENT APPROACH

AKB contributes to the development of Aargau's society and economy in a supporting role. It promotes the accumulation and transfer of knowledge, inter-regional networking and the visibility of successful and innovative companies in various formats and at various events.

#### **Various forms of engagement for the economy**

Acting in partnership with the Aargau Trade Association, in 2022 AKB presented the Aargau Business Award ([akb.ch/unternehmenspreis](http://akb.ch/unternehmenspreis)) for the 15th time to the best enterprises in Aargau. The awards made in the categories of small enterprises, medium-sized enterprises and large enterprises recognise successful businesses whose services and ideas influence and fuel the development of the regional economy.

Acting in partnership with the Wyrsh Business School, AKB holds the AKB Entrepreneur Workshop ([akb.ch/unternehmerworkshop](http://akb.ch/unternehmerworkshop)) once each year. The 3.5 day workshop deals with the most important aspects of corporate management in a simple and compact format, addresses all topical issues and focuses on practical action and an exchange of views with like-minded people. Each year, a

specially designed training course is offered to members of foundation councils of occupational benefits schemes, which covers the various aspects of corporate responsibility and equips attendees to deal with upcoming challenges.

At the AKB Business Conference ([akb.ch/wirtschaftskongress](http://akb.ch/wirtschaftskongress)), each year AKB chooses a core topical issue in the field of sustainability as a focus for discussion. The aim of the Business Conference is to raise awareness, stimulate action, inspire and transparently present ideas and examples of other companies. In 2022, speakers from the world of politics and business engaged with the issue of "sustainability within the business" in the presence of around 800 participants.

### SUCCESSFUL AKB SUPPORT PROGRAMME



Acting in partnership with the School of Economics at the University of Applied Sciences and Art Northwestern Switzerland

(FHNW), in 2022 AKB launched the AKB Support Programme for regional companies for the first time, which accompanies and assists selected companies in their efforts to promote sustainability. The aim is to achieve results in the region that benefit people, the environment and the economy. Any companies operating in the market segment of AKB that aim to implement any of the following three projects can participate:

- development or enhancement of a sustainability strategy
- development or enhancement of a sustainability project within the ambit of an existing sustainability strategy
- development or enhancement of a sustainable innovation such as a new product or a business model

AKB and the FHNW support participating companies for six months with a tailor-made

package of measures. This mainly involves a full review by two mentors, the arrangement of direct coaching by experts from the network of FHNW and AKB in all areas of sustainability management as well as the holding of various workshops. This promotes the transfer of knowledge to and among participating companies.

42 enterprises applied to participate in the initial programme, of which 10 were selected by a specialist jury comprised of representatives of AKB, the FHNW and the Aargau business community. Further information concerning the support programme, participating enterprises and the sustainability project is available for download at [akb.ch/foerderprogramm](http://akb.ch/foerderprogramm). This first year of the programme was a resounding success. The support programme will be repeated over the coming years.

#### **Promoting innovation with operating contributions**

As a joint founder of innovAARE AG ([parkin-novaare.ch](http://parkin-novaare.ch)) at the PSI Villigen and co-promoter of the Aargau Technopark ([technopark-aargau.ch](http://technopark-aargau.ch)) in Brugg/Windisch, for a number of years AKB has been sustainably providing operating contributions to promote the innovation and start-up ecosystem in the Canton of Aargau.

# 3. Compliance with legal requirements

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

The issue of compliance covers both compliance with statutory, regulatory and internal requirements as well as adherence to ordinary market standards and professional ethics. A focus is placed amongst other things on rules specific to financial markets, standards to combat anti-competitive behaviour, corruption and money laundering as well as regulations setting out rules of conduct for employees.

The operations of financial service providers are regulated by numerous statutory, regulatory or quasi-legislative provisions. The most important bodies of rules for AKB include the cantonal Banking Act, the Federal Act on Banks and Savings Banks, requirements adopted by FINMA and the Swiss Bankers Association, the rules of SIX Swiss Exchange as well as internal bank directives.

If they are sufficiently serious, breaches of these standards may have an adverse effect on the reputation of AKB. In addition, non-compliance may lead to consequences such as fines, damages claims, liability claims, more stringent monitoring, additional requirements or, in extreme cases, the withdrawal of the banking licence by FINMA. In turn, on account of the important market position of AKB and the cantonal state guarantee, this could also result in economic damage for the Canton of Aargau.

This potential for risk establishes the major significance and high priority of this issue for AKB.

## MANAGEMENT APPROACH

AKB complies without exception and unconditionally with all legal, professional and internal regulations applicable to it. It only conducts business that is also ethically justifiable. This can be ensured via three lines of defence.

### **First line of defence: compliance in practice amongst all employees**

The practised culture of compliance and integrity of the Executive Board and managers form the basis for widespread respect for compliance requirements within AKB. The rules of conduct for all employees are governed by comprehensive directives and clearly defined processes in order to ensure compliance with all relevant standards. This first line of defence is ensured on a day-to-day basis by management checks and the internal control system (ICS).

### **Second line of defence: checks by independent bodies**

Primary responsibility for the second line of defence lies with the AKB Compliance Unit, which operates independently of earnings-oriented business activities. Its tasks, responsibilities and reporting requirements are set out in separate regulations and specifications. The second line of defence is enhanced by risk control, which also operates independently of business processes.

### **Third line of defence: Internal Audit**

The aim of the first two lines of defence is to identify and correct disincentives and misconduct as early as possible. Internal Audit provides AKB with a third line of defence which – operating independently of day-to-day business and reporting, in organisational terms, directly to the Board of Directors – carries out ex-post control tasks and closes the last remaining gaps.

In order to ensure that compliance with the law and with guidelines is the norm at AKB, the Bank has established an effective and efficient system that is integrated into internal bank directives, processes and checks.

Various internal requirements act as a guide for conduct by AKB employees. These include the corporate culture with its fundamental values and principles of management, the terms of employment, the Code of Conduct and Ethics as well as internal directives.

Within its guidelines AKB specifically regulates amongst other things the following



duties: compliance with the banks' code of conduct with regard to the exercise of due diligence (CDB) and the Anti-Money Laundering Act (GwG), upholding banking and business secrets, a prohibition on unlawful conduct when trading in stocks and securities (including amongst other things a prohibition on insider dealing and speculative trading) as well as the implementation of the legitimate money strategy (tax transparency for client funds).

AKB avoids conflicts of interest by following clear rules. Potential conflicts of interest should be recognised and avoided at an early stage. Conflicts of interest that cannot be avoided are disclosed by AKB to the respective client or business partner. The requirement to obtain approval for service in public office, the performance of mandates and the conduct of secondary employment is also intended to identify and avoid conflicts of interest.

Alongside the need to avoid conflicts of interest, a particular focus is placed on preventing corruption. In order to ensure that gifts and the offer of hospitality cannot be exploited in order to conceal corrupt benefits, a clear framework of rules has been established concerning the acceptance and provision of gifts and hospitality. It is explicitly prohibited to accept or provide cash gifts.

The prevention of money laundering and the financing of terrorism is of major importance, which AKB addresses through detailed directives, processes and checks. This enables AKB to comply with legal, supervisory and self-regulatory requirements. Detailed rules apply amongst other things to the requirements applicable to the establishment of a new business relationship, the ongoing monitoring of transactions and business relationships and finally what to do in relation to suspicious or doubtful business relationships.

Ensuring that client funds are tax transparent is an important aspect of the fight against money laundering. AKB has also established rules in this area to prevent tax offences and capital flight as well as any active abetting of tax evasion or similar acts.

AKB has adopted detailed directives and processes in order to implement market conduct rules under the Financial Market Infrastructure Act and the Financial Services Act. These rules apply to all employees of AKB, irrespective of whether they execute a transaction as a holder, a joint holder, an authorised representative or a beneficial owner. AKB has adopted additional regulations for employees

working in particularly exposed functions such as key account managers, portfolio managers, analysts, Executive Board members and others, which lay down requirements applicable to self-trading, holding and lock-up periods as well as organisational measures. In accordance with FINMA Circular 2013/8, each year AKB carries out a risk analysis concerning market conduct. Appropriate action is taken as required, based on the result of this analysis.

All employees performing functions relevant for due diligence requirements, including in particular employees working in contact with clients, must always be up to date concerning the issues of the CDB and the prevention of money laundering. Employees of AKB receive systematic training, starting from the time they start to work for the Bank, in the form of e-learning modules and regular in-person events.

Proper compliance and the correct operation of regulations and processes are regularly reviewed by Internal Audit, the external auditor and FINMA.

## WHISTLEBLOWING

Any employee may contact the respective whistleblowing contact in the event of any suspected or established irregularities, or any illegal or immoral conduct within the working environment. Contact persons include the competent line managers, the General Counsel, the Chair of the Board of Directors' Audit and Risk Committee. Anonymous reports are protected. The General Counsel keeps a register of the reports received and draws up a written report for the Audit and Risk Committee and the Board of Directors.

In addition, clients and employees may raise any concerns they may have about the Bank's business practices or the conduct of individual employees with the supervisory authority FINMA.

## DEVELOPMENTS DURING THE REPORTING YEAR: NO INCIDENTS, AND NO ACTUAL OR SUSPECTED BREACHES OF THE LAW

No reports were made in 2022 to the whistleblowing contact mentioned above. Moreover,

no critical concerns that needed to be referred to the Executive Board and the Board of Directors were raised during the reporting year or the previous year.

Similarly, there were no major suspicions, breaches of legal requirements or corruption incidents at AKB during the reporting year (or during the previous year). Moreover, no complaints were made concerning the failure by AKB to comply with data protection requirements (regarding data protection, see also the chapter on “Engaging with digital responsibility”). AKB did not receive any significant fines or monetary penalties during the reporting year (or during the previous year).

Since no incidents were recorded during the reporting year (or during the previous year), no action needed to be taken during the reporting year.

# 4. Attractive financing of sustainable real estate

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

AKB is a classic mortgage bank and earns most of its revenues from interest operations (73%). The building sector has a decisive influence on sustainable development in Switzerland. Within its mortgage business, AKB is able to create financial incentives for promoting environmentally friendly actions by clients. This has a direct impact on the sustainable development of the building sector. In addition, a mortgage portfolio with a sustainable focus represents a lower risk for AKB over the long term.

## MANAGEMENT APPROACH

Having a long-term, sustainable focus to its mortgage portfolio is crucially important for AKB. It supports its clients in relation to transformations, primarily through incentive systems and corresponding financial services. This is already being implemented in the form of the AKB green mortgage, with the aim of steadily increasing its weight within the overall portfolio. Efforts are being made to improve data quality within the mortgage portfolio in order to draw up e.g. a CO<sub>2</sub> balance sheet for the overall portfolio and to identify corresponding measures.

## AKB GREEN MORTGAGE

The doubling of the volume in AKB green mortgages paid out in 2022 shows that clients of AKB are completing new buildings according to environmental principles or are increasing the intrinsic value of their existing real estate through energy-efficient renovations.

With the AKB green mortgage AKB promotes the optimisation of energy efficiency within the Swiss building sector, which is the second-largest energy consumer in the country. The transformation to CO<sub>2</sub>-neutral properties also has major potential as

regards the conservation of resources and is therefore an outcome that needs to be promoted. In order to pursue this development, AKB has established its own award criteria to support energy measures of this type on buildings and which can be used for all types of property, i.e. both for owner-occupied homes as well as income-generating or commercial property. Whilst numerous other financing products on the market require a label or certificate, AKB relies on a bottom-up approach and rewards specific individual measures. These may include for instance changing energy source or windows, optimising the building envelope, improving building technology or installing renewable energy sources, such as e.g. a photovoltaic installation.

### Promoting individual measures

AKB is convinced that each individual investment in energy efficiency pays out over the long term. Thanks to the combination of currently generous support, tax deductions and discounted AKB green mortgages, energy renovations are currently financially attractive. Since sustainable investments in real estate generally reduce operating and incidental costs, they are an important implementation criterion during times of sharply rising energy costs. Energy renovations not only help to achieve a lower CO<sub>2</sub> footprint but also offer financial benefits and help to make homes or workplaces more comfortable.

### AKB creates incentives

AKB offers an attractive form of support with the AKB green mortgage as a sustainable financing product. At the same time, AKB considers it to be its task to raise client awareness in relation to increases in the energy efficiency of their buildings and to provide comprehensive support. In doing so, the Bank encourages and incentivises property owners to implement efficiency measures. As this often requires major investments, it is important to assess them from the perspective of the overall life cycle. In addition, since energy renovations are demanding both on a technical level and in terms of

planning, clients are advised to involve (and can be introduced to) professional specialists, especially on larger renovation projects. Thanks to their experience and specialist expertise, these professionals are best placed to assess multiple options, to draw up concrete renovation plans and to provide support during implementation.

