

Annex to Cembra’s Sustainability Report 2019

March 2020

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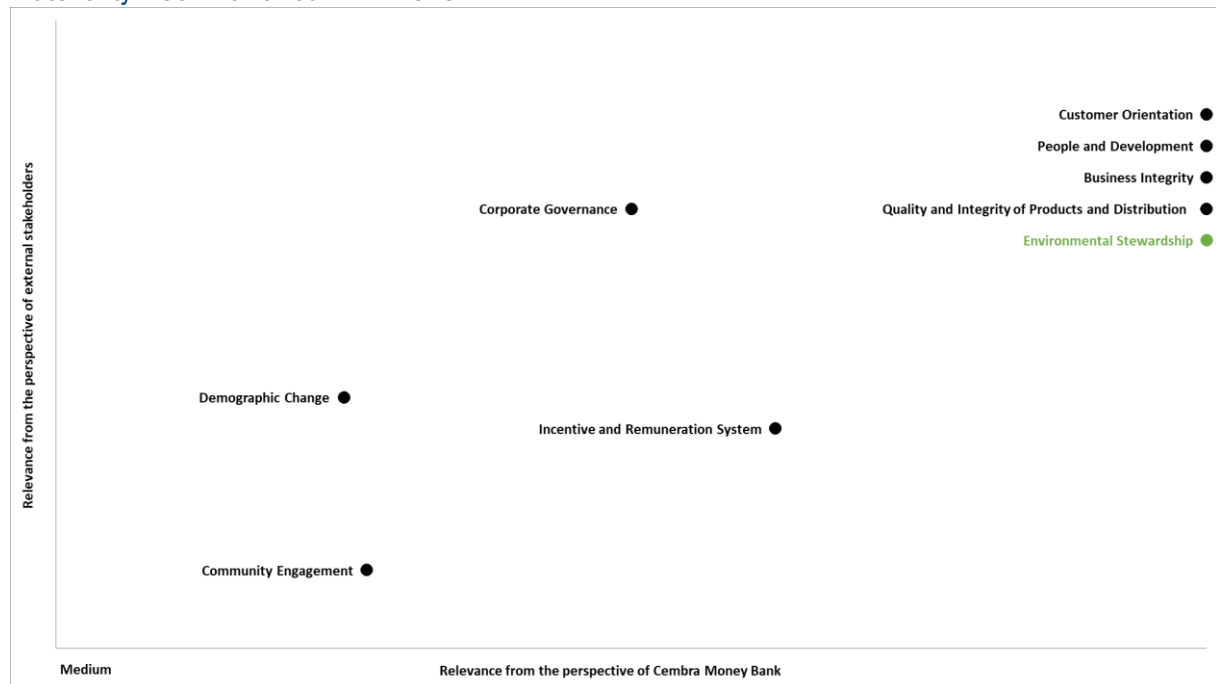
1 About this document

This Annex to our Sustainability Report 2019 (“Annex”) contains supplementary information and disclosures concerning sustainability at Cembra. It should be read in conjunction with our sustainability disclosures on pages 27–55 of our Annual Report 2019 and the information available at www.cembra.ch/sustainability.

All page numbers refer to our Annual Report 2019, which is available at www.cembra.ch/investors.

2 Supplemental information: Our approach to sustainability

Materiality matrix reviewed in H2 2019



See the GRI Content Index 2019 for comments about the updated materiality matrix.

3 Supplemental information: Customer orientation

3.1 Product availability and personalised services in regional rural areas

Cembra's products and services are available and purchased by people spread across all 26 cantons in Switzerland. We have around one million customers. That means that every one in seven people above the age of 18 in Switzerland has one or more products issued by Cembra, primarily our free credit cards. For those customers looking for a more personalised service, most Swiss villages are less than an hour away from one of our 17 branches located across the country. Our products and services are available to everyone living in Switzerland – as long as they meet the criteria for entering into a business relationship and do not run the risk of becoming over-indebted through our products. Finally, several of our products and services are available online.

