



Sustainability Report 2022

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**Graubündner
Kantonalbank**

Sustainability report in accordance with GRI Standards

Extreme weather phenomena are on the rise. One current example: the low-snow winter in 2022/23. Not only do weather events such as these present immense challenges for the winter tourism industry, but they also impact the entire economy, the environment and, as a result, everything our lives are based upon.

We are playing our part in the fight against global warming – both as an investor through our investment business and as a local financial services provider in Graubünden. But it does not end there, we also take our social responsibility seriously, whether that be as a progressive employer or through our involvement with the GKB Beitragsfonds (contributory fund). In addition, and this is the basis of our obligation, we want to ensure our economic success in the long term.

The MSCI rating agency raised the ESG rating of Graubündner Kantonalbank from «BBB» to «AA» in the 2022 financial year. That demonstrates that our commitment and achievements in the area of sustainability are being noticed.

We support the Green Deal Graubünden action plan through our role as its financing partner. The action plan aims to achieve the target of the Paris Agreement: net zero by 2050. Step one of this focuses on promoting energy-efficient building renovations in the Canton of Graubünden.

As a partner of the Swiss Climate Foundation, we are committed to the promotion of effective climate protection beyond cantonal borders. After all, we have to pool our resources and work hand in hand to promote innovative ideas for protecting the climate.

The sustainable development of Graubündner Kantonalbank must be tangible to all target groups. That's why transparency is so important. We have been publishing a report in accordance with GRI Standards since the 2021 financial year. We also support the ten principles of the United Nations Global Compact on human rights, labour standards, environmental protection and anti-corruption. In this annual progress report, we describe our measures to continuously improve the integration of the Global Compact and its principles into our business strategy, corporate culture and day-to-day operations. We also undertake to share this information with our stakeholders, using our primary communication channels.

Our commitment can be summed up as follows: «The future is now». This shows us every day that it is better to act today rather than tomorrow. But it also shows that all of us are needed when it comes to shaping a sustainable and vibrant future.



Daniel Fust
CEO

Sustainability strategy

Thinking and acting sustainably forms an integral part of the consistent implementation of Graubündner Kantonalbank's vision and strategy. We promote the quality of life in the region and the economic area of Graubünden with clear guidelines on the priority issues of the economy, ecology and social affairs. In doing so, we take account of the concerns of all our stakeholder groups.

In addition to the long-term continuity of financial strength, which is reflected in our robust equity base and constant dividend distributions over the years, the ecological and social dimensions are also key. Ten years ago, the meta targets for 2025 were set for the bank's own operations, the majority of which have already been met. Through the GKB Beitragsfonds (contributory fund), Graubündner Kantonalbank has also been assuming its social responsibility for promoting the quality of life in Graubünden for decades.

According to the [Graubündner Kantonalbank Act and internal organisational structure](#), responsibility for strategic activities lies with the Supervisory Board. As explained in last year's Annual Report and Sustainability Report, the Supervisory Board and the Executive Board refined the strategy further in 2021. The [overall bank strategy](#) comprises ten strategic fields of action. One of these ten strategic fields of action is sustainability, which firmly anchors it in the bank's strategy. The topic of sustainability was given top priority for action. In accordance with the jointly approved strategy, the main focus in the year under review was on further developing our sustainability approach in the financing and investment business. Graubündner Kantonalbank will continue to focus on this in the years to come as well. This includes reviewing and expanding the guidelines and criteria, making the necessary adjustments to the processes, and training and disseminating knowledge to employees. Transparency in reporting has also been increased, with more gradual increases yet to come, and communication will be further expanded.

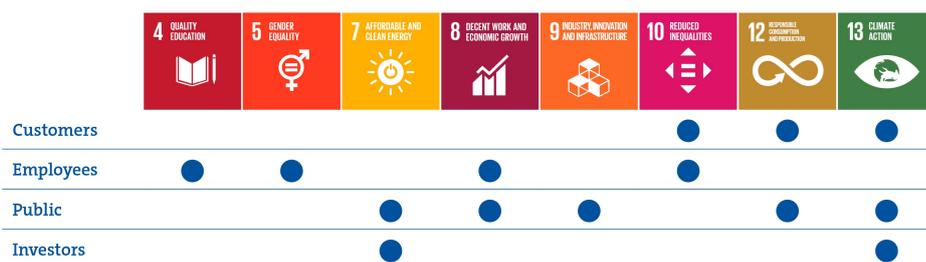
Operational responsibility for sustainability lies with the Executive Board. The Head of Sustainability is responsible for actively shaping and implementing the sustainability strategy at the operational level. They also head a Sustainability Committee, on which all areas of the bank are represented. In this role, they act as an interface between the Executive Board and the Sustainability Committee. The committee meets every three weeks. It ensures that a regular exchange of information takes place between the individual departments and forwards updates from those individual departments. Furthermore, the committee provides information regarding legal and regulatory development and, in doing so, ensures a transfer of knowledge. The duties of the Head of Sustainability also include regular contact with the rating agencies as well as work to develop topics that impact the bank as a whole. Via the Sustainability Committee, the Head of Sustainability coordinates the implementation of measures and monitors the annual progress. The Executive Board is informed by means of an annual report and, based on this, initiates any corrective and follow-up measures. The Supervisory Board is informed by the Executive Board on an ongoing basis about the status of those efforts and any progress made.

Sustainable Development Goals (SDG) relevant to GKB

Graubündner Kantonalbank has undertaken to make an active contribution to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations in autumn 2015. The SDGs define the social, economic and environmental milestones to be collectively achieved worldwide by 2030. The bank is embracing its responsibility and has laid the foundation for aligning its sustainability management and core business more closely with the SDGs.

Graubündner Kantonalbank is committed to all [17 SDGs](#). They are essential for promoting sustainable development. To ensure focused action, the Sustainability Committee has prioritised the SDGs. The SDGs relevant to Graubündner Kantonalbank were derived on the basis of the revised Strategy 2021–2025 and the ten strategic fields of action. The bank also took care to ensure that the selected goals reflect Graubündner Kantonalbank's holistic approach (economic, environmental and social dimensions) and that all of Graubündner Kantonalbank's stakeholder groups (clients, employees, the public and investors) are taken into consideration. Following the conclusion of the process in the specialist committee, the SDGs relevant for the bank were presented to the Executive Board for approval.

Furthermore, based on these key topic categories at Graubündner Kantonalbank, the SDGs on which the bank's activities have the greatest influence were examined. The chart below shows the eight SDGs relevant for Graubündner Kantonalbank:



Graubündner Kantonalbank has less influence on the other nine SDGs, although its lending and investment business also makes an important contribution there. In the following, Graubündner Kantonalbank shows how it contributes to the relevant eight SDGs.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

- In autumn 2022, Graubündner Kantonalbank launched a modular ESG training programme for all client advisors that was devised together with Lucerne University of Applied Sciences and Arts (HSLU). ESG training covers not only the content required by the regulator, but also links this content to our advisory services at a practical level and, in doing so, broadens our employees’ skills in the area of investment advisory services.
- Graubündner Kantonalbank collaborated with the Graubünden University of Applied Sciences to develop a two-stage certificate course (General Management and Digital Transformation) in 2021, which they launched in the year under review. The course has already been successfully conducted twice. By offering this course, Graubündner Kantonalbank helps its employees to prepare for the digital transformation and be ready to cope with the changing demands with new knowledge and new skills.
- With its training and internship positions, Graubündner Kantonalbank made it possible for 84 young people to enter the world of work in the year under review, thus making a significant contribution to providing high-quality training.
- Graubündner Kantonalbank attaches great importance to ongoing further education for all its employees. To that end, the bank invests in internal further education and training courses and supports part-time further education. 28 further education programmes of this nature were successfully concluded in the 2022 reporting year.

Goal 5: Achieve gender equality and empower all women and girls to self-determination.

- Graubündner Kantonalbank offers attractive, family-friendly working conditions, promotes diversity and has a balanced salary policy.
- Graubündner Kantonalbank is specifically promoting broader diversity through measures such as increasing the proportion of women elected to the "Futura" talent board and consciously monitoring individual career paths.
- Graubündner Kantonalbank embraces diversity and inclusion as a fundamental principle. To promote these ideals going forward, a project team was founded in 2022 that, in an initial phase, will gather successful examples of instances where the proportion of women was successfully increased, push ahead with networking on the topic and implement the first ideas in 2023.
- Like in 2021 and in accordance with the principle of "equal pay for equal work" enshrined in the Federal Constitution, Graubündner Kantonalbank will undergo a salary audit in 2023, which will be carried out by the Research Centre for International Management at the University of St. Gallen. The 2021 audit revealed good results and no need to take any action.

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.

- Following the launch of its first green bond in 2021, Graubündner Kantonalbank already launched its second green bond in the amount of CHF 200 million in 2022. With it, the bank is further demonstrating its commitment to sustainability in the area of financing. The net proceeds from the green bond will be used for green buildings and hydropower plants.
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Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- Around half of the annual profit is distributed to the investors in the form of dividends. The contributions paid to our main shareholder, the canton of Graubünden, amounted to 92.8 million in the reporting year, corresponding to CHF 460.60 per resident.
- Graubündner Kantonalbank offers comprehensive financial and advisory services for local businesses, focuses on sustainable value creation and creates added value for the regional

economy. Some 60 percent of private individuals and business clients have a banking relationship with Graubündner Kantonalbank.

- Graubündner Kantonalbank is committed to inclusion. It offers ten social service positions for people who do not meet the criteria of the primary labour market.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

- Graubündner Kantonalbank has been a partner of the Swiss Climate Foundation since August 2022 and is actively involved in its advisory board. The foundation promotes SME projects in Switzerland and Liechtenstein that contribute toward climate protection efforts. The bulk of the Foundation's grants flows into the development of innovative technologies.
- Through the [INNOZET Foundation](#), which was established by Graubündner Kantonalbank and is operated together with Trumpf Schweiz AG, the bank supports start-ups in the canton of Graubünden and thus makes a significant contribution to promoting innovative products and technologies. More information can be found in the section «[Sustainable lending business](#)».

Goal 10: Reduce inequality within and among countries.

- Through its active membership, Graubündner Kantonalbank supports networks and associations that improve the regulation and supervision of financial markets and institutions and strengthen the application of the relevant regulations. More information can be found in the following section «Standards, memberships and sustainability ratings».

Goal 12: Ensure sustainable consumption and production patterns.

- Employees' expertise and their commitment to the clients of Graubündner Kantonalbank enable the bank to take its advisory responsibility seriously and encourages companies to embrace sustainable corporate governance.
- Graubündner Kantonalbank promotes the sale of sustainable products and services, particularly in the area of investment, and is further expanding its range of sustainable products. Sustainable investment products are generally the recommended standard at Graubündner Kantonalbank.
- Another focus is the promotion of sustainability criteria in [public procurement](#). For product ratings, a specific grid was created in collaboration with sustainability experts in order to ascertain products' sustainability. This grid is to be optimised for further use within the bank.
- [Guidelines](#) were developed in the area of Events/Live Communication that are provided to partners during briefings. They provide guidance and practical assistance.

Goal 13: Take urgent action to combat climate change and its impacts.

- Graubündner Kantonalbank's investment business is geared fully towards sustainability. More information can be found in the section «[Sustainable investment business](#)». In 2021, a reduction path was defined for the investment business that is geared toward the Paris Agreement. For more information, please refer to the «[Financial and sustainability goals](#)» overview table.
- Graubündner Kantonalbank has significantly reduced its environmental impact in recent years and continues to do so. Since 2011, the bank has been offsetting the remaining emissions. In the reporting year, this was done via the project «Climate-optimised forest management in the canton of Graubünden».

Memberships and sustainability rating

Graubündner Kantonalbank bases its sustainability strategy on internationally recognised initiatives and standards. Through selective memberships, Graubündner Kantonalbank shows that it is committed to sustainability and interested in playing an active role on the matter. These memberships and standards are suitable for positioning the bank both in the industry and in their stakeholder groups. Memberships also allow Graubündner Kantonalbank to benefit from knowledge transfer and to exchange important experiences via networks.

Standards, memberships and sustainability ratings

- **Sustainable Development Goals (SDGs).** The United Nations (UN) defined 17 Sustainable Development Goals (SDGs) within the scope of the 2030 Agenda. They represent a global plan for promoting lasting peace, prosperity, and the protection of our planet. With the sustainability strategy it formulated, Graubündner Kantonalbank intends to make an active contribution toward achieving the UN's development goals.
- **Paris Agreement.** Signed in 2015, the "Paris Agreement" aims to limit average global warming to well below 2 degrees Celsius compared to pre-industrial levels. Graubündner Kantonalbank took this goal into consideration when preparing its sustainability strategy.
- **UN Global Compact.** The UN Global Compact is the world's largest corporate social responsibility initiative. The UN Global Compact envisions an inclusive and sustainable global economy based on ten universal principles in the areas of human rights, environment, labour standards and anti-corruption. Graubündner Kantonalbank has been a participant of the UN Global Compact since 2021.
- **UN Principles for Responsible Investment (UN PRI).** The aim of the Principles for Responsible Investment is to understand the impact of sustainability on investors and to help signatories incorporate these issues into their investment decision-making processes.

Graubündner Kantonalbank is committed to the principles of the UN PRI regarding responsible investment policies and signed them in 2021.

- **Global Reporting Initiative (GRI).** The GRI is the world’s leading standard in the area of sustainability reporting. Graubündner Kantonalbank prepares its reports in accordance with these specifications and has been preparing its sustainability report in line with the GRI Standards 2021 since 2021.
- **Paris Agreement Capital Transaction Assessment (PACTA).** The PACTA Climate Test has shown regularly since 2017 how climate-friendly the Swiss financial market invests. Graubündner Kantonalbank participated in the reporting year and had both its investment portfolio and financing portfolio analysed.

Memberships in associations and organisations

- **Association of Swiss Cantonal Banks (VSKB).** VSKB is an association that unites Switzerland’s 24 cantonal banks. It safeguards the shared interests of and promotes cooperation between its members. This association enables Graubündner Kantonalbank to exert its influence both directly and indirectly and advocate for sustainable framework conditions. The CEO of Graubündner Kantonalbank is a member of the VSKB Board of Directors.
- **Swiss Bankers Association (SBA).** The SBA is the umbrella organisation of banks in Switzerland and reflects the interests of the entire Swiss financial centre. The SBA represents Swiss banks vis-à-vis politicians, industry and the public.
- **Swiss Sustainable Finance (SSF).** The goal of SSF is to establish Switzerland as a leading centre for sustainable financial services. More than 60 organisations – including financial service providers, investors, research organisations and the public sector – have joined together to promote social and environmental issues in investment and financing. Graubündner Kantonalbank has been a member of SSF since 2021.
- **Asset Management Association Switzerland (AMAS).** The members of AMAS promote optimal frameworks for Swiss asset management as well as for the production and distribution of investment funds. They are also committed to addressing issues related to sustainable finance with a focus on the investment sector. Not only has Graubündner Kantonalbank been a member of AMAS since 2021, but it is also involved in the “ESG Sub-group” task force.
- **Myclimate.** The myclimate – The Climate Protection Partnership non-profit foundation is an international climate protection organisation with Swiss roots. Founded in 2002 as a spin-off of ETH Zurich, myclimate is currently one of the world’s leading providers of voluntary carbon offset measures. Graubündner Kantonalbank has been a partner of myclimate for many years.
- **Öbu – Association for Sustainable Business Management.** Öbu is the Swiss network for sustainable business management and promotes an awareness of economic, environmental and social responsibility in business. Öbu promotes the practical implementation of advanced sustainability standards, works with its members on an economy of the future and is committed to supporting the basic conditions necessary for that economy to develop. Graubündner Kantonalbank has already been a member of this network for more than ten years.
- **Energy saving alliance.** The energy saving alliance brings together organisations that support efforts to ensure the security of supply in winter. These organisations take voluntary steps that enable them to use energy in a more efficient and sparing manner. By committing to the energy alliance, the organisations reaffirm their determination to join forces. As a member of the energy saving alliance, Graubündner Kantonalbank’s voluntary measures help ensure that the energy supply is ensured for as long as possible. This alliance aims to prevent any shutdowns from becoming necessary and also the need for new regulations to the greatest extent possible.