#### **Long-term increased intrinsic value**

Alongside the short and medium-term aspects, sustainable real estate also has higher intrinsic value over the longer term. This is because nowadays owners and tenants expect higher quality housing and are not willing to pay high incidental costs for fossil fuel heating systems or poorly insulated buildings. At the same time, businesses are also increasingly selecting their office and working spaces according to sustainability criteria.

#### **AKB Impact Report**

Investments to reduce buildings' CO<sub>2</sub> footprints financed by AKB green mortgages make an important contribution to ensuring that a healthy environment is passed on to future generations. The AKB Impact Report published each year in conjunction with the real estate consulting firm IAZI ([akb.ch/impact-reporting](http://akb.ch/impact-reporting)) documents the positive impact on the climate of investments financed by AKB green mortgages. Projections have shown that for instance energy renovations financed until the end of 2021 with green mortgages have cut CO<sub>2</sub> emissions by around 396 tonnes per year. This corresponds to the annual CO<sub>2</sub> emissions of around 317 new commercially available passenger cars or the average annual consumption in Switzerland of 28 individuals. The next impact reporting will be published in the second quarter of 2023. Further information is available at [akb.ch/green](http://akb.ch/green).

# 5. Attractiveness as an employer

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Each business must live up to its responsibilities towards employees. If the business adopts a benevolent and appreciative approach to employees, this increases confidence in the company as well as employee satisfaction. This has a direct effect on its reputation, the commitment of its employees and also its financial success. In addition, the employer's attractiveness on the labour market increases as a result.

AKB's existing and new employees are a key factor in its success. The labour shortage as well as the attractiveness of the City of Zurich as a financial centre in the neighbouring Canton of Zurich represent major challenges for AKB. Consequently, AKB must present itself as a responsible and forward-looking employer in order to remain attractive on the market.

## MANAGEMENT APPROACH – AKB AS A RESPONSIBLE EMPLOYER

Thanks to the simple, digital and transparent selection process, candidates can be aware at all times of the current stage of the recruitment process. The entire recruitment process uses informal forms of address in order to convey a sense of the AKB corporate culture when seeking to attract new colleagues. Authenticity is particularly important within introductory informal conversations.

New positions were created in 2022 within various business areas, including in particular client advisors. The workforce including trainees rose from 865 to 892 people, or by 9 FTEs (full-time equivalents) to 764.

## ATTRACTIVE WORKING CONDITIONS



AKB takes account of the need for enhanced flexibility in order to strike a good balance among professional life, family and free time. It offers flexible working models and promotes job sharing and part-time work by indicating a level of employment range when advertising all positions. Depending upon the respective function and area of work, AKB allows its employees to work up to 60% of their hours according to "work smart" or home office arrangements. In addition, by purchasing leave or taking unpaid leave it is possible to take account of individual needs and private projects. Employees appear to be highly satisfied with AKB as an employer: on kununu, Europe's leading platform for employer reviews, 91% of employees recommended AKB as an employer, giving it an average score of 4.3. Considered against the banking industry average of 3.5 points, this is a very good result.

### Fair and reasonable



Salaries at AKB are periodically subjected to the statutory equal pay analysis under the "Fair on Pay" label. Ensuring fair salaries for employees, both in comparison with the market and internally, is very important for AKB. The examination carried out by "Fair on Pay" has confirmed that salaries are allocated fairly in accordance with Federal Government requirements, with AKB hence obtaining corresponding certification. At a ratio of 1:10.8, the wage difference from the lowest to the highest in the Bank as a whole is below the ratio of 1:12. The wage difference between the median and the highest salary is 1:5.

### Equal opportunities for all

AKB ensures not only that there are no differences in terms of salaries, but also that everybody has the same opportunities,

whether in relation to job occupancy or succession planning. In order to increase the proportion of female employees, which is still below average in particular in middle management roles, particular efforts will be made to promote women until the respective proportions of women and men have converged.

#### GERARDINA SIBILIA BAUMBERGER



Gerardina Sibilia Baumberger, 47, is Chief Risk Officer at AKB and the mother of two school-age children. She has been working in the financial industry for 20 years – and has been with AKB since 2021. AKB is an attractive employer for Gerardina Sibilia Baumberger in all respects. She particularly appreciates the fact that she can structure her working day flexibly and regularly work from home. This is a major plus point, which enables her to reconcile her private and professional lives.

## CORPORATE CULTURE

The corporate culture is one of the differentiating features that sets us apart from other employers. When dealing with employees we focus not only on performance but also on people as individuals. AKB expects all employees to perform to high standards, whilst keeping an eye on strategy and overarching targets. However, AKB is supportive as well as being demanding: major significance is afforded to employee development within the context of transformational management at AKB. As part of this process, their competences are incor-

porated into individual development plans within annual development discussions. This is also related to the management culture, which is focused on transformational management within internal seminars, and which encourages managers to develop into coaches.

### Maintaining cultural values

The cultural values of AKB are reflected in the basic values and management principles of the Bank. They are an important aspect of the Code of Conduct and Ethics ([akb.ch/codeofconduct](http://akb.ch/codeofconduct)). In order to ensure that cultural values are always recalled to mind and firmly established, they are communicated on an ongoing basis amongst other things in the form of testimonials on the Intranet and through other channels. These employee statements are supplemented by short videos in which typical, unwelcome forms of behaviour by managers are portrayed in an exaggerated manner.

Cooperation within AKB is enhanced through various events. These include amongst other things the annual team day at which each team can do something together during working hours at the cost of AKB. In addition, AKB holds a party for the entire Bank and nurtures contacts beyond the confines of individual organisational units.

Since 2022, AKB has organised online midday talks with the CEO and the Executive Board. A core issue is the opportunity to propose issues that can be addressed and discussed within talks.

### Employee surveys

AKB carries out two employee surveys each year, as well as - extraordinarily - a third in 2022 for the Swiss Employer Award. The first employee survey gauged the level of organisational energy. The survey identified how high the respective levels of productive, pleasant, pessimistic and corrosive energy were. According to a cross comparison with previous years, AKB improved in all four dimensions, and also scored above average according to the benchmark of external financial institutions. The most apparent finding was the rise in its attractiveness as an employer to a level that was clearly higher than the benchmark. In the second survey on service quality, employees scored the service quality of various internal organisational units.



## Swiss Employer Award



The employee survey for the Swiss Employer Award asked employees questions concerning issues relevant for the Employer Value Proposition, such as strategy, culture, content of work, dealing with change, promotion or pay. The results were pleasing: in November 2022 Aargauische Kantonalbank received the award in the category of enterprises between 250 and 999 employees – thus being commended as the number one employer.

### Conduct and interaction at work

AKB employees have flexible working hours, which they can structure themselves, taking account of operational needs. Precisely for this reason, having one in-person office team day each week is important, and is also called for by many employees. Physical, digital and hybrid forms of meetings and cross-departmental cooperation have established themselves within everyday life.

## GIANNINA DE SOUSA



Giannina de Sousa, 33, started to work for AKB in 2005 after completing basic commercial training, and is currently the AKB branch head in Oftringen. In addition to completing two external advanced qualifications – she is a certified specialist in Banking Economics and has completed a Master of Advanced Studies in Bank Management – she has worked amongst other things as a private client advisor and as a corporate client advisor at AKB. Giannina de Sousa appreciates the cultural values of AKB and the Bank's support in relation to professional and personal development.

## STAFF DEVELOPMENT AT AKB

With the options offered by the AKB Campus, all employees have access to a broad range of training, workshops and ad hoc events specific to their individual functions and specialisation. The AKB Campus range is aimed at supporting the specialist, managerial and social skills of employees and at promoting individual responsibility and organisation. It ensures a motivating learning environment, which unlocks internal career opportunities. In addition, from 2023 AKB will also be offering specific advanced training events on sustainability and its implementation.

### Internal specialist and sales training

A comprehensive range of specialist training courses delivered by four specialist trainers provides the basis for first class banking services. Thanks to these specialist experts, AKB employees develop their expertise with reference to their specific functions in the fields of pensions, investment and lending. A certificate also provides external evidence of professional development. Other internal specialists impart specialist knowledge and IT skills to employees. By providing targeted advanced training to employees on an ongoing basis, they are always able to keep their expertise up to date.

### Internal leadership training

The Leadership Academy is part of the AKB Campus. This service assists managers throughout their demanding everyday tasks. All leadership training and workshops are based on AKB values and corporate culture, management principles as well as the principles of transformational management. In addition, the training available for managers counts towards the Certificate of Advanced Studies in Leadership. AKB offers a bespoke personal development pathway for employees with potential who have the ambition of securing a management role.

### External advanced training

It is its employees who make AKB unique. Ensuring their professional and human development is therefore a major concern. AKB provides career planning support to its employees. Depending upon the relevance for the job, up to 90% of advanced training costs



are paid for, and 10% of working hours can be dedicated to advanced training.

### **Trainee programme**

AKB offers a promotion track for ambitious employees. Whether they display a flair for advising clients or are enthusiastic about performing specialist functions, staff receive thorough training in a trainee programme and are equipped for the demanding duties of a client advisor or specialist. The trainee programme is offered for the four segments of Private Clients, Corporate Clients, Private Banking and Central Specialist.

The trainee programme combines practical work with theoretical knowledge. It effectively anchors know-how. Trainees learn from skilled trainers in the workplace. At the same time, they benefit from internal specialist courses and internships with specialist teams. The individually tailored training plan ensures a successful outcome. Training is provided at one of the branches or at the head office in Aarau. It lasts for between 21 and 24 months – depending upon the career path and professional development.

Trainee programmes are suitable for committed staff with a commercial qualification, a degree or a banking apprenticeship followed by between two and four years' experience in banking. Trainees also set themselves apart by their motivation, talent and enthusiasm for sales. AKB supports external advanced training during the programme, both financially and also by offering the opportunity for a reduction in working hours. Those who complete the training course take over their own portfolio of clients as freshly minted client advisors, or a demanding specialist position. Subsequent career planning is drawn up individually.

### **Trainees and high school graduates**

"Shaping the future together". This is the AKB motto for core professional training. More than 10 percent of employees are undergoing core professional training. Promising young employees receive comprehensive and rewarding basic training for the professional roles of salesperson, IT technician and media specialist, thus receiving a sound preparation for their future career.

In addition, interested and motivated high school graduates are offered the opportunity of joining the Bank. The career entry track to the banking industry for high school

graduates, which combines theory and practice of everyday banking life, is their first step into the varied and fascinating work of banking.

### **Employability as the key to success**

The aspect of employability is a key focus of personal development, and this area will be an important factor in achieving success on the labour market of tomorrow. AKB has a strong interest in identifying the market's needs as well as its own needs as a company, and also in supporting employees. It sees it as its duty to be able to offer employees targeted advanced training, orientation and internal development opportunities within the context of technological and demographic challenges.

# 6. Offer of sustainable investment products

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Asset management and investment advice account for a significant proportion of AKB's overall business. As a financial service provider, AKB is able to use its influence to ensure that client assets are directed towards meaningful uses and to reduce negative effects of investments on sustainable development. Accordingly, AKB offers its clients investment products that take account of sustainability aspects.

## MANAGEMENT APPROACH – THE INVESTMENT CONCEPT OF AKB

AKB is convinced that the incorporation of sustainable criteria into the process of selecting investments improves their risk profile and also opens up opportunities for companies and issuers alike, and thus also for investors, thanks to good sustainability management. In addition, AKB enables its clients to make a meaningful contribution to sustainable development with their assets. AKB accepts its responsibility for directing financial flows into sustainable areas.

### **Sustainability filter and exclusion criteria**

In 2021 AKB expanded its processes for selecting investments. The Sustainable Investment Policy is applied to the entire investment universe, within both asset management as well as advisory business. This involves the application of two sustainability filters in relation to direct investments in equities and bonds. During the first stage, business models and practices involving high sustainability and reputational risks are excluded. These exclusion criteria are reviewed each year. During the second stage, the sustainability performance of companies and issuers is assessed with reference to ESG criteria. The sustainability performance of a company

or issuer is considered to be solid by AKB if it is rated by the sustainability rating agency MSCI ESG as at least "BBB". This assessment guarantees that the management follows the most important sustainability issues according to an industry comparison at least at an average level. The current catalogue of exclusion criteria and the detailed descriptions, including revenue thresholds, can be consulted at any time at [akb.ch/private/anlegen-handeln/nachhaltiges-anlegen/ausschlusskriterien](http://akb.ch/private/anlegen-handeln/nachhaltiges-anlegen/ausschlusskriterien).

Around 20% of issuers have been excluded from the global bond universe with reference to exclusion and ESG criteria, and around 40% of companies from the global equity universe. The sustainability assessments of companies and issuers are reviewed monthly. Any stocks that are no longer sustainable are sold from the portfolio within a particular period of time (asset management business) or respectively their sale is recommended (Advisory business) and the investment universe is adjusted accordingly.