3.2 Financial services for small companies

In the last quarter of 2019, we began offering a business loan tailored to the needs of small Swiss companies. The application process is simple, fast and completely online. See our media release of 28 February 2020:

<https://www.cembra.ch/en/investor/news-media/news-details/?nid=20200228>

4 Supplemental information: Quality and integrity of products and distribution

4.1 Life-cycle-event-oriented marketing campaigns for personal loans

In 2019 our marketing focused on personal loans as financing solutions for life-cycle events, e.g. moving to a new apartment, becoming parents and education.

Wenn es Zeit wird
für eine Weiterbildung.

Dein Kredit. Einfach Cembra.



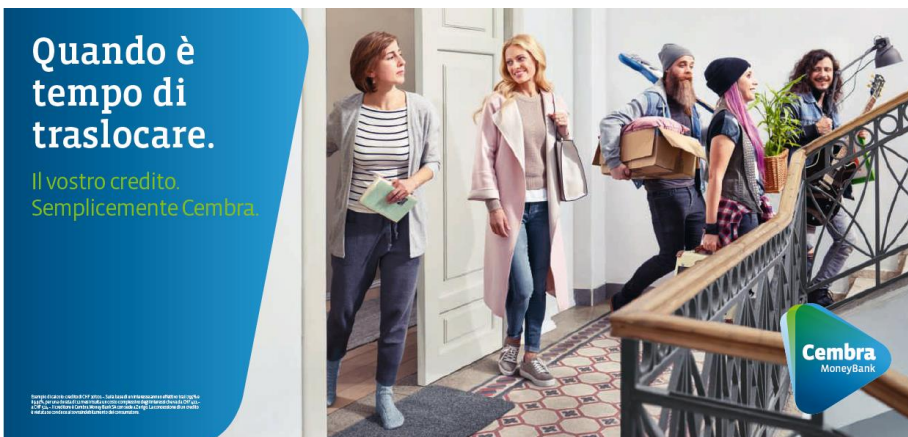
Quand le moment est
venu d'acheter une voiture
plus grande.

Votre crédit. Simplement Cembra.



Quando è
tempo di
traslocare.

Il vostro credito.
Semplicemente Cembra.



5 Supplemental information: People and development

5.1 Non-discrimination / Protection of employee's integrity

The Bank does not tolerate any discriminatory acts, particularly those based on race, nationality, gender, sexual orientation, religion or age, or any violations of individuals' rights, especially workplace harassment (see Article 52 of our Staff Regulations, which are available upon request). See also chapter 4 of our Code of Conduct.

5.2 Predominantly permanent employment contracts

All our staff members are employed under Swiss law. In certain cases, employees are hired on a temporary basis, especially if they are filling in for other employees who are on leave (e.g. parental leave, sabbaticals, illness) or are working on specific projects (e.g. the integration of cashgate). Temporary employees hired through recruitment agencies, generally for a few weeks or months and at short notice, are not included in this report.

5.3 No large-scale redundancies

Ever since Cembra's initial public offering in 2013, including in the 2019 financial year, there have been no large-scale redundancies (i.e. job cuts affecting more than 5% of the total workforce) at Cembra.

5.4 Freedom of association and no compulsory collective agreements

All staff members are employed under Swiss law, which ensures freedom of association under the Federal Constitution. In addition, termination of the employment contract by the employer on the grounds that the employee belonged to an employee association or legally exercised a trade union activity is unlawful under the Swiss Code of Obligations. Furthermore, there are no statutory collective agreements in Switzerland. Salaries are set during the contract negotiations and are generally based on the salaries customary in the financial industry.

5.5 External training

Employee training is an essential part of employee performance, satisfaction and retention. By training employees well, we enable them to reach their full potential. The Bank also supports external training initiatives. Each division has its own budget for technical and functional training by external providers. In 2019, CHF 0.2 million was spent on this type of training. Furthermore, we support employees in improving their language skills and their professional development.

5.6 Paid leave for family matters

We grant employees paid days off for various family matters, such as their own wedding, the wedding of close relatives, the death of a close family member, and moving house (see Article 38 of the Staff Regulations, which are available on request).