The sustainability of Graubündner Kantonalbank is assessed by a number of leading rating agencies. MSCI, the world’s largest ESG rating agency, awarded Graubündner Kantonalbank a new rating of AA at the end of July 2022 (upgraded from BBB). Other sustainability ratings are listed in the following summary:

Ratingagentur	Aktuelles Rating	Skala	Datum Bericht	Basis
MSCI ESG	AA	AAA bis CCC	7/28/2022	Geschäfts- und Nachhaltigkeitsbericht 2021
Sustainalytics (Morningstar)	Medium	Negligible low med high severe	3/6/2023	Geschäfts- und Nachhaltigkeitsbericht 2021
InRate	B	A+ bis D-	11/8/2021	Geschäfts- und Nachhaltigkeitsbericht 2020
ISS ESG	D+	A+ bis D-	11/30/2021	Geschäfts- und Nachhaltigkeitsbericht 2020
ethos	B+	A+ A- B+ B- C excl.	12/20/2022	Geschäfts- und Nachhaltigkeitsbericht 2021

Financial and sustainability goals

	2021	2022	Ziel 2025
Income ratio of fee business [Group]	42.9 %	39.5 %	45 %
Productivity (cost/income ratio II)	48.1 %	51.9 %	≤ 52.5 %
Equity (CET 1 ratio)	20.3 %	19.3 %	17.5–22.5 %
Outperformance (compared to ten-year government bonds)	8.0 %	7.0 %	> 3 %
Share of mortgages granted in other cantons (real estate market diversification)	24.9 %	26.7 %	>15 % und < 50 %
Payout of parent house (pay-out ratio) to the owners (residents of the canton)	51.6 %	49.8 %	50–70 %
Accumulated net new money [Group]	CHF 1.7 billion	CHF 3.3 billion	CHF 3 billion
Increase in overall rating as a sustainable bank	D+ ISS ESG	D+ ISS ESG	mind. C (Prime)
Paris-aligned 2040 in investment business with a reduction in CO ² emissions of at least 35 % by 2030 for GKB funds and asset management mandates (premium mandates)	0 % ¹⁾	0 % ¹⁾	33 % ¹⁾
Reduction of CO ₂ -emissions on existing residential mortgage portfolio	31 kg/m ² p.a. (underlying ²⁾)	39 kg/m ² p.a. (underlying ³⁾)	-12.5 % ct underlying
Keeping low the lending volume of large and syndicated loans that violate sustainability criteria	not specified, goal has been defined in 2021	0.27 % of total customer lending limits (basis: annual financial statements 2021)	<1 % of total customer lending limits
Total energy consumption of the bank (direct)	82 %	83 %	< 75 %
Reduction of internal CO ₂ -emissions (underlying: 2010)	33 %	38 %	< 60 %
percentage renewable energy on total energy consumption	73 %	73 %	Min. 80 %
Kununu employer rating	4.5	4.5	≥ 4.5

1) of assets (on defined reduction path)

2) Base value: estimate June 2021

3) The increase can be attributed primarily to the update of the greenhouse gas coefficient according to KBOB and to model adjustments with regard to improved consideration of climate data.

Material topics

Analysis of sustainability impact

Graubündner Kantonalbank's reporting is designed to focus on the relevant sustainability topics, i.e. the topics where the bank has the greatest influence on society, the environment and the economy.

As a starting point, Graubündner Kantonalbank compiled in 2021 possible sector, bank and canton-specific topics from industry analyses, sustainability ratings, stakeholder inputs and media reports, and then carried out an initial internal assessment and analysis of the impact among specialists. Graubündner Kantonalbank then asked experts from the Swiss sustainability rating agency Inrate to review and evaluate the twelve possible topics identified. In evaluating and identifying the relevant sustainability impacts of companies, Inrate conceptually based its assessment on the identification of market failures, in particular through negative external effects. Inrate also focuses on a company's products and services and their impact along the entire value chain. Inrate then also took into account the social benefits of a company as a reference value, thus looking at companies from a holistic, systemic perspective, and normalised and aggregated the various identified effects.

Material reporting topics

The impact analysis by Inrate resulted in the identification of the following ten material sustainability topics for Graubündner Kantonalbank (in order of decreasing impact intensity):

- 1) Sustainable lending business
- 2) Sustainable investment business
- 3) Corruption (including money laundering), competitive behaviour and insider trading
- 4) Tax evasion and aggressive tax avoidance
- 5) Operational sustainability management: Ecological and climate-neutral operation and sustainable procurement
- 6) Fair and attractive local working conditions for employees
- 7) Data protection and data security
- 8) Regional supply of financial services
- 9) Local commitment and partnerships related to culture, sport, social issues and the local economy
- 10) Transparency vis-à-vis stakeholders

For each of the five most important sustainability topics, the following pages provide a comprehensive explanation of their relevance on the basis of their impact on society, the environment and the economy, Graubündner Kantonalbank's ambition with regard to each topic, the management approach with which the bank is currently addressing the respective issue, and the next steps planned to further develop the management approach. This is followed by a shorter report on the other five sustainability topics deemed less important.

The materiality analysis was not updated for this sustainability report, meaning that the material topics and their classification based on impact intensity remain unchanged. According to plan, the materiality analysis will be reviewed regularly and updated as needed.

Sustainable lending business

Relevance of the material topic for Graubündner Kantonalbank

The lending business is Graubündner Kantonalbank's largest business area in terms of its financial volume and net interest income. By granting mortgages and loans, Graubündner Kantonalbank has a direct positive or negative impact on the environment and society. The same applies to the pricing of its financing offering, taking sustainability opportunities and risks into account. The bank also wants to guide its clients through their transformation towards a sustainable business model, with corresponding advice and suitable incentives in its range of products and services.

For example, the bank's mortgage lending and pricing policies can create incentives for owners to improve their energy efficiency and thus the climate impact when building or renovating properties. Likewise, in the case of corporate financing, environmental and/or social economic activities can be promoted via the lending and pricing policy of corporate loans. These include, for example, the production of renewable energies, the health and education system or more ecological and/or social production methods such as the switch to organic farming or the improvement of occupational health and safety. Conversely, when granting loans, there is a risk that the funds will enable economic activities that are not sustainable. Examples of that include companies that are directly or indirectly involved in human rights abuses such as child labour through their suppliers or that contribute to environmental pollution.

A bank's sustainable lending policy gives it the following impact potential: It determines and evaluates the ecological and social impact of client activities or investments to be financed. It takes these into account in its lending and pricing policy as well as in its risk management. It also informs its clients proactively and transparently as part of the process about the benefits of its sustainable financing products as well as about its sustainability criteria as part of its lending and pricing policy. In doing so, it sends signals to the financial markets and takes the incentive effect into account.

Ambition of Graubündner Kantonalbank

Firstly, Graubündner Kantonalbank promotes sustainability in its lending business with specific offers for clients. Particular priority is given to the mortgage business due to its large scale, the existing estimates of its carbon footprint and the high priority attached to the real estate sector by the canton of Graubünden in its "Green Deal for Graubünden" action plan presented in August 2021. Graubündner Kantonalbank also promotes the production of hydropower as a renewable, emission-free energy source and Switzerland's most important domestic source of raw energy.

Secondly, when granting corporate and syndicated loans, Graubündner Kantonalbank ensures as a general principle that the activities and projects financed meet its sustainability standards and objectives to the greatest possible degree. Graubündner Kantonalbank aims to use this approach to contribute to efforts to reduce CO₂ emissions by applying the climate protection guidelines of the 2015 UN Climate Change Conference; in other words, the bank wants to limit man-made global warming to well below 2 degrees Celsius compared to pre-industrial levels by 2040.

The key performance indicator for sustainable lending can be found in the table [«Financial and sustainability goals»](#).

Current approach of Graubündner Kantonalbank

Financing green buildings

The Cantonal Parliament of the canton of Graubünden decided in autumn 2021 on the first phase of the Green Deal action plan, thereby lending their support for measures including energy-efficient refurbishments in the canton of Graubünden. Graubündner Kantonalbank promotes the financing of green buildings with a view to the high energy efficiency of the financed buildings with a specific offer for its clients. Working together with the Office for Energy and Transport of the canton of Graubünden, a service package with the following priority was set up:

- Networking of specialists from the construction industry and the canton of Graubünden
- Development of an information platform for homeowners

These measures aim to provide clients with holistic care and support on the topic of energy-efficient renovations. Clients can benefit from the subsidy programmes offered by the canton of Graubünden, increase the value of their property, reduce CO₂ emissions and cut their energy costs. To that end, Graubündner Kantonalbank will pay a "scrapping premium" as direct support for the energy-related refurbishment of oil and gas heating systems (replacement) and will also contribute to the costs of preparing GEAK reports (basis for comprehensive refurbishment measures). The service package also includes support within a predefined scope in the areas of tax and pension planning.

Financing renewable energy sources

When it comes to financing the production of renewable energies, Graubündner Kantonalbank focuses on loans to larger Graubünden power plant companies, namely hydropower projects. Graubündner Kantonalbank also finances hydropower plants as well as solar, wind and district heating installations.

Hydropower

Graubündner Kantonalbank grants loans for the construction, refurbishment or refinancing of small-scale hydropower plants (maximum generation capacity of 10 megawatts (MW)) as well as the refurbishment or refinancing of existing medium-sized or large-scale hydropower plants generating more than 10 MW. This is done without substantially increasing the size of their collection facility. Local environmental influences and possible controversies are taken into account when evaluating all hydropower projects. National and cantonal regulations regarding local environmental impacts are followed strictly as a minimum expectation. Graubündner Kantonalbank also ensures that borrowers operate and licence a recognised quality and environmental management system. Loans granted for hydropower projects are limited to projects in Switzerland and the policy complies with International Finance Corporation (IFC) Performance Standards.

Wind energy

Graubündner Kantonalbank grants loans for the construction, refurbishment or refinancing of onshore wind turbines and other emerging technologies. Loans for wind energy projects may only be granted to projects in Switzerland.

District heating and energy systems

Graubündner Kantonalbank grants loans for the construction, refurbishment and refinancing of plants for the production and distribution of thermal energy. This relates to both district heating and energy networks. District heating mainly depends on waste heat from waste disposal or wastewater treatment plants as well as from industrial processes and renewable energy sources such as lake water, groundwater, biomass and wood. Using exclusively local wood for heating has a significantly lower impact on the climate. The CO₂ produced during combustion is recaptured, in part because the Swiss Forest Act stipulates that only as much wood as is grown at the same time may be used. Energy systems offer another type of decentralised thermal supply, enabling a service area to be furnished with heating and cooling energy at the same time. Waste and environmental heat are used or emitted and exchanged in a loop between the units connected.

Graubündner Kantonalbank is committed to ensuring that borrowers mainly use local wood. Fossil fuels such as natural gas and oil can be used in addition to meet power peaks on very cold winter days or when setting up a new central heating system or for repair and renovation work. Loans may only be granted to district heating and energy network projects in Switzerland.

Financing the lending business by issuing green bonds

With the launch of green bonds, Graubündner Kantonalbank is pursuing the goal of maintaining the attractiveness of Graubünden as a business location and contributing to the indirect reduction of CO₂ emissions as well as promoting the environmentally compatible modernisation of existing renewable electricity production facilities in Graubünden. Graubündner Kantonalbank intends to use the proceeds to finance and/or refinance green projects in whole or in part in the areas of "Renewable energy sources" (see section 2 above) and "Green buildings".

Graubündner Kantonalbank creates aggregated reports regularly, at least once a year, on the allocation and environmental impact of the green bonds. An independent external auditor is tasked with reviewing the allocation of green loans from Graubündner Kantonalbank and preparing an annual report on compliance with the criteria for all green bonds issued by Graubündner Kantonalbank. The bank issued two green bonds with a total issue volume of CHF 300 million in 2021 and 2022 to refinance "green loans".

The building portfolio financed by Graubündner Kantonalbank through the green bonds comprises 305 owner-occupied homes. According to the current Green Bond Impact Reporting, the overall reduction in CO₂ emissions by green buildings financed by the bank is estimated at 171 tonnes of CO₂ per year for the period of the report (7 December 2021 – 30 June 2022). This corresponds to the annual emissions of around 137 new, average passenger cars or the average CO₂ emissions released by around 12 individuals.

The green bonds are not only used to finance particularly climate-friendly buildings, but also to support hydropower plants, which generated a net total of 2,400 GWh of hydropower in the reporting year, which, as expected, led to a reduction greenhouse gas emissions of around 55,500 tonnes of CO₂e. The share attributable to the green bond amounts to 22 percent of the net generation of 537 GWh and 23 percent of the emission reductions of 12,856 tonnes of CO₂e.

The financing provided by the green bonds resulted in emission reductions totalling 6,656.7 tonnes of CO₂e. A detailed report will follow in the Green Bond Impact Reporting. The report is available on the website at www.gkb.ch/GreenBond.

Financing start-ups offering sustainable, innovative product solutions

Graubündner Kantonalbank is involved in financing start-ups offering sustainable, innovative product solutions through the INNOZET Foundation, which it founded in 1999. Since 2000, INNOZET has also been supported by the Berthold Leibinger Foundation and TRUMPF Schweiz AG. In addition to the accrual of the Foundation's capital, Graubündner Kantonalbank also provides the management office and TRUMPF Schweiz AG provides the secretariat of INNOZET.

Loans_Startup

INNOZET currently supports sustainably plausible business ideas with a focus on technology and tourism for companies in Graubünden in the development and start-up phases. Apart from the added value potential, one of the key requirements is the creation of new jobs in the canton of Graubünden. INNOZET provides financial support in the form of shareholdings or loans at current market conditions and supports companies in an advisory capacity with its network of contacts in the realms of politics and business. A total of 32 young companies were assessed over the past three years, with eight of those subsequently receiving support.

