

175
years of LUKB

 **Luzerner
Kantonalbank**

Sustainability Report 2024



Sustainability Report

Contents

03		Foreword
05		Principles: commitment to long-term value creation
09		Managing sustainability
14		Approach and areas of focus
21		Material topics
21		Client satisfaction
23		Long-term value creation
27		Shareholder value
30		Data protection and privacy
33		Business ethics and compliance
38		Investment business
44		Lending business
52		Employer responsibility and attractiveness
76		Commitment to the region
79		Relations with suppliers and partners
81		Greenhouse gas emissions and climate protection
118		Procurement and waste disposal
123		Risk assessment in accordance with the Swiss Code of Obligations (CO)
125		About this sustainability report
127		Report on non-financial matters
135		GRI index
148		Annex

Foreword

Dear Readers

Through this Sustainability Report, we show how we observe our corporate social responsibility towards society and the environment. We worked intensively again on LUKB's sustainability topics in the past year and are pursuing our goals with resolute consistency. We are pleased to report on our progress. What measures are we implementing? Where do we stand at the moment?

We have applied the recognised standards of the Global Reporting Initiative (GRI) in the 2024 Sustainability Report for the first time. In addition, our climate reporting is guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Sustainability has traditionally been an important element of our bank's identity: we have pursued a responsible business policy ever since LUKB was founded 175 years ago. Thinking and acting sustainably for the benefit of Lucerne as a place to live and do business is fundamental for us: now and in the future, we are a reliable service provider for the people of Lucerne and an economic driver for Lucerne.

Sustainability is addressed accordingly in our current corporate strategy LUKB25. In recent years, we have established the foundations and objectives for our bank's sustainability efforts based on Swiss legal requirements and international standards. We are currently making very good progress with implementation across the Group. In doing so, we are contributing to a liveable future in our market area and adding value for our stakeholders. We also preserve our natural resources as much as possible.

For us at Luzerner Kantonalbank, all elements of the ESG model are equally important, i.e. environmental aspects (E for 'environmental'), social responsibility (S for 'social') and exemplary corporate governance (G for 'governance'). We firmly believe that a holistic view of the material topics is required. This report is based on our materiality matrix, which we use to prioritise sustainability topics according to relevance for our stakeholders and relevance for our Bank.

The fact that we already embrace our social responsibility as an employer in an exemplary way is confirmed, among other things, by our outstanding second place in the Swiss Employer Award 2025 in the category of companies with more than 1 000 employees (basis: employee survey 2024). We can also be proud of our corporate governance: according to current ratings, LUKB is one of the top banks in this area.

Where do we currently see the greatest need for action in terms of the environment? Climate change, which poses major challenges for our society, certainly belongs in the discussion. We are clearly committed to Switzerland's net-zero emissions target by 2050 and are pursuing an ambitious interim goal to that end: in terms of direct and indirect energy-related greenhouse gas emissions (Scope 1 and 2), we aim to achieve the target of 'net zero' as early as 2030. In this report, we show how we intend to achieve this goal with our climate strategy and climate transition plan.

In the medium and long term, in addition to climate protection, issues of biodiversity will also feature more in our business policy decisions and in the assessment of risks and opportunities. Our role will be to further develop existing measurement and management parameters or to define new ones.

As for many other companies with sustainability ambitions, the quality and availability of data relevant to management is a major challenge for us. Reliable data – for example, on the environmental footprint of buildings or within supply chains – is essential for measuring and managing financed emissions (Scope 3) and their development with sufficient precision. All actors need to optimise the individual data sources. We are confident that we will be able to further improve data quality in the medium term by working with specialist providers.

Sustainability affects us all. We are convinced that we at Luzerner Kantonalbank can make an important contribution with our traditionally long-term thinking, our corporate strategy geared towards continuity and reliability and our proximity to the market and its actors.

Yours sincerely



Markus Hongler
Chairman of the Board of
Directors



Daniel Salzmann
CEO

Lucerne, 7 March 2025

Principles: commitment to long-term value creation

Identity

Since its founding in 1850, LUKB has pursued a long-term business policy with the aim of generating significant benefits for the people and economy of the canton of Lucerne. This also includes value creation for the majority shareholder (canton of Lucerne) and for the more than 34 000 other LUKB shareholders. A key aspect of this policy is sustainability: conserving limited resources, helping to shape a viable long-term society and furthering social justice. As the market leader in the Lucerne economic region and as a major employer, LUKB is conscious of its special responsibility and acts proactively and with a focus on the future as a result.

LUKB has therefore firmly embedded the topic of sustainability at an organisational level to ensure systematic sustainability management and appropriate reporting throughout the Group.

LUKB's commitment to long-term value creation is also reflected in its mission ('Purpose'):

*'With us, plans have become reality for generations.
We make sure of this with convincing solutions.
And we score points with attentive service.
That's how we create value. Now and in the future.'*

Sustainability strategy

The topic of sustainability is addressed in the LUKB25 corporate strategy. LUKB has set itself the goal of systematically managing the topic of sustainability throughout the Group and ensuring that the related issues are reported on appropriately. This is based on the reference framework presented in the coming sections.

In 2024, LUKB continued various activities in the areas of economic and social sustainability. In addition, the Bank focused on the following areas:

- Development of the climate strategy and reporting, including implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Implementation of reporting in accordance with the standards of the Global Reporting Initiative (GRI)
- Further development of the data sources and the technological infrastructure for sustainability management and reporting

Reference framework

In terms of its corporate social responsibility, LUKB is guided by the following frame of reference:

Statutory foundations

- Article 964a et seqq. of the Swiss Code of Obligations (indirect counter-proposal to the Responsible Business Initiative): provisions on reporting on non-financial matters, and on minerals and metals from conflict-affected areas and child labour. These have been in force since 1 January 2022. LUKB has implemented these requirements in this 2024 Sustainability Report. The section '[Report on non-financial matters](#)' of this Sustainability Report shows which information is available in which sections of the 2024 Sustainability Report and Annual Report.
- Ordinance on Climate Disclosures, on the basis of Article 964a et seqq. of the Swiss Code of Obligations, including the safe harbour provision on the application of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This Ordinance entered into force on 1 January 2024. LUKB has implemented TCFD reporting for the first time in this 2024 Sustainability Report. The section '[Report on non-financial matters](#)' of this Sustainability Report shows where the TCFD disclosures are included in the 2024 Annual Report and Sustainability Report.

Other relevant regulations

- '[Guidelines for mortgage providers on the promotion of energy efficiency](#)¹⁾, published by the Swiss Bankers Association (SBA). These have been binding on SBA member banks since 1 January 2023.
- '[Guidelines for the financial service providers on the integration of ESG preferences and ESG risks and the prevention of greenwashing in investment advice and portfolio management](#)¹⁾ published by the Swiss Bankers Association (SBA). These have been binding on SBA member banks since 1 January 2023. Changes to the previous version of these guidelines came into effect with transitional periods on 1 September 2024.
- '[Self-regulation on transparency and disclosure for sustainability-related collective assets](#)²⁾, published by the Asset Management Association Switzerland (AMAS), which entered into force on 30 September 2023. An expanded version of this self-regulation entered into force on 1 September 2024 with transitional periods.

¹⁾ <https://www.swissbanking.ch/en>

²⁾ <https://www.am-switzerland.ch/en>

LUKB-specific reference framework

- [LUKB Act and Articles of Association](#)¹⁾
- [2021 Ownership Strategy of the canton of Lucerne](#)²⁾ (in German)
- Climate and energy policy of the canton of Lucerne with the goal of net-zero greenhouse gas emissions by 2050 and, in particular, the requirements derived from it in the '[Ownership Strategy](#)' (section B. III)²⁾ (in German)
- [LUKB Code of Conduct](#)¹⁾
- [LUKB Guiding Sustainability Principles for Investments](#)³⁾ (in German)
- LUKB25 strategy with the following target areas (see [2024 Annual Report](#), '[About LUKB](#)', '[LUKB25 strategy](#)' section)⁴⁾ (in German):
 - Clients
 - Employees
 - Shareholders, society and sustainability
 - Processes and innovations
 - Finance
- [LUKB Supplier Code](#)¹⁾

¹⁾ <https://lukb.ch/english-window>

²⁾ <https://lukb.ch/eignerstrategie>

³⁾ <https://lukb.ch/nachhaltig-anlegen>

⁴⁾ <https://report.lukb.ch>

Reference frameworks set by various sustainability initiatives

- United Nations (UN) Principles for Responsible Investment (PRI)
- Climate Action 100+ targets
- Swiss Sustainable Finance (SSF) targets
- Swiss Stewardship Code targets, as published by the Asset Management Association Switzerland (AMAS)
- öbu – Swiss Business Council for Sustainable Development targets
- Charter of the Central Switzerland Sustainability Network (NNZ)
- Selected goals of the United Nations 2030 Agenda for Sustainable Development (Sustainable Development Goals, or SDGs). Further information on the SDGs can be found in the [Annex](#) to this Sustainability Report
- Global greenhouse gas accounting and reporting standard for the financial industry, issued by the global Partnership for Carbon Accounting Financials (PCAF) initiative

LUKB sustainability ratings

LUKB holds the following sustainability ratings:

MSCI ESG rating: AA (previous year: AA)

Scale from AAA (best rating) to CCC

confirmed on 2 August 2024

Inrate ESG impact rating: B (previous year: B-)

Scale from A+ (best rating) to D-

confirmed on 30 July 2024

Inrate corporate governance rating (zRating): 72 points (previous year: 70 points)

Scale from 100 points (best rating) to 0 points

confirmed on 18 September 2024

These ratings form part of LUKB's balanced scorecard, the Bank's system of strategic targets. With other ESG ratings, LUKB aims to be at least investment grade.

WWF rating

In 2024, WWF Switzerland, together with INFRAS Ltd and Inrate Ltd, analysed the fifteen largest Swiss retail banks for the third time in terms of their efforts to protect the climate and biodiversity. LUKB is one of the two institutions with the greatest progress since its last rating in 2021. Together with eight other large Swiss retail banks, it ranks in the 'Mediocre' category in the overall WWF rating 2024. In the 'Savings, investments and pension provision' category, LUKB came fifth out of the fifteen institutions examined.

Overview of sustainability ratings:

		2021	2022	2023	2024
MSCI	ESG risk ¹⁾	A	AA	AA	AA
Inrate	ESG impact ²⁾	B	B-	B-	B
Inrate	Corporate governance ³⁾	-	70	70	72
WWF	Environmental impact	'Latecomers'	-	-	'Mediocre' (most progress)

¹⁾ Scale from AAA (best rating) to CCC

²⁾ Scale from A+ (best rating) to D-

³⁾ Scale from 100 points (best rating) to 1 point

Managing sustainability

Organisation/governance

Sustainability is firmly embedded in the organisational structure of LUKB to ensure that it is managed systematically across the Group. Governance is rooted in the proven system of checks and balances between management and supervisory functions, in a policy of transparent information, and in an unequivocal commitment from LUKB's highest governing and executive bodies to sustainable and responsible business conduct.



Figure: Organisation of sustainability management at LUKB

Board of Directors

The Board of Directors (BoD) of LUKB has ultimate responsibility for the overall management, supervision and control of sustainability and sustainability risks. It determines and oversees the sustainability strategy and the guiding principles for the various sustainability topics, including the associated risks. It also monitors compliance with the relevant laws, rules and requirements that apply to sustainability topics and risks. It is responsible for external sustainability reporting, and determines the general implementation framework. When exercising these duties, the BoD may call in internal and external experts to clarify matters and for further training if necessary.

Committees of the Board of Directors

The committees of the BoD support the BoD in its duties. With regard to sustainability and sustainability risks, the BoD committees have the following main duties:

Audit and Finance Committee

- Preparing BoD resolutions and making implementation decisions
- Submitting proposals to the BoD for the implementation framework as a basis for sustainability reporting
- Conducting a critical assessment of the sustainability reporting and confirming proposals to the BoD
- Reviewing compliance with statutory and internal reporting stipulations/requirements
- Discussing the quality of the underlying reporting processes with the CEO and CFO and, if necessary, with the audit firm and the Head of Internal Audit
- Monitoring and assessing internal controls in the area of sustainability reporting
- Preparing and awarding audit mandates in relation to sustainability reporting

Risk and Strategy Committee

- Preparing BoD resolutions and making implementation decisions
- With regard to the sustainability strategy, the Risk and Strategy Committee has the following duties:
 - Preparing the basis for decision-making regarding the sustainability strategy as part of the overall strategy for the attention of the BoD
 - Monitoring the implementation of the sustainability strategy
- With regard to sustainability risks, including climate-related risks, the Risk and Strategy Committee has the following duties:
 - Completing the preparatory tasks delegated by the BoD relating to the framework concept for institution-wide risk management (risk policy) as well as monitoring activities in the area of risk control
 - Firming up risk policy requirements and adopting corresponding sub-policies
 - Critically assessing the risk exposure of the parent company and the Group; monitoring the implementation of risk strategies, in particular with regard to risk tolerance and risk limits
 - Monitoring and assessing the functionality and appropriateness of the internal control system (ICS), with the exception of external sustainability reporting, financial reporting and the compliance function
 - Holding periodic discussions with the CEO, the CFO, the Head of Risk Control, Internal Audit and the audit firm

The other duties of the BoD committees are described in the '[Corporate Governance](#)¹⁾ report in the 2024 Annual Report (in German).

¹⁾ <https://report.lukb.ch>

Executive Board

The LUKB Executive Board is responsible for implementing the strategy and the guiding principles on sustainability topics at the operational level. It defines specific objectives and areas of focus across the Group. It is also responsible for the operational implementation of the relevant laws, rules and requirements that apply to sustainability topics and risks.

The Executive Board conducts an annual evaluation of sustainability management and sustainability risks in terms of their fitness for purpose and effectiveness, and ensures that the material and human resources needed for efficient management are in place. It discusses the internal reports on sustainability topics, and makes decisions on relevant topics according to need and urgency. At Executive Board level, responsibility for sustainability lies with the CEO.

Sustainability Office

The Sustainability Office is the internal and external point of contact for questions of sustainability, and supports LUKB's dialogue with stakeholders. Working alongside the Executive Board, it prepares the Group-wide sustainability strategy. The Sustainability Office conducts regular (at least annual) reviews and assessments of material topics, targets, target achievements, and the action areas set out in the sustainability strategy. It also provides impetus for the ongoing development of sustainability management, and supports other LUKB organisational units across the Group as they take action on sustainability.

With the CFO and Communications, the Sustainability Office ensures that external sustainability reporting complies with the regulatory requirements and the Board of Directors' guidelines. In addition, it assists Communications with both internal and external sustainability-related communications. The Sustainability Office reports regularly to the Executive Board and Board of Directors. This includes internal reporting on sustainability to the Executive Board, the Risk and Strategy Committee of the Board of Directors and the Board of Directors. This reporting is carried out at least once a year.

More broadly, the Sustainability Office's remit includes monitoring and analysing developments and new regulatory requirements in the area of sustainability. It supports relevant sustainability knowledge-building within the Group at all management levels, including the Board of Directors and the Executive Board (see the '[Employer responsibility and attractiveness](#)', '[Training for sustainability](#)' section of this Sustainability Report). The Sustainability Office also runs campaigns to raise employee awareness of sustainability issues.

Risk Control

The independent Risk Control is responsible for monitoring the risk profile taking into account sustainability/ESG risk factors (second line of defence). It reports quarterly in a risk report on the risk situation, compliance with risk tolerance and compliance with limits across all risk categories to the Executive Board, the Risk and Strategy Committee of the Board of Directors and the Board of Directors. Sustainability risks, including climate risks, are not a standalone risk category, but rather a driver of default, market, liquidity, operational, compliance, strategic and reputational risks. Risk Control is also responsible for the conceptual and methodical integration of sustainability/ESG risks into the risk management framework.

Every year, Risk Control conducts a qualitative risk assessment of the impact of climate risks, including climate-related financial risks, as a driver for the risk categories default, market, liquidity, operational, compliance, strategic and reputational risks with a first-line-of-defence expert committee. The first-line-of-defence expert committee consists of the Sustainability Office, Credit Risk Management, Finance & Investment Management Support and the Asset Management Sustainability Office. For specific portfolios with increased risk exposure to climate-related financial risks, quantitative scenario analyses are carried out periodically where possible and appropriate.

Further information on climate risks can be found in the ‘Greenhouse gas emissions and climate protection’ section of this Sustainability Report. Reference is also made to the 2024 Annual Report, ‘Financial Report’ section, ‘Risk management’ note¹⁾ (in German) regarding the role and responsibilities of Risk Control.

¹⁾ <https://report.lukb.ch>

Reporting

LUKB has structured its internal and external reporting in the area of sustainability and sustainability risks as follows:

Type of reporting	Recipients	Frequency
External sustainability report (including climate report) based on: - Articles 964a to c of the Swiss Code of Obligations (non-financial matters), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and - the Global Reporting Initiative (GRI) standards	- The public - Report approved by LUKB Board of Directors before publication - Report on non-financial matters pursuant to Art. 964a to c CO is approved annually by the LUKB Annual General Meeting	Once a year
Internal report from the Sustainability Office on sustainability, including implementation status of the sustainability strategy (including climate strategy and climate transition plan) ¹⁾	- Board of Directors (BoD) - Risk and Strategy Committee of BoD - Executive Board	At least once a year
Internal risk report of Risk Control (second line of defence) on the risk situation, compliance with risk tolerance and compliance with limits across all risk categories ²⁾	- Board of Directors (BoD) - Risk and Strategy Committee of BoD - Executive Board	Quarterly

¹⁾ Including assessment of the effectiveness of measures as well as significant trends and developments in the area of sustainability. This report also includes an assessment of LUKB's impact on the economy, environment and society.

²⁾ Sustainability risks, including climate-related financial risks, are not a standalone risk category, but rather a driver of default, market, liquidity, operational, compliance, strategic and reputational risks; at least once a year, the internal risk report is supplemented by an analysis of the climate-related financial risks identified for the attention of the Executive Board and the Risk and Strategy Committee of the BoD.