5.7 Dependent care and special leave

Our flexible work arrangements and rules governing work-time reduction (see pages 41 and 53 of our Annual Report) generally allow employees to provide dependent care when needed. In addition, employees are entitled to get paid leave for dependent care three days off each time their children or other family members are sick (the statutory minimum in Switzerland, see Article 38 of our Staff regulations).

In January 2020, we doubled the paternity leave for new fathers from five to ten workdays (the statutory minimum in Switzerland is one day).

5.8 Healthy work environment and work-life balance

We aim to give our employees the opportunity to develop both their personal and their professional skills in order to foster a healthy work environment and life style.

In the reporting period, Cembra offered training **courses and implemented measures** on topics such as agility, business networking, conflict management, mindfulness, and resilience and stress management, as well as health and leadership, digital detox, sleep, and movement management (which is all about remaining physically and mentally fit).

Our **employee health initiative Vitality** helps employees to strike a healthy work-life balance. In 2019 activities included: water sports on Lake Zurich, an indoor company football tournament, and a steps challenge in cooperation with Virgin Pulse.

Other permanent initiatives include a free in-house gym at head office, fitness courses and massages at reduced rates, outdoor activities, seasonal fruit, and a one-day seminar on quitting smoking, together with information sessions and awareness campaigns on various topics related to nutrition, well-being, and first aid. Employees not working at headquarters receive financial support for individual fitness programmes.

At headquarters, our **catering** services have been improved in order to provide healthy alternatives (e.g. vegetarian food, take-out with no plastic).

Cembra has an **emergency response system**. Emergency first-aiders have been appointed for all branches and at headquarters. They receive training every two years to hone their skills and stay up to date.

5.9 Mental health management

Cembra employs around 1,000 employees. The size of the company allows us to handle every case in a responsible way and on an individual basis.

6 Supplemental information: Environmental stewardship

6.1 FSC-certified paper from 2020 on

Starting on January 2020, we began using FSC®-certified Planojet paper for all printed documents. Planojet is uncoated, wood-free paper independently certified according to the rules of the Forest Stewardship Council (FSC). It is manufactured at a mill that is certified to ISO14001 and EU Ecolabel environmental standards. The mill uses pulpwood that is bleached using an elemental chlorine-free (ECF) process.

6.2 Business waste generation

No special programme is in place at this point in time.

6.3 Hazardous waste generation

The disposal of hazardous waste is regulated in Switzerland. No hazardous waste is generated by Cembra except for empty printer toner cartridges, which are sent back to the producer. We therefore do not have a hazardous waste disposal programme.

6.4 Fossil fuel exposures

Except for our vehicle financing products, the company car fleet and our gas consumption, all of which are described on pages 35–26 of the Annual Report, Cembra considers that it has no other significant exposure to fossil fuels.

7 Supplemental information: Business integrity

7.1 Payments to government

In the financial year 2019, Cembra paid CHF 41.5m in income and capital taxes (2018: CHF 40.2m). The payments were exclusively made to the government authorities in Switzerland.

7.2 Tax policy

There is no tax-shifting between different locations as Cembra operates exclusively in Switzerland.

7.3 No financial assistance received from governments

Since the initial public offering in 2013, including during the 2019 financial year, Cembra has not received any financial assistance from the governments of individual countries (e.g. grants, tax relief, and other types of financial benefits).

7.4 No political contributions

Cembra does not make any political contributions. See also chapter 3, paragraph 3 of Cembra's Code of Conduct.

7.5 Equator Principles: not applicable to Cembra

Cembra is only active in consumer finance, not project finance. The Equator Principles as a risk management framework for determining, assessing and managing environmental and social risk in projects are thus not applicable to the company.

7.6 Compliance risk assessments

Cembra conducts annual compliance risk assessments based on applicable regulations, as part of the long-form report ("Report on the regulatory audit to the Swiss Financial Market supervisory Authority FINMA") annual audit review of the FINMA financial market supervision.

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