Consideration of social and environmental risks in the corporate client business

Graubündner Kantonalbank's corporate lending business is generally geared towards local clients based in the canton. Thanks to its local roots, Graubündner Kantonalbank has direct insight into the business practices of its **small and medium-sized corporate clients** in the canton, thereby enabling it to properly assess compliance with the legal framework as well as the human rights enshrined in the Swiss Federal Constitution. Accordingly, since there is no need for any, the loan agreements of Graubündner Kantonalbank do not contain any specific requirements regarding respect for human rights. The following table shows Graubündner Kantonalbank's credit exposure by industry.

Industry overview of loans

	in CHF 1'000
Agriculture, forestry and fisheries	201,240
Mining, quarrying	17,917
Manufacturing	695,778
Energy and water supply	632,607
Construction	313,405
Trade and repair of automobiles	114,959
Wholesale and retail trade	302,964
Transport and storage	295,696
Hospitality industry	827,099
Information and communication	41,224
Financial and insurance services	2,192,889
Real estate	3,348,509
Services	439,946
Public administration, education	182,865
Health and social services	364,647
Total corporate client business	9,607,098
Private households	12,599,472
Total loans	22,571,217

The current lending policy for small and medium-sized corporate clients does not provide for the granting of loans for which the bank does not know the purpose of the loan. Moreover, lending policy does not provide for a comprehensive and structured review of social and environmental risks.

Since 2021, Graubündner Kantonalbank has been conducting a direct, systematic review of social and environmental risks in the large **client and syndicated loan business** as part of its lending policy and its annual review. In the case of syndicated loans, the domicile of the borrower or their

main office is usually outside the canton of Graubünden. However, it must be located in Switzerland, Liechtenstein, Germany or Austria. The following are the sustainability criteria for lending to major or syndicated clients. The SME lending business is exempt from these criteria.

1) Exclusion of controversial business areas:

Lending to companies that manufacture controversial weapons is excluded. Percentage thresholds also apply to companies that generate a share of turnover with conventional weapons (15%), tobacco (15%), coal (15%), nuclear energy (20%) and gambling that is not federally licensed (20%). If the proportion of turnover that a company generates through these activities is higher, lending is excluded.

2) Exclusion of controversial business practices:

If companies violate applicable UN conventions or norms (e.g. regarding human rights, corruption), lending is excluded until the company once again complies with such international standards and norms. The red flags of MSCI, one of the largest ESG rating agencies, serve as a criterion for the assessment. A "red flag" by MSCI indicates that the company is involved in one or more very serious controversies regarding its business practices.

3) Exclusion of companies with high ESG risks:

An additional criterion for lending is the exclusion of companies with high ESG risks, i.e. low ESG ratings. Companies that are not rated by MSCI ESG or that have an ESG rating of CCC or B are referred to as "laggards" and are excluded from lending by Graubündner Kantonalbank.

Graubündner Kantonalbank's risk policy stipulates that the volume of loans to major or syndicated clients in breach of the three sustainability criteria may not exceed 1 percent of total client lending limits. Financing granted to subsidiaries of companies that are generally excluded and that produce or promote sustainable goods (for example hydropower partner plants of energy companies with a higher share from nuclear energy) is not taken into account at the expense of the tolerance limit. If the tolerance limit is exceeded, measures will be taken to ensure that the tolerance limit is adhered to again as quickly as possible.

An internal review of the entire existing credit portfolio of Graubündner Kantonalbank with major clients and syndicated borrowers in November 2022 showed: No borrower of a syndicated loan in which Graubündner Kantonalbank has a stake had a "red flag". Two existing borrowers violated the turnover limits for controversial business areas (nuclear energy and tobacco), and two borrowers were exposed to high ESG risks (ESG rating of B). The corresponding lending limits amounted to a total of CHF 69.0 million or 0.28 percent of total client lending limits and were therefore well below the tolerance limit.

The loan portfolio of Graubündner Kantonalbank is strongly rooted in its home canton. A certain amount of diversification could be achieved through financing in other regions of Switzerland.

Geographical distribution of loans as at 31 December 2022 (consolidated, after offsetting value adjustments), breakdown by major region

	in CHF 1'000
Graubünden	15,715,866
Zürich	2,506,902
Ostschweiz (ohne Graubünden)	971,689
Nordwestschweiz	964,970
Espace Mittelland	713,738
Ausland	671,445
Zentralschweiz	524,557
Tessin	272,253
Genferseeregion	229,798
Total Ausleihungen	22,571,218

The reference area for the breakdown into different regions was established based on the major regions defined by the Federal Statistical Office. For financing covered by mortgage liens, the domicile of the property is relevant; for all other collateral, the domicile of the collateral provider is relevant. Mortgages are only financed if the domicile of the property is in Switzerland. Foreign financing relates to current covered or uncovered loans to borrowers domiciled outside of Switzerland.

Training and further education

All existing and new employees of Graubündner Kantonalbank involved in lending receive training in the application of the existing and new guidelines and regulations in the lending business. To ensure quality and professionalism in client advisory services, all client advisors at Graubündner Kantonalbank have been receiving systematic further education since 2018 and are certified in accordance with the national "CertKB" standard issued by the Cantonal Bank Interest Group. The training, certification and regular recertification programme also includes Graubündner Kantonalbank's lending policy.

Within the framework of the requirements for the implementation of the counter-proposal to the Responsible Business Initiative, Graubündner Kantonalbank initiated training and further education for the specialist groups involved. This focuses on implementation of the TCFD standard (TCFD: Task Force on Climate-related Financial Disclosures), calculation of the carbon footprint with the Partnership for Carbon Accounting Financials (PCAF) and defining a reduction pathway (based on the Science Based Targets initiative (SBTi)).

Further development and next steps

In 2023, Graubündner Kantonalbank will further develop its sustainability approach in the lending business in the following areas:

Further development of the mortgage business with private clients

In future, environmental risks will also be taken into account more comprehensively in mortgage lending and pricing policies with private clients. In 2021 for the first time, Graubündner Kantonalbank commissioned IAZI AG to carry out an independent estimate of the indirect CO₂e emissions of the properties of private clients that were financed by its mortgage loans (residential; so-called Scope 3 emissions). As at 30 June 2022, indirect CO₂e emissions from the private client mortgage portfolio in the residential segment of Graubündner Kantonalbank amounted to 260,000 tonnes of CO₂e. That corresponds to an estimated average of 39 kg of CO₂e per m² and year (as at 30 June 2021, this figure amounted to 31 kg CO₂e per m² and year). The average for single-family and multi-family homes is 43 kg CO₂e per m² and year. Financed owner-occupied homes reported 31 kg CO₂e per m² and year.

The CO₂ values estimated as at 30 June 2022 exceed the values estimated as at 30 June 2021 by far. The increase is primarily attributable to the updated greenhouse gas coefficients used by KBOB¹ as well as model adjustments aimed at improving how climate data are taken into account. This estimate and the relative importance of the mortgage business for the overall lending business of Graubündner Kantonalbank illustrate the leverage available for reducing indirect CO₂e emissions by financing new buildings or energy-saving renovations of existing buildings that are certified to the Minergie or Passive House standards.

The Swiss Banking Association issued a new self-regulation guideline for mortgage advisory services in 2022. Graubündner Kantonalbank then set up a working group to examine how the guidelines should be implemented in the bank's advisory services as well as its financing process (data entry and processing). The goal of the guideline is to contribute toward the sustainable development of buildings in Switzerland and to address the long-term value retention and energy efficiency of their property when working with mortgage clients.

The mortgage business is one of the main pillars of Graubündner Kantonalbank's loan portfolio. Over the course of the next one to two years, the bank will evaluate and disclose its financed emissions as defined by the Partnership for Carbon Accounting Financials (PCAF) in order to increase climate transparency. A reduction pathway (based on the Science Based Targets initiative (SBTi)) as well as measures to achieve those targets will then be defined on the basis of those results.

¹ KBOB: Coordination Conference of Building and Property Authorities of Public Builders

Further development of the corporate lending business

In 2023, the inclusion of sustainability-related aspects is to be enshrined more strongly in Graubündner Kantonalbank's lending policy, as well. In future, qualitative and quantitative sustainability-related factors are to be taken into account in the lending process for business with small and medium-sized corporate clients in addition to the assessment of traditional financial credit risks. Graubündner Kantonalbank will examine in detail in the years to come the extent to which these sustainability-related risks can be included in the definition of credit conditions and the valuation of collateral (pledged assets). Finally, in line with the Partnership for Carbon Accounting Financials (PCAF), Graubündner Kantonalbank will calculate the greenhouse gas emissions of

outstanding loans to corporate clients and define a possible reduction pathway based on a global standard such as the Science Based Targets initiative (SBTi) or the Net-Zero Banking Alliance (NZBA), for example.

Sustainable investment business

Relevance of the material topic for Graubündner Kantonalbank

After the lending business, the investment business is the second-largest business area for Graubündner Kantonalbank. The bank is aware of the fact that investments can have a significant impact on the economy, society and the environment. Anybody who ignores ESG factors also ignores the opportunities and risks of both companies and countries. Since society demands responsible behaviour and supervisory authorities specify sustainable practices, risks such as these can have an impact on financial costs and on a company's balance sheet as a result. This also includes risks arising in connection with insufficiently sustainable activities as well as the costs and risks of a transition toward sustainable business models.

One of banks' core competencies is risk management – both with respect to their own investments as well as in their role as fiduciary asset managers of client funds. As an investment advisor or asset manager, the bank indirectly – through its clients' investments – has an important incentive effect on the environment and society. Sustainable business management is something that extends far beyond ambitious environmental protection goals. Sustainability is much more than environmental pollution, greenhouse gas emissions and climate change. When making investment decisions, criteria such as diversity, human rights, child labour and the way companies are managed must also be considered.

For clients, transparency regarding the sustainability-related impact of investments as well as ongoing monitoring and reporting by the bank are pivotal. By identifying its clients' sustainability preferences in the future, the bank will be able to better inform them about sustainability opportunities and risks and provide them advice on how to select financial products and services that align with their preferences. Anybody who – either on their own or through their asset manager – takes sustainability criteria into account when making investments or who exercises the ownership rights associated with the securities (so-called active ownership or engagement) sends signals to the financial markets and takes their incentive effect into account.

Ambition of Graubündner Kantonalbank

Graubündner Kantonalbank is aware of its responsibility as part of society. Sustainable investing is not just a genuine client need, but an intrinsic conviction of Graubündner Kantonalbank. This conviction has made sustainability an integral part of the entire investment business of Graubündner Kantonalbank since 2020.

Through its activities in the investment business, Graubündner Kantonalbank aspires to make a contribution toward a sustainable future. To that end, the bank is guided by the Swiss and international initiatives for achieving the targets of the Paris Agreement. Graubündner Kantonalbank aims to reduce its CO₂ emissions by applying the climate protection guidelines of the 2015 UN Climate Change Conference; in other words, the bank wants to limit man-made global warming to well below 2 degrees Celsius compared to pre-industrial levels by 2040. What's more, Graubündner Kantonalbank also wants to reduce the indirect emissions related to its investment business.

The key performance indicator for sustainable investment business can be found in the table [«Financial and sustainability goals»](#). Once the climate strategy of Graubündner Kantonalbank has been formulated, the intermediate targets for the investment business are reviewed and, in the medium term, adapted to global standards such as the Science Based Targets initiative (SBTi) or the Net-Zero Banking Alliance (NZBA).

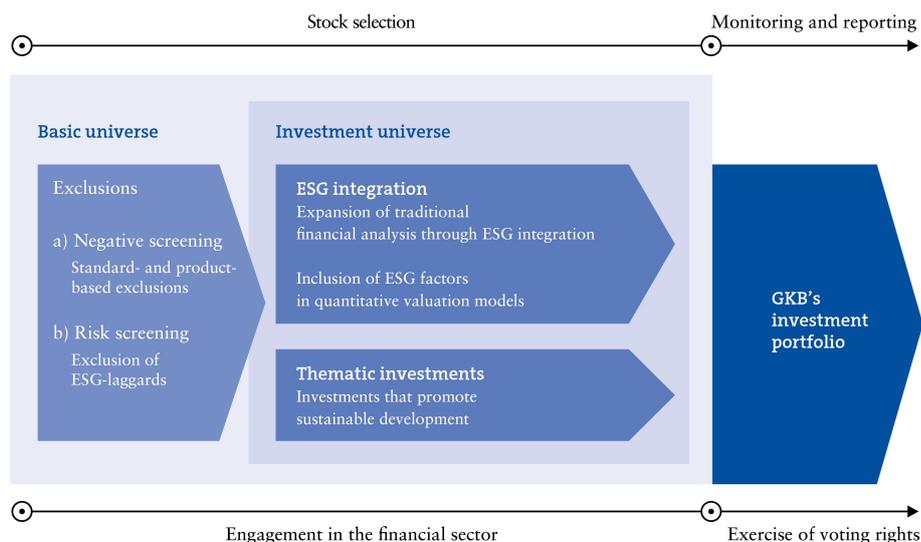
As part of its fiduciary duty toward its clients and society, Graubündner Kantonalbank not only aims to leverage its investment activities to create long-term economic value, but also to steer capital flows toward companies that contribute toward sustainable value creation or are on track toward doing so.

Current approach at GKB

Graubündner Kantonalbank's sustainability approach is based on the six principles of the UN PRI for Responsible Investment and international standards, in particular the UN Global Compact Principles, the ILO core labour standards and the Universal Declaration of Human Rights. Global targets such as the Paris Agreement on Climate Change also serve as a guiding principle for prioritising the investment strategy.

Sustainability approach of Graubündner Kantonalbank

Graubündner Kantonalbank holistically implements sustainable investing through its investment business. That means ESG criteria are incorporated into the investment process at various points. The bank uses ESG criteria to define the investment universe (negative and risk screens) and takes ESG-related risks into account as supplementary information in its investment assessments and portfolio development (integration). ESG criteria are taken into account when making specific investment decisions and incorporated into risk management. We attach high priority to providing transparency about the ESG and climate risks of investment portfolios (reporting). Furthermore, the bank aspires to engage in active dialogue with investment fund providers (engagement) and is committed to ensuring that the shareholder voting rights (voting) of investment funds are exercised with sustainability in mind.



Sustainability approach in asset management

ESG expertise

Graubündner Kantonalbank has its own sustainability experts to implement the sustainability approach in its investment business. The bank relies on analyses carried out by MSCI ESG (MSCI), one of the world's largest providers of sustainability analyses and ratings in the areas of the environment, social issues and corporate governance (ESG). All around the globe, MSCI delivers transparency about ESG risks, climate risks and climate opportunities by providing ratings and ESG data on companies, countries and funds as well as tools.

Sustainable investment offering

Through its sustainability policy, Graubündner Kantonalbank promotes an investment offering (own funds, asset management and investment advisory services) that takes a variety of different sustainability-related aspects into account.

Sustainability approach for own funds

The main objective of Graubündner Kantonalbank's sustainability approach is to improve the risk-return ratio (minimise sustainability risks) while complying with global conventions and Swiss laws to the greatest degree possible.

Approach with respect to equity, bond and convertible bond funds of Graubündner Kantonalbank

Within these funds, Graubündner Kantonalbank mainly invests in direct investments for which the following sustainable approaches are applied.