Memberships and initiatives

As at end-2024, LUKB is a member of a number of sustainability-related associations and initiatives, and works to their standards, recommendations and objectives:

Association/initiative	Description
UN Sustainable Development Goals (SDG)	The United Nations (UN) 2030 Agenda contains 17 goals and 169 targets for sustainable development. The SDGs factor in three dimensions: economic, social and environmental. LUKB is guided primarily by the seven SDGs that are relevant to it. Further information on the SDGs can be found in the Annex of this Sustainability Report.
UN Principles for Responsible Investment (PRI)	The Principles for Responsible Investment are an investor initiative supported by the United Nations. LUKB signed the UN PRI in 2019.
Climate Action 100+	Climate Action 100+ is an investor-led initiative. It aims to ensure that companies, including some of the world's largest greenhouse gas emitters, take appropriate action on climate change to mitigate financial risks and safeguard the long-term value of their assets. LUKB has been a part of this influential initiative since 2021.
Global Reporting Initiative (GRI)	GRI is an international organisation that provides cross-industry standards for sustainability reporting. These are applied by companies and other organisations in many countries. LUKB is reporting in accordance with these standards for the first time in this Sustainability Report.
Task Force on Climate-related Financial Disclosures (TCFD)	TCFD is a global initiative led by the financial industry that has published recommendations on the disclosure of opportunities and risks due to climate change. LUKB is reporting in accordance with these recommendations for the first time in this Sustainability Report.
Partnership for Carbon Accounting Financials (PCAF)	The Partnership for Carbon Accounting Financials is a financial sector initiative to standardise the measurement and disclosure of emissions. LUKB joined PCAF in November 2023. In this Sustainability Report, LUKB publishes greenhouse gas emissions for the first time in accordance with the standard developed by the PCAF for calculating and disclosing 'financed emissions'.
Paris Agreement Capital Transition Assessment (PACTA)	PACTA is a climate compatibility test that is carried out in various countries. In Switzerland, it is carried out regularly under the direction of the Federal Office for the Environment (FOEN) in cooperation with the State Secretariat for International Finance (SIF). The PACTA method is used to examine the extent to which the investments and the lending portfolios of financial institutions are in line with the goals of the Paris Climate Agreement. LUKB voluntarily participated in the PACTA climate compatibility tests for the third time in 2024. Further details can be found in the section ' Greenhouse gas emissions and climate protection ' of this Sustainability Report.
Swiss Sustainable Finance (SSF)	SSF is an association that aims to establish Switzerland as a leading centre for sustainable financial services. LUKB has been a member since 2021 and was actively involved in the 'Regulatory' specialist group in 2024, which deals with regulatory developments in the area of sustainability in the financial industry.
öbu - Swiss Business Council for Sustainable Development	öbu is an association that supports companies in integrating sustainability into their strategy. It also offers information and training on sustainability issues. öbu's work is based on the 17 Sustainable Development Goals of the United Nations. LUKB has been a member since 2007.
Central Switzerland Sustainability Network (NNZ)	NNZ is an association that aims to promote the implementation of the 17 Sustainable Development Goals of the United Nations in Central Switzerland. LUKB became a party to the NNZ charter in 2021.

In addition to these memberships and initiatives, LUKB is an active contributor to the sustainability-related work of the Swiss Bankers Association (SBA) and the Association of Swiss Cantonal Banks (VSKB). The subsidiary LUKB Expert Fondsleitung AG is also a member of the Asset Management Association Switzerland (AMAS).

Approach and areas of focus

Stakeholders

LUKB's work on sustainability centres around various stakeholder groups. These form part of its value chain or are affected directly or indirectly by its business operations. Stakeholders in the Lucerne economic region are particularly important here.



Figure: LUKB stakeholders

Engagement and dialogue with stakeholders

LUKB strongly believes in cultivating close and regular exchange with its stakeholders, and in communicating transparently. This dialogue builds reciprocal trust. It also enables us to recognise at an early stage the needs, expectations and requirements that the Bank must fulfil and, on this basis, identify improvement potential. For an overview of these activities, please refer to the '[Material topics in stakeholder engagement and dialogue](#)' table.

Background to material topics

To ensure that we focus on the right topics, during the 2023 financial year LUKB conducted an in-depth analysis of sustainability topics of material importance to the Bank. The topics were reviewed in 2024. They continue to be material for LUKB. Adopting the double materiality approach, this study included the non-financial reporting requirements laid down in the Swiss Code of Obligations. LUKB selected those topics in which its actions have the greatest impact on society and the environment (the inside-out perspective), while also defining those topics in which the risks and opportunities have the greatest impacts on LUKB (the outside-in perspective).

Method of determining material topics

To pinpoint material topics, a working group of internal specialists conducted a qualitative analysis. The analysis identified and assessed the impact of LUKB's activities across the entire value chain from the inside-out perspective and the impact from the outside-in perspective. It used the following as benchmarks:

- The Ownership Strategy of the canton of Lucerne
- Luzerner Kantonalbank's LUKB25 strategy for 2021 to 2025
- Information and findings from stakeholder engagement and dialogue
- Current and future statutory and regulatory requirements
- Relevant reporting standards and recommendations, particularly the standards set by the Global Reporting Initiative (GRI) and the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Sustainable Development Goals (SDGs)
- Sector analyses
- External sustainability ratings and studies
- Media reports

The analysis considered impacts of LUKB business operations that are both actual and potential, positive and negative, short-term and long-term, and intentional and unintentional.

The impacts for and from LUKB were assessed according to their severity (magnitude, extent and irreversibility) and probability of occurrence. Twelve topics emerged as material from this qualitative study.

Materiality matrix

The following materiality matrix shows the twelve material topics in terms of their relevance to both LUKB (horizontal axis) and society and the environment (vertical axis). The further up or to the right, the more relevant the topic.

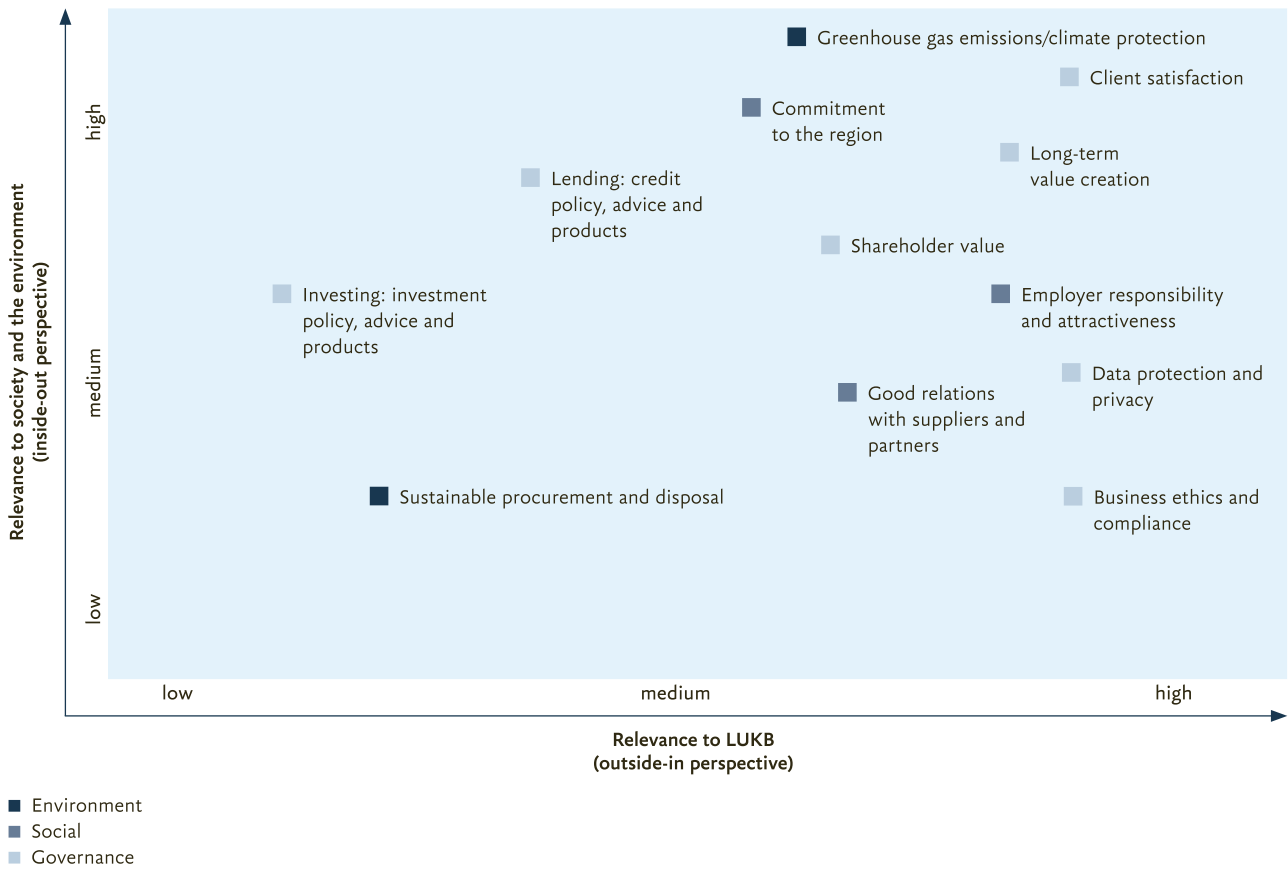


Figure: LUKB materiality matrix

The topics that feature in the materiality matrix are reviewed at least once a year, adjusted where necessary and disclosed in the Sustainability Report.

Material topics in stakeholder engagement and dialogue

Stakeholder	Material topics	Engagement/dialogue	Sections in this Sustainability Report
Clients	<ul style="list-style-type: none"> - Client satisfaction - Protection of data and privacy - Business ethics and compliance - Investing: investment policy, advice and products - Lending: credit policy, advice and products 	<ul style="list-style-type: none"> - Ongoing dialogue with client advisors - Systematic management of client feedback (recorded, analysed, discussed at EB level, improvements actioned) - Client satisfaction surveys/analyses - Client events - Interaction via social media 	<ul style="list-style-type: none"> Client satisfaction Data protection and privacy Business ethics and compliance Investment business Lending business
Employees	<ul style="list-style-type: none"> - Employer responsibility and attractiveness - Protection of data and privacy - Business ethics and compliance 	<ul style="list-style-type: none"> - Regular performance and development dialogue - Annual employee satisfaction survey - Vocational and continuing education, incl. the area of sustainability - Town halls, workshops and meetings with employees - Systematic occupational health management with internal contact persons and external point of contact - Regular awareness-raising on occupational health and safety, equal opportunities and a non-discriminatory working environment 	<ul style="list-style-type: none"> Employer responsibility and attractiveness Data protection and privacy Business ethics and compliance
Owners	<ul style="list-style-type: none"> - Shareholder value - Business ethics and compliance 	<ul style="list-style-type: none"> - Shareholder meetings (Annual General Meeting) - Ongoing dialogue with the canton as majority shareholder, and with other shareholders - Regular dialogue with financial analysts and financial media 	<ul style="list-style-type: none"> Shareholder value Business ethics and compliance
Suppliers and partners	<ul style="list-style-type: none"> - Good relations with suppliers and partners - Sustainable procurement and disposal - Business ethics and compliance 	<ul style="list-style-type: none"> - Ongoing dialogue with suppliers and partners - Integration of the LUKB Supplier Code into contracts with suppliers 	<ul style="list-style-type: none"> Relations with suppliers and partners Procurement and waste disposal Business ethics and compliance
Regulator	<ul style="list-style-type: none"> - Protection of data and privacy - Business ethics and compliance - Investing: investment policy, advice and products - Lending: credit policy, advice and products 	<ul style="list-style-type: none"> - Ongoing dialogue with the regulatory authority FINMA and the external auditors - Engagement in boards of directors and various association working groups (e.g. Swiss Bankers Association [SBA/Swissbanking] or the Association of Swiss Cantonal Banks [VSKB]) 	<ul style="list-style-type: none"> Data protection and privacy Business ethics and compliance Investment business Lending business
Public	<ul style="list-style-type: none"> - Commitment to the region - Long-term value creation - Greenhouse gas emissions/climate protection - Sustainable procurement and waste disposal 	<ul style="list-style-type: none"> - Regular Q&A sessions with the CEO - Ongoing dialogue with regional and national media and other important stakeholders from LUKB's market area - Employee engagement in various sporting, cultural and social organisations - Volunteer work as part of the 'Unternehmen mit Verantwortung' (Responsible Business) programme - Sponsorship of sport, culture, society and the arts in the canton of Lucerne 	<ul style="list-style-type: none"> Commitment to the region Long-term value creation Greenhouse gas emissions and climate protection Procurement and waste disposal

LUKB stakeholders and the UN SDGs

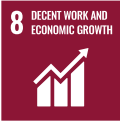
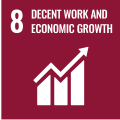




Of principal relevance to LUKB and its stakeholders are the seven United Nations Sustainable Development Goals (SDGs) shown below:

	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Clients						■	■
Employees	■	■		■			■
Owners			■	■			■
Suppliers and partners		■		■		■	■
Regulator	■					■	■
Public			■	■	■	■	■

LUKB has less of an influence over the remaining ten SDGs, although its lending and investment activities may still contribute directly or indirectly in these areas. Further information on the SDGs can be found in the Annex to this Sustainability Report.

Material topics for LUKB and the UN SDGs

Material topic	Corresponding Sustainable Development Goal (SDG)		Sections in this Sustainability Report
Client satisfaction	- SDG 8: Decent work and economic growth		Client satisfaction
Long-term value creation	- SDG 8: Decent work and economic growth - SDG 9: Industry, innovation and infrastructure - SDG 12: Responsible consumption and production	  	Long-term value creation
Shareholder value	- SDG 8: Decent work and economic growth		Shareholder value
Protection of data and privacy	- SDG 8: Decent work and economic growth		Data protection and privacy
Business ethics and compliance	- SDG 8: Decent work and economic growth		Business ethics and compliance
Investing: investment policy, advice and products	- SDG 8: Decent work and economic growth - SDG 9: Industry, innovation and infrastructure - SDG 12: Responsible consumption and production	  	Investment business
Lending: credit policy, advice and products	- SDG 8: Decent work and economic growth - SDG 9: Industry, innovation and infrastructure - SDG 12: Responsible consumption and production	  	Lending business
Employer responsibility and attractiveness	- SDG 4: Quality education - SDG 5: Gender equality - SDG 8: Decent work and economic growth	  	Employer responsibility and attractiveness

Material topic	Corresponding Sustainable Development Goal (SDG)	Sections in this Sustainability Report
Commitment to the region	- SDG 8: Decent work and economic growth 	Commitment to the region
Good relations with suppliers and partners	- SDG 8: Decent work and economic growth 	Relations with suppliers and partners
Greenhouse gas emissions/climate protection	- SDG 13: Climate action 	Greenhouse gas emissions and climate protection
Sustainable procurement and disposal	- SDG 7: Affordable and clean energy - SDG 12: Responsible consumption and production - SDG 13: Climate action   	Procurement and waste disposal

Client satisfaction

Relevance of the topic

Client satisfaction and trust are key to a company's long-term success, particularly in banking. Trust is at the heart of every client relationship and is closely linked to client satisfaction. Therefore, it is important to understand client needs and feedback. This forms the basis for improvements and for serving clients in line with their needs and financial situation. Satisfied clients generally remain loyal and recommend their bank to others, which has a direct impact on the company's success.

Principle

LUKB consistently aligns its offering with long-term client benefit, meeting clients where they are, and efficiency and ease of access through digitalisation. This also includes sustainable products and advice that respond to market demand.

Target

LUKB's client satisfaction, measured in terms of its clients' willingness to recommend it to others, is above the average for all banks covered in the private client and SME market studies conducted by the Association of Swiss Cantonal Banks (VSKB).

Status in 2024

LUKB has more than 300 000 client relationships, mainly from the Lucerne economic region. They make LUKB the leading bank in the canton of Lucerne.

Recognition, image and recommendation

Every two years, LUKB takes part in the image survey of the Association of Swiss Cantonal Banks (VSKB). The results of the survey conducted in 2022 and published in 2023 were pleasing (the results of the 2024 survey were not yet available at the time of writing the 2024 Annual Report). In the fiercely competitive market, LUKB enjoys by far the best reputation ahead of its competitors in the canton of Lucerne and ranks second in terms of recognition and clients'

willingness to recommend it to others. LUKB is also a leader in terms of trust and service quality and scores well for offering convincing solutions.

The VSKB also conducts a bi-annual survey of corporate clients alternating with private clients. The survey carried out in the first quarter of 2023 among companies with between 1 and 249 employees showed that LUKB clearly has the highest market share in the canton of Lucerne. Three quarters of LUKB clients describe it as their principal bank.

Since the previous survey in 2021, LUKB has been able to increase the principal bank ratio for both small corporate clients (1 to 9 employees) and corporate clients (10 to 249 employees). LUKB came first among the six banks surveyed in terms of the willingness of SME clients to recommend the Bank to others.

Further information on awards, including those based on client surveys, can be found in the 'Annual Review'¹⁾ section of the Annual Report (in German).

¹⁾ <https://report.lukb.ch>

Closeness to clients: decentralised, digital and diversified

The combination of physical branches and the extremely popular and efficient digital channels gives LUKB clients (private, commercial and private banking clients and corporate clients) the freedom to choose how they wish to carry out their banking transactions.

LUKB has a dense branch network of 22 locations in the canton of Lucerne and one location in Zurich (private banking and structured products). LUKB also has two sales offices for its structured products business in the French- and Italian-speaking parts of Switzerland (Lausanne and Lugano).

Many LUKB services can be accessed 24/7 via lukb.ch and the LUKB app. The digital channels (website, e-banking, e-banking app) will be further expanded into service-oriented distribution channels and offer clients as many self-service options as possible. By systematically involving clients in innovations in e-banking and the e-banking app by means of 'Friends & Family phases' prior to the roll-out, LUKB ensures the best possible customer journey on digital channels. LUKB also continuously develops its multichannel management through data analytics or data-driven banking and the use of artificial intelligence.