At present the Investment Policy of AKB covers the investment categories of equities and bonds as well as the thematic area of micro-finance under other investments. Other investments such as real estate or commodities are classed by AKB as "unrated" owing to the lack of any sustainability standards. AKB closely monitors developments in terms of the offer of sustainable products and policies and regularly reviews whether to expand the Sustainable Investment Policy to additional investment categories and themes. The proportion covered by sustainable investments in its various investment strategies lies between 60% and 100%. A list of the other – clearly justified – exceptions from the Sustainable Investment Policy can be found at [akb.ch/nachhaltiges-anlegen](http://akb.ch/nachhaltiges-anlegen).

### **Sustainability assessments of third-party funds and ETFs**

The system of sustainability assessments for third-party providers of investment products is based on two pillars. First of all, the ESG Policy applied by the provider of the product

is compared with that of AKB and assessed in order to establish its compatibility. Secondly, it is ascertained whether the strategies referred to in the policy are being implemented accordingly within the project and whether there are any discrepancies with the AKB approach in terms of implementation. For thematic products, the assessment examines whether the theme is deemed to be sustainable from a AKB perspective as well as quality of implementation. In 2021/22 AKB assessed more than 100 third-party products and was able to confirm the robustness and reliability of its approach.

### **Asset management mandates**

AKB portfolio funds and our standardised asset management mandates have been fully aligned with the Sustainable Investment Policy of AKB since the middle of 2021. Accordingly, at the end of 2022, 100% of private client mandates and all AKB funds were invested according to the AKB Sustainable Investment Policy. Over the longer term, we aim to further enhance the reach of sustainable investment by raising our clients' awareness of the benefits of a sustainable investment strategy.

### **Advisory mandates**

Where possible, the investment universes for advice (equities, bonds, funds) only include sustainable stocks. The universes were reassessed in 2022 in line with the AKB policy, clients were informed concerning any unsustainable investments in their custody accounts and proposals concerning switches were presented. By the end of 2022, 55% of Portfolio and Fokus advisory custody accounts were invested in sustainable investments. 42.1% originated from unrated investment categories (a third of which were in real estate) and 2.8% were rated by AKB as not sustainable. Clients who manage securities positions independently without any advice from AKB are classified as "execution only". Since AKB is unable to exert any decision making influence over these assets held in custody, they have not been assessed.

### **Comprehensive transparency**

Transparency is very important for AKB. We therefore place a major emphasis on ensuring that clients are informed concerning the sustainability approach and the sustainability focus of their portfolios. Accordingly, since

the start of 2022 AKB has been indicating in periodic statements of assets, in asset reports and in e-banking how the relevant investment has been assessed by AKB in terms of sustainability. In addition, the reasons for any assessment of a position as being "not sustainable" are indicated in the statement of assets. Both transparency and sustainability reporting on investment products are being further enhanced and expanded. As such, AKB is making a contribution to the expansion of information concerning sustainable investment, thereby preventing greenwashing.

### **Regulation**

In 2021/22, [self-]regulation for sustainable investment increased strongly in Switzerland. Specific requirements have been published for the purpose of preventing greenwashing as well as for advice and reporting. Encouragingly, the various bodies of rules have only resulted in a marginal need for adjustments by AKB – a sure sign that the Investment Policy and its implementation proactively fulfil the requirements of the various stakeholder groups.

### **Engagements**

AKB is a signatory to the global investor initiative UNPRI (United Nations Principles for Responsible Investments) and a member of the Swiss industry association Swiss Sustainable Finance. These engagements help AKB to monitor closely and contribute to lively developments in the field of sustainable investment.

### **Achievement of targets in 2022**

AKB set itself the target in 2022 of ensuring that client advisors systematically apply the AKB Sustainable Investment Policy. Various initiatives have been pursued with the aim of achieving this target. First of all, the level of information provided to clients was significantly increased. The internal e-learning programme on sustainable investment was completed in 2022, and will be made available during the first quarter of 2023. The proportion of impact investments was increased thanks to the opportunity to incorporate green bonds from non-sustainable issuers into asset management products. Existing recommendations for micro-finance were supplemented by an impact product in the field of equities in the advisory fund universe.

## Outlook for 2023

This year AKB will expand sustainability reporting for portfolio funds and publish monthly sustainability factsheets. Thanks to the ongoing training provided to client advisors, advisory expertise in relation to sustainable investment is being further enhanced.

| in CHF million   | 31.12.2021 |      | 31.12.2022 |      |
|--|------------|------|------------|------|
| <b>ASSET MANAGEMENT</b>  |            |      |            |      |
| <b>Proportion of assets managed according to the Sustainable Investment Policy of AKB*</b> |            |      |            |      |
| Private clients (VVA**)  | 100.00%    | 1692 | 100.00%    | 1483 |
| AKB portfolio funds ESG Fokus***   | 100.00%    | 1298 | 100.00%    | 1432 |
| Institutional clients (VVA** and AKB funds)  | 25.70%     | 1388 | 22.63%     | 1073 |
| <b>Portfolio and Fokus advisory custody funds****</b>                                      |            |      |            |      |
| Proportion of <b>sustainable</b> investments   | 55.08%     |      | 55.11%     |      |
| Proportion of <b>non-sustainable</b> investments   | 2.78%      |      | 2.82%      |      |
| Proportion of <b>unrated</b> investments   | 42.14%     |      | 42.07%     |      |

\* The AKB Sustainable Investment Policy exclusively is applied to asset management mandates of private clients and AKB's own funds. In most cases client requirements, which only embrace the Sustainable Investment Policy to a limited extent, are most relevant for institutional clients.

\*\* Asset management mandate

\*\*\* Covers all category, portfolio and pension funds admitted for public distribution.

\*\*\*\* Investments in advisory custody accounts are based on individual recommendations.

# 7. Definition of and compliance with an over-arching climate strategy for the core business and operations of AKB

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Climate change and its effects have a direct impact on the business operations of AKB. This is already becoming tangible, and the trend will become more marked over the medium to long term. In particular mortgage and investment business, although also the Bank's own operations, will be affected by this. AKB can help to protect the climate through its own products and services.

AKB recognises climate change as one of the largest global challenges of our times and accepts its responsibility as a financial service provider and part of the economic system. Climate protection constitutes the basis for a liveable future. AKB is proactively engaging with the challenges and risks associated with climate change.

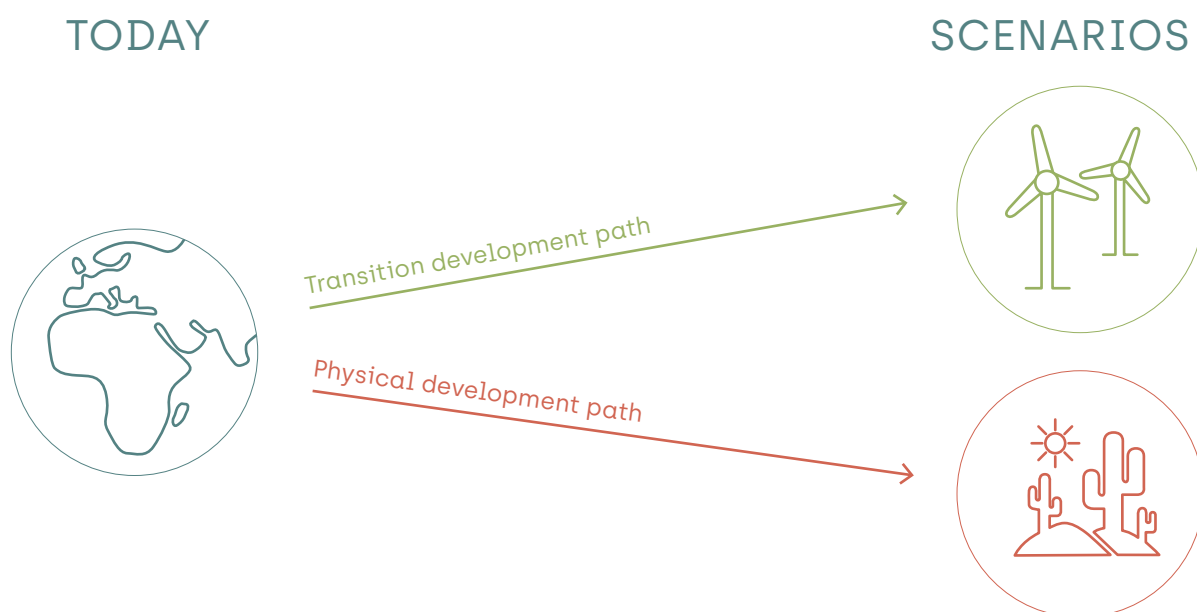
AKB endorses the commitments made in the Paris Climate Agreement of 2015 to limit average global warming compared to pre-industrial levels to significantly below 2 degrees Celsius, endeavouring to achieve a maximum temperature increase of 1.5 degrees Celsius, following also the ratification of

these goals for Switzerland by the Federal Assembly in 2017. In addition, AKB is committed to the net zero target formulated by the Federal Council in the summer of 2019 of reducing Switzerland's greenhouse gas emissions to net zero by 2050.

## THE IMPACT OF CLIMATE-RELATED OPPORTUNITIES AND RISKS ON THE BUSINESS OPERATIONS OF AKB

The impact of climate change on the business operations of AKB is established once each year in AKB's internal document entitled "Finance and Capital Planning", which is submitted to the Executive Board and the Board of Directors for assessment and approval.

In order to identify and assess climate-related risks and opportunities, first of all two simplified scenario narratives are established within financial and capital planning, which are focused on the reference scenarios of the Network for Greening the Financial System (NGFS):



Under the “transition climate risks” scenario, the framework conditions that will lead to climate-neutral Switzerland in the long term and help achieve the Paris climate targets are examined. AKB defines for instance increased regulation by laws or rising costs as a result of market distortions and technological change as a transition risk driver.

The “physical climate risks” scenario assumes that there will be no serious efforts to reduce greenhouse gases – business as usual will continue. In the long term, this would lead to an increased incidence of extreme storms and/or droughts as a result of the global increase in temperature.

The climate-related risks and opportunities identified and (qualitatively) assessed in the following sections within the context of transition and physical climate risks are primarily based on assessments by internal AKB specialists, information from the PACTA (Paris Agreement Capital Transition Assessment) climate compatibility test, the effects of climate change on the Canton of Aargau and exposure analyses in climate-sensitive sectors (based on NOGA/Industry Codes) for our portfolio of entrepreneurial and financial investments.

**Climate-related risks**

At AKB the impact of climate change is primarily apparent within the credit risk (see also the graph below), as business operations are focused overwhelmingly on mortgage and

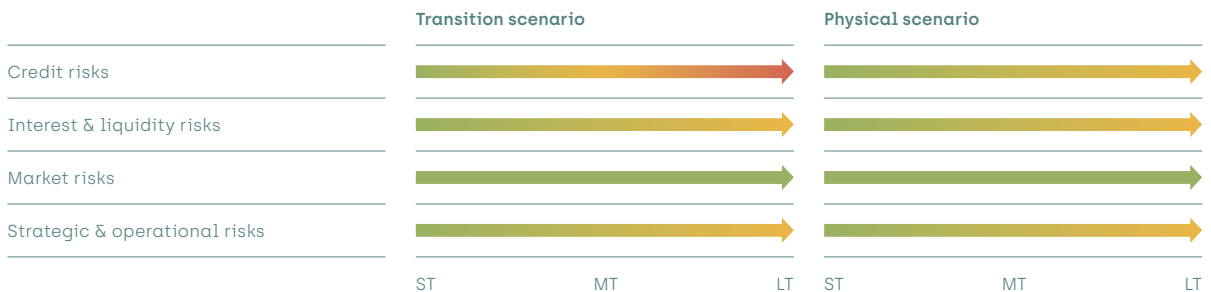
lending business. Across all risk types, the short-term impact of transition or physical climate risks on AKB is considered not to be significant. Over the medium to long term, AKB recognises a potentially increasing significance for climate-related credit risks under a transition climate scenario.

**Credit risks**

As regards transition climate risks, credit risks are ascribed increasing importance over the medium to long term. Accordingly for example, more restrictive legal/regulatory requirements with regard to greenhouse gas emissions or changes in market conditions could lead to losses in the value of older properties. However, it is also conceivable that companies in climate-sensitive sectors will have a higher probability of default as a result of higher operating/investment costs. With regard to climate-related, physical credit risks, with the increasing exacerbation of climate change, AKB takes the view that, over the medium to long term, the focus will increasingly lie primarily on real estate, with losses in value due to more frequent extreme storms or higher insurance costs, as well as companies in climate-sensitive sectors, where there will also be increasing probabilities of default.