1) Standard- and product-based exclusions (= negative screens)

When direct investments are made in equities and bonds, the following activities and/or criteria result in an issuer's exclusion:

Category	Threshold
UN Global Compact violations ¹	Zero tolerance
Extremely serious controversies in the areas of environment, clients, human rights, labour rights as well as supply chains and corporate governance ¹	Zero tolerance
Exclusion list from the Swiss Association for Responsible Investments (SVVK-ASIR)	Zero tolerance
Controversial weapons ¹	Zero tolerance
Conventional weapons ¹	Turnover ≥ 5 %
Thermal coal extraction ^{1,3}	Turnover ≥ 5 %
Ownership of thermal coal reserves ^{1,2,3}	> 1 bn tonne
Power generation using thermal coal ^{1,3}	Turnover ≥ 5 %
Extraction of unconventional oil and gas deposits (incl. Arctic) ^{1,2,3}	Turnover ≥ 5 %
Nuclear energy ^{1,3}	Turnover ≥ 20 %
Pornography ^{1,2}	Turnover ≥ 5 %
Gambling ^{1,2}	Turnover ≥ 5 %
Tobacco ¹	Turnover ≥ 5 %

1) gemessen mittels Daten von MSCI ESG Research

2) Diesbezüglich hat die Bank im 2022 beschlossen, das Set der Ausschlusskriterien auf Geschäftsaktivitäten wie unkonventionelle Öl- und Gasförderung, Pornografie sowie Glücksspiel per 1.1.2023 auszuweiten.

3) Green Bonds und Sustainable Bonds müssen nicht ausgeschlossen werden. Bei einem Green Bond und bei einem Sustainable Bond muss der Emittent die durch die Emission des Green bzw. Sustainable Bonds beschafften finanziellen Mittel zweckgebunden verwenden. Green Bonds dienen dabei der Kapitalbeschaffung für spezifische Aktivitäten zur Verringerung bzw. Verhinderung von negativen Auswirkungen auf die Umwelt. Sustainable Bonds dienen ebenfalls der Kapitalbeschaffung für spezifische Aktivitäten zur Verringerung bzw. Verhinderung von negativen Auswirkungen auf die Umwelt sowie zusätzlich auch der Kapitalbeschaffung für spezifische Aktivitäten zur Verringerung bzw. Verhinderung von negativen Auswirkungen auf die Gesellschaft.

2) Exclusion of ESG laggards (= risk screen)

No investments are made in direct investments classified as “laggards” from the perspective of MSCI’s overall ESG rating. Laggards are companies that have received a B or CCC rating from MSCI ESG Research and are lagging behind their industry because of their high exposure to significant ESG risks and failure to make any meaningful efforts to get these risks under control. Among the funds for which they are used, the laggard exclusion criteria are implemented correspondingly, with the focus on the ESG fund rating and not on the rating of a fund’s individual direct investments.

3) ESG integration¹

Events or behaviours by companies and countries in all areas of ESG may actually or potentially have significant negative or positive effects on the value of their issued securities. An in-depth analysis of ESG factors improves risk management. As a result, Graubündner Kantonalbank takes ESG factors into account – in addition to traditional financial analyses – when analysing and selecting companies, countries and funds in order to identify specific ESG-relevant risks and opportunities and incorporate these into portfolio construction.

4) Exercising voting rights

Direct investments: Voting rights are exercised by Swisscanto Fondsleitung AG. To determine its voting behaviour at annual general meetings, Swisscanto Fondsleitung AG uses the assessment of independent, recognised voting rights advisors and its own analyses. Swisscanto relies on the Swiss Code of Best Practice for Corporate Governance for Swiss companies and the UK Corporate Governance Code for foreign companies. Fund investments: The bank gives preference to third-party funds with a voting rights policy that ensures that their funds’ shareholder voting rights are exercised with sustainability in mind.

Approach with respect to strategy and retirement funds of Graubündner Kantonalbank

Within these funds, Graubündner Kantonalbank invests exclusively in its own in-house funds and in funds offered by third parties. The prerequisite when selecting active funds from third-party providers is that the asset manager has an investment process geared towards sustainability and reports transparently about the process. In the case of passive investment funds, Graubündner Kantonalbank only invests where possible in funds that integrate ESG criteria into the investment process. The bank regularly reviews the ESG concepts of third-party providers. Furthermore, it must be possible to evaluate the funds using the MSCI ESG platform and they must have an ESG fund rating.

In the case of strategy and retirement funds of Graubündner Kantonalbank, the following sustainable approaches are applied.

- 1) Standard- and product-based exclusions (= negative screens). A prerequisite when selecting active equity and bond funds from third-party providers is that exclusion criteria must be strictly applied. However, the exclusion thresholds may differ from those of Graubündner Kantonalbank. In the case of passive funds with a focus on equity and bond investments, the bank prefers to invest in products that also use exclusion criteria. For other asset classes such as real estate or gold, specific sustainability criteria apply (described in the following).
- 2) Exclusion of ESG laggards (= risk screen). Among the equity and bond investments for which they are used, the laggard exclusion criteria are implemented correspondingly, with the focus on the ESG fund rating and not on the rating of a fund's individual direct investments. For other asset classes such as real estate or gold, specific sustainability criteria apply (described in the following).
- 3) ESG integration. Events or behaviours by companies and countries in all areas of ESG may actually or potentially have significant negative or positive effects on the value of their issued securities. An in-depth analysis of ESG factors improves risk management. As a result, Graubündner Kantonalbank takes ESG factors into account – in addition to traditional financial analyses – when analysing and selecting funds in order to identify specific ESG-relevant risks and opportunities and incorporate these into portfolio construction.
- 4) Exercising voting rights. The bank gives preference to third-party funds with a voting rights policy that ensures that their funds' shareholder voting rights are exercised with sustainability in mind.

Disclosure and product classification

- Graubündner Kantonalbank has undertaken to issue a disclosure within the meaning of Article 8 of the EU's "Sustainable Finance Disclosure Regulation" (SFDR) for all in-house funds that are registered and approved for distribution in EU markets and submitted a corresponding self-declaration with the competent supervisory authorities. This relates to four funds managed under Luxembourg law: GKB (LU) Bonds EUR ESG, GKB (LU) Convertible Bonds Global ESG, GKB (LU) Equities Europe ESG and GKB (LU) Equities World ESG.
- The funds of Graubündner Kantonalbank that are managed under Swiss law (fund domicile Switzerland) are not subject to European legislation and therefore cannot be classified in accordance with Article 8 or Article 9 of the SFDR. However, the bank's Swiss funds are managed in accordance with the same sustainability principles as the European funds.
- Graubündner Kantonalbank also supports the development of new industry standards in Switzerland in the areas of disclosure, product classification and measurement of sustainability performance and plays an active role in working groups of the industry associations Swiss Sustainable Finance (SSF), Asset Management Association Switzerland (AMAS) and Swiss Bankers Association.

Sustainability approach in asset management

Within the scope of asset management, Graubündner Kantonalbank differentiates between standardised management mandates and mandates with individual client requirements.

Standardised asset management mandates

Under its standardised asset management mandates, Graubündner Kantonalbank exclusively offers its clients product solutions (GKB Premium Mandate, GKB Basic Mandate, GKB Investment Savings Plan) with an ESG focus. These investment solutions are based on Graubündner Kantonalbank's proven investment philosophy, in which the ESG criteria constitute an integral component at all levels. Integrating ESG criteria into the bank's investment process as a fourth dimension (in addition to risk, liquidity and return) makes it possible to gain a holistic view of the opportunities and risks of investment decisions. Those criteria are largely implemented through funds that pursue a variety of different sustainability approaches. The prerequisite when selecting active funds from third-party providers is that the asset manager has an investment process geared towards sustainability and reports transparently about the process.

In the case of passive investment funds, Graubündner Kantonalbank only invests where possible in funds that integrate ESG criteria into the investment process. In addition to the ESG rating, the bank takes other ESG factors into account when making its investment decisions and assesses companies' controversial business activities or practices (in areas such as human rights, labour standards, environment and corruption). The exclusion thresholds for third-party funds may deviate from the criteria of Graubündner Kantonalbank. Furthermore, the bank engages in active dialogue with third-party fund providers and is committed to ensuring that the shareholder voting rights of their funds are exercised with sustainability in mind.

Asset management mandates with individual client requirements

In the case of clients with more than CHF 3 million in assets under management and a confirmation that they want a portfolio that deviates from the standard strategy, it is possible to conclude an asset management mandate geared toward individual preferences (GKB Exclusive Mandate, GKB Individual Mandate Institutional). Mandates of this nature are typically managed in accordance with the ESG approach of the GKB Premium Mandate.

Sustainability approach in investment advisory services

Within the scope of its investment advisory services, Graubündner Kantonalbank exclusively offers its clients product solutions (GKB Management Mandate, GKB Investment Custody Account) with an ESG focus. These investment solutions are based on Graubündner Kantonalbank's proven investment philosophy, in which the ESG criteria constitute an integral component at all levels.

Integrating ESG criteria into the bank's investment process as a fourth dimension (in addition to risk, liquidity and return) makes it possible to gain a holistic view of the opportunities and risks of the bank's investment proposals. They are implemented through the selection of individual equities and funds. Funds are only included in the relevant investment universe if they have a defined sustainability policy (that at the very least contains the "Exclusions" and "ESG integration" approaches and, preferably, the "Exercising voting rights" and "Engagement" criteria) and can be evaluated in detail through the MSCI ESG platform. The investments contained in the funds do not have to fully meet the exclusion criteria for direct investments that apply for the funds of Graubündner Kantonalbank. Deviations are unavoidable, as the asset managers of third-party funds apply their own sustainability concepts.

Within the scope of the bank's sustainability-related investment advisory activities, Graubündner Kantonalbank offers its clients automated support through a tool called ImpaQt plus. This tool allows clients to specify their preferences in the form of average ESG ratings for their portfolio and minimum ESG ratings for individual securities and funds. The bank transparently discloses the ESG ratings for each position or portfolio in its investment report. The bank's recommendations therefore take ESG risks into account in line with the client's preference. The tool issues a warning message if securities are selected that do not meet the specified minimum ESG rating. Clients are informed of any changes to the MSCI ratings that result in an investment no longer meeting their preferences. The advisors of Graubündner Kantonalbank discuss such warnings with their clients during the next scheduled investment meeting at the latest.

Specific sustainability criteria for special asset classes

Outside the asset classes of bonds and equities, investments generally cannot be evaluated using data from MSCI ESG Research (the provider of ESG data). As a result, special asset classes such as real estate and gold in particular are evaluated in accordance with other criteria regarding ESG-relevant opportunities and risks:

Real estate: In an active dialogue with the real estate companies invested, Graubündner Kantonalbank advocates the consideration of ESG criteria such as the energy efficiency of buildings, biodiversity, tenant dialogue and transparency in reporting.

Gold: When investing in gold, Graubündner Kantonalbank observes the "Responsible Gold Guidance" sustainability standard of the London Bullion Market Association (LBMA). Graubündner Kantonalbank thus limits itself to gold from Swiss gold refineries in order to further reduce the risk of unethically extracted gold.

Training and further education

Graubündner Kantonalbank ensures that sufficient expertise is available in the units responsible to implement the sustainability concept along the individual process steps in both the Investment Centre and in the bank's client advisory services. While the Investment Centre ensures that employees receive ongoing further education on the topic of sustainability (including programmes where they can become a Certified ESG Analyst (CESGA) or CFA ESG), the bank's Sustainability Committee offers ongoing training courses under the leadership of Human Resources (HR) to ensure that client advisors have the qualifications they need to implement the topic of sustainability as intended by the current internal and regulatory requirements.

In the year under review, the bank worked together with the Lucerne University of Applied Sciences and Arts (HSLU), which has proven, practical expertise in this area, to develop a customised, modular training concept with a high degree of practical relevance. The first modules were held in autumn 2022. Additional modules will follow in 2023. All client advisors of Graubündner Kantonalbank will complete these training sessions. Step one involves conveying the basic knowledge in five online modules, which are followed by advanced, in-person workshops on specific topics. Following the completion of these two phases, specific ESG topics are addressed and

examined in detail at quarterly symposia. The knowledge acquired by client advisors during this comprehensive training programme covers and even exceeds the full range of training and further education requirements set forth in the sustainability guidelines issued by the SBA in June 2022.

Further development in the reporting year and next steps

Graubündner Kantonalbank had set itself the goal of expanding the sustainability approach it applies in its investment business through the addition of a dedicated climate strategy and by using its shareholder voting rights as actively as possible to influence invested companies (active ownership approach). The focus in the reporting year was on developing the bank's expertise on climate-relevant topics. To that end, relevant projects were launched that aimed to build up the expertise needed to implement the TCFD standard (TCFD: Task Force on Climate-related Financial Disclosures) as well as the PACF method for calculating CO2 emissions associated with the investment business and defining a reduction pathway along global standards (such as the Science Based Targets initiative (SBTi), for example). These measures lay the foundation for the formulation of the bank's future climate strategy and, on that basis, establish a basis upon which a dedicated climate strategy can be built as a means of expanding the sustainable investment approach in the future. Furthermore, the bank continued to exchange views with potential partners (such as ISS ESG, Sustainalytics, Ethos) on the topic of engagement.

The reporting year also saw the bank develop comprehensive ESG reports for private clients and institutional clients. Clients can use these reports to examine their investment portfolios in terms of environmental, social and governance aspects. The reports show how sustainable the investments are and which impact they have and are provided to interested investment clients on request. Additionally, the bank used a new personal end-of-year-report at the end of 2022 to inform all Premium Mandate clients about the performance of their mandate during the reporting year. Clients were shown not only the performance achieved by their investments but also the ESG rating and a climate thermometer.

In 2023, Graubündner Kantonalbank intends to further develop its sustainability approach in the lending business in the following areas.

Alignment of investment advice with client ESG preferences

The new regulation of the Swiss Bankers Association (SBA) enabled Switzerland to close an important (regulatory) gap. This regulation builds on the rules of conduct contained in the Federal Act on Financial Services (FinSA) and supplement them with respect to ESG-related aspects with the following:

- Client disclosure regarding ESG risks and ESG characteristics of the products offered
- Survey of clients' ESG preferences within the scope of an appropriateness and suitability assessment as well as the consideration of ESG preferences when providing advisory and asset management services (matching client preferences with corresponding products)
- Documentation of ESG preferences and a rendering of account to the client on request
- Training and further education, in particular of client advisors in the area of ESG investment solutions

The regulation enters into force on 1 January 2023 and includes the following transition periods:

- The requirements must be implemented for new client relationships from 1 January 2024 onward.
- The same applies for the requirements regarding employee training and further education. Existing client relationships must be adapted by 1 January 2025.

The bank launched an extensive training and further education initiative for its client advisors in the 2022 reporting year along with a project that addresses the other aspects. Within the context of the project, the advisory process will be geared toward clients' ESG preferences in 2023 and the current product range will be reviewed to determine whether it matches up with those ESG preferences. From the end of 2023 at the latest, the bank will start surveying and implementing ESG preferences.

Expansion of investment approach through a dedicated climate strategy

Switzerland ratified the Paris Agreement in October 2017, meaning that Switzerland is bound by an international agreement on the reduction of greenhouse gas emissions. In addition to the goal of keeping global warming to well below 2 degrees Celsius, the Paris Agreement also aims to make finance flows climate-friendly and bring them in line with the target of the Agreement.