Accessibility

In 2023, LUKB completed the conversion of its branches into modern advisory banks. Unrestricted access for clients with limited mobility has been guaranteed since the redesign of the client areas at the latest.

Accessibility specifically also means ensuring unrestricted access to digital information and services. In 2024, LUKB therefore had its website lukb.ch checked for accessibility by the 'Access for all' foundation. The foundation acts as a centre of competence in Switzerland and neighbouring countries for unrestricted access to and use of technology. The main technological barriers have already been removed, so that the information on the website is easy to use and access, including for people with disabilities or impairments. Further improvements are planned for 2025. LUKB has also optimised the navigation in e-banking in terms of accessibility.

Long-term value creation

Corporate governance

Relevance of the topic

Corporate governance refers to the principles and structures by which a company is managed and controlled by its governing and executive bodies. The governing bodies of LUKB include the General Meeting, the Board of Directors, the Executive Board and the external auditors. The Board of Directors is the governing body that is responsible for overall management, supervision and control. The role of the Executive Board is to ensure the operational management of the company. Through responsible and modern corporate governance, LUKB creates the conditions for sustainable economic success in line with ethical principles.

Principle

LUKB relies on the principles of modern and efficient corporate governance in order to create long-term value for its stakeholders. The Bank has a well-functioning governance organisation with clearly defined responsibilities and effective control mechanisms (checks and balances between leadership and supervision), an equitable mix of top management, market-driven and moderate incentive systems, and a transparent information policy.

Target

LUKB places in the top half of the annual corporate governance ratings published by zRating, part of Inrate Ltd.

Status in 2024

As a public limited company under private law, LUKB has modern corporate governance systems in place. They are presented in detail in the 'Corporate governance'¹⁾ (in German) section of the Annual Report. The notes¹⁾ to the consolidated financial statements (in German) also contain detailed information on risk management at LUKB.

As LUKB's principal shareholder, the canton of Lucerne has drawn up an Ownership Strategy²⁾ (in German) that sets out its targets for the Bank. This is revised every four years and can be accessed in German on both the canton of Lucerne and LUKB websites. The most recent Ownership Strategy was published in the spring of 2021.

In the 2024 corporate governance ratings issued by zRating (part of Inrate Ltd), LUKB scored 72 out of a possible 100 points (previous year: 70 out of 100 points) and was ranked 32nd out of 164 companies assessed (previous year: 45th out of 169 companies). This makes it once again one of the leading companies in the financial services sector.

¹⁾ <https://report.lukb.ch>

²⁾ <https://lukb.ch/eignerstrategie>

Finance

Relevance of the topic

Ever since its foundation in 1850, Luzerner Kantonalbank has stood for closeness to its clients, high quality of service and continuity. It offers attractive jobs and apprenticeships in the Lucerne region. Both the Act and the LUKB Articles of Association require LUKB to pursue 'the for-profit operation of a full-service bank conducting the usual banking business in accordance with recognised banking principles. Specifically, the Bank pays particular heed to the needs of the population and the economy of the canton of Lucerne.' The majority shareholder (canton of Lucerne) and the other more than 34 000 shareholders ultimately benefit from LUKB's profit orientation. This orientation is also reflected in LUKB's core values: leading – personal – robust – typically 'Lozärn'.

Principle

By continuously and steadily generating value, LUKB plays a positive part in the sustainable development of Lucerne as a place to live and do business.

Targets

As a broad-based universal bank with local roots, LUKB strives to achieve continuous and steady growth when concluding its business transactions. It also attaches major importance to a strong equity base. These factors ensure that LUKB has a high level of financial stability.

LUKB is currently working on strategies and target systems over a five-year period. It publishes its long-term financial targets in advance and provides regular updates on progress. Details of the 'LUKB25' strategy (2021 to 2025) and the achievement of financial targets can be found in the [2024 Annual Report](https://report.lukb.ch)¹⁾ and on the [LUKB website](https://lukb.ch/unternehmensstrategie)²⁾ (in German).

¹⁾ <https://report.lukb.ch>

²⁾ <https://lukb.ch/unternehmensstrategie>

During the current strategy period from 2021 to 2025, LUKB aims to achieve the following quantitative strategic targets:

- **Profitability**
(This target was raised in January 2024 for the second time within the current strategy period.)
Cumulated profit from 2021 to 2025: 1 260 to 1 330 million francs
- **Efficiency**
Cost-income ratio of a maximum of 50 %
- **Solidity**
(Targets were raised in May 2023 along with the capital increase)
Total capital ratio: 16 to 20 %, with a CET1 ratio of at least 12 %

Status in 2024

Achievement of strategic targets

LUKB reviews the achievement of its targets annually, and adjusts them as necessary. In the 2024 financial year, the fourth year of the 'LUKB25' strategy period, it achieved the following results at Group level:

- **Profitability**
Cumulated profit from 2021 to 2024: With a cumulative value of 1 075.0 million francs at the end of 2024, LUKB has significantly exceeded its pro rata target of 1 023.4 million francs.
- **Efficiency**
Cost-income ratio: Target clearly met at 46.1 % (also over the years 2021 to 2023)
- **Solidity**
Total capital ratio: Thanks to the systematic accumulation of build-up of own funds, the total capital ratio of 18.5 % at the end of 2024 was roughly in the middle of the strategic target range
CET1 ratio: At 13.9 %, the CET1 ratio at the end of 2024 clearly fulfilled both the regulatory requirements including the countercyclical buffer (8.8 %) as well as the higher internal LUKB target

Value-added statement

The following value-added statement shows that LUKB's economic performance was once again outstanding in 2024. LUKB increased its operating income by 5.8 % to 650.5 million francs in 2024. Net value added rose by 12.6 % to 558.3 million francs, a new record.

According to the proposal submitted to the 2025 AGM, 128.9 million francs of net value added will be distributed to shareholders. LUKB paid a total of 37.7 million francs in direct taxes to government bodies (municipalities, cantons, federal government) and an additional 10.8 million francs in compensation for the state guarantee to the canton of Lucerne. The total amount paid to the canton of Lucerne and the municipalities of the canton of Lucerne amounts to around 108 million francs for the 2024 financial year based on the proposal for the appropriation of profits submitted to the 2025 AGM.

Out of the remaining 391.7 million francs, 209.0 million francs are comprised of personnel expenses and 182.7 million francs of the allocation to reserves and profit carried forward.

Consolidated value-added statement	Unit	2020	2021	2022	2023	2024
Generation of value added						
Company performance (= operating income)	CHF thousand	531 092	581 303	585 722	614 856	650 517
General and administrative expenses	CHF thousand	- 71 092	- 70 897	- 75 456	- 80 187	- 86 770
Compensation for the state guarantee to the canton of Lucerne	CHF thousand	- 8 183	- 9 282	- 9 502	- 10 167	- 10 779
Extraordinary income	CHF thousand	4 400	0	4 281	0	31 580
Extraordinary expenses	CHF thousand	0	0	0	0	0
Gross value added	CHF thousand	456 217	501 124	505 045	524 502	584 547
Impairments of investments and depreciation and amortisation of property, plant and equipment and intangible assets	CHF thousand	- 26 208	- 38 055	- 33 554	- 35 443	- 28 913
Changes in provisions, other impairments and losses	CHF thousand	- 3 633	- 2 444	418	6 759	2 711
Net value added	CHF thousand	426 376	460 625	471 909	495 818	558 345
Distribution of value added						
Employees (personnel expenses)	CHF thousand	171 733	177 944	183 010	192 342	208 991
Shareholders	CHF thousand	106 122	106 075	106 116	123 364	128 917 ¹⁾
of which to the canton of Lucerne (majority shareholder)	CHF thousand	65 241	65 212	65 237	75 841	79 255 ¹⁾
Government (direct taxes)	CHF thousand	35 771	36 297	37 294	38 079	37 711
of which federal taxes	CHF thousand	18 304	18 355	18 996	18 690	18 692
of which cantonal taxes canton Lucerne	CHF thousand	7 838	7 944	7 659	8 139	8 002
of which municipal taxes canton Lucerne	CHF thousand	9 238	9 409	9 749	10 298	9 920
of which state and municipal taxes other cantons	CHF thousand	391	588	891	952	1 097
Addition to reserves and profit carried forward (self-financing; including allocation to reserves for general banking risks)	CHF thousand	112 750	140 309	145 489	142 033	182 725
Distributed value added	CHF thousand	426 376	460 625	471 909	495 818	558 345
Value-added metrics						
Gross value added per full-time equivalent	CHF thousand	438	472	468	474	504
Net value added per full-time equivalent	CHF thousand	410	434	437	448	481
Full-time equivalents (annual average)	FTE ²⁾	1 041.1	1 061.7	1 079.3	1 106.4	1 160.0

¹⁾ As proposed to the 2025 Annual General Meeting

²⁾ Full-time Equivalents, FTE

The above value-added statement does not include tax paid by LUKB employees or other indirect taxes and duties paid by LUKB.

LUKB's extensive commitment to the region is described in detail in the section '[Commitment to the region](#)', including the sponsorship contributions paid in 2024.

Further current financial figures can be found in the [2024 Annual Report](#)¹⁾ (in German).

¹⁾ <https://report.lukb.ch>

Shareholder value

Relevance of the topic

The benefits that LUKB creates for its shareholders are of major importance for the Lucerne economic region: 61.5 % of the shares are owned by the canton of Lucerne. The Bank's free float - the share capital distributed among the general public - stands at 38.5 %. At the end of 2024, more than half of the free float (50.6 %) was owned by natural persons (44.9 %) and legal entities (5.7 %) domiciled in the canton of Lucerne. The remaining shares are held for the most part by investors domiciled elsewhere in Switzerland. More than 34 000 people in total are entered in the LUKB share register. This reflects a high share registration rate of 94.9 % (including those held by the majority shareholder canton of Lucerne). Detailed information on the shareholder structure can be found in 'LUKB share', in the 'About LUKB'¹⁾ section of the 2024 Annual Report (in German).

¹⁾ <https://report.lukb.ch>

Principle

In its appropriation of profits, LUKB focuses on a long-term balance between self-financing and distributions to shareholders. The equity base must ensure the sustainable growth of the company. LUKB maintains ongoing dialogue with its shareholders.

Targets

For the 2021 to 2025 strategy period, LUKB has set itself the target of distributing between 40 % and 60 % of the annual consolidated profit to its shareholders while securing the achievement of its strategic targets in terms of the total capital ratio and the CET1 ratio through adequate internal financing (see 'Long-term value creation').

Status in 2024

Measured by total return, LUKB registered shares have generated a performance of over 394 % since the initial public offering in 2001. LUKB's continuous value creation also benefits shareholders in the form of regular dividends. This applies first and foremost to the Bank's principal shareholder, the canton of Lucerne, whose stake remained unchanged year on year at 61.5 %.

The proposal for the appropriation of profits for the 2024 financial year can be found in the 'LUKB share'¹⁾ section of the Annual Report (in German). The Board of Directors will propose to the LUKB Annual General Meeting held on 14 April 2025 that the distribution be increased by 0.10 francs per registered share to 2.60 francs, to be paid one half in the form of a dividend and one half in the form of a distribution from capital contributions exempt from withholding tax. Based on the proposed appropriation, the payout ratio is 41.1 % (based on net profit after taxes). Taking LUKB's consolidated profit as the basis for the 2024 payout ratio, this results in a ratio of 44.8 %.

In its 2024 best practice study, the renowned corporate finance consulting firm IFBC once again showed that LUKB is one of the few banks that was able to generate a profit above the effective cost of equity, over both the long term (2017-2023) and the short term (2023). LUKB's annual results for 2024 also confirm this.

¹⁾ <https://report.lukb.ch>

Growth in net profit
In CHF millions

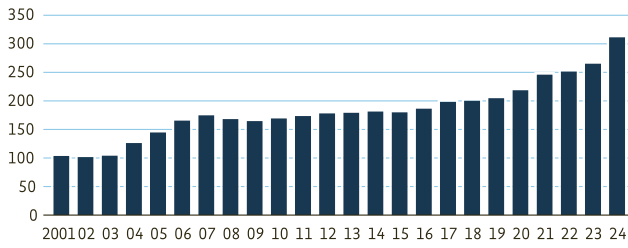


Figure: Growth in net profit, 2001 to 2024

Shareholder dividend¹⁾
in CHF, gross per LUKB registered share

¹⁾ Dividend per share for the 2001 to 2022 financial years has been restated to reflect the 1:5 share split as in year 2023

* Proposal to the Annual General Meeting of 14 April 2025

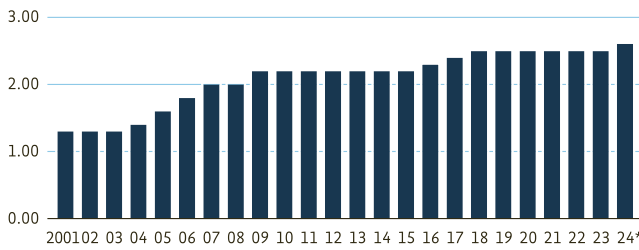


Figure: Shareholder dividend, 2001 to 2024

Payments to the canton of Lucerne
In CHF millions

- Compensation for state guarantee
- Cantonal taxes (canton LU, excluding municipal)
- Dividend

* Proposal to the Annual General Meeting of 14. April 2025

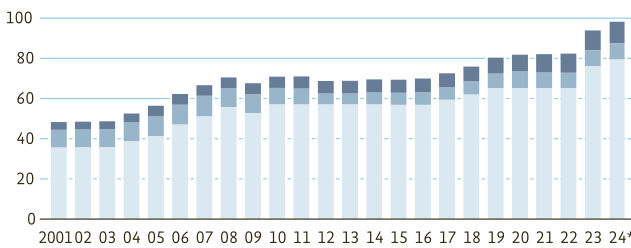


Figure: Payments to the canton of Lucerne, 2001 to 2024

Data protection and privacy

Relevance of the topic

Due to their business activities, banks hold particularly sensitive data. This includes, in particular, personal data, i.e. information concerning an identified or identifiable person. LUKB is obliged by bank client confidentiality and under data protection law to protect personal data. Throughout the Group, it places major importance on compliance with the relevant legal requirements. Data protection and the protection of privacy form the basis for long-term relationships rooted in trust with clients, employees and other business partners. LUKB also makes considerable efforts to ensure information security, which includes protecting against unauthorised data access, preventing data theft and defending against all types of cyber threats.

Principle

LUKB protects data and privacy in accordance with the Swiss Data Protection Act, the Swiss provisions on bank client confidentiality as well as the applicable regulatory and supervisory provisions, as amended from time to time. To this end, it maintains a responsible organisation, effective processes and a robust IT infrastructure. Handling sensitive information responsibly involves not only protecting it from unauthorised access, but also being transparent about the purposes for which data is processed. LUKB provides clear information about the purposes of data processing.

Data protection, and the protection of personal data in particular, are an integral component of risk management at LUKB in addition to measures to ensure information security. Data protection and information security risks are systematically identified, evaluated, contained and reported to the offices responsible. Where necessary, appropriate measures are derived and systematically implemented.

Targets

By taking appropriate technical and organisational measures, LUKB can avoid data and information security breaches. It protects the data and privacy of its clients, employees and other business partners and stakeholders in accordance with applicable laws and regulations. The current threat situation must always be kept in view. The company's own infrastructure needs to be tested for vulnerabilities on an ongoing basis and upgraded if necessary.

Status in 2024

Data protection and information security

In 2023 LUKB implemented the new and updated provisions of the revised Swiss Federal Act on Data Protection (FADP), and took the resulting organisational, contractual and technical action required to guarantee compliance with data protection law. On 15 January 2024, the European Commission decided that the Swiss Data Protection Act is equivalent to the EU General Data Protection Regulation (GDPR) (equivalence decision).

On its [website](#)¹⁾ (in German), LUKB and its subsidiaries provide clear and comprehensive information on issues relating to data protection and information security, as well as up-to-date topic-based information on an ad hoc basis to protect clients and their assets.

According to the applicable data protection law, clients have the right of access as well as the rights to rectification and erasure, the right to restrict processing, the right to object and the right to data portability with regard to data concerning them. In addition, they have the right to lodge a complaint with the responsible data protection supervisory authority. LUKB seeks to comply with the principle of data minimisation, which means that only data that is absolutely necessary is collected and processed. The retention period is determined and data is erased in line with legal requirements and based on the operational needs of the Bank.

Operational responsibilities and authorities for implementing legal data protection requirements and information security have been determined. Primary responsibility for data protection and information security rests with the Executive Board. LUKB has appropriate contingency and business continuity plans in place to handle security incidents. These are the Security Handbook and the Business Continuity Plan (BCM). They satisfy the statutory and regulatory requirements. Compliance with data protection and information security requirements is further monitored by the independent Compliance and Risk Control units. In addition, LUKB has a data protection advisor as a point of contact for questions or requests for information in connection with data protection. Regular awareness-raising campaigns and training on data protection and information security are run for all LUKB employees as needed but at least once a year. This training is compulsory, and participation is verified.

Information security management at LUKB and its main IT outsourcing partners is conducted on the basis of recognised standards (e.g. the ISO/IEC 27002:2022 or ISAE/SOC 3000 and/or 3402 series of standards). Operating in conjunction with internal and external security experts, the Bank monitors compliance with the guidelines on the protection of client data by means of technical and organisational security measures. These include data encryption, access controls, the logging of security-related events and awareness campaigns. In addition, LUKB carries out regular penetration tests together with external experts in order to secure its IT systems. These are checked periodically and automatically for vulnerabilities.

LUKB is interested in long-term, partnership-based business relationships with clients, suppliers and service providers alike. Where service providers are engaged and services outsourced, LUKB obliges suppliers and service providers to uphold bank client and business confidentiality and to comply with data protection law. These undertakings are contractual in nature, and compliance with them is checked regularly.