In order to determine with greater precision the credit risks for companies in climate-sensitive sectors (sectoral selection based on the recommendations of the United Nations Environment Programme Finance Initiative [UNEP FI]), Risk carries out a monthly assessment of

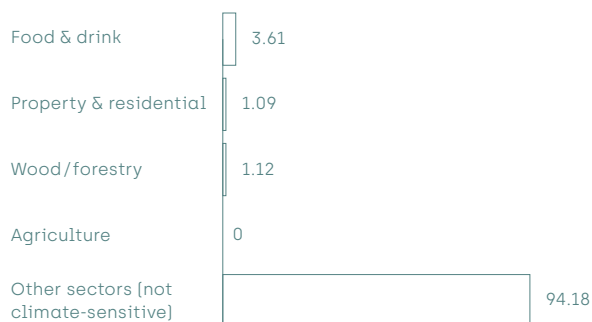
## CLIMATE-RELATED RISKS



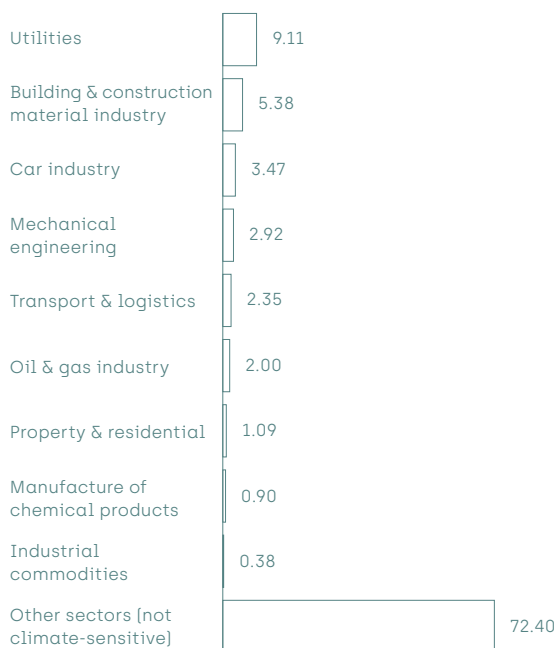
**Key**  
 From green to red (increasing significance of risks)  
 Assumption: real estate can still be insured (physically)  
 ST: short term < 1 year (transition) & < 10 years (physical)  
 MT: medium term 1–5 years (transition) & 10–20 years (physical)  
 LT: long term > 5–10 years (transition) & > 20–50 years (physical)

unsecured credit exposure in climate-sensitive sectors. For financial year 2022, reporting was not able to identify any increased concentrations of unsecured credit exposure in relation to climate-sensitive sectors. See also the following assessment with reference to 31 December 2022:

**Breakdown of unsecured credit exposure according to physical sector in percent**



**Breakdown of unsecured credit exposure according to transition sector in percent**



As regards unsecured loan exposure, AKB regards in particular a disruptive, transition climate scenario as a challenge over the medium to long term if companies are unable to react quickly enough to the new framework conditions ("survival of the fittest"). On the other hand, AKB assumes that the negative effects of a physical climate scenario will tend to have an impact on AKB's loan portfolio over a longer period of time, which means that climate change will

have a "slow burning" effect. From a financial perspective, this would be more feasible, although subject to the core assumption that it was still possible to conclude building insurance for real estate even under the "physical climate risks" scenario.

### Interest rate and liquidity risks

With regard to transition and physical climate risks, AKB does not currently see any significant financial strains in the area of interest/liquidity risks. An analysis of the financial investment portfolio focusing on potential "stranded assets" in climate-sensitive sectors did not identify any significant risky exposure in this regard. In the medium to long term, however, AKB is attaching increasing importance to climate-related interest/liquidity risks, which could take the form of stricter liquidity requirements from the Swiss National Bank (SNB) or losses in the value of (mortgage-backed) financial assets.

### Market risks

AKB assesses the potential loss in climate-related market risks to be low for both transition and physical climate risks. The main reason for this is the small trading portfolio at AKB, which is managed on the basis of daily risk management.

### Strategic and operational risks

The significance of strategic and operational risks triggered by transition climate risks – such as for example the deterioration in strategic metrics or higher implementation/process costs due to more stringent regulation – has been classified by AKB as low over the short term. Over the medium to long term, AKB considers climate change to have an increasing impact in terms of physical risks. These may manifest themselves due, amongst other things, to the failure of business-critical processes or infrastructure as a result of catastrophic weather or an increase in the loss of AKB employees.

### Climate-related opportunities

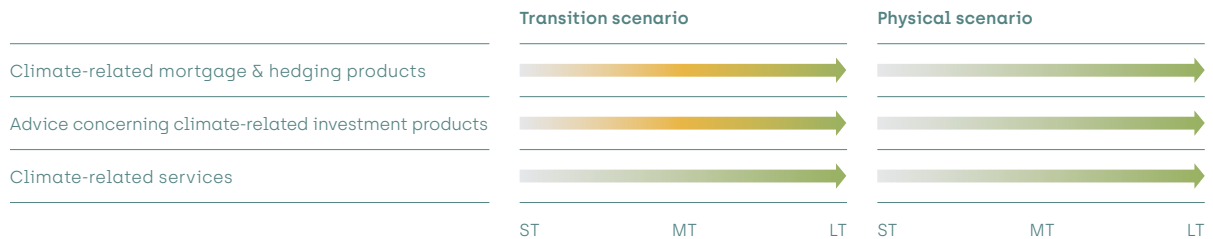
Leaving aside the measures and initiatives currently ongoing, AKB has also identified various opportunities over the short, medium and long term within the context of a transition or physical climate scenario (see also the scenario description above). A valuation



analysis carried out by AKB specialists in climate-related opportunities identified earnings potential above all under a transition scenario. Opportunities tended to arise under a physical scenario over the longer term. See also the following graph:

physical scenario through the expansion of the existing service range, such as for example by supporting clients in reducing their individual CO<sub>2</sub> footprints or with general financial advice within the context of climate change.

## CLIMATE-RELATED OPPORTUNITIES



### Key

From green to red (increasing significance of opportunities)

ST: short term < 1 year (transition) & < 10 years (physical)

MT: medium term 1–5 years (transition) & 10–20 years (physical)

LT: long term > 5–10 years (transition) & > 20–50 years (physical)

### Climate-related mortgage & hedging products

Under a transition scenario, AKB has identified opportunities in the constant development and expansion of existing and newly created climate-relevant products and services such as sustainability-linked loans and the provision of new investment opportunities such as impact investment. In the event of the manifestation of a physical scenario, long-term earnings potential is considered to lie in particular in the increased need for real estate funding as a result of weather damage as well as the provision of new insurance products providing protection against extreme weather events.

### Client demand for advice

AKB considers there to be climate-related opportunities, amongst other things, in the sharp rise in demand for advice by clients seeking investment advice focusing on climate-related opportunities or climate-related risk assessment in order to protect their assets against potential transition or physical risks.

### Climate-related services

Opportunities will arise under a transition or

### Conclusion concerning the climate-resilience of AKB's business operations

Throughout the 2021–2024 strategy period, AKB will focus its business operations on climate-related risks in order to exploit the opportunities resulting from climate change and to minimise climate-related risks. As far as climate-related risks and opportunities under a transition or a physical climate scenario are concerned, at present AKB considers the likelihood of a transition scenario to be higher than that of a physical scenario:

- AKB has identified potential transition risks to lie in particular within a disruptive scenario characterised by market turbulence in terms of credit exposure, although the impact of climate-related transition credit risks on AKB is currently considered to be limited. This should also be considered in the context of the increased potential for opportunities in terms of goods and services under a transition scenario.
- A physical scenario will have a long-term impact on climate-related risks and opportunities for AKB. It will be possible to take appropriate action to limit the negative consequences of climate change (such as extreme weather) on the business operations of AKB.

According to the information currently available and current assessments, the business strategy of AKB may generally be deemed to be robust as regards the consequences of climate change. This will be the case under both a physical and a transition scenario.

## MANAGEMENT APPROACH – KEY FEATURES OF THE GOVERNANCE STRUCTURE FOR CLIMATE-RELATED OPPORTUNITIES AND RISKS

Within this national and international context, AKB has been devising a climate strategy that is consistent with the climate strategies of the Federal Government and the Canton of Aargau. According to the goals set for the 2021–2024 strategy period as well as the United Nations SDG [Sustainable Development Goal] 13 “Climate Action”, AKB aims to implement the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and to comply with the new requirements set forth in the Ordinance on Climate-Related Disclosures by the end of 2023 at the latest.

### **Climate-related opportunities**

AKB accepts its responsibility as a sustainable bank and also sees climate change and climate protection as an opportunity. Thanks to the sustainability management structures established throughout the Bank as described in the chapter on Corporate Governance, AKB is well prepared to engage proactively with developments and to come to the market quickly with innovative products and services.

### **Climate-related risks**

At AKB the Board of Directors bears overall responsibility for risk management for (climate-related) financial risks. The framework for Bank-wide risk management put in place by the Board of Directors incorporates the Risk Policy Regulations, requirements on risk tolerance and risk limits as well as the specific regulations and guidelines issued for the main types of risk.

The Audit and Risk Committee supports the Board of Directors in assessing and monitoring the functionality and appropriateness

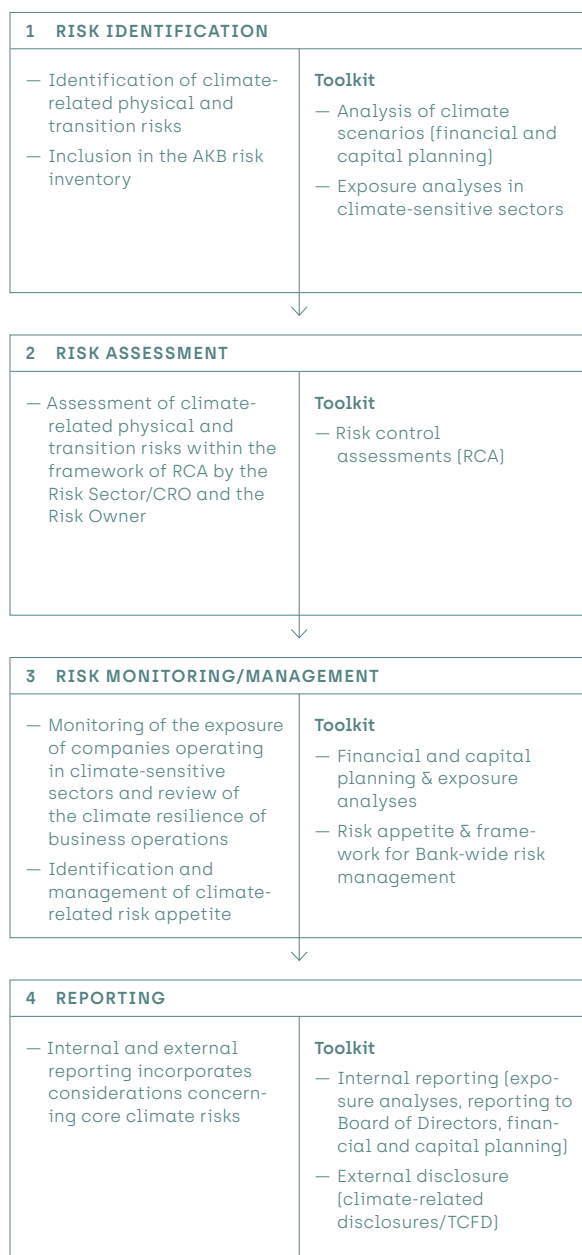
of Bank-wide risk management. The Executive Board is in turn required to implement the operational business in accordance with the framework for Bank-wide risk management.

The independent Risk Sector, under the leadership of the Chief Risk Officer, is responsible for identifying, assessing, monitoring and reporting on all main types of risk, including climate risks. Risk draws up regular reports for the Sustainability Committee on climate-related financial information concerning AKB. In addition, comprehensive and consolidated reports on climate-related financial information are submitted quarterly to the Executive Board, the Audit and Risk Committee and the Board of Directors.

# RISK MANAGEMENT STRUCTURES AND PROCESSES FOR CLIMATE-RELATED RISKS

The framework for climate-related financial risks comprises risk identification, risk assessment, risk monitoring/management as well as reporting. See also the following graph:

## FRAMEWORK FOR CLIMATE-RELATED FINANCIAL RISKS



The following sections contain details of the individual dimensions.

### Identification and assessment of climate-related financial risks

Climate-related financial risks are identified primarily on the basis of scenario analyses or exposure analyses for transition and physical climate risks. The climate-related financial risks identified are assessed within regular risk control assessments by the Risk Owner in conjunction with Risk.

Climate-related risk is not regarded as a new separate type of risk. Accordingly, in 2022 definitions for the types of risk already identified within the AKB risk inventory were clarified and expanded to incorporate the dimension of climate-related risk drivers.

Last year, a separate assessment of inherent risks associated with climate-related risks was also carried out in line with the approach taken for operational risks (see also section 3).

### Management of climate-related risks

Climate risks are classified as so-called horizontal risks, i.e. risks that manifest themselves within the ambit of previously identified types of financial risk, such as credit, market, liquidity or operational risks. Climate-related financial risks are thus embedded and managed as part of the framework for Bank-wide risk management.