With a view to a future with lower CO2 emissions, Graubündner Kantonalbank is aware of the fact that decarbonising its clients' investment portfolios will be an important part of the transition. For investors, however, it is immensely important that we employ more than merely exclusion criteria to effect meaningful changes. Merely investing in sustainable companies is not enough. Instead,

investors need to influence the behaviour of those companies with poorer performance on the sustainability front – such as companies from the energy and utilities sector with high CO2 emissions. That makes active participation – through both engagement and the use of voting rights as a means of influencing companies – extremely important.

The bank sees an investment strategy for reducing CO2 emissions as a key element that should future complement the bank's sustainability approach going forward. Among other things, it is pursuing the goal of gradually reducing its indirect CO2 emissions from its investment business by applying the climate protection guidelines of the UN Climate Change Conference 2015, engaging in active dialogue with companies with high climate risks and, wherever possible, using shareholder rights as a way of reducing climate risks.

Corruption, competitive behaviour and insider trading

Relevance of the material topic for GKB

Legal and fair business practices form the basis of all responsible and ecologically, socially and economically sustainable business practices. Due to their great economic importance for capital procurement, in other words the receipt of client funds and the granting of loans to private individuals and companies, banks in Switzerland have to be licensed and are subject to extensive statutory and supervisory regulations. The aim of these regulations is to protect bank clients and to ensure the stability of the entire banking and financial system.

The lawful basis for Graubündner Kantonalbank's activities is provided by the Federal Act on Banks and Savings Banks and the [Cantonal Act](#) on Graubündner Kantonalbank. In addition, the business practices of every bank in Switzerland in general and, in particular, the requirements relating to corruption (including money laundering), competitive behaviour and insider trading are governed by a large number of laws, the regulations of the Swiss Financial Market Supervisory Authority (FINMA) and the self-regulation of the Swiss Bankers Association.

Legal and fair business practices are material to Graubündner Kantonalbank because non-compliance would have a detrimental effect on its reputation and indirectly on its market position. In addition, non-compliance would have legal and economic consequences such as fines, claims for damages or liability claims. Given the important market position of Graubündner Kantonalbank and due to its cantonal government guarantee, this could also lead to economic damage for the canton of Graubünden. The sanctions imposed by FINMA extend from professional bans all the way to banking licence revocation. The unlikely but high risk potential associated with non-compliance with legal and fair business practices is the reason why this material topic of sustainability is so important and is given such a high priority at Graubündner Kantonalbank.

Ambition of Graubündner Kantonalbank

Graubündner Kantonalbank complies with the statutory, professional and internal regulations and only conducts transactions that comply with recognised ethical principles and are deemed responsible from a business perspective. Graubündner Kantonalbank aims to ensure that legal and fair business practices are the norm and that non-compliance remains the absolute exception. Misguided incentives or behaviour should be detected and corrected as early as possible by the bank itself so that there are no incidents, fines and/or legal proceedings involving the bank and/or its employees in the areas of corruption (including money laundering), competitive behaviour and insider trading.

Current approach at GKB

To ensure that legal and fair business practices are the norm at Graubündner Kantonalbank and non-compliance remains the absolute exception, the bank maintains a system of internal directives and processes, as well as compliance and risk management, monitoring and complaint mechanisms that is as effective and efficient as possible. In addition, the bank's employees at all levels are regularly made aware of these topics and receive training and further education in dealing with directives, processes and systems.

Conduct guidelines: Code of conduct, employment conditions and internal directives

Comprehensive internal guidelines serve the employees of Graubündner Kantonalbank as guidelines and instructions for their conduct and as the basis for the defined banking processes. The principles are summarised in the [Code of conduct](#).

In addition to the general duties of loyalty, the general employment conditions of Graubündner Kantonalbank, which are mandatory for all employees, include the following obligations:

- a ban on insider trading and speculative transactions
- compliance with the duties of care in accordance with the agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB) and the Anti-Money Laundering Act
- a ban on the receipt or granting of non-cash benefits the requirements for accepting business invitations and gifts
- the requirement to obtain approval for all public offices, mandates and part-time employment

At Graubündner Kantonalbank, potential **conflicts of interest** should be identified as early as possible using defined internal rules. In order to avoid conflicts of interest as much as possible, Graubündner Kantonalbank has drawn up suitable internal directives, measures and processes and

has introduced control mechanisms. The bank discloses any unavoidable conflicts of interest to the clients concerned. Further information on the individual measures and on dealing with conflicts of interest can be found [here](#).

Graubündner Kantonalbank has complied with its supervisory duties and its obligations under the CDB in the fight against **money laundering** and terrorist financing by issuing detailed directives and processes. The regulations include the establishment of business relationships (including identification obligations), the ongoing monitoring of transactions for indications and the procedure to be followed in the event of suspected money laundering or doubtful business relationships.

The following regulations apply at Graubündner Kantonalbank in order to prevent gifts, donations and sponsorships from being used to for the purpose of corruption: Donations have the character of a one-off payment and are event-related. The bank only makes substantial donations to supervised Swiss institutions such as Swiss Solidarity. The bank maintains a contributory fund to support and promote culture, sport, social issues (social and non-profit projects), business/tourism and the environment in the canton of Graubünden. A committee consisting of the CEO and three other members decides on the awarding of grants using defined criteria and based on the applications for grants. One-off contributions in excess of CHF 100,000 or multi-year contributions in excess of CHF 300,000 must be approved by the Supervisory Board. No support is given to political or religious projects of any kind, construction projects, refurbishments and renovations, participation in sponsorships, dissertations and theses, training clothing or sponsorship of individual athletes and team athletes. Graubündner Kantonalbank upholds direct sponsorships and long-standing partnerships with the Hockey Club Davos, Open Air Lumnezia, GKB FUSSBALLCUP, GKB SPORTKIDS and GKB HOCKEYSCHULE.

Graubündner Kantonalbank has defined guidelines for all employees in the form of directives and processes to ensure fair **competitive conduct** in business contact with competitors and to prevent illegal competition agreements in accordance with the Federal Act on Cartels and Other Restraints of Competition. Clear rules are set out for conduct in contact with and in meetings with competitors.

Graubündner Kantonalbank has also defined detailed directives and processes relating to the **market conduct rules** for banks set out in the Financial Market Infrastructure Act, which include insider trading, market manipulation and prohibited trading practices. The regulations apply to all employees, regardless of whether they conduct business as account holders, co-account holders, authorised representatives or beneficial owners. Additional rules apply to employees in particularly exposed roles (portfolio managers, financial analysts, members of the Executive Board, etc.). Among other things, restrictions or bans on proprietary transactions, holding or blocking periods and organisational measures such as physical and organisational separation are regulated.

Corresponding requirements in all of the above-mentioned areas are also specifically regulated for **cooperation with external asset managers**. For example, external asset managers are obligated to provide evidence of training courses completed in the area of money laundering prior to the start of any collaboration. The same requirements apply in the areas specified to clients of an external asset manager as to those of Graubündner Kantonalbank.

Compliance in practice as the first line of defence

The practised culture of compliance and integrity of the Executive Board and managers form the basis of an overall responsible corporate culture at Graubündner Kantonalbank. The rules of conduct for all employees are governed by comprehensive directives and processes (see above). Compliance with these standards is promoted and ensured on a day-to-day basis through management checks and the internal control system (ICS).

Risk control as a second line of defence

As a second line of defence, Graubündner Kantonalbank has a compliance function that is independent of its earnings-oriented business activities. Its responsibilities, organisational position and internal reporting in general are described in [Note 3.1 «Risk management»](#) to the consolidated financial statements and in the Corporate Governance Report in [section 3.4 «Internal organisational structure»](#).

The second line of defence at Graubündner Kantonalbank is strengthened by risk control independent of the business processes. Its responsibilities, organisational position and internal reporting in general are described in [Note 3.1 «Risk management»](#) to the consolidated financial statements and in the [Corporate Governance Report in section 3.4.2 «Committees»](#).

In accordance with FINMA Circular 13/8 "Market conduct rules", Graubündner Kantonalbank " carries out a **risk analysis** of market conduct whenever necessary or at least once a year and uses this analysis to define any organisational measures that may be required. However, the corresponding

analysis in the reporting year revealed no need for measures. With regard to money laundering, a risk check is carried out every six months and submitted to the Executive Board. The results and any measures are summarised and brought to the attention of the Supervisory Board each year.

Internal Audit as the third line of defence

As the third line of defence, Internal Audit operates independently of day-to-day business and reports, in organisational terms, directly to the Bank Chairman. Its independence, duties and right to audit are enshrined in [Article 20](#) of the Cantonal Act on Graubündner Kantonalbank. Its responsibilities, organisational position and internal reporting in general are described in the Corporate Governance Report in [section 3.6 «Information and control tools vis-à-vis the Executive Board»](#) and [section 8.5 «Internal Audit»](#).

External auditors for monitoring

At the request of the Supervisory Board, the cantonal government appoints an external audit firm as the external controlling body. Its mandate and information tools are described in [section 8 «Auditors»](#) of the Corporate Governance Report. Its duties are governed by the provisions of the Federal Act on Banks and Savings Banks and the legislation on financial market supervision.

Reporting systems for suspected cases or complaints (internal and external)

Client advisors are the first point of contact for clients of Graubündner Kantonalbank in the event of concerns or complaints of any kind. In individual cases, clients can also contact the Executive Board directly. If no amicable solution can be found, the Swiss Banking Ombudsman is available to clients free of charge as an independent arbitration board.

In the event of unlawful acts or illegal or immoral behaviour at the workplace, employees can contact their line manager or – while maintaining confidentiality – the internal reporting offices set up for that purpose where necessary. An anonymous tip can also be submitted through an external reporting office (whistleblowing hotline). The bank is interested in receiving reports about suspected misconduct so that it can remedy the situation swiftly. Employees who submit a report in good faith do not need to fear any negative consequences.

Ongoing awareness-raising as well as practical training and further education

All employees with a due diligence role, in particular those with client contact, must at all times have up-to-date specialist knowledge in relation to the agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB) and money laundering prevention. The basic knowledge is primarily acquired through self-study (e-learning). The line managers of all employees with due diligence roles must ensure that they complete the computer-aided learning programme including the test within three months of starting work (or internal change of position). In addition, the training is supplemented by other suitable measures, such as periodic further education events. All certified client advisors at Graubündner Kantonalbank attend at least three mandatory specialist days each year to discuss current developments in the areas of money laundering, market conduct and tax compliance, among other things. The contents of these specialist days are certified. Four specialist days were held as face-to-face courses in the reporting year, with a focus on the revised Anti-Money Laundering Act in 2022. Employees and the direct line manager are responsible for the necessary training. The Compliance and Human Resources departments organise the training courses and ensure that they are completed by all employees with due diligence roles.

Graubündner Kantonalbank ensures that all **external asset managers** it works with receive the necessary training in money laundering prevention, particularly in the event of new developments, regardless of any training provided by third parties.

All employees who are likely to come into contact with insider knowledge attend an annual training course on **market conduct in securities trading** (as in the reporting year, see specialist days above). In particular, the Executive Board and employees of the Corporate Centre, Markets and Market Services business units are considered to be affected. New employees in these areas receive an e-learning course on the guidelines for market conduct and on recognising potential conflicts of interest.

There are at least three specialist days per year where regular updates are provided on money laundering, cross-border business, the Federal Act on Financial Services (FinSA), tax compliance, market conduct and data protection. Attendance at these specialist days is compulsory. In the reporting year, there were four specialist days held as face-to-face courses. The participants included employees of the strategic business area Private Banking (all up to the level Executive Board). An e-learning module is also available on the topics mentioned. New entrants must complete these e-learning modules within three months.

New developments in these thematic areas are introduced at the specialist days, the contents of which are certified. The focus in the reporting year was on the revised Anti-Money Laundering Act as well as changes made to inheritance law.

Regular reviews of management systems

The regulations governing **Conflicts of interest of interest** were audited by Internal Audit in 2018. No new risks were identified at the time and no corrective measures were necessary.

In 2022 Graubündner Kantonalbank carried out so-called regulatory audits on the topics of conflicts of interest and money laundering. At the time this sustainability report was being prepared, the corresponding dossier was being reviewed by the external auditor. A report on the topic will be provided in the supervisory audit report of the 2022 financial year. This report will be sent to Graubündner Kantonalbank in the current financial year and it must be submitted to FINMA by the end of April 2023.

The last internal audit of the money laundering prevention regulations took place in 2020. No new risks were identified and no corrective measures were necessary. The next planned audit on money laundering prevention is scheduled for the current financial year (2023).

The Swiss Financial Market Supervisory Authority FINMA conducted an audit on the subject of market conduct at Graubündner Kantonalbank in 2020. The audit yielded a total of nine findings and recommendations from FINMA. The bank implemented corrective measures concerning six points in 2021. No further audit was carried out in 2022.

No incidents, legal or suspected cases in the reporting year

No incidents (bullying, discrimination, abuse of power or other illegal or immoral practices in the working environment) were reported to the internal, central point of contact for Human Resources in 2022 (previous year: none). There were also no critical concerns in the reporting year or the previous year that were reported to the Executive Board and the Supervisory Board as part of the monthly internal reporting.

In the year under review (and in the previous year), Graubündner Kantonalbank was not aware of any significant breaches of laws and regulations; there were also no criminal or public law proceedings in the areas of corruption (including money laundering), competitive behaviour and insider trading initiated against Graubündner Kantonalbank and/or the bank's employees. Neither have any complaints been reported to the bank for non-compliance with data protection regulations by Graubündner Kantonalbank. In the year under review (as in the previous year), the bank was not ordered to pay any significant fines or non-monetary penalties.

As no incidents were identified in the reporting year (as in the previous year), no measures were taken.

Next steps/planned further development

With the exception of ongoing minor improvement measures, no substantial changes are currently planned to the directives, banking processes and control mechanisms in the areas of corruption, competitive behaviour and insider trading.

Tax evasion and aggressive tax avoidance

Relevance of the material topic for GKB

Legal and fair business practices include rules that banks in Switzerland must use suitable means to ensure as far as possible that its clients domiciled in Switzerland or abroad tax their assets and that the bank does not aid tax evasion or similar actions such as aggressive tax avoidance. Failure to comply with legal and fair business practices would have a potentially detrimental effect on Graubündner Kantonalbank's reputation and indirectly on its market position. In addition, non-compliance with due diligence obligations would potentially have legal and economic consequences. Due to the important market position of Graubündner Kantonalbank and its cantonal government guarantee, a worst-case scenario could also result in economic damage for the canton of Graubünden. This unlikely but significant reputational risk associated with non-compliance with legal and fair business practices is the reason why this material sustainability topic is so important and is given such a high priority at Graubündner Kantonalbank.

Ambition of Graubündner Kantonalbank

Graubündner Kantonalbank complies with the statutory, professional and internal regulations and only conducts transactions that comply with recognised ethical principles and are deemed responsible from a business perspective. Graubündner Kantonalbank aims to ensure the tax compliance of all its clients domiciled in Switzerland and abroad and to strictly comply with the legal requirements when providing tax services, so as to avoid damage to its reputation and avoid as much as possible any incidents, fines and/or legal proceedings involving the bank and/or its employees.