LUKB also ensures that internal and external audits are carried out to verify whether the legal requirements and the requirements of the supervisory authority are being complied with. The external auditors periodically review areas such as IT, including the handling of electronic client data.

No relevant incidents involving client data were identified during the reporting year. Any scope for improvement identified is acted upon immediately.

LUKB did not record any significant complaints relating to data protection during the reporting year.

¹⁾ <https://www.lukb.ch/de/datenschutzerklaerung>

Artificial intelligence (AI)

LUKB regulates responsibilities for artificial intelligence (AI) in the areas of development, integration, operations, awareness and training within the existing organisational units. AI is deployed in accordance with LUKB's existing policies, principles and strategies as well as the applicable laws and regulatory requirements.

AI is used as long as it is ethically justifiable, fair and non-discriminatory. LUKB provides information on the use of AI where this is relevant for individuals (clients, employees, applicants) and insofar as they interact directly with AI.

LUKB promotes the acquisition of application experience and the implementation of specific AI training courses (best practices, security, data protection, etc.) for its employees. This also includes the provision of tools such as instructions and points of contact through which support is available.

When using AI, the focus is on prevention, including training employees on how to use AI correctly. Employees must be regarded as an integral part of the development, implementation and operation of AI systems. Human monitoring, evaluation and error correction ensure transparent, (technically) correct, comprehensible and responsible AI-based decision making. This also involves critical questioning in order to ensure that the use of AI tools is appropriate.

LUKB strives to ensure that the content and predictions generated by AI are of a quality that is commensurate with the intended use. Within the ambit of AI projects, measures are implemented to ensure compliance with the information security protection objectives (confidentiality, availability, integrity).

The risks associated with AI are analysed, understood, regularly reviewed and updated within the scope of the existing risk types (operational risks, compliance and reputational risks). LUKB only uses AI applications that it understands, and it must also be able to explain and control them. It ensures that data subjects can also exercise the right to access, the right to rectification and the right to object to AI services.

Business ethics and compliance

Relevance of the topic

Responsible and fair business practices in accordance with statutory and regulatory provisions and the recognised professional principles of the banking industry provide a foundation rooted in trust for cooperation between LUKB and its stakeholders, thereby helping to reduce LUKB's compliance and reputational risks.

Principle

LUKB is committed to responsible business practices. It ensures sustainable and ethical corporate governance. In its activities, it is committed to both upholding human rights and the associated international standards, and to abiding by applicable law. LUKB closely monitors legal and regulatory developments and ensures that new laws and regulations are implemented on time and without exception.

Target

LUKB remains free of reputational damage caused by failure to comply with applicable laws and regulations.

Status in 2024

Compliance management

LUKB has a central Compliance function for the Group that is independent of revenue-generating business activities. It reports directly to the CEO. Compliance supports the Executive Board and employees as they enforce and monitor compliance. It comprises systematic internal rules and regulations, intensive initial and continuing education, a rigorous controlling framework, and strict sanctions in the event of misconduct. Compliance reports annually to the Executive Board, to the Board of Directors' Audit and Finance Committee, and to the Board of Directors itself on its activities in the previous reporting period, as well as its assessment of compliance risk. It has the authority to go straight to the Board of Directors where necessary. LUKB also has an independent Risk Control function.

LUKB's compliance and risk management systems address all relevant compliance topics and risk types. They cover the entire LUKB Group, including its subsidiaries and branches both inside and outside the canton of Lucerne.

LUKB employees must attend mandatory compliance training on a regular basis. The training covers issues such as combating money laundering and terrorist financing, compliance with market conduct rules and measures to combat corruption and protect personal data. As part of their induction, new employees are required to attend appropriate training courses that are specific to their role or business area.

LUKB employees at all management levels are subject to specific policies setting out the principles and guidelines of LUKB. The values of the Group-wide [Code of Conduct](#)¹⁾ are regularly addressed and exemplified by the Board of Directors and the Group Executive Board.

LUKB expects any suppliers affected to comply with the [Supplier Code](#)¹⁾. This sets out standards for business integrity and ethics, social and environmental responsibility as well as the corresponding management systems. LUKB requires suppliers and subcontractors to comply at all times with the applicable laws as well as with supervisory provisions and guidelines. All forms of corruption and other criminal activities are prohibited.

Further details on the Compliance and Risk Control functions: see the 2024 [Annual Report, Group Financial Report, 'Risk management' section](#)²⁾ (in German).

¹⁾ <https://lukb.ch/english-window>

²⁾ <https://report.lukb.ch>

Compliance with due diligence obligations

LUKB undertakes, to the extent of its capability, to combat crime, corruption, money laundering and the financing of terrorism. To do this, LUKB consistently applies national and global requirements, and sanctions. It verifies compliance with these regulations through its internal control system, which meets regulatory requirements. The effectiveness of this system is reviewed regularly by internal and external auditors.

In compliance with the 'know your customer' (KYC) principle, LUKB verifies the identities of its contracting partners (including beneficial owners) in accordance with the Swiss Banks' Code of Conduct with Regard to the Exercise of Due Diligence (CDB) and Swiss anti-money laundering legislation. This includes checks and background enquiries (enhanced due diligence) in the case of client relationships or transactions involving greater risk, both when the business relationship is opened and while it is ongoing.

LUKB does not open or maintain any business relationships with clients if KYC information is insufficient or if there is reason to assume that LUKB products or services are being or intended to be used for illegal purposes. Similarly, we do not open or maintain any relationships where there is too great a risk of financial crime or reputational damage.

LUKB monitors client relationships and transactions using a variety of systems that, among other things, automatically compare names with updated lists provided by a global data supplier. The action provided for in law is taken if a potential link to crime is found. This applies in particular in connection with money laundering, terrorism, drug trafficking, corruption, the arms trade or human trafficking. Suspicious business relationships or transactions are reported to the competent authority in accordance with the applicable anti-money laundering or embargo legislation.

Responsibility in relation to tax

LUKB rejects any form of tax evasion and expects its clients and business partners to do likewise. It does not support its clients or third parties in avoiding the payment of taxes owed and rejects aggressive tax planning that is at odds with the spirit of the law and common practice.

Actively aiding tax evasion in any way is prohibited at LUKB. For example, new clients are required to provide confirmation of the tax compliance of the funds they entrust to the Bank. As a Swiss financial institution, LUKB fully implements its obligations under the Automatic Exchange of Information (AEOI) based on the requirements of the OECD and the Swiss implementing legislation as well as the U.S. Foreign Account Tax Compliance Act (FATCA).

Luzerner Kantonalbank AG (parent company) and the two fully owned subsidiaries, LUKB Expert Fondsleitung AG and Refinum AG, have their respective registered offices in Switzerland and are therefore fully liable to tax in Switzerland. In order to ensure legal certainty regarding the tax treatment of certain scenarios, binding information or agreements have been concluded with the competent tax authorities (tax rulings).

Combating market abuse and corruption

LUKB forbids its employees from engaging in anti-competitive behaviour of any kind, such as exploiting insider information (e.g. front, parallel and after running), market or price manipulation, or other forms of fraud. These rules also apply to anti-competitive behaviour on the part of clients. The Trading department is subject to a separate 'market making' policy on trading in LUKB's own shares.

LUKB tolerates neither the offering nor the taking of bribes. Anti-corruption measures are integrated into LUKB's internal rules and regulations, and the relevant standards are a fixed element of LUKB's purchasing procedures. Compliance with these standards is a factor in the selection and continuation of relationships with service providers, suppliers and third-party providers. Relationships with LUKB's principal suppliers are reviewed and monitored regularly.

As in the previous year, no significant corruption risks were identified during the 2024 reporting year.

Avoiding conflicts of interest

LUKB's Ownership Strategy stipulates that the members of the Board of Directors must give absolute priority to the interests of LUKB. This must be taken into account within planning and composition. Conflicts of interest are dealt with in accordance with the Swiss Code of Best Practice for Corporate Governance. Conflicts of interest must be disclosed transparently and assessed on a case-by-case basis. Any person who is subject to a permanent conflict of interest may not be a member of the Board of Directors. Likewise, according to legal requirements, members of the Cantonal Council of the canton of Lucerne, which is the majority shareholder of LUKB, may not be members of the Board of Directors. The Cantonal Council also refrains from nominating or electing any members of the Cantonal Parliament or the Audit Office as members of the Board of Directors.

In their business activities, all governing and executive bodies and employees must conduct themselves to prevent any and all personal dependence, obligation or influence. Situations that might result in a conflict of interest with clients, suppliers, employees and LUKB must be avoided. Should they nonetheless arise, they must be disclosed and recusal rules observed. The acceptance of gifts is also subject to restrictions under regulations. LUKB has issued specific rules in this regard that are an integral part of the Employee Regulations and of policies, and also include the corresponding control systems.

The number of appointments held by members of the Board of Directors and the Executive Board is limited, and all appointments must be approved. Appointments and shareholdings as well as external interests of the members of the Board of Directors and the Executive Board are published in the Annual Report, as are any significant loans granted to members of the governing and executive bodies. The same person cannot serve on multiple boards of directors of related companies. The appointment of other employees is also subject to restrictions under regulations and is conditional upon approval.

Details concerning transactions concluded for their own account by members of the Board of Directors, the Executive Board and other employees are governed by internal regulations and policies.

Employees at all levels, as well as members of the Board of Directors, receive regular training in the relevant areas.

Any conflicts of interest vis-à-vis stakeholders are subject to business confidentiality and must be treated in confidence.

Human rights

Switzerland is a member of the UN and has signed all legally binding international human rights treaties based on the Universal Declaration of Human Rights (UDHR). The appreciation that there can be no lasting peace, security and economic development without the protection of human rights is reflected in the values and experience of LUKB. It is committed to complying with international human rights standards and identifies with the underlying values and concerns.

The Universal Declaration of Human Rights (UDHR) serves as a guide. The key aspects are integrated into business processes, including in particular procurement, the investment and lending business as well as human resources management.

Switzerland, as the country of domicile of LUKB, has ratified 62 conventions and one protocol of the International Labour Organization (ILO), including all eight core conventions (i.e. core conventions 29, 87, 98, 100, 105, 111, 138 and 182). The current status of implementation of the conventions can be found on the [ILO website](https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102861)¹⁾. Switzerland's national legislation implements ILO provisions accordingly, and is also binding on LUKB.

¹⁾ https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102861

Equal opportunities, diversity and freedom from discrimination

Human resources policy at LUKB is based on equal opportunities, freedom from discrimination, diversity and inclusion. This specifically covers characteristics such as gender, age, religion, nationality or ethnicity, physical impairments or sexual orientation, as well as the recruitment of people with different abilities. HR policy initiatives are led by the Executive Board and by the Board of Directors' Personnel and Compensation Committee. In 2014 LUKB was the first bank in Switzerland to demonstrate in a recognised process that it provides equal pay for equal work. It reviews equal pay annually, see the [section 'Equal pay' in 'Employer responsibility and attractiveness'](#).

Protection of the personal integrity of employees

LUKB pursues a zero-tolerance policy towards inappropriate behaviour, workplace bullying and sexual harassment. Those affected can approach internal contacts in Human Resources, who are able to take targeted action. This action may also include referral to external specialists. All persons involved are obliged to maintain absolute confidentiality.

LUKB places particular importance on ensuring compatibility between work and other areas of life. Accordingly, occupational health management (OHM), which addresses both physical health and mental well-being, is of major importance – particularly with regard to preventative and early detection measures. In addition, LUKB has designated internal contacts in Human Resources with whom employees seeking advice can get in touch in confidence in the event of problems of any kind. External specialists are involved as required.

Freedom of association

LUKB guarantees its employees freedom of association, whether in the LUKB 'Personalverein' employee representation organisation, or in national industry employee organisations such as the Swiss Bank Employees Association (SBEA).

Social partnership

LUKB is committed to good employer-employee relations and is in regular dialogue with the Personalverein. This enables it to identify any issues at an early stage and to find pragmatic solutions in consultation with the employee organisation.

Critical concerns

Critical concerns can be raised with LUKB via a number of channels:

- Reporting violations: LUKB employees are required to report potential breaches of external or internal regulations to their line manager or one of the control functions.
- Whistleblowing: Employees and external persons have access to a specially designated point of contact for whistleblowing (Head of Legal Services & Compliance, whistleblowing@lukb.ch), which guarantees them anonymity.
- Violation of the personal integrity of employees: Those affected can approach internal contacts in Human Resources, who are able to take targeted action. This action may also include referral to external specialists. All persons involved are obliged to maintain absolute confidentiality.
- Clients: In the event of questions, complaints or critical concerns, clients can contact their advisor in person, by telephone, by letter or by email or can contact LUKB via e-banking message or using the contact form on the website. A predefined process establishes which client responses must be presented to other decision-makers. The Executive Board receives an evaluation of all complaints and concerns every six months and investigates any anomalies. Clients can also contact other bodies such as the Banking Ombudsman or the regulator.
- Other stakeholders: All other stakeholder groups have access to the public channels for communicating with LUKB, which are also accessible to clients.

The Board of Directors is informed about important matters relating to risk management as part of the regular internal reporting and escalation process. In addition, the Board of Directors is informed about important concerns within the ambit of annual legal and compliance reporting. The Head of Legal Services & Compliance also has authority to make an extraordinary report to the Board of Directors directly in the event of any serious violations.

In addition, the Executive Board informs the relevant Board of Directors committee about any complaints and concerns raised by clients and other stakeholders as required and, in coordination with the committee, the Board of Directors as a whole if necessary.

Various types of critical concerns that needed to be addressed by the BoD and its committees were brought to the attention of the BoD. The total number and nature of critical concerns communicated to the Board of Directors are subject to business confidentiality and are treated in confidence.

Investment business

Relevance of the topic

The investment business is part of LUKB's core business. It comprises investment advice, asset management, LUKB's own investment instruments as well as other custody account business.

- **Investment advice:** The LUKB client advisor advises the client throughout the entire investment process, from defining the investment strategy through to implementation (investment proposals) as well as monitoring of the portfolio. However, all investment decisions are always made by the investor.
- **Asset management:** Once a strategy has been jointly defined, the client delegates individual investment decisions to LUKB portfolio management specialists.
- **Investment instruments:** These include the LUKB Expert investment funds (strategy, pension, equity and bond funds), structured products, money and capital market investment solutions (time deposits, fiduciary deposits, medium-term notes and bond issues) as well as solutions for investing in precious metals and digital assets.
- **Other custody account business:** Clients make their own investment decisions and do not receive any investment advice from LUKB. The investment solutions are the fund savings plan, the e-custody account and the 'Invest on Demand' solution.

Principle

Luzerner Kantonalbank AG and its subsidiary LUKB Expert Fondsleitung AG firmly believe that considering sustainability criteria is fundamental to successful investment decisions and helps to mitigate risks and take advantage of opportunities. Addressing the major challenges facing our society, in particular achieving the Paris climate goals and supporting a more sustainable society in line with the United Nations Sustainable Development Goals (SDGs), are core priorities in this regard. An overview of the SDGs can be found in the [Annex](#) to this Sustainability Report.

In October 2019, LUKB signed up to the United Nations Principles for Responsible Investment (UN PRI). Having done so, it is committed to integrating environmental, social and governance impacts into its investment decisions and thus contributing to a more sustainable global financial system.

Signatory of:



Figure: PRI Principles for Responsible Investment logo

By joining the Partnership for Carbon Accounting Financials (PCAF) in 2023, LUKB also committed to measuring and disclosing indirect greenhouse gas emissions (Scope 3) in its investment and lending business.

Targets

LUKB has set itself the following targets for its individual investment transactions:

Investment advice

- Recording its clients' preferences with regard to sustainability as part of its investment advisory services and offering appropriate advice
- Compliance with the 'Guidelines for the financial service providers on the integration of ESG preferences and ESG risks and the prevention of greenwashing in investment advice and portfolio management' of the Swiss Bankers Association (SBA) - taking into account the applicable implementation deadlines
- Engaging in dialogue with companies about initiatives and pools on ESG topics

Asset management

- Sustainability management of all standard portfolio management mandates
- Compliance with the 'Guidelines for the financial service providers on the integration of ESG preferences and ESG risks and the prevention of greenwashing in investment advice and portfolio management' of the Swiss Bankers Association (SBA) - taking into account the applicable implementation deadlines
- Engaging in dialogue with companies about initiatives and pools on ESG topics

LUKB's own investment funds

- Sustainable management of all own investment funds (LUKB Expert funds)
- Compliance with the 'Self-regulation on transparency and disclosure for sustainability-related collective assets' published by the Asset Management Association Switzerland (AMAS) - taking into account the applicable implementation deadlines
- Engaging in dialogue with companies about initiatives and pools on ESG topics
- Active exercise of voting rights for the majority of equity holdings

Status in 2024

Sustainability as standard in the investment business

In 2022, LUKB systematically aligned its investment and fund business with sustainability criteria (ESG criteria: Environment, Social, Governance). LUKB takes a sustainability-based approach when selecting securities for its standard portfolio management mandates. This also applies to the management of LUKB Expert investment funds. The Bank has integrated the sustainability approach into the advisory cycle while also taking clients' sustainability preferences into account. Measures to ensure compliance with the preference are a systematic part of investment monitoring and controlling.

In order to fulfil its responsibility as an investment manager, LUKB relies on stewardship measures, i.e. active dialogue and the exercise of voting rights. In addition to membership of relevant industry organisations, this includes direct involvement in collective engagement, commissioning specialist service providers to pursue corporate dialogue as well as the active and responsible exercise of voting rights.

Transparency contributes enormously to an understanding of how sustainability is defined. LUKB creates this clarity with its assessment criteria and sustainability grades, while also providing comprehensive ESG data. In reports to clients this is also aggregated at the individual portfolio level.

In 2024, WWF Switzerland examined the fifteen largest Swiss retail banks with regard to their efforts to protect the climate and biodiversity. LUKB is one of the leaders in the 'Savings, investments and pension provision' category. The 2024 UN PRI Assessment Report gave LUKB an above-average rating in the 'Policy, Governance and Strategy' category, with four out of a maximum of five stars.