The AKB Risk Policy Regulations set out the framework for Bank-wide risk management as well as the principles applicable to individual types of risk, risk tolerance and the risk limits, regulations and guidelines based on these. According to the risk policy, climate-related financial risks specifically qualify as potentially relevant risk drivers.

The framework for Bank-wide risk management also incorporates implementing provisions and restrictions in the form of guidelines and handbooks. Sustainable lending criteria have been developed within this context, which for example exclude the possibility of financing coal or oil-fired power stations. The specific requirements applicable to investment in financial assets apply as regards liquidity/balance sheet structure management (see the following information box).

## ENVIRONMENTAL AND SOCIAL GUIDELINES FOR FINANCIAL ASSETS OF AKB

The following restrictions have been established in order to take account of sustainability and climate risks, such as in the form of stranded assets, affecting financial investments:

If MSCI ESG ratings are available:

- General prohibition on investing in counterparties with an MSCI ESG rating lower than BBB.

If no MSCI ESG ratings are available:

- General prohibition on investing in counterparties operating in climate-sensitive sectors, including oil and gas.

The restrictions do not apply to financial instruments that comply with the principles adopted by the Internal Capital Market Association [ICMA].

ibility test of the Federal Government, having previously done so in 2020. PACTA stands for Paris Agreement Capital Transition Assessment. The Bank's own financial investments, the investment portfolio and the mortgage portfolio were measured. It is set to participate again in 2024.

In-house emissions are also recorded and there are ongoing efforts to reduce these according to various initiatives. The remaining emissions are offset in full.

## METRICS AND TARGETS: QUANTITATIVE INFORMATION CONCERNING CLIMATE-RELATED OPPORTUNITIES AND RISKS

### Key figures concerning climate-related opportunities and risks

AKB has adopted various initiatives and targets for 2022 regarding sustainable products (chapters 2, 4, 6, 8 and 10). In terms of climate-related risks, Risk draws up a monthly assessment of unsecured credit exposure to companies operating in climate-sensitive sectors. Corresponding quantitative information may be found under climate-related credit risks.

### Measurement of emissions

A key pillar of AKB's Climate Strategy is the measurement of financed emissions. This applies in particular to lending business (mortgages and corporate credit) as well as investment business. AKB examines various measures and approaches such as for instance the Science Based Targets initiative [SBTi]. This enables emissions to be correctly quantified and transparently disclosed.

Regarding this issue, in 2022 AKB took part once again in the PACTA climate compat-

# 8. Application of environmental and social criteria in relation to lending

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

AKB is an important business and financing partner for local businesses, predominantly SMEs. By engaging in responsible lending, it can exert a direct influence in terms of the companies with which it establishes partnerships, or to which it grants financing. Since AKB cooperates very closely with its corporate clients, it can exert considerable leverage. AKB refuses to grant financing that would be associated with an economic or reputational risk.

## MANAGEMENT APPROACH

Sustainable aspects are a key aspect of lending for AKB. The promotion of clients' sustainable plans and projects lies at the heart of its engagement. AKB aims to enable corporate clients to be able to rely on a new sustainable credit product from the start of 2024.

### Lending assessment criteria

A review and assessment of sustainable aspects are mandatory elements of the credit check process – alongside an assessment of creditworthiness and solvency. As a general rule, all companies have access to AKB financing. However, some activities are assessed differently with reference to more stringent ESG scrutiny. As part of this process, AKB also takes account of regional specificities, traditions, cultural aspects and security of supply. Credit applications made by companies with any of the business models indicated below are assessed exclusively by the senior credit approval department with the involvement of internal sustainability experts:

- Production of or trade in alcoholic drinks – beer, wine and regional specialities are not affected by this
- Production of or trade in tobacco products
- Operation of gambling and casinos

- Production of or trade in weapons, accessories for weapons and munitions
- Operation of nuclear power stations and fossil fuel power stations

The revenues earned from lending to the companies concerned totalled CHF 653,931 in 2022, and were generated largely from the energy sector. This amount was allocated for the newly launched AKB support programme as well as the interest deduction on AKB green mortgages. Costs totalling CHF 516,141 were CHF 137,790 lower than revenues. In 2023, this residual amount will be allocated in its entirety to the promotion of sustainable activities in this market segment.

In addition to these measures, AKB does not provide any financing where it would entail any harm to humans or animals or damage to the environment. Examples of this include child labour, forced labour or animal cruelty, as well as violations of other ethical values or the principles of environmental protection. Further information is available at [akb.ch/nachhaltige-kreditvergabe](http://akb.ch/nachhaltige-kreditvergabe).

# 9. Active promotion of a sustainable business model for corporate clients

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Companies are required to move, adapt and develop within a dynamic (market) environment. They can make a positive or negative contribution to sustainable development and have a direct impact on society and the environment. AKB is an important business and financing partner for local businesses, primarily SMEs. It can assist its corporate clients on the path towards a sustainable future and provide targeted support for sustainable business models.

## MANAGEMENT APPROACH

AKB aims to establish strategic partnerships in future so that it can assist and support its corporate clients regarding sustainable development. The respective know-how needs to be built up internally.

### **Corporate client business operates person-to-person**

AKB has more than 14,000 corporate clients in its market segment. It has a strong regional presence at its 32 locations. Client advisors are familiar with local conditions and incorporate their knowledge into the advice given to SMEs. Teams of experts based at the headquarters in Aarau provide support to major clients (key account management) and institutional clients. As a general rule, all corporate clients at AKB have their own specific contact person.

AKB stays close to SMEs thanks to its regional presence and the provision of personal support, thereby promoting sustainable partnerships and cooperation rooted in mutual trust. Client advisors can only offer added value to corporate clients through needs-based solutions and assist them with bespoke financing solutions if they understand their clients' respective business models. Regular and open dialogue is indispensable for this purpose.

### **Start-up businesses**

New entrepreneurs are full of ideas and hit the ground running. AKB provides committed support to them with sound financial solutions, since Aargau as an economic region is reliant on the dynamism of young, innovative firms. Through the AKB network, founders gain direct access to corporate know-how. In recent years, the number of start-ups supported by AKB with sustainable business models has steadily increased.

AKB is one of the few banks to invest directly in selected start-ups. These are largely based within its market area. The following criteria are examined when deciding whether to invest:

- Connection with the AKB core market area
- Level of innovation of the product and scalability of the business model
- Focus on lasting, positive development in terms of economic performance, innovation, jobs etc.
- The product is or will soon be commercially viable ("proof of market").

In addition, the start-up must be willing to work together with a lead investor. This person will take on a leadership role on the investment round, support the founder team regarding entrepreneurial aspects and represent investors, including also AKB, on the start-up's board of directors. In contrast to venture funds, the investments made by AKB are not subject to any time limits, although it should be possible to withdraw after a few years.

In 2022 AKB invested around CHF 1.0 million in six start-ups. Four of these start-ups are developing products and business models that directly pursue an ecological purpose, such as energy efficiency, the circular economy or marine protection.

### **Aargau Start-up Investor Session**

For 15 years AKB has been holding networking events for young technology and start-up firms in partnership with Standortförderung Aargau and the Business Angels Club Aargau. AKB puts start-ups in contact with investors at these

events in order to create the best possible starting point for a fruitful exchange of views between founders and investors.

The 2022 Aargau Start-up Investor Session was attended by around 60 investors from Aargau and the wider region. Five start-ups introduced themselves, including four focusing on environmental innovation. All start-ups found a group of interested business angels who were interested in examining the possibility of investing in greater detail.

**Assistance in relation to corporate succession**

As a further key aspect of the promotion of sustainable partnerships, AKB supports companies in planning, coordinating and implementing their corporate succession plans ([akb.ch/firmen/gruenden-nachfolge/nachfolgeberatung](http://akb.ch/firmen/gruenden-nachfolge/nachfolgeberatung)). They are assisted throughout this process by our corporate succession experts. Since 2022 AKB has organised Aera – the AKB focus day on corporate succession – an exclusive platform for entrepreneurs, which offers participants the opportunity to engage with issues relating to succession planning that lie outside their everyday work.



# 10. Social engagement in the Canton of Aargau

## RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Under the terms of its service mandate, AKB is required to engage with society throughout the region. It may do so through projects, events and initiatives that directly benefit local communities, promote opinion formation and exchanges of views, maintain traditions and create new social structures.

## MANAGEMENT APPROACH

AKB takes its duties seriously and is engaged with society throughout the region on various levels. It focuses on sponsorships and events, which should be conducted and organised in future according to a sustainable focus. In addition, AKB has already set up various structures, including the LEBENSRAUM AARGAU Foundation or the Corporate Volunteering Day introduced in 2022.

## SPONSORSHIPS AND EVENTS

### **Sustainable events**

As one of the largest sponsors in the Canton, AKB aims to create a good example and to act sustainably in relation to sponsorship and events. Sustainable sponsorship and event guidelines are applied for all sponsorship engagements. A sustainable event takes account for instance of good public transport connections to the event location and recommends in advance that participants use public transport. The start and finish times for events are set with reference to timetables. Alongside the mobility concept, AKB also focuses on waste management. This includes, amongst other things, not using disposable tableware. Needs-based planning in relation to event catering prevents food waste. As a general matter, when choosing among catering options AKB tries to prioritise seasonal and regional products, and also offers vegetarian meals. It

aims to use food from sustainable agriculture and production. Wherever possible, AKB organises the entire event with local and regional service providers. Barrier freedom and gender mainstreaming as well as the need to ensure a balanced selection of speakers and artists are taken into account. Any giveaways provided at AKB events must also be sustainable. For environmental reasons, AKB is steadily cutting back on giveaways and promotional items. Through these measures, AKB is making an active contribution to ensuring environmentally sustainable and socially fair events and would also like to encourage participants to think and act sustainably.

### **2022 Business Conference – the first climate-neutral event at Aargauische Kantonbank**

The AKB Business Conference held on 3 November 2022 at Campussaal Brugg on the issue of "Corporate Sustainability" was the first climate-neutral AKB event. The event caused greenhouse gas emissions of around 8 tonnes. The largest share of the CO<sub>2</sub> footprint for events, amounting to around 70%, arises in relation to outbound and return travel by participants.

Refreshment causes around 27% of greenhouse gas emissions (meals 22%, drinks 5%). Other categories (waste, water and energy consumption) make up around 3% of the footprint, and hence have a marginal impact. CO<sub>2</sub> emissions for the Business Conference are offset by our climate protection partner, the Fair Recycling Foundation, with a climate protection project in Brazil. AKB has set itself the goal of reducing emissions associated with its events to a minimum. Residual emissions are compensated by suitable climate protection measures.

### **Sponsorship: sustainable market experiences & engagement**

The sponsorship engagements of AKB must be consistent with AKB's core mission and must comply with ESG criteria. Sponsorship partners must also focus on the saving of natural resources throughout the entire value creation chain. AKB contributes to difference

and diversity through its engagements. AKB sponsorship brings people together, creates connections and enables unique experiences. Engagement is centred on the region and focuses on sporting, cultural, economic and social projects across a broad spectrum in the home market area. Thanks to sponsorship, AKB has become an emotional touchpoint and has sustainably built up visibility, acceptance and relevance. A harmonious overall package including attractive compensatory measures ensures an optimal communicative effect and supports AKB in achieving both operational and strategic targets. Wherever AKB is engaged as a sponsor, it provides more than just financial support. A credible supportive concept and cooperation rooted in partnership lie at the heart of its efforts. Sponsorship arouses emotions and comes with life blood and passion. Through these engagements, AKB takes on part of its societal and social responsibility and makes an attractive contribution to fulfilling the common good for people within the market area.

## LEBENSRAUM AARGAU FOUNDATION

As a further sign of its commitment to its social responsibility, on 1 October 2021 AKB announced the establishment of the charitable foundation LEBENSRAUM AARGAU (lebensraum-aargau.ch). The independent foundation, which is chaired by former Aargau Government and National Councillor Dr Urs Hofmann, was endowed with CHF 5 million by AKB. Each year the LEBENSRAUM AARGAU Foundation also receives 1% of AKB's annual profit (in 2022 CHF 1.7 million from 2021 and in 2023 CHF 1.8 million from 2022). Support is provided to charitable projects in the fields of Society & Social, Art & Culture, Movement & Health and Environment, Nature & Animals. The aim of the foundation is to enhance quality of life and social cohesion in the Canton of Aargau and the Olten-Gösgen-Gäu region.

It has a diverse spread of projects ranging from professional and amateur art and culture projects through measures to promote biodiversity by nature protection associations, horticulture and environmental awareness raising projects for school classes, building pumphacks, integration activities for child refugees and the elderly to generation projects in the field of mobility and movement.

### **AKB covers all costs**

Eleven external experts arranged into four specialist bodies, the Foundation's managing director and the five members of the Foundation Council decide on support contributions. All outlays for internal and external costs (staff, communication) are financed by AKB in order to ensure that the Foundation's funds are dedicated entirely to promoting projects.