Current approach at GKB

To ensure that the tax compliance of new and existing client funds is the norm at Graubündner Kantonalbank, the bank has a system of internal directives and processes, as well as compliance and risk management, monitoring and complaint mechanisms that are as effective and efficient as possible. The tax requirements, duties and rules of data exchange for clients are set out transparently in the [General Terms and Conditions](#) of Graubündner Kantonalbank. In addition, employees of the bank who come into contact with tax-relevant topics are regularly made aware of the issue of tax compliance at all levels and receive training and further education in the application of directives, processes and systems.

Conduct guidelines: Code of conduct, employment conditions and internal directives

Comprehensive internal requirements serve the employees of Graubündner Kantonalbank as guidelines and instructions for their conduct and as the basis for the defined banking processes. The principles are summarised in the [Code of conduct](#).

Graubündner Kantonalbank has drawn up **detailed directives and corresponding processes** to ensure tax compliance and its obligations under the agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB). As a basic principle, the bank may refuse to open new client relationships or accept new money from existing clients if it is aware of or has a justified suspicion of untaxed assets. If it knows or if there are indications that the assets of existing clients are not tax-compliant, they are advised to actively disclose them in a documented manner. The directive contains regulations to ensure that the bank and its employees do not aid tax evasion or similar actions.

Since 2017, Graubündner Kantonalbank has implemented the **Automatic Exchange of Information (AEOI)** for clients domiciled abroad in accordance with the Swiss Federal Act on the International Automatic Exchange of Information in Tax Matters, in other words, client data (surname, first name, address, date of birth, tax identification number, account number, balance, interest, dividends, other income and sales proceeds) are transferred to the Federal Tax Administration or to the tax authorities in the country of domicile, provided that the country of domicile has concluded an agreement with Switzerland. The same applies to US persons on the basis of the Foreign Account Tax Compliance Act (FATCA).

Corresponding requirements in the above-mentioned areas are also specifically regulated **for cooperation with external asset managers**. For example, only tax-compliant assets of new clients are accepted.

Risk management with three lines of defence

For more information on the three lines of defence of risk management at Graubündner Kantonalbank, see the material topic «Corruption, competitive behaviour and insider trading», which also applies to tax compliance. The same applies to the external audit firm as an external controlling

body, the internal and external reporting systems for suspected cases or complaints, the training and further education of employees and the ongoing awareness-raising of external asset managers. For more information on this, see the material topic «Corruption, competitive behaviour and insider trading».

Regular reviews of management systems

The methods, procedures and processes of the specific FATCA/QI/AEOI Governance & Compliance Programme of Graubündner Kantonalbank are reviewed at regular intervals to ensure that they meet the statutory requirements and the requirements of the Federal Tax Administration (FTA). The FTA will conduct an audit on the topics of AEOI and indirect taxes in March 2023.

The directive on tax compliance and tax services was audited by Internal Audit with regard to tax advice in 2019 and with regard to indirect taxes in 2020. No risks were identified and no corrective measures were necessary. The next audit on tax advice will be carried out in the 2023 financial year.

No incidents, legal or suspected cases in the reporting year

In the year under review (as in the previous year), the bank did not become aware of any confirmed cases of untaxed client funds or suspected cases of untaxed client funds at Graubündner Kantonalbank. In the year under review (as in the previous year), the bank did not become aware of any pending legal proceedings or new legal proceedings relating to tax evasion or avoidance in which Graubündner Kantonalbank or employees of the bank were involved. Similarly, there were also no critical issues in the area of tax compliance in the reporting year or in the previous year that were reported to the Executive Board or the Supervisory Board as part of the monthly internal reporting.

As no incidents were identified in the reporting year (as in the previous year), no measures were taken.

Next steps/planned further development

With the exception of continuous minor improvement measures, no substantial changes to the directives, banking processes or control mechanisms are currently planned.

Operational sustainability management

Relevance of the material topic for GKB

Like every company, Graubündner Kantonalbank uses natural resources directly as part of its own production process and indirectly along its entire value chain. This use of natural resources is associated with emissions and other negative environmental impacts. Relevant topics for a bank as a service provider include direct and indirect energy consumption during operations as well as in business and commuter traffic, the share of renewable energies in energy consumption, resource consumption of paper and water, the proportion of recycled paper and the waste produced. Converted into direct and indirect greenhouse gas emissions, these environmental impacts are summarised in the bank's greenhouse gas balance sheet. As part of its procurement activities, Graubündner Kantonalbank also has an indirect impact on the economy, the environment and society, including respect for human rights, through the selection criteria of its suppliers, the scope of its orders and the rules governing the award of contracts.

The direct use of resources and associated environmental impact of a bank as a service provider are typically substantially lower than that of an industrial enterprise. Likewise, a bank's procurement activities have a significantly lower impact on sustainability than the client business. For these reasons, the topic is considered less material than the topics described above. Nevertheless, operational sustainability management at Graubündner Kantonalbank is an important pillar in anchoring sustainability in the bank's corporate strategy and culture. In terms of its function as a role model, this pillar is ultimately important for the bank's credibility with its clients, partners and suppliers. For Graubündner Kantonalbank, this issue is particularly important because there is an urgent need for action in relation to the targets of the Paris Agreement and any reduction in environmental impacts is an important contribution.

Ambition of Graubündner Kantonalbank

Graubündner Kantonalbank aims to continuously reduce its ecological footprint while taking economic criteria into account through consistent operational sustainability management. Graubündner Kantonalbank not only aims to comply with the applicable laws on energy and ecology, but also to perform significantly better than the statutory parameters. In terms of operational environmental indicators, Graubündner Kantonalbank aims to be among the ten best banks in Switzerland.

The first priority is to avoid and reduce negative environmental impacts. Graubündner Kantonalbank intends to reduce its absolute operational greenhouse gas emissions by 40 percent and its direct energy consumption by 25 percent by 2025 compared with the reference year 2010. In cooperation with the Swiss foundation myclimate, the total greenhouse gas emissions that have not yet been eliminated through our own measures will only be offset as a second priority. For the past two years, emissions have been offset through a local project run by the forest cooperative Waldgenossenschaft Prättigau/Davos that is certified annually by myclimate. Graubündner Kantonalbank has been climate-neutral in the field of operational ecology since 2015.

In the medium term, Graubündner Kantonalbank aims to reduce its direct and indirect CO₂ emissions as far as possible by applying the climate protection guidelines of the 2015 UN Climate Change Conference. These efforts are aimed at helping limit global warming long-term to no more than 2 degrees Celsius compared to pre-industrial levels. An overview of the quantitative and qualitative targets in operational sustainability management and the status of target achievement can be found in the table [«Financial and sustainability goals»](#).

Current approach at GKB

Ecological and climate-neutral operation

Graubündner Kantonalbank strives for gradual and continuous progress in the field of operational ecology with a view to achieving the defined overarching objectives. The pro-rata targets derived as annual planning values are compared with actual values in a standardised reporting process. The success of the measures introduced in previous years is reviewed and specific measures are defined for the coming years with a view to future objectives. Overall responsibility for operational ecology lies with the Head of Infrastructure, who is supported internally by specialists in procurement and energy management as well as by various environmental managers at the regional offices and branches.

General requirements and guidelines

Graubündner Kantonalbank has also issued requirements and guidelines for internal processes that have an impact on the environment (construction, operation, procurement), which are designed to help conserve environmental resources as much as possible. New buildings, for example, are

constructed in accordance with the Minergie-P standard and refurbishments are brought as close as possible to the Minergie standard. Environmental improvements should be implemented consistently if amortisation is to be completed within half of the technical life span.

Broad-based awareness promotion and practical training

Graubündner Kantonalbank also strives to conserve environmental resources and reduce their consumption by raising employee awareness of environmental issues and interrelationships. This is done via the employee magazine "Capricorn" and the intranet. New pathways are to be defined in the next few years that will make it possible to do this in a more targeted way.

All employees responsible for operations at Graubündner Kantonalbank are instructed on the ecological operation of the building facilities as required. This, too, is to be optimised further in the coming years with an eye to building up a general knowledge base that can be used productively in specific operational situations. There is a regular exchange between the specialists at head office and the environmental managers at the regional offices and branches. On-site visits to all buildings are made by the specialists from head office at least every two years.

Key figures for operational ecology

	Einheit	Basisjahr (2010)	2021	2022	in %
Energy consumption	MJ	32,247,859	26,348,817	26,802,547	-17.0
Electricity from non-renewable sources	MJ	8,396,130	0	0	-100.0
Electricity from renewable sources	MJ	13,323,655	15,196,100	15,835,851	19.0
Natural gas	MJ	5,005,559	364,727	364,727	-93.0
Heating oil	MJ	5,522,515	3,119,227	3,174,862	-43.0
District heating (mainly from waste incineration)	MJ	0	7,505,219	7,253,728	-
Biomass	MJ	0	163,544	173,380	-
Share of renewable energy	%	41	73	73	79.0
Energy intensity	MJ pro FTE	39,135	34,414	35,126	-10.0
Business travel	km	415,766	269,668	417,828	0.0
Rail transport	km	59,200	34,069	88,789	50.0
Road transport	km	356,566	235,599	329,040	-8.0
Kurzstreckenflüge	km	0	0	0	-
Langstreckenflüge	km	0	0	0	-
Material consumption	kg	174,902	82,834	89,186	-49.0
Fresh fibre paper	kg	88,449	8,038	5,911	-93.0
Recycled paper	kg	86,453	74,796	83,275	-4.0
Anteil Recyclingpapier am Total	%	49	90	93	91.0
Water consumption (drinking water)	m3	20,773	15,708	16,905	-19
Waste and recycling	t	214	135	200	-7.0
Waste for incineration	t	23	28	54	136.0
Waste for recycling	t	191	107	146	-24.0
Other waste	t	0	0	0	-
Recycling rate	%	89	79	73	-18.0
Wastewater (public sewage)	m3	20,000	13,064	13,720	-31.0
Direct and indirect greenhouse gas emissions	tCO2e	1,615	540	616	-62.0
Direct greenhouse gas emissions (Scope 1)	tCO2e	695	254	258	-63.0
Indirect greenhouse gas emissions (Scope 2)	tCO2e	425	65	68	-84.0
Indirect greenhouse gas emissions (Scope 3)	tCO2e	495	221	290	-41.0
Greenhouse gas emissions intensity	kgCO2e pro FTE	1,961	706	807	-59.0

Notes on the calculation of key figures

The above key figures relate to the operations of Graubündner Kantonalbank and are based on Vfu Tool Version 2010 (update April 2011). The basis for the emissions and energy input factors was the world's most comprehensive database ECOINVENT of ETH Zurich (V2.01, autumn 2009). This means that the last update V3.8 has not yet been taken into account. The corresponding adjustment is expected to take place in 2024 together with a new reporting tool.

The key figures are based on our own measurements (energy consumption at head office), our own data collection (road and rail transport, waste, paper consumption) and supplier/landlord invoices (mainly regional offices and branches). Where possible, the corresponding recording period is the calendar year of the financial year. Where this is not possible (business-related delayed reports by external and internal data suppliers), the last reported 12-month period is used.

At GKB, water is only used for personal use and for cooling purposes (re-cooling air conditioning + data centre, emergency cooling of data centre, emergency diesel power cooling); only water from public municipal utilities is used. With the exception of water for re-cooling, wastewater goes into the public sewers and from there to the wastewater treatment plants. All GKB locations are connected to public wastewater treatment plants. The wastewater specifications defined by their operators are strictly adhered to.

Estimate, only recorded as of the 2012 sustainability report (wastewater 2012: 20,923 cubic metres)

Developments and measures in the reporting year

In spring 2022, the Federal Council lifted most of the nationwide measures intended to combat the coronavirus pandemic, including the recommendation to work from home. As a result, day-to-day operations gradually started to return to normal at Graubündner Kantonalbank. Whereas some 90 percent of employees had been working from home while the requirement to work from home was in effect, the proportion of employees working from home since then has dropped to around 25 percent of the staff on average. Accordingly, the consumption of resources in various areas increased compared to the pandemic year of 2021. Commuting, for example, increased by 55 percent, water and paper consumption by 8 percent and wastewater by 5 percent.

The year-on-year increase in direct energy consumption (+2 percent) and waste (+48 percent) is attributable to other effects: The renovated regional office in Davos Platz went into operation at the end of 2021. The regional office was closed during the renovation phase and energy consumption was correspondingly lower. Furthermore, the new office has more office space compared to the temporary solution that had been used in the meantime. The considerably higher volume of waste is attributable to various construction work as well as the disposal of old files from bank and employee archives. While the volume of waste paper is likely to increase again in certain years as digitalisation progresses, these volumes should gradually decline.

Overall, the higher use of resources led to an increase in absolute greenhouse gas emissions and a 14 percent increase year on year in relative greenhouse gas emissions per employee (after adjustment for part-time employees).

The proportion of recycled paper rose to 93 percent relative to total paper consumption and the proportion of rail transit relative to total commuting rose to 21 percent.

System limits

For material consumption, Graubündner Kantonalbank only measures the use of paper. Scope 3 emissions, i.e. indirect greenhouse gas emissions in the upstream and downstream value chain do not currently take into account the indirect emissions associated with banking services and products (see the sections «Sustainable lending business» and «Sustainable investment business») as well as the indirect emissions associated with employee commuting.

Sustainable procurement

As an institution embedded and rooted in the canton, Graubündner Kantonalbank influences the regional economy in many different ways, both directly and indirectly: as a bank for the people of Graubünden and a major employer in the canton, but also as a client through the procurement of products and services for its banking operations, in marketing and when cooperating with partner companies.

It takes account of its responsibility as a client to local businesses and as a fair business partner with clear, transparent guidelines in the areas of procurement, partner management and marketing (gkb.ch/nachhaltigkeit). When selecting its partners and suppliers, Graubündner Kantonalbank places great importance on regionality, economic criteria and its commitment to the principles of sustainable business. The bank has also defined criteria for the procurement of products and promotional items in the guideline, with which it strives to minimise the impact on the environment and society. Compliance with the environmental and social principles enshrined in the guideline is required from both existing suppliers and service providers and will be taken into account when new contracts are awarded.

Graubündner Kantonalbank's procurement volume amounted to around CHF 91 million in the year under review (previous year: CHF 89 million) and can be broken down to the following main areas. IT: 47 percent (previous year: 45 percent), office operations and building equipment: 26 percent (previous year: 29 percent), services in various fields incl. marketing: 26 percent (previous year: 27 percent).

Next steps and planned further development

Ecological and climate-neutral operation

Graubündner Kantonalbank will focus on reducing its direct energy consumption at its head office in the next few years. An energy analysis of the head office building was therefore carried out in 2022, the results of which will be used to define the action plan for the coming years. In the course of the analysis, it was determined that a growing proportion of the energy consumption at the head office stems from a third-party tenant, meaning that the renewed increase in energy consumption seen in the past few years is due at least in part to an incorrect system boundary. The consumption data will be adjusted and disclosed in 2023 and the previous years will be restated.