Careful rating and transparency

Defining sustainability is challenging. LUKB has therefore defined the relevant [criteria](#)¹⁾ (in German) carefully and transparently. The key to sustainability rating is how an investment instrument performs in terms of a combination of various ESG factors. This classification, on a sustainability scale of 'excellent', 'sound', 'satisfactory' and 'unsatisfactory', forms the basis for LUKB's investment products. The company ratings are derived from a quantitative model with multiple factors, which LUKB obtains from the international rating agencies MSCI and ISS. ESG ratings, which offer a comprehensive assessment of the environmental, social and governance dimensions, are an important source here. Other significant elements are an evaluation of business conduct (controversies), exclusion criteria, risks and opportunities in the face of climate change, and contribution to a more sustainable society. To qualify as a sustainable investment product at LUKB, investment instruments must be graded as at least 'satisfactory'. This means that they do not invest in issuers that do not manage ESG risks sufficiently, that grossly breach international standards, or whose business activities are regarded as critical from the environmental and/or social perspective. When using collective investments from third-party providers, sustainability is assessed on the basis of the sustainability approaches applied, e.g. application of exclusion criteria or best-in-class approach.

¹⁾ <https://lukb.ch/nachhaltig-anlegen>

Dialogue for a more sustainable world

In recent years, dialogue between investors and businesses on ESG issues has become a highly effective lever in transforming the economy towards sustainability. LUKB has three points of emphasis here. First, where possible it holds companies that are in gross breach of international norms and standards to account. Second, to the extent of its

capabilities LUKB pushes for the biggest contributors to climate change to drive their climate strategies forward. Third, the Bank addresses the issue of biodiversity loss with companies from high-risk sectors.

Here, LUKB works alongside other investors in investor-led initiatives or engagement pools. In 2024 dialogue activities focused on three such engagement pools with ISS ESG (norms, net zero and biodiversity) and the Climate Action 100+ initiative, which LUKB joined back in 2021. Willingness to engage in constructive dialogue was very high overall.

In dialogue with companies LUKB advocated for more than 500 issues in 2024, via initiatives or as part of a pool. The largest proportion of these (70 %) involved discussions on environmental topics, with climate change accounting for the overwhelming majority. Around 150 cases concerned social issues such as labour and human rights, as well as health, while six cases addressed corruption. The breakdown is shown in the figure below. LUKB published its second report on its [stewardship activities](#)¹⁾ in 2024.

¹⁾ <https://lukb.ch/english-window>

Breakdown of around 500 dialogues by area

Year 2024

- Climate change 38 %
- Biodiversity 21 %
- Environment (other) 11 %
- Labour rights 11 %
- Human rights 14 %
- Health 4 %
- Corruption 1 %



Figure: Breakdown of dialogues by area for year 2024

Sources: LUKB, ISS ESG, Climate Action 100+, FAIRR, UN PRI Spring

Dialogue on behalf of LUKB is conducted primarily via service providers. Issues are therefore generally escalated within this engagement framework, through repeated contact at different levels of the hierarchy. If, despite extensive attempts, it is not possible to engage on a productive level, and if expectations are not sufficiently fulfilled, there are various levels of escalation. These will be assessed qualitatively in each individual case. Possible escalation steps include LUKB contacting the company directly to encourage it to participate in dialogue, downgrading the company on the LUKB sustainability scale, or adjusting LUKB's voting behaviour at the company's next shareholders' meeting. Ultimately, the holding might be sold.

Responsible exercise of voting rights

Investors can force responsible corporate governance by actively exercising their voting rights at shareholders' meetings. LUKB Expert Fondsleitung AG did just that for the majority of LUKB Expert investment fund equity positions in 2024. It was supported in this by specialist service provider ISS Governance, which provided voting recommendations and acted as proxy at annual general meetings in particular. In addition to good corporate governance, the voting rights guidelines applied by LUKB Expert Fondsleitung AG explicitly include environmental and social criteria. In this respect it takes into account the recommendations of the ISS Climate Proxy Voting Guidelines.

In 2024, LUKB Expert Fondsleitung AG attended 276 meetings on behalf of LUKB Expert investment funds, at which more than 5 200 motions were discussed. At just under 64 % of the meetings, LUKB Expert Fondsleitung AG voted against the recommendation of the board of directors (BoD) on at least one motion. In total, 11 % of votes rejected the motions of the BoD. These concerned in particular compensation issues and the election of members of the board of directors. The proportion of votes against shareholder motions was just under 50 %.

Voting behaviour for the LUKB Expert investment funds Year 2024

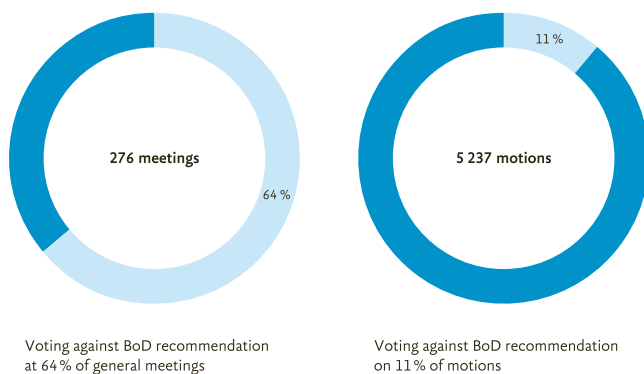


Figure: Voting behaviour for the LUKB Expert investment funds during 2024
Source: LUKB, ISS

Other key figures

	Unit	2023	2024
Portfolio management mandates			
Number of portfolio management mandates	Number	1 685	1 959
Number of sustainable portfolio management mandates	Number	n.a.	1 878
Share of sustainable portfolio management mandates (by number)	%	n.a.	96%
Portfolio management mandates	CHF millions	3 071	3 620
Volume of sustainable portfolio management mandates	CHF millions	n.a.	2 254
Share of sustainable portfolio management mandates (by volume)	%	n.a.	62%
LUKB investment funds			
LUKB investment funds excluding LUKB retirement funds			
Number of LUKB investment funds	Number	15	14
Number of sustainable LUKB investment funds	Number	15	14
Share of sustainable LUKB investment funds (by number)	%	100%	100%
Volume in LUKB investment funds	CHF millions	3 988	4 506
Volume in sustainable LUKB investment funds	CHF millions	3 988	4 506
Share of sustainable LUKB investment funds (by volume)	%	100%	100%
LUKB retirement funds			
Number of LUKB retirement funds	Number	4	4
Number of sustainable LUKB retirement funds	Number	4	4
Share of sustainable LUKB retirement funds (by number)	%	100%	100%
Volume in LUKB retirement funds	CHF millions	977	1 211
Volume in sustainable LUKB retirement funds	CHF millions	977	1 211
Share of sustainable LUKB retirement funds (by volume)	%	100%	100%
Elimination of double counting			
LUKB investment funds in portfolio management mandates	CHF millions	- 936	- 1 048

Greenhouse gas emissions

For the first time, LUKB has disclosed greenhouse gas emissions for investments in LUKB Expert investment funds and portfolio management mandates for the 2023 and 2024 financial years, see the section '[Greenhouse gas emissions and climate protection](#)'.

Responsible and traceable gold

All physical gold holdings of LUKB Expert investment funds have been replaced with a precious metal product of a major Swiss bank. The product offers transparency and traceability throughout the entire supply chain. Gold is selected based on a restrictive selection of countries and mines. Mine origin is confirmed using a technology-based method (DNA marker and PCR test). This also ensures that the gold is mined and produced in accordance with internationally recognised environmental and human rights standards. In the field of asset management, a gold fund is used that invests exclusively in certified and traceable gold bars from responsible production.

Lending business

Relevance of the topic

Lending remains LUKB's most important business area, both in terms of its financial volume as well as its share of operating income.

By granting mortgages and other loans, a bank has either a direct or an indirect impact on the environment and society. This also applies to the design of its financing and product range. For example, a bank's pricing can create incentives for owners to improve the energy efficiency and climate impact of their buildings, both at the construction stage as well as during renovation projects.

However, there is also a risk that loans might help to finance economic activities that are unsustainable. This includes lending transactions with companies that are, for example, involved in human rights abuses or that make a significant contribution to environmental pollution through their business operations.

Taking sustainability criteria into account within lending helps risks to be identified and managed at an early stage, thus contributing to the long-term stability of the Bank.

Principle

LUKB's lending business has traditionally been focused on clients domiciled in Switzerland, and primarily on the Lucerne economic region. 62.7 % of the residential mortgage portfolio relates to the financing of properties located in the canton of Lucerne. Transactions with borrowers situated abroad play a minor role and these are limited internally as part of the risk policy. Borrowers are predominantly private individuals, small and medium-sized enterprises, large companies, collective investment entities, professional real estate firms and public-sector bodies. LUKB does not provide consumer credit.

Structure of credit portfolio

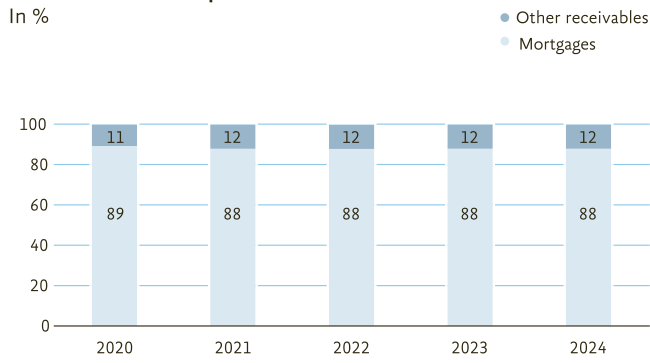


Figure: Structure of credit portfolio, 2020 to 2024

Geographical distribution of mortgages (residential property)

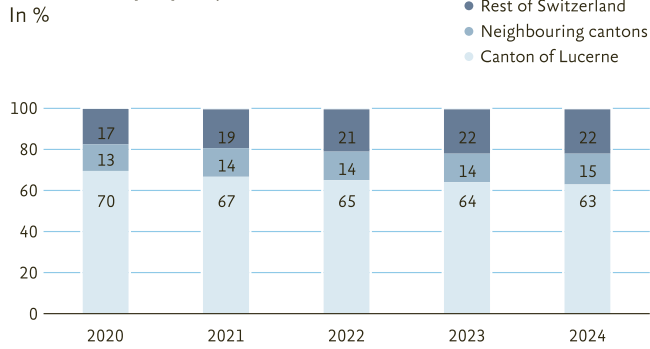


Figure: Geographical distribution of mortgages (residential property), 2020 to 2024

Compliance with ethical and environmental principles is a prerequisite when LUKB lends to clients and it does not engage in any financing transactions that are inconsistent with LUKB's sustainable orientation. Successful business activity therefore goes hand in hand with responsibility for the environment and society.

LUKB supports the climate policy of the Swiss federal government and canton of Lucerne with the aim of achieving net zero by 2050. During the reporting year, it set corresponding interim targets for reducing greenhouse gas emissions by 2030, see the section '[Greenhouse gas emissions and climate protection](#)'.

By joining the Partnership for Carbon Accounting Financials (PCAF) in 2023, LUKB also committed to measuring and disclosing indirect greenhouse gas emissions (Scope 3) in its investment and lending business.

Target

LUKB has set itself the following targets:

- Compliance with the sustainability criteria defined by the LUKB Board of Directors for the lending business (see the explanations below)
- Compliance with the 'Guidelines for mortgage providers on the promotion of energy efficiency' published by the Swiss Bankers Association (SBA) - taking into account the applicable implementation deadlines. Based on these guidelines, long-term value preservation and thus also the energy efficiency of the building to be financed should be addressed within the context of lending advice for owner-occupied buildings, especially in relation to older properties or buildings in need of renovation. Renovation topics should be addressed and possible measures discussed.
- Reduction of CO₂ emissions from own home, residential and commercial mortgages by at least 40 % per square metre of energy reference area compared to 2023 by 2030

Status in 2024

Sustainability criteria in the lending business

Alongside the above-mentioned principles in the lending business, LUKB's Board of Directors reviewed the previous sustainability criteria for lending in the 2024 financial year and adopted new criteria, which entered into force on 1 January 2025. They apply Group-wide to all on-balance-sheet and off-balance-sheet new loan transactions. New loan transactions also include the roll-over and extension of existing expiring loan positions expiring at the contractual term, where the loan amount is increased and/or the existing repayment arrangements are reduced.

Within the framework of the general exclusion criteria, the following lending transactions are not possible at LUKB:

- Lending transactions involving the acceptance of illegal (ground) water pollution
- Lending transactions with persons and companies that adversely affect protected areas or areas with a high conservation value in Switzerland and abroad (e.g. virgin forests, endangered animal and plant species, wetlands, biotopes, cultural assets and world heritage sites)
- Lending transactions with persons and companies whose (business) activities violate relevant human rights and labour rights, in particular the international conventions on human rights and labour rights that have been ratified by Switzerland and other relevant Swiss law in this area
- Lending transactions with persons and companies that violate the rights of indigenous peoples or that are involved in serious instances of corruption

In addition, LUKB has stipulated among others the following specific exclusions:

- Financing the mining/extraction of fossil fuels (oil, natural gas, coal). This also includes controversial processes for extracting oil and natural gas such as Antarctic/Arctic drilling, fracking, offshore oil projects, deepwater drilling and projects related to the exploitation of oil from tar sands.
- Financing projects for the construction of new fossil and nuclear power plants
- Financing uranium mining and other mining projects abroad
- Financing agriculture, forestry and fishing abroad; the exclusion covers in particular the financing of non-certified agriculture and forestry (e.g. no FSC or equivalent certificates available) and non-certified fishing (e.g. no MSC or equivalent certificates available). Financing of the production of non-certified palm oil is also excluded.
- Financing the development, manufacture and distribution (sale and trade) of problematic pesticides (e.g. neonicotinoids, organic chlorine compounds)
- Financing the release of genetically modified organisms (GMOs)
- Financing transactions related to the sale of and trade in critical products, including thermal coal, crude and heavy fuel oil, asbestos, uranium, non-certified precious woods, conflict diamonds and non-certified palm oil
- Financing the development, production, stockpiling and/or distribution of controversial weapons. Controversial weapons include, among others, cluster bombs, cluster munitions, anti-personnel and landmines, biological and chemical weapons, nuclear weapons, enriched uranium, blinding laser weapons and incendiary weapons.
- Financing gambling for which no licence has been granted by the Federal Gaming Board (FGB)
- Financing persons and companies whose business activities involve the production of pornographic material or prostitution

In addition, exclusions relating to controversial business practices and high environmental, social and governance (ESG) risks have been in place for publicly traded borrowers since 1 January 2025. The assessment of controversial business practices is based on the following standards and conventions:

- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- Ten Principles of the United Nations Global Compact (UNGC)
- United Nations Guiding Principles on Business and Human Rights (UNGP)
- Fundamental Conventions of the International Labour Organization (ILO) and the ILO Declaration on Fundamental Principles and Rights at Work

The risk sub-policy for non-banks adopted each year by the Board of Directors' Risk Committee lists, among other things, the 'sustainability of the business model' as a criterion for assessing the creditworthiness of the Bank's clients within the section on 'basic principles'. If creditworthiness is deemed unsatisfactory, LUKB refuses lending.

Promoting energy efficiency within mortgages

LUKB has incorporated the 'Guidelines for mortgage providers on the promotion of energy efficiency' published by the Swiss Bankers Association (SBA) into the advisory process for the financing of owner-occupied homes. The regulation requires the long-term value preservation and thus also the energy efficiency of the building to be financed to be addressed within the ambit of real estate financing advice. This applies in particular to older properties or those in need of renovation. Appropriate renovation topics must be addressed and renovation measures discussed. To this end, the Bank must ensure that its advisors receive appropriate and regular further training in how to maintain the value and improve the energy efficiency of real estate over the long term and how to finance corresponding measures.

For example, advisors address sustainability issues with their real estate clients as a matter of course. They are guided by the life cycle stage of the property in question. A renovation cost and carbon calculator supports the visualisation of costs and the carbon footprint for various focus topics that help to reduce CO₂ emissions such as replacing the heating, upgrading the building envelope and installing solar panels. This calculator has been available to LUKB clients free of charge within e-banking since 2021.

Where the client wishes to invest in improving energy efficiency, advisors point to possible government subsidies and, if necessary, provide detailed checklists for the renovation of single-family homes, condominiums and multiple-family properties.

Energy-saving mortgage plus

With the energy-saving mortgage plus, LUKB offers low-interest mortgages in the following investment areas:

- Energy-related renovations of existing properties, where energy-related measures must account for at least 60 % of the total renovation costs
- Solar panels for own consumption, for battery storage and electric charging stations
- Construction of new buildings requiring a building energy certificate (GEAK A/A/A), a Minergie certificate or an SNBS certificate (Switzerland Sustainable Construction Standard)

With this product, LUKB also provides easy access to its network of qualified, independent energy experts. These experts are available to provide their expertise, advice and support to clients in order to increase the energy efficiency of buildings and thus reduce CO₂ emissions.

For further information (in German), please visit <https://lukb.ch/energiespar-hypothek>

Lending volume

The volume of credit products for the financing of environmentally sustainable construction measures has developed as follows:

	Unit	2020	2021	2022	2023	2024
Credit products						
Energy-saving mortgages plus ¹⁾	CHF millions	n.a.	n.a.	n.a.	1.5	18.4
Energy-saving mortgages	CHF millions	2.6	7.6	14.1	19.0	18.4
Renovation mortgages ²⁾	CHF millions	16.1	12.0	8.9	5.8	4.5
Minergie mortgages ²⁾	CHF millions	182.2	145.8	107.8	76.7	49.8

¹⁾ The 'Energy-saving mortgage plus' ('Energiespar-Hypothek plus' in German) product was launched in October 2023 and replaced the previous energy-saving mortgage.

²⁾ These products have been discontinued since 31 July 2020.

'myky' sustainable own home

Together with 16 other cantonal banks, LUKB holds an indirect stake in the 'myky' platform. The platform aims to further establish sustainability for owner-occupied buildings. 'myky' is a one-stop shop offering comprehensive services and expertise in relation to all aspects of home ownership.