### **Major resonance and high approval rate**

The resonance created by the Foundation's establishment has been large since the outset: 244 enquiries and applications were submitted during the first 12 months (October 2021 to October 2022). 239 applications were processed, of which 139 were approved, resulting in the allocation of a total of CHF 1,501,286. The approval rate was 58%. It was apparent from both applications and approvals that significantly higher numbers of institutions and initiatives from the social and cultural sector have approached the Foundation as promoters of nature protection and movement projects.

### **Sustained dedication to charitable initiatives**

There is no sign of dwindling enthusiasm in holding a voluntary position, as most initiatives and numerous institutions are largely reliant on voluntary work by those involved in the project. The general public's need for social participation and engagement has been repeatedly displayed. This is one further reason to support the LEBENSRAUM AARGAU Foundation through financial contributions in order to facilitate projects that contribute to social, cultural and ecological development within our Canton. Regardless of the specific project supported through the Foundation, the key focuses are charitable action and the innovative and sustainable idea of a particular project with social relevance.

## CORPORATE VOLUNTEERING DAY

As the most sustainable bank in the market area, AKB is committed on a variety of fronts to society and the environment. All employees can do their bit and get personally involved. This benefits the regions, although employees themselves also benefit from this experience. AKB allows employees to perform one day of charitable work in the market area.

# Other issues

## RESPONSIBLE CONSULTING

AKB engages holistically with the needs of its clients. Since 2018, the Bank has structured its seven regional hubs and 25 branches according to the 2-zone concept of interactive branches ([akb.ch/interaktive-geschäftsstellen](http://akb.ch/interaktive-geschäftsstellen)). At the end of 2022, a total of 29 of the 32 locations had a fresh, modern appearance.

The personal touch and close engagement with its clients sets AKB apart even during the era of digitalisation, focusing its activities on responsible, individual advice provided in person. The interactive branches are able to merge the physical and the digital worlds.

### Holistic understanding

AKB places particular importance on providing needs-based advice. Client advisors endeavour to arrive at a holistic understanding of their client's current circumstances. Challenges are identified, the resulting need for advice is established and finally the right solution is chosen, in each instance jointly through dialogue. AKB thereby lays the basis for sustainable client satisfaction acting in a spirit of partnership.

### Appreciative relationships

AKB accepts responsibility for what it does and what it does not do. Clients are the focus of its activities at all times. Deploying their expertise and acting with integrity and empathy, client advisors create relationships with clients that are rooted in trust. AKB is proud to be the bank for the people of Aargau.

### Outlook

Since 1 January 2023, two self-regulatory instruments of the Swiss Bankers Association have taken effect. These are, within the mortgage business, the "Guidelines for mortgage providers on the promotion of energy efficiency" and, within the investment business, the

"Guidelines for financial service providers on the integration of ESG preferences and ESG risks into investment advice and portfolio management". AKB proactively integrates these self-regulatory instruments into its advice.

## FUTURE-ORIENTED ENVIRONMENTAL MANAGEMENT

### ISO 14001 environmental management system



AKB actively engages with environment and climate protection and endeavours to use as few resources as possible.

In-house, AKB applies the ISO 14001:2015 environmental management system and has been certified since 2022. Certification helps to measure its own environmental footprint and to optimise it on an ongoing basis by meeting environmental targets:

- Heating energy: by pursuing ecology performance measures, AKB is constantly improving the sustainability of its infrastructure. This includes for example building envelope renovations, the installation of heat pumps or the usage of district heating. 47.1% of the overall heating demand of AKB is covered by environmentally friendly energy.
- Electricity consumption: total electricity consumption has been reduced by 31.7% since 2016 through various measures, including for instance the usage of energy-efficient lighting and the replacement of old air conditioning systems. 100% of the electricity used originates from renewable energy sources.
- Work-related travel: wherever possible, AKB employees do not engage in work-related travel and they use public transport or electrical vehicles. Work-related travel has fallen by 44.5% since 2016.
- Digitalisation/paper: the digitalisation of internal processes is being pursued further. The aim is to print out as little as possible.

Any residual documents that need to be printed are printed on sustainable Refutura recycled paper. This recycled paper is produced in a CO<sub>2</sub>-neutral fashion, and has the FSC and Blue Angel labels.

AKB is a partner of the climate protection foundation Fair Recycling (fair-recycling.com) and since 2013 has offset through the foundation any unavoidable CO<sub>2</sub> emissions associated with its business operations. As a result, AKB is climate neutral in-house.

In 2023 it is planned to focus on resource consumption and disposal. The aim is to raise employee awareness through various measures in order to cut resource consumption further and to ensure proper recycling or disposal. The success of the measures taken will be reviewed in internal audits.

### **Energy monitoring system**

In order to be able to gauge the environmental effect of various measures, appropriate data must be available. With this aim in mind, in 2022 AKB introduced the EMS (energy monitoring system) into the Sauter building management system. This enables individual energy flows for each building to be compared with the figures for previous years or other specific periods. The main benefit is that any anomalies such as incorrect parameters are displayed in the programmed systems. This means for instance that the simultaneous operation of cooling and heating systems will be flagged. In addition, the EMS also enables structural changes carried out in relation to any given project to be measured. As a result, the position before and after the renovation or new build can be compared.

### **Expansion of the metering concept**

In order to feed data into the EMS, it is important for a sufficient number of meters to be installed and for data to be transmitted automatically. The following energy types are recorded: heat, cool air and electricity. The greater the number of meters used, the easier it is to establish where energy is going. This means that any need for action will be transparent. If any meters are missing, energy is computed by extrapolation. In 2022 the following locations were incorporated into the metering concept and equipped accordingly: Birr, Döttingen, Fislisbach, Frick, Gränichen, Möhlin, Muri, Nussbaumen, Oberentfelden, Rheinfelden, Seengen, Suhr and Wildegg.

### **Energy renovations**

Building energy renovations make a significant contribution to reducing energy consumption – including in particular interventions on facades and technical systems. On facades there is major potential in the usage of triple glazing and – where possible – increasing insulation thickness. The optimisation of technical systems can be achieved through enhanced efficacy (engines and heat recovery). This means that the system performs as required whilst using less energy.

### **Glass facade at the Reinach branch**

Performance can be adjusted in line with specific needs through the targeted expansion of regulations. Accordingly, the Reinach branch underwent an energy renovation in 2022. The ground floor facade became a pure glass facade, which AKB and other commercial tenants use as a display window. The old glass facade provided hardly any insulation and created thermal bridges, which had a negative effect on the internal climate. As a result, drafts of cool air had to be dealt with by heating, which in turn significantly increased energy consumption. For this reason, all glazing including the metal beam and column structure was replaced by a new structure. In addition, the ventilation system and controls were renewed in order to cover needs in a more targeted manner, thereby avoiding wastage. Last but not least, the air conditioning system was overhauled. This involved the replacement of the existing coolant with environmentally friendly coolant.

### **Additional measures**

In 2022 AKB implemented various measures throughout its real estate portfolio. At the Brittnau, Muri and Rheinfelden locations the air conditioning systems were replaced and equipped with environmentally friendlier coolant, as in Reinach.

A flagship project saw the installation of electrical charging stations and the acquisition of two electric vehicles for the headquarters in Aarau. One charging station was installed for each of the two AKB vehicles. Four public charging stations are available for clients. These charging stations are well used. Employees can use a total of eight parking spaces with charging stations. Electricity is provided at standard market prices. AKB has thereby created incentives

and laid the basis for supporting electric mobility. Thanks to the electric pool vehicles, it is anticipated that the distances travelled by private vehicles used for work-related travel will also fall.

Last but not least, the corridor lighting on the 3rd floor of the AKB office building in the railway building in Aarau was replaced after around ten years in operation. The old FL tubes have been replaced with new, energy efficient LED lighting.

## SUSTAINABLE PROCUREMENT

Wherever possible, AKB takes account of regional suppliers and focuses on professional and fair business relationships. The sustainability guidelines for suppliers and partner companies [akb.ch/nachhaltige-beschaffung] set out the requirements in terms of environmental standards as well as social and labour standards, providing a basic framework for minimum environmental and ethical requirements within purchasing and procurement policy. Since 2016 these guidelines must be signed by suppliers for all new contracts. In signing they warrant that they will require compliance with the same environmental and labour standards when selecting third party suppliers.

## RESPONSIBLE MARKETING

Sustainability factors within the field of marketing at AKB include client access to correct and relevant information concerning the positive and negative economic and social consequences of the services used by clients. Conducting fair and responsible marketing initiatives and providing information concerning the composition of and background to banking products are a matter of course for AKB. These support clients in making well-founded decisions.

### **Ethical principles and sustainability scoring system**

Ethical principles in the field of marketing include a requirement to respect human and fundamental rights and prohibit discrimination. Linguistic rules are set out in, amongst others, the AKB Correspondence

Guidelines. These contain a definition of gender-appropriate language. Violence is not tolerated or acquiesced in passively in any form, and marketing messages must not contain any political statements. Moreover, AKB does not tolerate preferential treatment or favouritism, for instance in relation to job applications. Advertising is procured by AKB according to a defined sustainability score. Adverts are not placed unless the minimum score is achieved. All measures are controlled and assessed with reference to origin, materials, potential usage, sustainability labels, packaging, lifetime, recyclability and production.

## RELATIONSHIP WITH POLITICS AND CORPORATE ETHICS

### **No political donations**

AKB does not make donations in any form to any political parties or politicians.

### **Transparency concerning participation in public policymaking**

AKB is a state institution governed by public law that is entirely owned by the Canton of Aargau. In this capacity, AKB does not participate in any political policymaking processes. On the other hand, AKB conducts regular discussions with the Grand Council committed with competence over it. Once each year it meets in order to exchange views with members of all political parties represented on the Grand Council.

### **Corporate ethics**

AKB is obliged to comply with legislation enacted by the Swiss Confederation and the Canton of Aargau as well as the ordinances and provisions of its supervisory authorities and the requirements imposed by sectoral organisations. Internally defined core values and management principles provide the basis for the Code of Conduct and Ethics. Client needs are a core focus. Through its actions, the Bank sets itself apart by its high trustworthiness, exemplary solidarity and alignment with sustainability and ethical principles. Within the framework of its service mandate, AKB aims to create long-term added value for its clients, its employees and the Canton of Aargau.

# Memberships and initiatives

## **Öbu – Association for Sustainable Business**

As a member of the Association for Sustainable Business (oebu.ch), AKB supports the development of the Swiss economy in accordance with the principles of sustainability.



## **Swiss Sustainable Finance SSF**

AKB is a member of the Swiss sectoral association Swiss Sustainable Finance (sustainablefinance.ch).



## **Fair Recycling Foundation**

AKB is a partner of the climate protection foundation Fair Recycling (fair-recycling.com) and since 2013 has offset through it any unavoidable CO<sub>2</sub> emissions associated with its business operations. As a result, AKB is climate neutral in-house.



## **United Nations Principles for Responsible Investments UNPRI**

AKB has signed up to the global investors' initiative set out in the United Nations Principles for Responsible Investments (unpri.org).



## **Energy Saving Alliance**

AKB joined the Federal Government's Energy Saving Alliance in the winter of 2022/2023 (alliance2022-23.ch). This body brings together organisations and institutions that have launched and publicly announced various energy saving measures.