The bank additionally plans to introduce a comprehensive energy monitoring system at the regional offices and branches by 2024. Monitoring will make it possible to respond in a timely manner to increases in consumption, take proactive, targeted steps to optimise energy efficiency, plan further investments in building refurbishments and prepare better for possible power shortages. At the same time, further efforts to gradually replace further heating systems – moving away from fossil fuels and toward predominantly renewable sources of energy – are planned at the regional offices and branches.

When it comes to business travel, the switch to public transport is to be expanded. Further, ongoing reductions in paper consumption are to be achieved through digitalisation and the transition to paperless office operations.

Other sustainability topics

Fair and attractive local working conditions for employees

Graubündner Kantonalbank wants to make its mark – both as a bank for its clients and as a fair and attractive employer for its highly qualified employees. It focuses on modern, fair and flexible working models, opportunities and the promotion of young talent, a modern working environment as well as equal pay and opportunities. Good ratings in surveys and on employer evaluation platforms confirm the success of these efforts.

Modern and flexible working models, opportunities and promotion of young talent

Graubündner Kantonalbank offers working models that are suitable for the various phases of life, flexible operational and working time concepts, modern benefits and a comprehensive work-life balance package. The bank provides its employees with opportunities by helping them rejoin the workforce or complete part-time further education, offering them insights into other banking areas through trainee programmes and motivating them to reflect on and shape their future together through the bank's own talent development programme "Futura". As a training bank, Graubündner Kantonalbank supports young talent from all over the canton through its teaching activities, its range of internships and the trainee programme for university graduates and graduates of universities of applied sciences.

The following tables shows the employee structure at GKB:

Information about employees	2022	2021
Number of employees by employment contract	981	997
Permanent employment contract	875	884
– Men	443	447
– Women	432	437
Temporary employment contract	106	113
– Men	53	61
– Women	53	52
Number of employees by employment relationship	981	997
Number of full-time employees	593	606
– Men	401	419
– Women	192	187
Number of part-time employees	388	391
– Men	95	89
– Women	293	302

Information about employees	2022	2021
Number of employees by level	981	997
Business unit heads	4	4
– Men	3	3
– Women	1	1
Department heads	28	29
– Men	26	27
– Women	2	2
Department/market/team heads	82	89
– Men	67	74
– Women	15	15
Group heads	22	18
– Men	14	12
– Women	8	6
Employees	845	857
– Men	386	392
– Women	459	465

Modern working environment fosters creativity and innovation

Co-working spaces are a modern form of collaboration. Graubündner Kantonalbank intends to use those spaces to create an inspiring working environment, encourage employees to take responsibility and develop creative ideas and innovations. Both through those efforts and by preparing its employees fully for the digital transformation in cooperation with the universities, Graubündner Kantonalbank is setting an example.

Equal wages and opportunities

Since 2018, Graubündner Kantonalbank has been applying an operational equal pay analysis, which has been reviewed and awarded with an industry seal of approval by the Social Partnership Centre for Equal Pay in the Banking Industry since 2020. At the same time, the bank aims to increase the proportion of women in management positions over the long term. The aim is to achieve this through flexible working models at management level and the assumption of 50% of crèche costs. Graubündner Kantonalbank also deliberately monitors career paths and is gradually increasing the proportion of women on the "Futura" talent board.

At Graubündner Kantonalbank, the ratio between the highest salary (including profit-sharing) and the median salary (including profit-sharing) is a factor of 8.15 (previous year: 8.36). This does not include employees outside the staffing plan or trainees.

Confirmed by independent reviews and awards

According to an online survey of students at the Graubünden University of Applied Sciences in the year under review, GKB is the [best employer in the canton](#). As in the previous year, GKB was once again the recipient of the "Best Recruiters Award Switzerland" in 2022. The bank also presents itself as a top employer on the independent [Kununu platform](#).

Employee turnover

As there are no significant differences with respect to age group, gender or region, employee turnover is shown as a total number. Here we distinguish between net employee turnover (voluntary departures) of 6.7 percent (previous year: 4.5 percent) and gross employee turnover (incl. age-related resignations and departures due to maternity) of 8.9 percent (previous year: 6.0 percent).

Prevention, early detection and integrity

As a responsible employer, Graubündner Kantonalbank offers professional support for both professional and personal challenges and/or problems. Employees who notice unlawful or unethical practices in their working environment have the option of reporting their observations anonymously through a contact point in the Human Resources department or an external office (whistleblowing hotline) set up specifically for that purpose. A secure online reporting system is available for this. The bank is interested in receiving reports about suspected misconduct so that it can remedy the situation swiftly. Employees who submit a report in good faith do not need to fear any negative consequences.

Employee shareholding scheme

Graubündner Kantonalbank does not have an employee shareholding scheme but gives participation certificates of Graubündner Kantonalbank to employees every five years on the occasion of their service anniversaries. All employees benefit from this to the same extent (no incremental differences based on role or hierarchy).

Employees bound by instructions that are not members of the staff

Employees bound by instructions are natural persons who perform ordinary work on site for Graubündner Kantonalbank or on behalf of the bank who are not recognised as members of staff under Swiss law. Some 100 people (headcount) are deployed as parts of projects or for the provision of IT services. These individuals are employed via project agreements with the individuals' employers (Boxcon and MondayCoffee) or by our IT outsourcing partners (Inventx, Witzig Alteco).

Further education

On average, each employee attended 7.8 hours of training (previous year: 4.8 hours). This figure includes all hours spent in internal training courses but does not include any personal training attended or junior staff training.

Data protection and data security

In accordance with the established industry standards "Security by Default" and "Security by Design", Graubündner Kantonalbank takes security-related aspects into account during all IT project phases – from the requirements analysis to evaluation and development, as well as from testing of the implemented solution to training and commissioning. The bank continuously develops its IT security standards in consultation with internal and external security experts. Vulnerabilities are checked manually and using automated processes in a risk-oriented manner as part of the security system, anomalies are analysed and new measures defined where necessary. The bank calls in specialised external IT companies to check the systems for possible vulnerabilities.

Graubündner Kantonalbank cultivates a bilateral exchange of information with experts and other industry representatives, in part through a variety of working groups. The current threat situation is discussed in the Swiss Financial Sector Cybersecurity Centre. As a member of the "Information Security Working Group" of the Association of Swiss Cantonal Banks (VSKB), Graubündner Kantonalbank exchanges information with the IT security organisations of other Swiss cantonal and major banks several times a year. The bank will join the "Swiss Financial Sector Cybersecurity Centre" (FS-CSC) founded by the Swiss Bankers Association, where it will work together with the other members from 2023 onward to further strengthen the prevention, resilience and crisis management of the Swiss financial market.

IT will prepare a report on system outages, sabotage attempts, cyber risks, identified negligent handling of data and new regulatory requirements twice a year, with these reports subsequently assessed by Internal Risk Control. The consolidated risk report will be presented to the Executive Board and the Supervisory Board. Graubündner Kantonalbank also has an internal IT Security Committee that reports regularly on the risk situation and key measures. The bank uses the NIST framework as an essential basis for dealing with cyber risks. In addition, all major IT partners have ISO certification and an ISAE control framework. This is audited annually by an external partner. The reporting processes for cyber attacks comply with FINMA requirements.

The year under review brought further progress in or even the successful completion of several different IT projects in compliance with the industry standards "Security by Default" and "Security by Design", including several security-specific projects. 2022 featured several awareness-raising and training measures for employees as well as social engineering tests on security-related topics such as phishing, fraudulent phone calls and the use of USB sticks that were carried out over the course of the year. The internal IT security directive and other formal documents and processes were revised and updated. Internal Audit conducted an in-depth audit of the IT Security Administration in the reporting year but did not make any material findings. In line with the corresponding circular of the Swiss Financial Market Supervisory Authority FINMA, the external auditor Ernst & Young AG conducted an audit on the handling of client data at Graubündner Kantonalbank. It did not raise any objections and rated the security level as good.

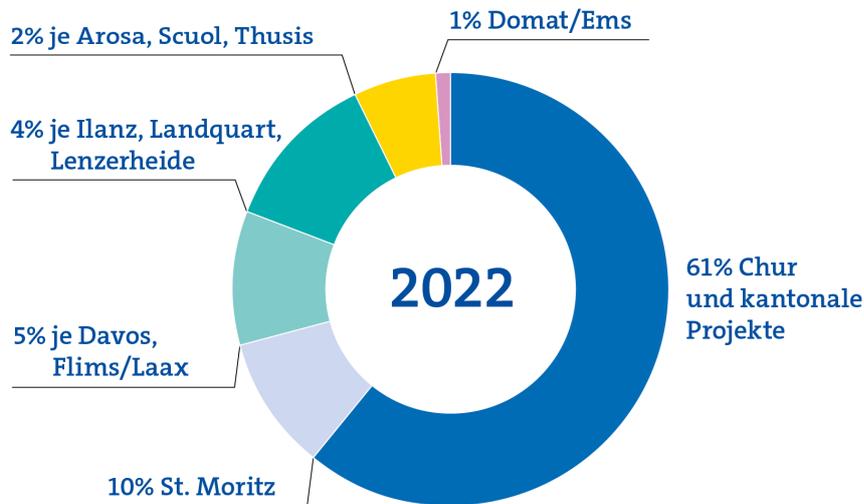
With respect to data protection, as well, Graubündner Kantonalbank takes the established industry standards "Privacy by Default" and "Privacy by Design" into account in all phases of its IT projects and has defined appropriate standards. The bank already launched projects during the reporting year that will enable it to comply with the new requirements of the revised Federal Act on Data Protection, which enters into effect on 1 September 2023. The complete revision adapts the Data Protection Act to changed technological and social conditions and brings the level of data protection in Switzerland closer to the European standard.

Regional supply of financial services

With its 10 regional offices and more than 40 branches, Graubündner Kantonalbank has a presence throughout the canton of Graubünden. This allows Graubündner Kantonalbank to continue providing its clients with easy and personal access to financial services and products locally or in their vicinity. In doing so, it also takes account of regional diversity in the canton and promotes or offers decentralised jobs throughout the canton. In its branches, the bank prefers to employ staff who are associated with the region in question through their language or their family. At the same time, Graubündner Kantonalbank provides easy access to financial services and products with its modern digital services in remote locations.

Local commitment and local partnerships

As a leading company and major employer in the canton, Graubündner Kantonalbank takes its social responsibility very seriously. Through its contributory fund, it commits around three million Swiss francs per year to cultural, sporting and social projects as well as projects focused on nature and the environment that make the canton of Graubünden an even better place to live. This also includes promoting the local economy. Graubündner Kantonalbank supported 525 projects during the 2022 reporting year. Around 60 percent of the approved applications came from the Chur region or concerned cantonal projects (see chart).



Long-term partnerships

Together with its long-standing sponsorship partners such as [Hockey Club Davos \(HCD\)](#), [Open Air Lumnezia](#), [GKB FOOTBALL CUP](#), [GKB SPORTKIDS](#) and [GKB HOCKEYSCHULE](#), the bank will strive to achieve even more for the canton in the future. We spend around CHF 900,000 each year on this.

Committed to the mountain forest of Graubünden

In 2022, Graubündner Kantonalbank actively helped to preserve the protective function of the mountain forests of Graubünden for the tenth time. It offers 60 young people a meaningful summer job every year together with the Mountain Forest Project. In 2022, 30 teenagers worked in the forests of Chur and Ilanz. A further 30 young people helped forestry specialists in Küblis and Bergün with their work, built walkways, wildlife protection fences and tended the young forest. In addition to the joy of working in the great outdoors, Graubündner Kantonalbank wants to show young people the importance of an intact mountain forest, which not only protects against natural hazards, but also serves as a habitat for many species of flora and fauna.

Caritas Christmas campaign – tickets for greater solidarity

Inflation is back and impacts us all – to which degree depends above all on the available budget. The fact is that around 700,000 people in Switzerland are in dire straits. Places where they can shop cheaply are becoming increasingly important for them. Places like the Caritas shops, for example. We help Caritas Graubünden make its Caritas market in Chur more easily accessible. In a special campaign during the Advent season of 2022, Graubündner Kantonalbank gave holders of the KulturLegi living outside of the Chur region a free ticket for public transport from their place of residence to Chur and back. The Advent campaign was a pilot project and was extremely well received. The free ticket campaign will therefore continue for another three years with further support from Graubündner Kantonalbank and others.

Art collection – art education

Art has been an integral part of the buildings of Graubündner Kantonalbank for over 100 years. The collection has continued to grow and now comprises some 1,700 works that represent a fascinating journey through Graubünden's artistic landscape. The focus still remains on the promoting local artistic work. At the same time, the various exhibits offer food for thought, pique curiosity and ideally stimulate a discussion about art. Because art education is also an important topic: Interested employees are made aware of the collection through tours, and the art depot's doors are also opened to the outside public as part of special cultural events like the Long Saturday.

GKB volunteer work

Sustainability, proactive responsibility and a commitment to the community are at the heart of volunteer work carried out in cooperation with various institutions in the canton of Graubünden. Employees of Graubündner Kantonalbank spend one working day per year working on social

projects. Examples of these include excursions to the Therapeion children's home, mobile phone courses with Procap or participation in events organised by the Alzheimer Association, insieme Cerebral Graubünden or Stiftung am Rhein. Volunteer work also includes outings in the great outdoors, such as active involvement in the Mountain Forest Project.

When the "For the Best Future of all Times" corporate purpose was launched in autumn 2021, the idea was born to engage in a variety of additional activities and campaigns within the team in 2022 that benefit the general public. The employees of Graubündner Kantonalbank spent countless hours in all regions of Graubünden doing volunteer work and making a valuable contribution to society in the process. These initiatives included clearing rubbish from the hiking trail between Davos Wolfgang and Klosters, helping mountain farmers with their hay harvest, aiding the vintners of Graubünden with the grape harvest or lending a hand on the renovation of the Peter Pan playground in Zizers.

Transparency vis-à-vis stakeholders

As a sustainable company, openness to dialogue with and transparency vis-à-vis all stakeholders – clients, the general public, investors and employees – are a matter of course at Graubündner Kantonalbank and part of its value management programme. Once again in the year under review, the bank actively initiated and intensified discussions with various partners and stakeholders with a view to driving forward the transformation into a sustainable economic, social and ecological society.

Partnership with the Swiss Climate Foundation

Graubündner Kantonalbank has been a partner of the Swiss Climate Foundation since August 2022 and is actively involved in its advisory board. The foundation promotes SME projects in Switzerland and in Liechtenstein that contribute toward climate protection efforts. The bulk of the Foundation's grants flows into the development of innovative technologies, with applications in buildings and agriculture as well as projects related to the circular economy. Graubündner Kantonalbank and 28 other companies from the service sector support the Swiss Climate Foundation as partner companies by transferring to the Foundation the funds that they receive from the redistribution of the CO₂ incentive tax levied on fuels.