Further information (in German): <https://myky.ch>

Services for real estate investors and corporate clients

LUKB also offers a wide range of bespoke services and financing to real estate investors and corporate clients. In the real estate sector, experts in the areas of ecology and sustainability support clients holistically, from planning and implementation through to financing.

Ready-reference guides and information for the general public and business

LUKB has extensive market knowledge as the leading provider of real estate financing in the Lucerne economic region. It shares this knowledge through free ready-reference guides, which are publicly available on the website. LUKB also regularly publishes a detailed report on Lucerne's real estate market. This report contains market figures, expert assessments as well as reports on current developments, trends and challenges in the real estate industry. Important issues such as the housing shortage are also addressed.

LUKB also regularly organises lecture series and other events for the general public and business community and takes part in sector-specific trade fairs.

Data management

Since 2022, LUKB has been working to align the collection, management and analysis of data in relation to the financed building stock with the new requirements resulting from the enhanced reporting requirements in the areas of energy efficiency and climate protection. In recent years, the focus has been on integrating Federal Building Identifiers (EGID) into the Avaloq core banking system. As a result, LUKB has created an essential prerequisite for supplementing building data in its lending portfolio with additional information in order to calculate energy efficiency and carbon emissions.

COVID-19 loans

Following the outbreak of the COVID-19 pandemic, LUKB quickly stepped up to the mark. As part of the federal government's COVID-19 loan programme, LUKB disbursed more than 1 700 loans worth a total of 250 million francs within just a few days in the spring of 2020. In addition, LUKB offered further liquidity assistance to SME clients on its own initiative, over and above the provision of federal government loans, and provided additional relief quickly by suspending contractual repayment schedules.

At the end of 2024, following repayments totalling 25.2 million francs during the 2024 financial year, LUKB still had 718 COVID-19 loans outstanding for a total of 45.1 million francs (end of 2023: 883 COVID-19 loans totalling 70.3 million francs).

Greenhouse gas emissions and climate protection

For the first time, LUKB has disclosed financed greenhouse gas emissions for residential and commercial buildings as well as business loans for the 2023 and 2024 financial years and set reduction targets for the mortgage portfolio (see [‘Greenhouse gas emissions and climate protection’](#)).

Employer responsibility and attractiveness

Relevance of the topic

Employees are LUKB's most valuable capital. As a service provider, LUKB's value creation depends heavily on the quality and commitment of its employees. As a result, its attractiveness as an employer and the vocational education and training (VET) and continuing professional development (CPD) of its employees are key levers in terms of value creation. LUKB's attractiveness and responsibility as an employer therefore play an important strategic role.

Principle

A positive and productive corporate culture is key to employee retention. Flexible working models, employee surveys, talent programmes and generous investment in VET and CPD create an environment in which everyone feels valued and inspired. The next generation is especially important to LUKB. It offers talented young people the opportunity to take their first steps in the banking industry through its StartUp@LUKB programme.

Human Resources at LUKB shapes and implements elements of the HR strategy, drives organisational efficiency and promotes employee development. It aims to create an agile, diversified and high-performing workforce that supports the company's strategic targets. Human Resources is key to attracting, developing and retaining talent. LUKB uses employee initiatives and continuing education programmes to enhance employee capabilities, enabling the Bank to successfully withstand the challenges of a changing business climate. The focus is on recruiting specialist staff and encouraging an inclusive corporate culture that supports diversity and collaboration. Human Resources sees itself as a strategic partner that actively supports the corporate vision and contributes to long-term competitiveness and sustainable growth. In an environment full of innovation and change, LUKB makes every effort to cater flexibly and proactively to both the needs of its employees and the demands of the market.

Targets

LUKB aims to remain one of the top employers in Central Switzerland. Target achievement is measured annually by surveying all employees in the dimensions of 'commitment' and 'satisfaction'. The target is at least 80 points on a scale of 1 to 100 for both dimensions.

LUKB takes part in the Swiss Employer Award every three years. This survey covers additional dimensions such as 'attractive employer' and 'would recommend as an employer'. LUKB aims to be in the top third of companies with more than 1 000 employees.

Status in 2024

1 181 full-time equivalents

Luzerner Kantonalbank continued to expand its headcount during the reporting year, and as at end-2024 employed 1 385 individuals (end-2023: 1 326 individuals) in 1 181.0 full-time equivalent positions overall (end-2023: 1 134.9). Full-time equivalents are adjusted for part-time positions and trainees are weighted at 50 %.

As at 31 December 2024, the workforce of the entire LUKB Group was made up of a total of 593 women (end-2023: 568) and 792 men (end-2023: 758). At the end of 2024, 333 women and 147 men were working part time (end-2023: 313 women and 126 men).

This makes LUKB one of the biggest employers in the canton of Lucerne.

Full/part-time working at Group level

As at 31 December 2024

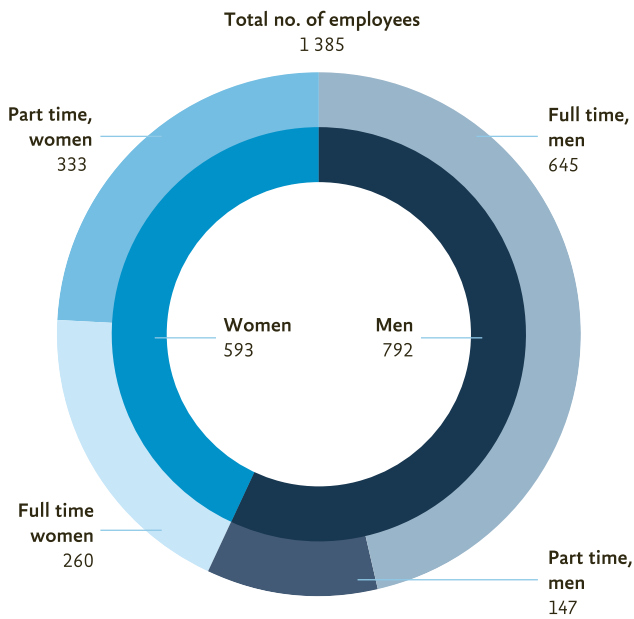


Figure: Full/part-time working at Group level as at 31 December 2024

Age structure at Group level

As at 31 December 2024 (including apprentices and trainees)

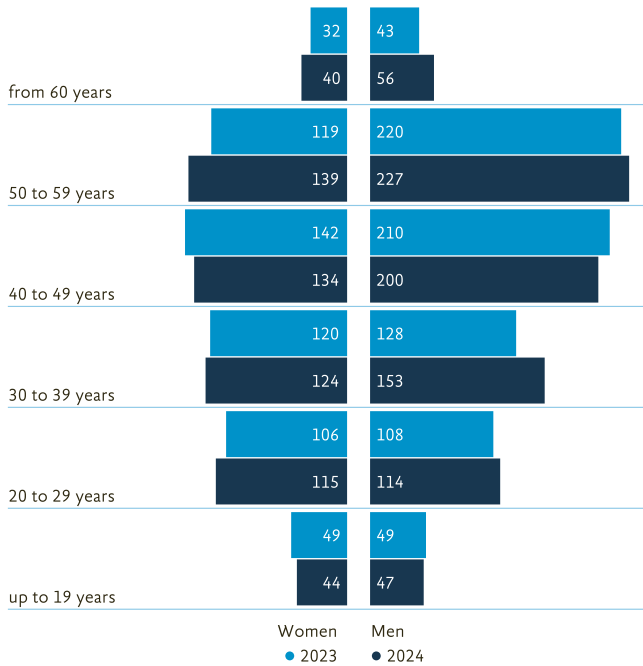


Figure: Age structure at Group level as at 31 December 2024 (including apprentices and trainees)

Low staff turnover

The net staff turnover rate (i.e. without taking into account retirements or departures for family reasons such as pregnancy and death) was 3.2 % in 2024, compared with 4.5 % in 2023. LUKB strives to ensure a balanced distribution of ages and genders within a team when recruiting.

High ethical standards in human resources policy

LUKB attaches great importance to high ethical standards in its human resources policy. This is based on equal opportunities, non-discrimination and inclusion, regardless of gender, age, religion, nationality, skin colour, physical limitations or sexual orientation. LUKB promotes diversity as it recognises the value of different backgrounds in challenging tasks. LUKB also has a zero-tolerance policy on inappropriate behaviour, bullying and sexual harassment. There are internal and external points of contact for those affected by such behaviour (see [‘Business ethics and compliance’](#), [‘Critical concerns’](#) section).

Employee surveys

Every three years, LUKB takes part in the comprehensive employee survey conducted by the Swiss Employer Award. The last survey took place in summer 2024. LUKB came second among companies with more than 1 000 employees. LUKB's results are consistently high in all relevant targets (commitment, satisfaction, no resignation, attractive employer, employer recommendation). The response rate was 82 %. Between these industry award rounds, LUKB conducts a reduced survey across the Group, the next of which will be in 2025.

	Unit	2018: Swiss Employer Award survey	2021: Swiss Employer Award survey	2022: Reduced internal survey at Group level	2023: Reduced internal survey at Group level	2024: Swiss Employer Award survey
Survey participation	%	n.a.	87 %	86 %	81 %	82 %
Commitment	Value ¹⁾	84	84	85	86	84
Satisfaction	Value ¹⁾	76	76	76	79	78
Attractive employer	Value ¹⁾	80	81	n.a.	n.a.	82
Would recommend employer	Value ¹⁾	89	92	n.a.	n.a.	93

¹⁾ Scale from 1 to 100 (100 = best)

The majority of LUKB employees are voluntary members of the internal employee organisation, the ‘Personalverein’ and are thus able to raise their concerns directly. The Head of Human Resources is in regular dialogue with the Personalverein to ensure that concerns are identified at an early stage and pragmatic solutions are found.

Attracting and retaining employees

One of the deciding factors in the success of any company is its ability to identify, recruit, develop and retain qualified employees. These factors have become all the more important in view of the shortage of specialist personnel. LUKB also took a close look at innovative talent management strategies during 2024 with the aim of attracting and retaining staff.

Talent management

In 2024, LUKB successfully piloted a structured talent and succession process. This process will be rolled out across the Group in 2025 and aims to identify strategically important positions at an early stage and systematically develop suitable talent. In doing so, LUKB creates a sustainable foundation for the future viability of the organisation.

A structured talent and succession process contributes to the long-term safeguarding of expertise and skills at LUKB and promotes the internal development of employees. At the same time, the process strengthens employee loyalty and motivation by transparently showing development prospects. The approach also promotes diversity and equal opportunities through the fair and objective selection of talented individuals. The continuous development of managers and key personnel also improves LUKB's resistance to crises and its innovative strength.

Empowering and developing leaders

Continually empowering and developing leaders is a particular priority for LUKB. It firmly believes that well-trained and inspiring managers make a key contribution to business performance. Its investment in leadership development is designed to encourage a culture of innovation, engagement and efficiency. To achieve this, LUKB has launched specific programmes to continually upgrade management skills and promote personal responsibility and self-management. Through a wide range of courses, LUKB ensures that both inexperienced and experienced managers are able to acquire the necessary skills to effectively fulfil their role. This is achieved through the following programmes:

- **'Welcome to LUKB for managers':** One-day onboarding for new managers and those with no previous management experience. The focus is on LUKB's understanding of leadership and processes throughout the employee lifecycle.
- **'Leadership basics':** A mandatory six-month learning journey for all new managers. The aim is to impart fundamental leadership knowledge and promote networking among managers within LUKB.
- **Comprehensive management courses:** Usually one-day training courses for more experienced managers to go into specific topics in greater detail.
- **Talent leadership course:** A programme designed by LUKB for managers with high potential. Study under this scheme earns ECTS points at the Lucerne University of Applied Sciences and Arts (HSLU).
- **Senior management training:** Regular workshops on various leadership topics for senior managers.

The emphasis here is on practical training that draws on both established management principles and current sector trends. This not only ensures a depth of internal talent over the long term, but also encourages its management to identify with LUKB's corporate objectives.

Employee development

LUKB attaches great importance to developing its employees and therefore offers a generous and comprehensive range of over 150 internal VET and CPD courses in the areas of specialist training, interdisciplinary skills, sales excellence and occupational health management. These training programmes focus on providing holistic and balanced advice to clients in all situations while training employees in financial products and services through practical workshops and specialised basic and advanced training modules. The aim is to prepare employees for future professional challenges and to further develop their skills. Well-trained employees are key to the future of LUKB. LUKB also works with various external partners and educational institutions, such as the Banking Advisory Centre (BBZ), the Lucerne University of Applied Sciences and Arts (HSLU) and the University of Lucerne.

The performance and development dialogue framework, known by its German acronym LED, is an important tool for managers. In a continuous loop, employee performance is assessed based on several criteria, while binding targets are also set and their progress documented. Development measures are also agreed at least once a year and employees have the opportunity to provide feedback to their line managers in a full 360° approach. The process, which is managed by Human Resources, is used for all employees at all functional levels.

Investment in vocational education and training (VET) and continuing professional development (CPD)

LUKB is one of the largest employers in the Lucerne economic region and takes its responsibility as a training institution seriously. In 2024, employees invested a total of 11 497 working days in VET and CPD (previous year: 9 677), which was 9.7 days (previous year: 8.8) per full-time equivalent. The Bank invests around 1 800 francs per full-time equivalent per year (previous year: 1 700 francs) in VET and CPD, excluding internal costs. LUKB aims to increase the specialist, managerial and social skills of its employees at all age and function levels through continuing professional development.

Around 90 VET places

In 2024, LUKB employed 17 trainees in business-related positions (previous year: 15 trainees), 2 trainees in IT (previous year: 2), 9 interns under the 'Bankeneinstieg für Mittelschulabsolventen' (BEM) introductory banking programme for secondary school leavers (previous year: 8) and 2 interns from a specialist computer science school (previous year: 1). Their courses will start in August 2025.

The intention is to continue employing as many trainees and interns as possible after they have completed their training, and to help them develop with targeted programmes both internally and externally. To make it easier for others to begin their careers in banking, LUKB has been offering the StartUp@LUKB programme since 2021. This is an additional course with specific VET and CPD modules for graduates and those changing career path. At the end of 2024, a total of 16 individuals were being trained under this special programme (end-2023: 16). As at end-2024, the Bank offered 87 training places overall (end-2023: 87).

Training for sustainability

LUKB once again held extensive training courses and workshops on sustainability at all management levels during the 2024 financial year, including the Board of Directors and the Executive Board.

All new LUKB employees are obliged to complete web-based basic training on ESG and sustainability during their induction.

Client advisors and assistants in the Private & Commercial Clients and Corporate Clients & Private Banking divisions received appropriate training on the following topics:

Sustainable investing

- Basics and in-depth analysis of sustainability and ESG
- Sustainable investing in practice: approaches, criteria, ratings, products
- Regulatory requirements, including the relevant SBA guidelines and AMAS self-regulation
- ESG preferences and risks in investment advisory and portfolio management
- LUKB's investment-related dialogue and engagement activities
- ESG reporting and factsheets for investment clients

Sustainable lending

- Basics and in-depth analysis of sustainability and ESG
- Principles of sustainable construction, remodelling and renovation
- Statutory and regulatory requirements and developments
- Sustainability topics in the advisory process and the corresponding adjustments to the advisory cockpit
- Renovation cost and carbon calculator
- Financing options and the energy-saving credit product 'Energiespar-Hypothek plus'
- Public- and private-sector support schemes
- Engagement of independent certified energy experts

In this context, LUKB developed and conducted new advanced training courses on ecology and sustainability in the real estate sector in 2024. In these sessions, various environmental and social aspects of the construction and real estate sector were addressed, including the topic of disability access, using practical examples. These included presentations and tours of the Swiss Paraplegic Centre (SPC) in Nottwil.

The SAQ 'Private Clients', 'Individual Clients', 'Affluent Clients' and 'Private Banking' certification programmes similarly include training on sustainability and ESG. More than 95 % of LUKB's client advisors are currently SAQ-certified.

The topics of ecology and sustainability are also an integral part of the training courses for the Bank's trainees.

As part of the Bank's structured occupational health management (OHM) system, LUKB strives to promote both the physical health and mental wellbeing of its employees. As a preventative measure, LUKB organises a whole range of training on topics such as resilience, exercise, diet and ergonomics.

LUKB works steadily to continue building knowledge and awareness among staff, and is planning further action in 2025.

Training in responsible advisory and sales practices

Through their advisory and sales practices, banks directly influence how transparent and factual the information their clients receive is, and how they receive suitable products and services. LUKB therefore attaches great importance to training its client advisors in responsible advisory and sales practices.

Through targeted training programmes, LUKB imparts ethical standards, sustainable values, legal and regulatory requirements (e.g. the provisions of the Financial Services Act [FinSA] on obligations of conduct, due diligence and transparency) and other necessary expertise. The training covers the entire advisory process, including the analysis of client needs, the individual products and services as well as effective communication and conversation techniques.

LUKB employees must attend mandatory compliance training on a regular basis. This covers issues such as combating money laundering and terrorist financing, compliance with market conduct rules and measures to combat corruption and protect personal data. As part of their induction, new employees are required to attend appropriate training courses that are specific to their role or business area.

In addition, client advisors receive further training and awareness-raising on various sustainability topics (see the [‘Training for sustainability’](#) section above).

With the intention of ensuring the quality, advisory philosophy, advisory experience and efficiency of each individual advisory service, LUKB has developed a digitally managed advisory process that supports client advisors in their preparation and follow-up work. The advisory process was developed with the involvement of clients and rolled out in all sales segments in spring 2023. Client advisors benefit from clear structures and reliable guidance. The digitally managed advisory process also helps to ensure that training course content is implemented in a uniform manner. This contributes to high-quality advice while strengthening client trust.

Occupational health and safety

LUKB actively promotes the health of its employees through systematic occupational health management (OHM) with a focus on prevention, early detection and case management. LUKB's OHM covers all employees at all Group locations and is based on the recognised guidelines of the Swiss National Accident Insurance Fund (SUVA), the Swiss Council for Accident Prevention (BFU) and the Federal Coordination Commission for Occupational Safety (FCOS).