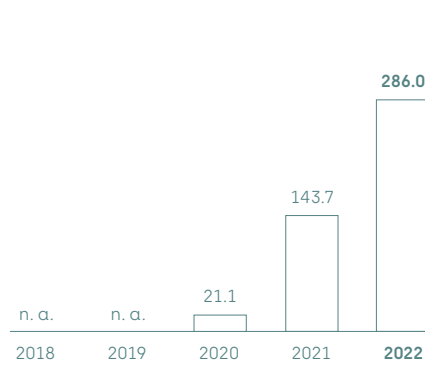
# Key figures

## Core business

### ATTRACTIVE FINANCING OF SUSTAINABLE REAL ESTATE

**286.0 million**

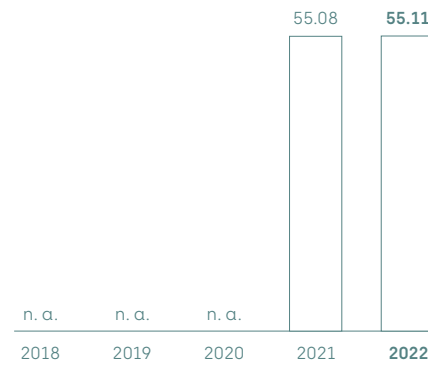
Portfolio of AKB green mortgages in CHF million



### OFFER OF SUSTAINABLE INVESTMENT PRODUCTS

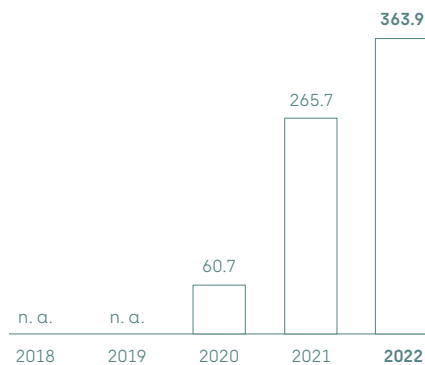
**55.11%**

Proportion of sustainable investments held on advisory custody accounts as a percentage



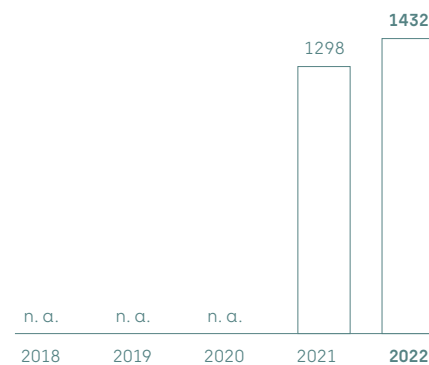
**363.9 million**

Portfolio of approved AKB green mortgages in CHF million (including amounts paid out)



**1432 million**

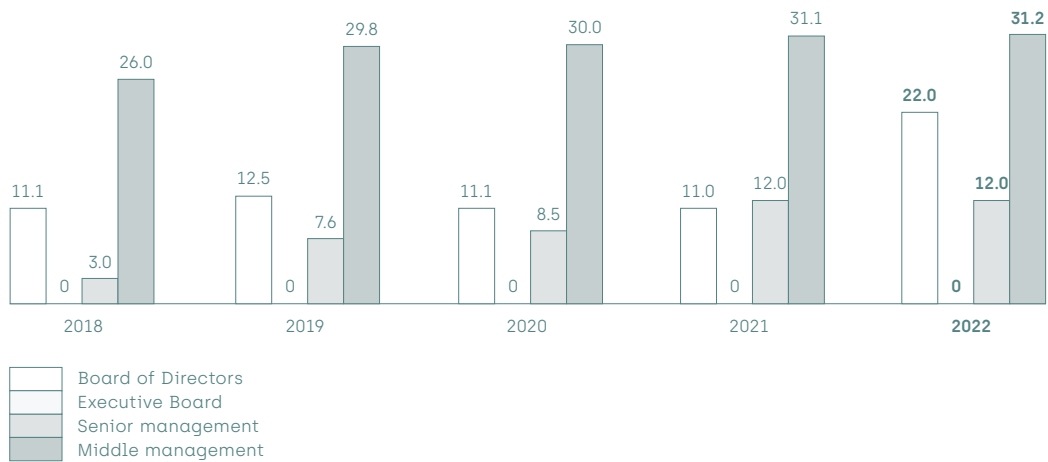
Amount invested in AKB portfolio funds ESG Fokus in CHF million





# Attractiveness as an employer

**Proportion of women in managerial positions on 1 January 2023**  
in percent

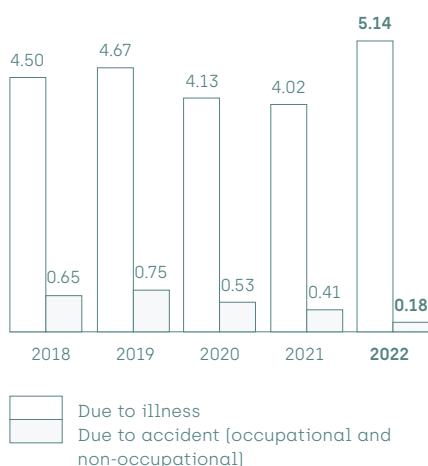


## Employee numbers and FTEs

| Reference date 1 January 2023            | 2018  | 2019  | 2020  | 2021  | 2022  |
|--|-------|-------|-------|-------|-------|
| Employees (excl. employees in education) | 720   | 720   | 742   | 774   | 806   |
| Trainees                                 | 6     | 12    | 16    | 18    | 13    |
| Apprentices and interns in education     | 73    | 74    | 74    | 73    | 73    |
| FTEs (excl. employees in education)      | 674.4 | 674.6 | 699.7 | 719.2 | 733.4 |
| FTEs (including apprentices and interns) | 747.4 | 784.6 | 773.3 | 792.2 | 806.4 |

## Average absences

in days per employee

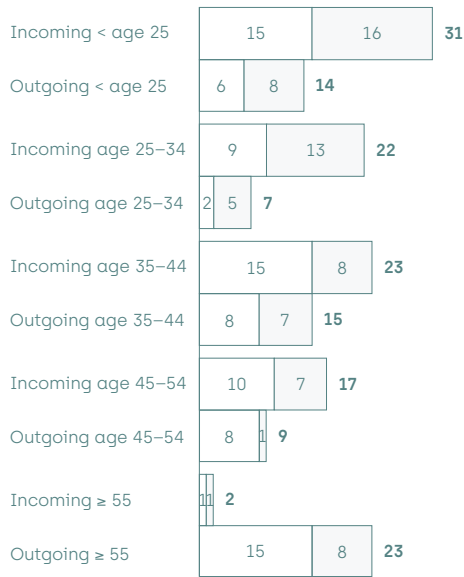


## Salary

(without expenses)

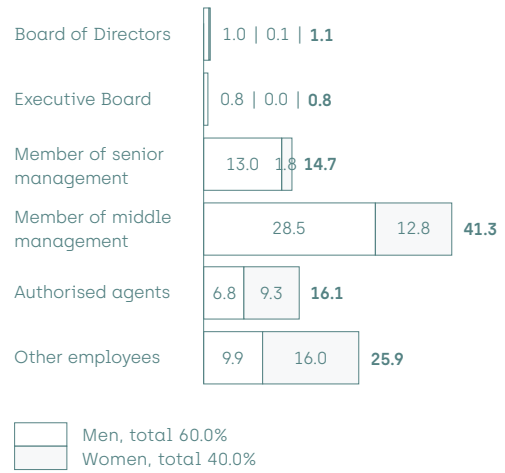
| Reference date 1 January 2023                                      | 2021          | 2022          |
|--|---------------|---------------|
| <b>Salary difference between the lowest and the highest salary</b> | <b>1:10.8</b> | <b>1:10.8</b> |
| <b>Salary difference between the median and the highest salary</b> | <b>1:5.0</b>  | <b>1:5.0</b>  |
| Highest in CHF   | 608,900       | 608,900       |
| Median in CHF  | 121,500       | 121,000       |
| Lowest in CHF  | 56,290        | 56,290        |

**Age distribution of employee turnover**  
in 2022



Men, total 50 incoming and 45 outgoing  
Women, total 39 incoming and 29 outgoing

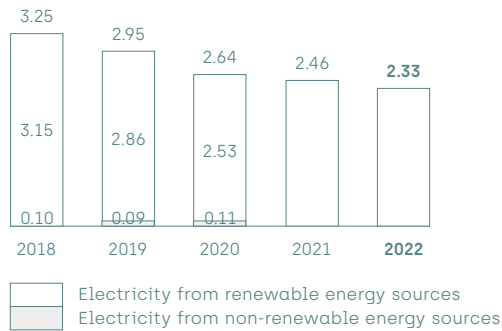
**Workforce according to position on 1 January 2023**  
in percent



# Future-oriented environmental management

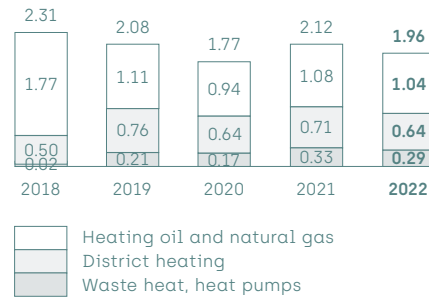
## 2.33 million

Electricity consumption in millions of kWh



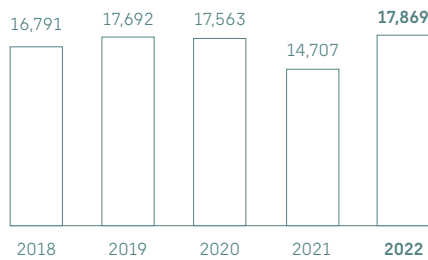
## 1.96 million

Heating energy consumption in millions of kWh



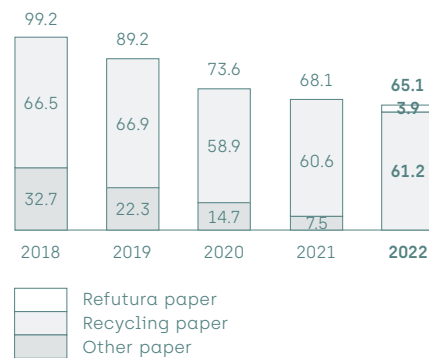
## 17,869

Electricity from AKB photovoltaic installation in Aarau (rated output 24 kWp) in kWh



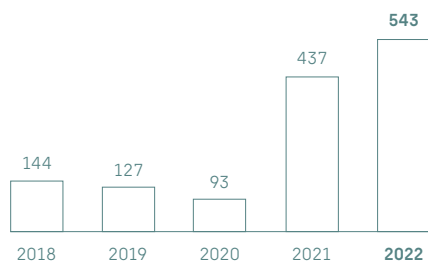
## 65.1

Paper consumption in tonnes



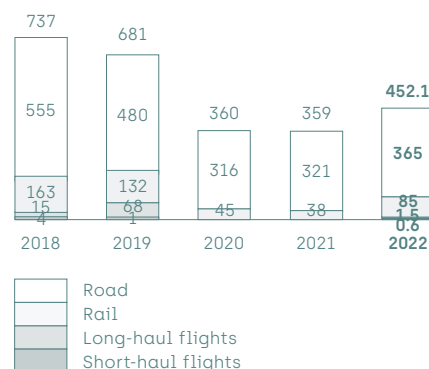
## 543

Number of half-fare travelcards



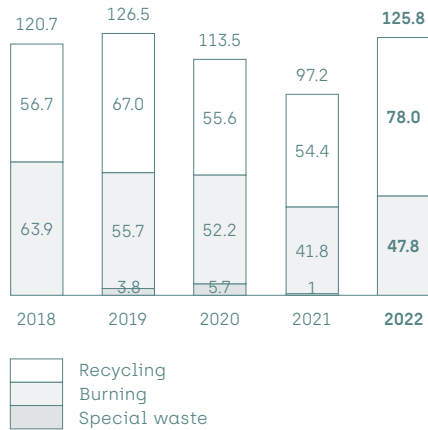
## 452.1

Distance travelled according to means of transport in 1,000 km



# 125.8

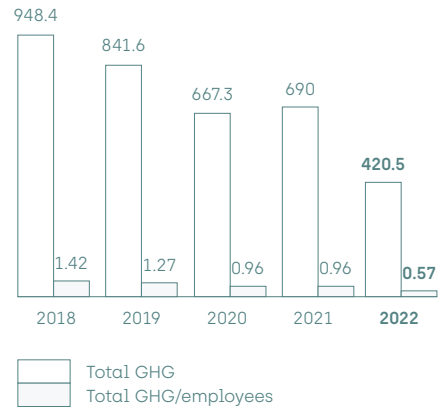
Waste generation and recycling in tonnes



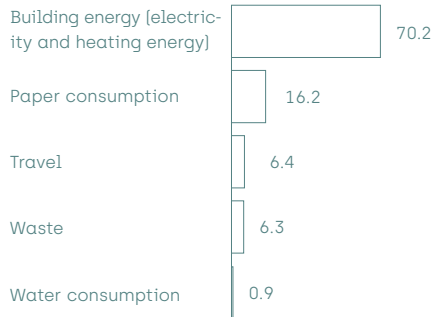
# 420.5

Greenhouse gas emissions (GHG) in tonnes of CO<sub>2</sub> equivalent

Since 2013, AKB has been offsetting unavoidable GHG emissions caused by its business operations and is thus climate neutral in-house.



## GHG emissions in percent

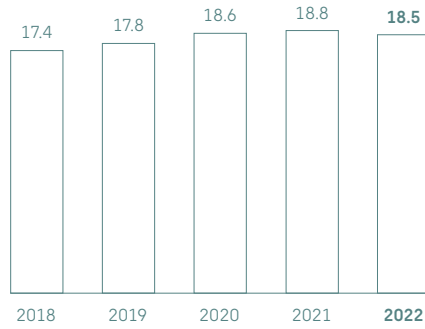


The methodology and corresponding emissions factors were adjusted when drawing up the GHG balance sheet for 2022. As a result, greenhouse gas emissions were lower compared to previous years. Financial year 2022 is now the new reference year.