Sustainability challenge for employees

Graubündner Kantonalbank launched a sustainability challenge for its employees in April 2022. The challenge aims to playfully raise awareness of the topic of sustainability among the bank's staff and familiarise them with the topic. Another goal is to ensure that all employees understand what Graubündner Kantonalbank stands for on the topic of sustainability. Five different topic groups illustrate the bank's activities in three dimensions – economy, ecology and social issues – and which steps are currently being taken. Real-world examples top off the transfer of knowledge. Employees can put their newly acquired knowledge to the test with a quiz following each topic group. Some 25 percent of the staff took part in the challenge during the year just ended.

Master's degree in Sustainable Business Development from the University of Applied Sciences Graubünden

The master's degree programme in Sustainable Business Development from the University of Applied Sciences Graubünden trains specialists and leaders to foster sustainable development in businesses. This programme focuses on education and anchoring sustainable business models and strategies within companies while taking the environment, society and the economy into account. Other fixed components of the master's degree programme also include global fields of action in the areas of sustainable development and communication as well as shifting conventional ways of thinking and acting towards a sustainable mindset. Graubündner Kantonalbank joins other national and regional companies in its role as partner to the master's degree programme in Sustainable Business Development. That enables it to ensure that the course of study retains its strongly practical focus and industry involvement. Not only does this partnership enable Graubündner Kantonalbank to position itself as a potential employer prior to students' graduation, but this also helps the bank cultivate its close ties to the realm of academic research and gives it access to potential specialists.

About this report

Reporting period

Unless stated otherwise, all information in this annual sustainability report of Graubündner Kantonalbank refers to the calendar year. For certain key figures in operational ecology, the last twelve months reported are used as a reference period if reports from external and internal data suppliers were delayed for business-related reasons. The reporting period for the sustainability reporting is therefore largely the same as for the consolidated financial reporting of Graubündner Kantonalbank.

The 2022 Sustainability Report was published together with the 2022 Annual Report on 30 March 2023.

System limits

The sustainability management system and all data are currently limited to the operations of Graubündner Kantonalbank. The investment companies Privatbank Bellerive AG in Zurich, Albin Kistler AG in Zurich and BZ Bank in Wilen bei Wollerau are not part of this sustainability report. Exceptions to this are the tables showing the consolidated volume of loans in the section on the sustainable lending business.

Restatements

Compared to the sustainability reports of previous years, there were no restatements due to organisational adjustments or adjustments to measuring methods or similar.

External audit

Graubündner Kantonalbank's sustainability reporting has not been subjected to an external audit. The financial reporting (consolidated financial statements and separate financial statements) was audited by the external auditor Ernst & Young Ltd. The auditor's report explains the duties and responsibilities of the Supervisory Board in connection with the preparation and audit of the financial reporting (see audit reports on the consolidated financial statements and the separate financial statements).

Contact for questions about sustainability reporting

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GRI Inhaltsindex

Statement of use		Graubündner Kantonalbank has reported in accordance with the GRI Standards for the period January 2021 to December 2021.		
GRI 1 used		GRI 1: Foundation 2021		
Applicable GRI Sector Standard(s)		GRI G4 Financial Services Sector Disclosures 2013		
GRI Standard / other source	Disclosure	Location / Information	Omission	
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	Anhang 1 zur konsolidierten Jahresrechnung: Angaben zur Firma		
		Corporate Governance Bericht: Konzernstruktur und Eigentümer		
		Corporate Governance Bericht: Kapitalstruktur		
		Geschäftstellen		
	2-2 Entities included in the organization's sustainability reporting	Nachhaltigkeitsbericht: Über diesen Bericht		
		Konsolidierte Jahresrechnung: Konsolidierungsgrundsätze		
	2-3 Reporting period, frequency and contact point	Nachhaltigkeitsbericht: Über diesen Bericht		
	2-4 Restatements of information	Nachhaltigkeitsbericht: Über diesen Bericht		
	2-5 External assurance	Nachhaltigkeitsbericht: Über diesen Bericht		
	2-6 Activities, value chain and other business relationships	GKB Kennzahlen Konzern		
		Strategie: Geschäfts- und Betriebsmodell		
		Konsolidierte Jahresrechnung: Angaben zur Firma		
		Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement: Nachhaltiges Beschaffungswesen		
		Geschäftstellen		Angestellte Mitarbeitende nach unbefristeter und befristeter Anstellung, im Stundenlohn sowie Teilzeit vs. Vollzeit und alle vorgenannten Kategorien nach Geschlecht: Die Informationen sind in dieser Detaillierung aktuell nicht verfügbar. / Die Berichterstattung wird in den nächsten zwei Jahren entsprechend ausgebaut. Angestellte Mitarbeitende nach Region und Geschlecht: Diese Offenlegung ist nicht anwendbar. / Die GKB hat ausschliesslich Angestellte im Kanton Graubünden.
2-7 Employees	Weitere Nachhaltigkeitsthemen: Mitarbeiterstruktur		Nicht-angestellte Mitarbeitende: Die Informationen dazu sind aktuell nicht verfügbar. / Die Berichterstattung wird in den nächsten zwei Jahren entsprechend ausgebaut.	
2-8 Workers who are not employees	Keine Offenlegung im Berichtsjahr möglich			
2-9 Governance structure and composition	Corporate Governance Bericht: Bankrat			
2-10 Nomination and selection of the highest governance body	Das Nominierungs- und Auswahlverfahren für den Bankrat der GKB wird durch die Regierung des Kantons Graubünden nach folgenden Vorgaben gesteuert:			
	BR 938.200 Gesetz über die Graubündner Kantonalbank: Artikel 14; 15; 24			
	BR 710.400 Verordnung zur Umsetzung der Public Corporate Governance für den Kanton Graubünden: Artikel 9			

2-11 Chair of the highest governance body	Corporate Governance Bericht: Bankrat, Abschnitt 3.1
2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Bericht: Bankrat, Abschnitt 3.4 bis 3.6 Corporate Governance Bericht: Kontrollorgane Konsolidierte Jahresrechnung: Risikomanagement Offenlegungsbericht: Operationelle Risiken
2-13 Delegation of responsibility for managing impacts	Corporate Governance Bericht: Bankrat, Abschnitt 3.5 bis 3.6
2-14 Role of the highest governance body in sustainability reporting	Der Nachhaltigkeitsbericht 2021 wurde am 21. März 2022 von der Geschäftsleitung genehmigt und dem Bankrat als Information am 31. März 2022 zur Kenntnis gebracht. In Zukunft ist geplant, dass der Nachhaltigkeitsbericht als Teil des Geschäftsberichts vom Bankrat genehmigt wird.
2-15 Conflicts of interest	Verhaltenskodex der GKB Faktenblatt der GKB über den Umgang mit möglichen Interessenkonflikten
2-16 Communication of critical concerns	Corporate Governance Bericht: Bankrat, Abschnitt 3.6
2-17 Collective knowledge of the highest governance body	Der Bankrat der GKB beschäftigt sich im Rahmen eines jährlichen Ausbildungstags jeweils mit verschiedenen Bankthemen. Im Zuge der Umsetzung der aktuellen Nachhaltigkeitsstrategie der GKB werden hier künftig auch Aspekte der wesentlichen Nachhaltigkeitsthemen behandelt.
2-18 Evaluation of the performance of the highest governance body	Die Aufsicht über den Bankrat der GKB erfolgt durch die Regierung des Kantons Graubünden. Vgl. Artikel 24 im BR 938.200 Gesetz über die Graubündner Kantonalbank
2-19 Remuneration policies	Corporate Governance Bericht: Entschädigungen, Beteiligungen und Darlehen, Abschnitte 5.1 und 5.2
2-20 Process to determine remuneration	Corporate Governance Bericht: Entschädigungen, Beteiligungen und Darlehen, Abschnitt 5.1
2-21 Annual total compensation ratio	Nachhaltigkeitsbericht: Weitere Nachhaltigkeitsthemen, Gleiche Löhne und Chancen
2-22 Statement on sustainable development strategy	Geschäftsbericht: Vorwort des Bankpräsidenten und des CEO Nachhaltigkeitsbericht: Vorwort des CEO Nachhaltigkeitsbericht: Nachhaltigkeitsstrategie
2-23 Policy commitments	Verhaltenskodex der GKB Geschäftsbericht: Vorwort des Bankpräsidenten und des CEO Nachhaltigkeitsbericht: Vorwort des CEO Nachhaltigkeitsbericht: Nachhaltigkeitsstrategie
2-24 Embedding policy commitments	Verhaltenskodex der GKB Nachhaltigkeitsbericht: Nachhaltigkeitsstrategie
2-25 Processes to remediate negative impacts	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel, Meldesysteme für Verdachtsfälle oder Beanstandungen (intern und extern)
2-26 Mechanisms for seeking advice and raising concerns	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel, Meldesysteme für Verdachtsfälle oder Beanstandungen (intern und extern)
2-27 Compliance with laws and regulations	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel, Keine Vorfälle, Rechts- oder Verdachtsfälle im Berichtsjahr
2-28 Membership associations	Nachhaltigkeitsbericht: Nachhaltigkeitsstrategie, Mitgliedschaften und Nachhaltigkeitsrating
2-29 Approach to stakeholder engagement	Nachhaltigkeitsbericht: Weitere Nachhaltigkeitsthemen, Transparenz gegenüber Anspruchsgruppen
2-30 Collective bargaining agreements	Keine Mitarbeitenden der GKB unterstehen einem Tarifvertrag.
Material topics	
GRI 3: Material Topics 2021	3-1 Process to determine material topics Nachhaltigkeitsbericht: Wesentliche Themen
	3-2 List of material topics Nachhaltigkeitsbericht: Wesentliche Themen
Anti-corruption	
GRI 3: Material Topics 2021	3-3 Management of material topics Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel

	205-2 Communication and training about anti-corruption policies and procedures	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel	
	205-3 Confirmed incidents of corruption and actions taken	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel	
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel	
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	301-2 Recycled input materials used	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	301-3 Reclaimed products and their packaging materials	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	302-2 Energy consumption outside of the organization	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	302-3 Energy intensity	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	302-4 Reduction of energy consumption	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	302-5 Reductions in energy requirements of products and services	Keine Informationsangabe	Energieverbrauch von Produkten und Dienstleistungen: Die Finanzprodukte und -dienstleistungen der GKB führen zu keinem Energieverbrauch bei den Kundinnen und Kunden.
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
	303-2 Management of water discharge-related impacts	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
	303-3 Water withdrawal	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	303-4 Water discharge	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	303-5 Water consumption	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	305-2 Energy indirect (Scope 2) GHG emissions	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	305-3 Other indirect (Scope 3) GHG emissions	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	305-4 GHG emissions intensity	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	305-5 Reduction of GHG emissions	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	305-6 Emissions of ozone-depleting substances (ODS)	Keine solchen Emissionen	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Keine solchen Emissionen	
Waste			

GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
	306-2 Management of significant waste-related impacts	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement	
	306-3 Waste generated	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	306-4 Waste diverted from disposal	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
	306-5 Waste directed to disposal	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Kennzahlen Betriebsökologie	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Nachhaltiges Beschaffungswesen	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Nachhaltiges Beschaffungswesen	
	308-2 Negative environmental impacts in the supply chain and actions taken		Es findet keine aktive Kontrolle der Umweltauswirkungen bei Lieferanten statt. Im Berichtsjahr wurden der GKB keine Probleme mit Umweltauswirkungen bei Lieferanten bekannt und es wurden entsprechend keine Massnahmen ergriffen.
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Nachhaltiges Beschaffungswesen	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Nachhaltigkeitsbericht: Betriebliches Nachhaltigkeitsmanagement, Nachhaltiges Beschaffungswesen	
	414-2 Negative social impacts in the supply chain and actions taken		Es findet keine aktive Kontrolle der sozialen Auswirkungen bei Lieferanten statt. Im Berichtsjahr wurden der GKB keine Probleme mit sozialen Auswirkungen bei Lieferanten bekannt und es wurden entsprechend keine Massnahmen ergriffen.
Sustainable Lending			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Nachhaltiges Kreditgeschäft	
GRI G4 Financial Services Sector Disclosures 2013	G4-HR1 Human rights clauses and human rights screening in lending operations	Nachhaltigkeitsbericht: Nachhaltiges Kreditgeschäft	
			Zusammensetzung des Kreditgeschäfts nach Region und nach Grösse der Unternehmen: Die Informationen sind in dieser Detaillierung aktuell nicht verfügbar. / Die Berichterstattung wird in den nächsten zwei Jahren entsprechend ausgebaut.
	G4-FS6 Breakdown of lending business by region, size of entity and sector	Nachhaltigkeitsbericht: Nachhaltiges Kreditgeschäft, Branchenübersicht Ausleihungen	
	G4-FS7 Lending business with specific social benefits		Aktuell hat die GKB kein signifikantes Kreditgeschäft mit speziellem gesellschaftlichem Nutzen.
	G4-FS8 Lending business with specific environmental benefits	Nachhaltigkeitsbericht: Nachhaltiges Kreditgeschäft, Finanzierung grüner Gebäude	
Sustainable Investments			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Nachhaltiges Anlagegeschäft	
GRI G4 Financial Services Sector Disclosures 2013			Signifikante Investitionsvereinbarungen und -verträge, die Menschenrechtsklauseln enthalten oder unter Menschenrechtsaspekten geprüft wurden: Die Informationen dazu sind aktuell nicht verfügbar. / Die Berichterstattung wird in den nächsten zwei Jahren entsprechend ausgebaut.
	G4-HR1 Human rights clauses and human rights due diligence in the asset management business		Keine Offenlegung im Berichtsjahr möglich
	G4-FS7 Asset management offering with special societal benefits		Aktuell hat die GKB kein Anlagegeschäft mit speziellem gesellschaftlichen Nutzen.

	G4-FS8 Asset management offering with specific environmental benefits	Aktuell hat die GKB kein Anlagegeschäft mit speziellem ökologischen Nutzen.	Keine solchen Produkte oder Dienstleistungen vorhanden
	G4-FS10 Interaction on environmental and social issues with companies held in the institution's portfolio	Nachhaltigkeitsbericht: Nachhaltiges Anlagegeschäft	
	G4-FS11 Assets subject to positive and negative environmental or social screening	Keine Offenlegung im Berichtsjahr möglich	Anteil der Vermögenswerte, die einer positiven und negativen Umwelt- und Sozialprüfung unterliegen: Die Informationen dazu sind aktuell nicht verfügbar. / Die Berichterstattung wird in den nächsten zwei Jahren entsprechend ausgebaut.
Insider trading and market manipulation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel	
Own standard	Legal actions for insider trading and market manipulation	Nachhaltigkeitsbericht: Korruption, Wettbewerbsverhalten und Insiderhandel	
Tax evasion and aggressive tax avoidance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Nachhaltigkeitsbericht: Steuerhinterziehung und aggressive Steuervermeidung	
Own standard	Business areas reviewed for risks related to untaxed client funds	Nachhaltigkeitsbericht: Steuerhinterziehung und aggressive Steuervermeidung	
Own standard	Communication and training on policies and procedures to avoid untaxed client funds	Nachhaltigkeitsbericht: Steuerhinterziehung und aggressive Steuervermeidung	
Own standard	Confirmed cases with untaxed client assets and measures taken	Nachhaltigkeitsbericht: Steuerhinterziehung und aggressive Steuervermeidung	