Employees at LUKB work a 42-hour week. For the majority of employees, compliance is ensured by having them record their working hours and through the active influence of line managers.

LUKB line managers should create a culture of appreciation, open communication and support to promote employee well-being and avoid psychosocial stress such as bullying or conflicts. Their role model function is crucial in this regard: they should exemplify healthy behaviour and thus send a strong message to their teams.

A healthy working environment ultimately starts with management: all LUKB line managers are systematically made aware of and trained in mental health, resilience and energy management in special management seminars. Processes such as ‘absence management’ support this. Employees who are absent for more than 30 days receive individual care and support as part of case management. LUKB works with external partners to find the best possible solutions and promote reintegration. Individual measures are planned and implemented in close coordination with Human Resources. If there are any problems, employees can contact their responsible HR Business Partner or external experts for a confidential discussion.

LUKB focuses on two key approaches to prevention:

1. **Awareness campaigns:** In 2024, the focus was on mental health. Monthly videos made by employees for employees raised awareness of the topic via the Intranet. There is also a focus on ergonomic workstations, both in the office and when working from home.
2. **Internal courses and initiatives:** LUKB offers courses on resilience and stress management and supports campaigns that promote healthy behaviour such as 'bike to work'. Employees and retirees can join the sport and leisure organisation 'Sport und Freizeit', which encourages sporting activities and camaraderie. The association currently has almost 670 members.

The quality of OHM measures is reviewed at different levels:

- Assessment of the quality of the management seminars and OHM courses by participants
- Monitoring of early detection in the organisational units by the responsible HR Business Partners
- In case management, success is measured by reintegration. The low single-digit number of cases in case management allows LUKB to assess the quality of the measures for each individual case.

Employees who come into contact with clients are regularly trained in workplace security and what to do in the event of security threats (e.g. robberies). There are also regular drills with the LUKB crisis team and evacuation drills at all locations. All employees are regularly informed about security issues via the Intranet.

Periodic security training is intended to make all employees aware of the correct behaviour in the event of incidents and to refresh their knowledge of security processes. Security measures are set out in policies and are regularly reviewed by Risk Control. Mandatory training sessions are held for all employees. Security officers support security management at all locations. All information on occupational health and safety is also available on the Intranet.

Balancing family and career

LUKB has been pursuing a ‘family and career at LUKB’ policy since 2013: in doing so, it aims to create working conditions that enable employees with family commitments to achieve a good work-life balance. The new working and working hours models that LUKB introduced effective January 2022 represent the next step in this approach. They include individual solutions such as job sharing, working from home, the ability to purchase additional days of leave, sabbaticals, working part-time even in management positions, and the opportunity to work full-time over 4.5 days instead of 5. These solutions are developed in close consultation with employees.

At LUKB, both women and men receive two weeks more maternity or paternity leave than is required by law (women: 16 weeks instead of 14 weeks; men: 4 weeks instead of 2 weeks). LUKB also supports families financially with a voluntary additional child allowance. In 2024, it invested a total of 1 152 315 francs (previous year: 940 070 francs). The significant increase can be attributed to the fact that, since the 2024 financial year, voluntary child allowances have no longer been linked to statutory child allowances. This means that from 2024 onwards, employees still receive a voluntary child allowance even if they do not receive a statutory child allowance (e.g. because the statutory child allowance is paid to their spouse).

Action to promote women's careers

LUKB intends to further increase the proportion of women it employs as part of its leadership development programme. It rejects strict quotas, but takes dedicated action to achieve a sustained increase in the share of women at all levels of the organisation in the long term. This includes targeted talent management, leadership training, special events for women and mentoring programmes.

Women in leadership positions

In numbers of individuals

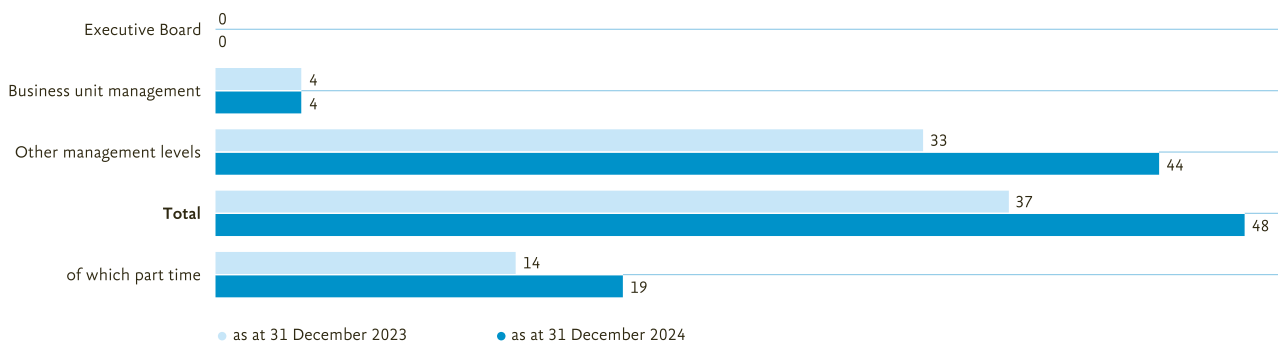


Figure: Women in leadership positions, comparison years: 2023 and 2024

Equal pay

At LUKB, fair and progressive working conditions form the basis for a successful employment relationship. This includes ensuring that men and women receive equal pay for work of equal value.

LUKB participated in the voluntary equal pay dialogue between Switzerland's social partners and federal government as long ago as 2014, and was the first Swiss bank to successfully complete this process. LUKB fulfils its obligation to carry out equal pay analyses, which entered into force on 1 July 2020, with an in-depth analysis for the period from 1 July 2020 to 30 June 2021. This was audited by PricewaterhouseCoopers AG (PwC). In its audit report dated 15 June 2022, PwC confirmed that the analysis met the regulatory requirements. As has been the case without fail since 2014, the outcome shows that the gender pay gap at LUKB falls within the tolerance of 5 %, and therefore ensures wage equality.

LUKB highlighted the importance of this topic by gaining the 'We Pay Fair' certificate¹⁾ (in German) from the University of St. Gallen Competence Centre for Diversity & Inclusion (CCDI) in July 2023.



¹⁾ <https://lukb.ch/lohnungleichheit>

Active social partnership

The majority of LUKB employees are voluntary members of the internal employee organisation, the 'Personalverein', and are thus able to raise their concerns directly. LUKB is committed to good employer-employee relations and is in regular dialogue with the Personalverein to find pragmatic solutions at an early stage. The Personalverein may nominate employee representatives to the Pension Fund Board of Trustees. The Bank guarantees freedom of association, so employees may also join the Swiss Bank Employees Association (SBEA).

Further key figures

Number of staff

Staff numbers (GRI 2-7)	Unit	31.12.2022	31.12.2023	31.12.2024
Staff (including trainees and interns)	Individuals	1 286	1 326	1 385
Women	Individuals	560	568	593
Men	Individuals	726	758	792
Staff (including trainees and interns)	%	100 %	100 %	100 %
Women	%	44 %	43 %	43 %
Men	%	56 %	57 %	57 %
Staff by management level	Individuals	1 286	1 326	1 385
Executive Board	Individuals	5	5	5
Women	Individuals	0	0	0
Men	Individuals	5	5	5
Business unit management	Individuals	32	34	32
Women	Individuals	3	4	4
Men	Individuals	29	30	28
Other management levels	Individuals	177	178	191
Women	Individuals	33	33	44
Men	Individuals	144	145	147
No management position (excluding trainees and interns)	Individuals	999	1 038	1 090
Women	Individuals	488	499	518
Men	Individuals	511	539	572
Trainees and interns	Individuals	73	71	67
Women	Individuals	36	32	27
Men	Individuals	37	39	40
Staff by employment contract	Individuals	1 286	1 326	1 385
Permanent contract	Individuals	1 141	1 208	1 276
Women	Individuals	483	518	546
Men	Individuals	658	690	730
Fixed-term contract	Individuals	127	114	108
Women	Individuals	61	58	47
Men	Individuals	66	56	61
Individuals paid on an hourly basis with a target workload	Individuals	18	4	1
Women	Individuals	16	2	0
Men	Individuals	2	2	1
Workers with non-guaranteed working hours	Individuals	0	0	0
Women	Individuals	0	0	0
Men	Individuals	0	0	0

Staff numbers (GRI 2-7)	Unit	31.12.2022	31.12.2023	31.12.2024
Staff by employment relationship	Individuals	1 286	1 326	1 385
Full-time	Individuals	850	887	905
Women	Individuals	237	255	260
Men	Individuals	613	632	645
Part-time	Individuals	436	439	480
Women	Individuals	323	313	333
Men	Individuals	113	126	147
Staff by place of work	Individuals	1 286	1 326	1 385
Canton of Lucerne	Individuals	1 258	1 297	1 353
Other locations in Switzerland	Individuals	28	29	32
Outside Switzerland	Individuals	0	0	0
Staff by company	Individuals	1 286	1 326	1 385
Luzerner Kantonalbank AG (parent company)	Individuals	1 273	1 314	1 372
LUKB Expert Fondsleitung AG (100 % subsidiary)	Individuals	12	11	11
Refinum AG (100 % subsidiary)	Individuals	1	1	2
Staff numbers (GRI 2-7 continued)	Unit	2022	2023	2024
Staff adjusted for part-time positions at year-end	FTEs¹⁾	1 091.9	1 134.9	1 181.0
Women	FTEs	413.3	432.4	449.9
Men	FTEs	678.6	702.5	731.1
Staff adjusted for part-time positions, annual average	FTEs¹⁾	1 079.3	1 106.4	1 160.0
Women	FTEs	408.6	421.5	441.9
Men	FTEs	670.7	684.9	718.1
Staff adjusted for part-time positions by company, annual average	FTEs¹⁾	1 079.3	1 106.4	1 160.0
Luzerner Kantonalbank AG (parent company)	FTEs	1 068.1	1 095.1	1 147.9
LUKB Expert Fondsleitung AG (100 % subsidiary)	FTEs	10.2	10.3	10.0
Refinum AG (100 % subsidiary)	FTEs	1.0	1.0	2.1

¹⁾ Full-time equivalents - trainees at 50 % (full-time equivalents, FTEs)

Number of external staff

External staff (GRI 2-8)	Unit	2023	2024
External staff¹⁾	Individuals	44	55
Women	Individuals	4	11
Men	Individuals	40	44
Share of staff who are not employed as a proportion of total staff	%	3.2 %	3.8 %

¹⁾ LUKB differs from GRI 2-8 in referring to 'workers who are not employees and whose work is controlled by the organisation' as 'external staff'. These are individuals who are employed by a third-party company but work at least 50 % for LUKB for at least six months during the calendar year. This data has been collected since 2023.

LUKB sometimes engages external staff for specific work in the areas of IT (mainly development), project management and consulting. They work for LUKB as service providers. The year-on-year increase is attributable to additional resources for consulting.

Staff turnover

New hires and staff turnover (GRI 401-1)	Unit	2022	2023	2024
Number of new staff during the reporting period, by age group	Individuals	157	187	173
Staff up to the age of 19	Individuals	32	34	40
Staff aged 20 to 29	Individuals	56	63	45
Staff aged 30 to 39	Individuals	28	43	41
Staff aged 40 to 49	Individuals	28	29	32
Staff aged 50 to 59	Individuals	11	16	13
Staff aged 60 and over	Individuals	2	2	2
Number of new staff during the reporting period, by gender	Individuals	157	187	173
Women	Individuals	74	80	78
Men	Individuals	83	107	95
Number of new staff during the reporting period, by management level	Individuals	157	187	173
Executive Board	Individuals	0	1	0
Business unit management	Individuals	1	1	2
Other management levels	Individuals	3	4	7
No management position (excluding trainees and interns)	Individuals	131	159	138
Trainees and interns	Individuals	22	22	26
Number of staff who left the company during the reporting period, by age group¹⁾	Individuals	66	59	66
Staff up to the age of 19	Individuals	4	2	0
Staff aged 20 to 29	Individuals	27	25	14
Staff aged 30 to 39	Individuals	17	14	16
Staff aged 40 to 49	Individuals	13	10	24
Staff aged 50 to 59	Individuals	5	8	12
Staff aged 60 and over	Individuals	0	0	0
Number of staff who left the company during the reporting period, by gender¹⁾	Individuals	66	59	66
Women	Individuals	35	27	32
Men	Individuals	31	32	34
Number of staff who left the company during the reporting period, by management level¹⁾	Individuals	66	59	66
Executive Board	Individuals	0	0	0
Business unit management	Individuals	0	1	1
Other management levels	Individuals	1	3	5
No management position (excluding trainees and interns)	Individuals	61	54	60
Trainees and interns	Individuals	4	1	0
Net staff turnover¹⁾	%	5.5 %	4.5 %	3.2 %
Gross staff turnover²⁾	%	8.2 %	7.9 %	6.5 %

New hires and staff turnover (GRI 401-1)	Unit	2022	2023	2024
Staff turnover, by age group¹⁾				
Staff up to the age of 19	%	4.1 %	2.1 %	0.0 %
Staff aged 20 to 29	%	14.0 %	12.2 %	6.3 %
Staff aged 30 to 39	%	6.9 %	5.7 %	6.1 %
Staff aged 40 to 49	%	4.0 %	2.9 %	7.0 %
Staff aged 50 to 59	%	1.5 %	2.4 %	3.4 %
Staff aged 60 and over	%	0.0 %	0.0 %	0.0 %
Staff turnover, by gender¹⁾				
Women	%	6.3 %	4.8 %	5.5 %
Men	%	4.3 %	4.3 %	4.4 %
Staff turnover, by management level¹⁾				
Executive Board	%	0.0 %	0.0 %	0.0 %
Business unit management	%	0.0 %	3.1 %	3.1 %
Other management levels	%	0.6 %	1.6 %	2.6 %
No management position (excluding trainees and interns)	%	6.1 %	5.2 %	5.2 %
Trainees and interns	%	5.5 %	1.4 %	0.0 %

¹⁾ Voluntary turnover (excluding retirements, fixed-term contracts, trainees, etc.)

²⁾ Total staff turnover including retirements, deaths, termination by employer, etc.

Parental leave

Parental leave (GRI 401-3)	Unit	2022	2023	2024
Number of employees taking maternity leave	Individuals	19	11	16
Number of employees returning after maternity leave	Individuals	19	10	14
Workload after maternity > 80 %	Individuals	0	2	0
Workload after maternity 61-80 %	Individuals	2	0	0
Workload after maternity 50-60 %	Individuals	10	4	5
Workload after maternity < 50 %	Individuals	7	4	9
Number of employees who were still employed at LUKB 12 months after returning to work	Individuals	19	10	n.a.
Percentage of employees who returned to LUKB after maternity leave	% ¹⁾	100.0 %	90.9 %	87.5 %
Percentage of employees who were still employed at LUKB 12 months after returning to work	% ¹⁾	100.0 %	100.0 %	n.a.
Number of employees taking paternity leave	Individuals	15	15	26

¹⁾ Calculated based on number of individuals

Illness and accidents

Ill health and accidents (GRI 403-9 / 403-10)	Unit	2022	2023	2024
Occupational accidents including minor accidents	Number	0.0	0.0	0.0
Number of days lost per staff member	Days	9.1	7.8	9.2
of which sick days	Days	7.6	7.0	8.1
of which accident days	Days	1.4	0.8	1.1
of which work-related accident days	Days	0.0	0.0	0.0

Vocational education and training (VET) and continuing professional development (CPD) (GRI 404)

Staff in basic training	Unit	31.12.2024
Staff in basic training, by gender	Individuals	87
Women	Individuals	33
Men	Individuals	54
Staff in basic training, by training type	Individuals	87
Commercial trainees	Individuals	46
ICT trainees	Individuals	6
Computer science secondary school	Individuals	1
Entry for secondary school leavers	Individuals	14
Entry for bachelor's and master's graduates (uni/uni of applied sciences)	Individuals	4
Other career changers	Individuals	16

VET and CPD for all staff (including trainees and interns)	Unit	2024
Total VET and CPD days	Days	11 497
Total training days per FTE	Days	9.7
Total VET and CPD days, by gender	Days	11 497
Women	Days	4 478
Men	Days	7 019
Total VET and CPD days, by type of VET/CPD	Days	11 497
Specialist training	Days	8 898
Interdisciplinary skills	Days	1 351
Sales excellence	Days	836
Leadership	Days	384
Occupational health management (OHM)	Days	28
Total VET and CPD days, by age	Days	11 497
Staff up to the age of 19	Days	3 875
Staff aged 20 to 29	Days	3 865
Staff aged 30 to 39	Days	1 630
Staff aged 40 to 49	Days	1 223
Staff aged 50 to 59	Days	850
Staff aged 60 and over	Days	54
Total VET and CPD days, by management level	Days	11 497
Executive Board	Days	3
Business unit management	Days	92
Other management levels	Days	1 086
No management position (excluding trainees and interns)	Days	6 575
Trainees and interns	Days	3 741

VET and CPD for all staff (including trainees and interns)	Unit	2022	2023	2024
Total VET and CPD days	Days	7 681	9 677	11 497
Total training days per FTE	Days	7.2	8.8	9.7

Internal vs. external VET and CPD for all staff (including trainees and interns)	Unit	2022	2023	2024
Total internal VET and CPD days	Tag	2 870	4 814	4 742
Internal training days per FTE (women and men)	Tag	2.6	4.4	4.0
Internal VET and CPD days, by gender	Tag	n.a.	n.a.	4 742
Women	Tag	n.a.	n.a.	1 825
Men	Tag	n.a.	n.a.	2 917
External VET and CPD days	Tag	4 811	4 863	6 755
External training days per FTE (women and men)	Tag	n.a.	n.a.	6.0
External VET and CPD days, by gender	Tag	n.a.	n.a.	6 755
Women	Tag	n.a.	n.a.	2 653
Men	Tag	n.a.	n.a.	4 102
External training costs, total, in CHF millions (including trainees)	CHF millions	1.64	1.84	2.09
as % of personnel expenses	%	0.90	0.96	1.01
in CHF per FTE	CHF	1 521	1 666	1 766

Note: External VET and CPD courses of less than 10 days are not included in the above information.