# Entrepreneurial sustainability

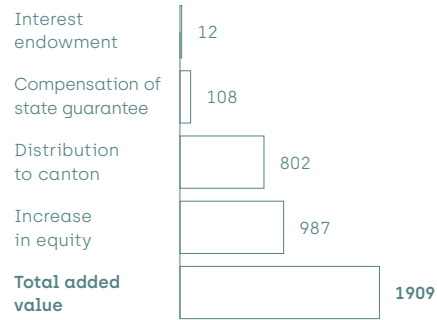
## 18.5%

Total capital ratio in percent



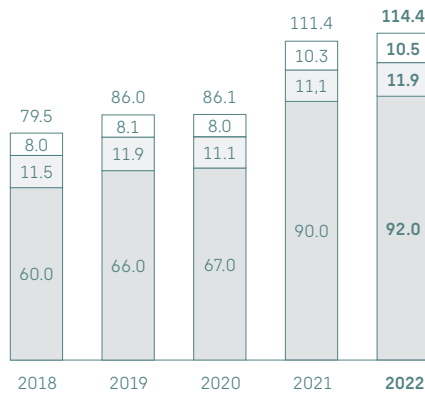
## 1909 million

Added value for the Canton in CHF m (2013–2022)



## 114.4 million

Total compensation to public authorities in CHF million



# About this report

AKB publishes a sustainability report once each year. Unless indicated otherwise, this Sustainability Report covers the year 2022. The Sustainability Report was published along with the 2022 Annual Report of AKB on 31 March 2023. The 2022 Sustainability Report has not been externally audited.

## GLOBAL REPORTING INITIATIVE GRI

The Global Reporting Initiative ([globalreporting.org](http://globalreporting.org)) establishes the basis for unitary sustainability reporting standards applicable throughout the world. AKB has been reporting according to the GRI since 2007. The disclosures contained in this Report are made with reference to the GRI standards.

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES TCFD

The Financial Stability Board (FSB) set up the Task Force on Climate-related Financial Disclosures ([unepfi.org/climate-change/tcfd](http://unepfi.org/climate-change/tcfd)) in order to develop recommendations concerning the disclosure of climate-related financial information. AKB published a TCFD report for the first time in 2021. This report contains the information required under the TCFD [chapter 7].

# GRI INDEX 2021

## AARGAUISCHE KANTONALBANK

|                                 |   |
|---------------------------------|---|
| <b>Statement</b>                | Aargauische Kantonalbank has reported on the information referred to in this GRI Index for the period from January 2022 to December 2022 with reference to the GRI standards. |
| <b>GRI used</b>                 | GRI 1: Foundation 2021  |
| <b>GRI sector standard used</b> | GRI G4: Sector supplement for financial services providers 2013   |

| GRI STANDARD                           | DISCLOSURE   | LOCATION  |
|--|--|---|
| <b>GENERAL DISCLOSURES</b>             |  |   |
| <b>GRI 2: General Disclosures 2021</b> | 2-1 Organizational details   | Annual Report: chapter on Corporate Governance and Remuneration Report (page 73*)   |
|  | 2-2 Entities included in the organization's sustainability reporting             | Sustainability Report: chapter on Corporate Governance – Sustainable Corporate Governance (page 6)  |
|  | 2-3 Reporting period, frequency and contact point                                | Sustainability Report: chapter about this Report (page 49)  |
|  | 2-4 Restatements of information  | Sustainability Report: chapter about this Report (page 49)  |
|  | 2-5 External assurance   | Sustainability Report: chapter about this Report (page 49)  |
|  | 2-6 Activities, value chain and other business relationships                     | Private clients: <a href="http://www.akb.ch">www.akb.ch</a><br>Corporate clients: <a href="http://www.akb.ch/firmen">www.akb.ch/firmen</a><br>Annual Report: chapter of Financial Report (page 10*)   |
|  | 2-7 Employees  | Sustainability Report: chapter on attractiveness as an employer (page 20)   |
|  | 2-9 Governance structure and composition   | Annual Report: chapter on Corporate Governance and Remuneration Report, sections 3. Board of Directors (page 74*) and 4. Executive Board (page 79*)   |
|  | 2-10 Nomination and selection of the highest governance body                     | Annual Report: chapter on Corporate Governance and Remuneration Report, section 3. Board of Directors (page 74*)  |
|  | 2-11 Chair of the highest governance body  | Annual Report: chapter on Corporate Governance and Remuneration Report, section 3. Board of Directors (page 74*)  |
|  | 2-12 Role of the highest governance body in overseeing the management of impacts | Annual Report: chapter on Corporate Governance and Remuneration Report, section 3. Board of Directors (page 74*)  |
|  | 2-13 Delegation of responsibility for managing impacts                           | Annual Report: chapter on Corporate Governance and Remuneration Report, section 3. Board of Directors (page 74*)  |
|  | 2-14 Role of the highest governance body in sustainability reporting             | Annual Report: chapter on Corporate Governance and Remuneration Report, section 3. Board of Directors (page 74*)  |
|  | 2-15 Conflicts of interest   | AKB Code of Conduct and Ethics: <a href="http://www.akb.ch/codeofconduct">www.akb.ch/codeofconduct</a><br>Annual Report: chapter on Corporate Governance, section 3. Board of Directors (page 74*), and Remuneration Report, section 4. Loans to governance bodies (page 85*) |
|  | 2-16 Communication of critical concerns  | Annual Report: chapter on Corporate Governance and Remuneration Report, section 3. Board of Directors (page 74*)  |
|  | 2-17 Collective knowledge of the highest governance body                         | Annual Report: chapter on Corporate Governance and Remuneration Report, section 3. Board of Directors (page 74*)  |
|  | 2-18 Evaluation of the performance of the highest governance body                | Annual Report: chapter of Remuneration Report, section 2. Content, method for determining and remuneration of members of governance bodies (page 82*)   |
|  | 2-19 Remuneration policies   | Annual Report: chapter of Remuneration Report (page 82*)  |
|  | 2-20 Process to determine remuneration   | Annual Report: chapter of Remuneration Report (page 82*)  |
|  | 2-21 Annual total compensation ratio   | Annual Report: chapter of Remuneration Report (page 82*)  |
|  | 2-22 Statement on sustainable development strategy                               | Sustainability Report: Foreword (page 3)<br>Sustainability Report: chapter on the AKB Sustainability Strategy (page 5)  |
|  | 2-23 Policy commitments  | AKB Code of Conduct and Ethics: <a href="http://www.akb.ch/codeofconduct">www.akb.ch/codeofconduct</a>  |
|  | 2-24 Embedding policy commitments  | AKB Code of Conduct and Ethics: <a href="http://www.akb.ch/codeofconduct">www.akb.ch/codeofconduct</a>  |
|  | 2-25 Processes to remediate negative impacts                                     | Sustainability Report: chapter on compliance with legal requirements, section on management approach (page 15)  |
|  | 2-26 Mechanisms for seeking advice and raising concerns                          | Sustainability Report: chapter on compliance with legal requirements section on whistleblowing (page 16)  |
|  | 2-27 Compliance with laws and regulations  | Sustainability Report: chapter on compliance with legal requirements, section on management approach (page 15)  |
|  | 2-28 Membership associations   | Sustainability Report: chapter on memberships and initiatives (page 42)   |
|  | 2-29 Approach to stakeholder engagement  | Sustainability Report: chapter on dialogue with stakeholders (page 7)   |

\* 2022 Annual Report available for download at [report.akb.ch](http://report.akb.ch), only available in German.



| <b>MATERIAL TOPICS</b>  |   |   |
|---|---|---|
| <b>GRI 3: Material Topics 2021</b>  | 3-1 Process to determine material topics  | Sustainability Report: chapter on material topics (page 8)  |
|   | 3-2 List of material topics   | Sustainability Report: chapter on material topics (page 8)  |
| <b>Engaging with digital responsibility</b>   |   |   |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics   | Sustainability Report: chapter on engaging with digital responsibility, section on management approach – data protection and IT security (page 11)  |
| <b>Economic development in the Canton of Aargau</b>   |   |   |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics   | Sustainability Report: chapter on economic development in the Canton of Aargau, section on management approach (page 13)  |
| <b>Compliance with legal requirements</b>   |   |   |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics   | Sustainability Report: chapter on compliance with legal requirements (page 15)  |
| <b>GRI 2: General Disclosures 2021</b>  | 2-27 Compliance with laws and regulations   | Sustainability Report: chapter on compliance with legal requirements (page 15)  |
|   | 205-2 Communication and training about anti-corruption policies and procedures                            | Sustainability Report: chapter on compliance with legal requirements (page 15)  |
|   | 205-3 Confirmed incidents of corruption and actions taken   | Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year: no incidents, and no actual or suspected breaches of the law (page 16)   |
| <b>GRI 206: Anti-competitive Behavior 2016</b>  | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices                     | Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year: no incidents, and no actual or suspected breaches of the law (page 16)   |
| <b>Attractive financing of sustainable real estate</b>  |   |   |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics   | Sustainability Report: chapter on attractive financing of sustainable real estate, section on management approach (page 18)   |
|   | G4-FS8 Lending business with specific environmental benefits  | Sustainability Report: chapter on attractive financing of sustainable real estate, section on AKB green mortgage (page 18)  |
| <b>Attractiveness as an employer</b>  |   |   |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics   | Sustainability Report: chapter on attractiveness as an employer (page 20)   |
| <b>GRI 401: Employment 2016</b>   | 401-1 New employee hires and employee turnover  | Sustainability Report: chapter on key figures (page 44)   |
|   | 404-2 Programs for upgrading employee skills and transition assistance programs                           | Sustainability Report: chapter on attractiveness as an employer, section on staff development at AKB (page 22)<br>Advanced training: <a href="http://www.akb.ch/die-akb/jobs-karriere/weiterbildung">www.akb.ch/die-akb/jobs-karriere/weiterbildung</a> |
| <b>Offer of sustainable investment products</b>   |   |   |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics   | Sustainability Report: chapter on offer of sustainable investment products (page 24)  |
| <b>GRI G4 Financial Services Sector Disclosures 2013</b>  | G4-HR1 Human rights clauses and human rights due diligence in the asset management business               | Sustainability Report: chapter on offer of sustainable investment products (page 24)<br>Sustainable investment: <a href="http://akb.ch/nachhaltiges-anlegen">akb.ch/nachhaltiges-anlegen</a>  |
|   | G4-FS10 Interaction on environmental and social issues with companies held in the institution's portfolio | Sustainability Report: chapter on offer of sustainable investment products (page 24)<br>Sustainable investment: <a href="http://akb.ch/nachhaltiges-anlegen">akb.ch/nachhaltiges-anlegen</a>  |
|   | G4-FS11 Assets subject to positive and negative environmental or social screening                         | Sustainability Report: chapter on offer of sustainable investment products (page 24)<br>Sustainable investment: <a href="http://akb.ch/nachhaltiges-anlegen">akb.ch/nachhaltiges-anlegen</a>  |
| <b>Definition of and compliance with an over-arching climate strategy for the core business and operations of AKB</b> |   |   |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics   | Sustainability Report: chapter on definition of and compliance with an over-arching climate strategy for the core business and operations of AKB (page 27)  |
| <b>GRI 305: Emissions 2016</b>  | 305-1 Direct (Scope 1) GHG emissions  | Sustainability Report: chapter on key figures (page 47)   |
|   | 305-2 Energy indirect (Scope 2) GHG emissions   | Sustainability Report: chapter on key figures (page 47)   |
|   | 305-3 Other indirect (Scope 3) GHG emissions  | Sustainability Report: chapter on key figures (page 47)   |
|   | 305-4 GHG emissions intensity   | Sustainability Report: chapter on key figures (page 47)   |
|   | 305-5 Reduction of GHG emissions  | Sustainability Report: chapter on further issues, section on future-oriented environmental management (page 39)   |

**Application of environmental and social criteria in relation to lending**

|  |  |   |
|--|--|---|
| <b>GRI 3: Material Topics 2021</b>                       | 3-3 Management of material topics  | Sustainability Report: chapter on application of environmental and social criteria in relation to lending (page 34) |
| <b>GRI G4 Financial Services Sector Disclosures 2013</b> | G4-HR1 Human rights clauses and screening for human rights aspects in lending business | Sustainability Report: chapter on application of environmental and social criteria in relation to lending (page 34) |

**Active promotion of a sustainable business model for corporate clients**

|                                    |   |   |
|------------------------------------|---|---|
| <b>GRI 3: Material Topics 2021</b> | 3-3 Management of material topics   | Sustainability Report: chapter on active promotion of a sustainable business model for corporate clients (page 35)                    |
| <b>Own standard</b>                | Free services aimed at promoting a sustainable business model for corporate clients | Sustainability Report: chapter on economic development in the Canton of Aargau, section on successful AKB support programme (page 13) |
| <b>Own standard</b>                | Initiatives aimed at promoting a sustainable business model for corporate clients   | Sustainability Report: chapter on economic development in the Canton of Aargau, section on successful AKB support programme (page 13) |

**Social engagement in the Canton of Aargau**

|                                    |                                   |   |
|------------------------------------|-----------------------------------|---|
| <b>GRI 3: Material Topics 2021</b> | 3-3 Management of material topics | Sustainability Report: chapter on social engagement in the Canton of Aargau (page 37) |
|------------------------------------|-----------------------------------|---|