External educational qualifications earned	Unit	2022	2023	2024
Number of tertiary qualifications	Number	39	55	75
MAS and MBA	Number	2	12	8
DAS and CAS	Number	15	15	30
Bachelor, University of Applied Sciences	Number	4	2	7
Colleges of Higher Education	Number	6	6	7
Federal qualifications	Number	1	5	5
Certified Financial Advisor IAF and Financial Planner with federal VET diploma	Number	6	3	4
Various other higher qualifications	Number	5	12	14
Number of SAQ-certified client advisors	Number	308	311	322

Note: External VET and CPD courses of less than 10 days are not included in the above information.

Diversity

Diversity of governance bodies and staff (GRI 405-1)	Unit	31.12.2022	31.12.2023	31.12.2024
Board of Directors				
Individuals, by gender	Individuals	8	9	8
Women	Individuals	3	3	3
Men	Individuals	5	6	5
Individuals, by gender	%	100.0 %	100.0 %	100.0 %
Women	%	37.5 %	33.3 %	37.5 %
Men	%	62.5 %	66.7 %	62.5 %
Individuals, by age	Individuals	8	9	8
Up to 29 years old	Individuals	0	0	0
30 to 49 years old	Individuals	1	1	1
Over 50 years old	Individuals	7	8	7
Individuals, by age	%	100.0 %	100.0 %	100.0 %
Up to 29 years old	%	0.0 %	0.0 %	0.0 %
30 to 49 years old	%	12.5 %	11.1 %	12.5 %
Over 50 years old	%	87.5 %	88.9 %	87.5 %
Executive Board				
Individuals, by gender	Individuals	5	5	5
Women	Individuals	0	0	0
Men	Individuals	5	5	5
Individuals, by gender	%	100.0 %	100.0 %	100.0 %
Women	%	0.0 %	0.0 %	0.0 %
Men	%	100.0 %	100.0 %	100.0 %
Individuals, by age	Individuals	5	5	5
Up to 29 years old	Individuals	0	0	0
30 to 49 years old	Individuals	1	1	0
Over 50 years old	Individuals	4	4	5
Individuals, by age	%	100.0 %	100.0 %	100.0 %
Up to 29 years old	%	0.0 %	0.0 %	0.0 %
30 to 49 years old	%	20.0 %	20.0 %	0.0 %
Over 50 years old	%	80.0 %	80.0 %	100.0 %
Business unit management				
Individuals, by gender	Individuals	n.a.	34	32
Women	Individuals	n.a.	4	4
Men	Individuals	n.a.	30	28
Individuals, by gender	%	n.a.	100.0 %	100.0 %
Women	%	n.a.	11.8 %	12.5 %
Men	%	n.a.	88.2 %	87.5 %
Individuals, by age	Individuals	n.a.	34	32
Up to 29 years old	Individuals	n.a.	0	0
30 to 49 years old	Individuals	n.a.	15	14
Over 50 years old	Individuals	n.a.	19	18
Individuals, by age	%	n.a.	100.0 %	100.0 %
Up to 29 years old	%	n.a.	0.0 %	0.0 %
30 to 49 years old	%	n.a.	44.1 %	43.8 %
Over 50 years old	%	n.a.	55.9 %	56.2 %

Diversity of governance bodies and staff (GRI 405-1)	Unit	31.12.2022	31.12.2023	31.12.2024
Other management levels				
Individuals, by gender	Individuals	n.a.	178	191
Women	Individuals	n.a.	33	44
Men	Individuals	n.a.	145	147
Individuals, by gender	%	n.a.	100.0 %	100.0 %
Women	%	n.a.	18.5 %	23.0 %
Men	%	n.a.	81.5 %	77.0 %
Individuals, by age	Individuals	n.a.	178	191
Up to 29 years old	Individuals	n.a.	11	8
30 to 49 years old	Individuals	n.a.	87	101
Over 50 years old	Individuals	n.a.	80	82
Individuals, by age	%	n.a.	100.0 %	100.0 %
Up to 29 years old	%	n.a.	6.2 %	4.2 %
30 to 49 years old	%	n.a.	48.9 %	52.9 %
Over 50 years old	%	n.a.	44.9 %	42.9 %
No management position (excluding trainees and interns)				
Individuals, by gender	Individuals	n.a.	1 038	1 090
Women	Individuals	n.a.	499	518
Men	Individuals	n.a.	539	572
Individuals, by gender	%	n.a.	100.0 %	100.0 %
Women	%	n.a.	48.1 %	47.5 %
Men	%	n.a.	51.9 %	52.5 %
Individuals, by age	Individuals	n.a.	1 038	1 090
Up to 29 years old	Individuals	n.a.	230	245
30 to 49 years old	Individuals	n.a.	495	495
Over 50 years old	Individuals	n.a.	313	350
Individuals, by age	%	n.a.	100.0 %	100.0 %
Up to 29 years old	%	n.a.	22.2 %	22.5 %
30 to 49 years old	%	n.a.	47.7 %	45.4 %
Over 50 years old	%	n.a.	30.1 %	32.1 %
Trainees and interns				
Individuals, by gender	Individuals	73	71	67
Women	Individuals	36	32	27
Men	Individuals	37	39	40
Individuals, by gender	%	100.0 %	100.0 %	100.0 %
Women	%	49.3 %	45.1 %	40.3 %
Men	%	50.7 %	54.9 %	59.7 %

Part-time staff	Unit	31.12.2023	31.12.2024
Share of staff working part-time	%	33.1 %	34.7 %
Part-time staff	Individuals	439	480
Executive Board	Individuals	0	0
Business unit management	Individuals	2	2
Other management levels	Individuals	18	24
No management position (excluding trainees and interns)	Individuals	419	454
Women working part-time	Individuals	313	333
Executive Board	Individuals	0	0
Business unit management	Individuals	1	1
Other management levels	Individuals	13	18
No management position (excluding trainees and interns)	Individuals	299	314
Men working part-time	Individuals	126	147
Executive Board	Individuals	0	0
Business unit management	Individuals	1	1
Other management levels	Individuals	5	6
No management position (excluding trainees and interns)	Individuals	120	140

Compensation policy

LUKB's compensation policy is described in the [Vergütungsbericht 2024](#)¹⁾ (Compensation Report 2024, part of the Annual Report 2024, in German) and in Articles 21 and 24 of the Articles of Association. The achievement of specific sustainability targets is an integral part of LUKB's compensation system.

The ratio between the highest total annual compensation and the median salary of the other employees is 8.52 in 2024 (previous year: 8.55). The ratio of the percentage increase in the total annual compensation of the highest-paid person in the organization to the median percentage increase in the total annual compensation of all other employees is 1.44 (previous year: 0.18).

Annual total compensation ratio (GRI 2-21)	Unit	2022	2023	2024
Ratio of highest annual total compensation to median salary of other employees	Factor	9.05	8.55	8.52
Ratio of the percentage change in the highest-paid person to the percentage change in the median salary of all other employees	Factor	n.a.	0.18	1.44
Percentage change in highest salary compared to previous year	%	- 0.1 %	1.3 %	- 1.3 %
Percentage change in median salary compared to previous year	%	n.a.	7.2 %	- 0.9 %

These figures exclude trainees and take into account the part-time workloads for the reference month of March, when the annual compensation review takes place and variable compensation for the previous year is paid out.

¹⁾ <https://report.lukb.ch>

Commitment to the region

Relevance of the topic

LUKB is the market leader and a major employer in the Lucerne economic region. It is conscious of its special responsibility and fulfils it actively, holistically and with a focus on the future. It is committed to sustainable development in the region and underlines its social responsibility by providing significant support to local companies, institutions, associations and events in the areas of culture, sport, education and business. In doing so, it contributes to prosperity and quality of life in the region while strengthening its market areas.

Principle

LUKB encourages its employees to make a personal contribution to the region, and actively fulfils its role as sponsor and patron.

Targets

LUKB plans to maintain its annual seven-figure sponsorship and patronage contributions, and to further establish the LUKB 'Zukunftspreis' award for sustainable projects, which was presented for the first time in 2022.

Status in 2024

Voluntary personal commitment to the region

In addition to its own engagement as an attractive employer in the Lucerne economic region, since 2012 LUKB has been encouraging its employees to make their own personal contribution. Under the 'Unternehmen mit Verantwortung' (Responsible Business) initiative, LUKB gives two working days off to each employee who devotes at least three days to volunteering on a charity project. Employees must use at least one of their own leave days to cover the remaining time.

Since 2014 staff have also had the opportunity to take individual days to volunteer, with half of the day taken at LUKB's expense, and the other half at the employee's. Volunteering ranges from work on programmes in the mountains, to assisting with camps, to caring for the elderly or those with dementia.

Sponsorship of 1.9 million francs

LUKB has a long tradition of sponsorship, showing its closeness and attachment to the canton of Lucerne and its people. In 2024 LUKB disbursed a total of around 1.9 million francs in support of sport, cultural events, social initiatives, and art (previous year: 1.9 million francs).

Partnership with the University of Lucerne

LUKB has been a partner of the University of Lucerne since 2022. With an annual contribution of 250 000 francs, it supports the continued development of Lucerne as a centre of higher education. Through a series of regular LUKB-sponsored lectures, the 'LUKB Vorlesungsreihe', the partnership gives the public regular access to academics who share their latest findings and commentary on current social issues. In addition, the partnership gives LUKB access to the University's network of teachers and researchers, and to the latest research outcomes, which inspires internal continuing professional development programmes and client events.

LUKB Zukunftspreis worth a total of 150 000 francs

Since 2022 LUKB has supported annual projects in the canton of Lucerne that further sustainable social and environmental development.

The **LUKB Zukunftspreis**¹⁾ (in German), with 150 000 francs in prize money, was once again awarded in 2024 by crowd voting, with a committee creating a project shortlist. First place went to the 'Randebandi' project, an association in Lucerne-Littau that grows organic vegetables in a community-supported agricultural system (75 000 francs in prize money). In second place came 'Bienenzauber', an event that introduces people to the fascinating world of wild bees and honey bees and demonstrates their benefits (50 000 francs in prize money). Third place went to the start-up Raptrac, which is developing a multifunctional vehicle with an electric drive system for regenerative agriculture (25 000 francs in prize money).

LUKB will once again award the Zukunftspreis in 2025. It continues to make 150 000 francs available for sustainable and innovative projects in the Lucerne economic region. The focus is now shifting to technology and innovation. For the first time, the public will be able to cast one vote each in the three categories 'Social Commitment', 'Environment' and 'Technology & Innovation'. The winners in each category will receive up to 40 000 francs, and there will now be a jury prize of up to 30 000 francs. The submission deadline was 13 March 2025. Following pre-selection by a committee, a public vote on the nine selected projects (three per category) will take place from 6 to 20 June 2025. The award ceremony is scheduled for 4 July 2025.

¹⁾ <https://lukb.ch/zukunftspreis>

Financial skills for young people

LUKB attaches great importance to financial skills for young people. It is actively committed to training young people in money management and equipping them with the skills they need to make sound financial decisions. In doing so, LUKB believes it is particularly important not to offer any products that encourage consumer debt.

As a member of the Association of Swiss Cantonal Banks (VSKB), LUKB plays an active part in the FinanceMission association. This association was founded in 2016 by the 23 cantonal banks and the teaching federations of German- and French-speaking Switzerland to teach young people about the importance of handling their finances responsibly and to improve their financial literacy.

FinanceMission provides a playful and informative programme for school teaching that is tailored to the curriculum. At the heart of the offering is the FinanceMission World e-learning environment. Content on the cost of living, budget, work and consumption, for example, is explained using a gamification approach. Young people, teachers, parents and anyone else who is interested can obtain the teaching materials free of charge at www.financemission.ch.

Since September 2021, the cantonal banks have been running the online magazine 'jugendbudget.ch', which offers parents ideas and help on how to discuss money issues with their children.

LUKB also holds annual budgeting advice sessions in schools in the canton of Lucerne. The 'Lehrplan 21' curriculum has been in force in the canton of Lucerne since the 2019/20 school year. This includes the following objective: 'Students are able to develop a responsible approach to money.' LUKB's budgeting advice is geared towards achieving this learning objective. The target group for budgeting advice is students who have completed upper secondary school or are attending bridge-year programmes in the canton of Lucerne. Every year, around 90 to 100 school classes take advantage of LUKB's services and receive a 90-minute information session from selected client advisors on topics such as budget planning, debt and payment methods.

Through 'MoneyHaxx Events', the MoneyHaxx association supports young people (aged 18 to around 30) in dealing with their own money with easy-to-understand tips and tricks. MoneyHaxx addresses important bank-specific money topics such as savings accounts, fund savings plans and pillar 3a through learning videos and events. Students learn how to handle money in short, concise workshops in the target group's language. In 2024, an event was held in the LUKB flagship store at the head office in Lucerne. These kinds of events will be repeated in 2025.

National Future Day

National Future Day, which takes place every year in Switzerland, offers students in years 5 to 7 the opportunity to gain an insight into various professional fields. LUKB organises special supporting programmes and activities in which participants can find out about the world of work.

On 14 November 2024, 70 students spent their Future Day at LUKB.

Collection of regional art

LUKB also supports cultural diversity in Central Switzerland outside of its sponsorship strategy. Its in-house Art Commission primarily supports lesser-known artists. Since 1989, the Commission has been building up the LUKB art collection, which comprises various styles of contemporary art. LUKB regularly organises previews and exhibitions on its premises to make the collection accessible to a broader audience.

Relations with suppliers and partners

Relevance of the topic

Responsible management does not start and end with the company; it also includes suppliers and partners. Together, they are responsible for sustainable value chains. LUKB supports the local economy through regional procurement. Purchasing environmentally friendly, socially responsible and regional products strengthens the Bank's reputation as a sustainable company.

Principle

LUKB strives for long-term, trust-based business relationships with its suppliers and partners. It ensures that commissioned companies offer fair working conditions, for example through membership of sector-specific collective bargaining agreements).

LUKB contractually requires its suppliers to uphold bank-client and business confidentiality as well as data protection law. It requires compliance with its Supplier Code or equivalent standards for new contracts and contract renewals. The [LUKB Supplier Code](#)¹⁾ sets out the principles and standards for business integrity, ethics, social and environmental responsibility and the corresponding management systems that are important for collaboration with suppliers. LUKB itself abides by the non-negotiable sustainability and cooperation requirements laid down in the Supplier Code. These are also binding on all suppliers, and apply equally to their own suppliers, subcontractors and other business partners.

¹⁾ <https://lukb.ch/english-window>

Targets

LUKB abides by its internal sustainable procurement requirements, as well as the provisions of its Supplier Code. It also aims to continue awarding more than 90 % of construction-related contracts to companies from the Central Switzerland economic region.

Status in 2024

The main areas of procurement for LUKB are IT, data, services, marketing products and building infrastructure. The aim is to place as many orders as possible with local suppliers. The proportion of spending on local suppliers has been consistently high since 2020:

	2020	2021	2022	2023	2024
Proportion of spending on local suppliers (GRI 204-1)	96 %	97 %	96 %	96 %	96 %

Local suppliers include suppliers in the canton of Lucerne, in the neighboring cantons and in the cantons in which LUKB has a branch (canton of Zurich) or a sales office (cantons of Ticino and Vaud). The figures refer to the entire Group.

Since 2011, LUKB has also kept statistics on construction contracts. The target of awarding more than 90 % of construction contracts to companies from the Central Switzerland region was once again achieved in 2024:

	2021	2022	2023	2024	Ziel 2024
Construction contracts awarded to companies in the Central Switzerland region	96 %	96 %	96 %	97 %	> 90%

Companies in the Central Switzerland region are defined as those whose legal domicile is in the cantons of Central Switzerland. The figures relate to the Group as a whole.

Companies in the Central Switzerland region are defined as those whose legal domicile is in the cantons of Central Switzerland. The figures relate to the Group as a whole. LUKB considers non-local suppliers in particular if services or products are not available from local providers on comparable terms.

LUKB also ensures that the companies it engages offer fair working conditions, for example through membership of the collective bargaining agreement for the sector in question. The Bank requires a contractual undertaking from each of its suppliers that they will uphold banking and business confidentiality and the applicable data protection regulations.

Greenhouse gas emissions and climate protection

Relevance of the topic

Curbing and adapting to climate change are among the greatest challenges the world currently faces. LUKB is conscious that combating climate change demands a concerted effort from all actors.

The business activities of a bank also result in greenhouse gas (GHG) emissions. Emissions are generated in the company's own business operations, for example through heating business premises, trips in company vehicles and the purchase of electricity and district heating.

However, most of a bank's greenhouse gas emissions arise indirectly through its financing for private individuals, companies and other organisations as well as through its investments of client funds and its own bank assets. For example, buildings and companies financed by a bank cause greenhouse gas emissions. However, where the bank or its clients invest in companies and countries, such companies and countries also contribute to emissions. In the financial sector, these indirect emissions are referred to as 'financed emissions' in accordance with the international standards of the Partnership for Carbon Accounting Financials (PCAF).

Climate change presents risks and opportunities for banks. Risks include physical risks (e.g. due to floods, storms and heat waves) and transition risks (e.g. due to new legal or regulatory requirements). Climate change is also contributing to the loss of biodiversity, which is seen as a significant risk factor for the global economy.

For the first time, reporting on LUKB's climate-related risks and opportunities in this Sustainability Report is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This implements the requirements of the Federal Council's Ordinance on Climate Disclosures.

This report on greenhouse gas emissions and climate protection also forms the basis for climate reporting to the canton of Lucerne (the majority shareholder of LUKB) in line with its 2021 Ownership Strategy. According to this, the Cantonal Council of the canton of Lucerne requires LUKB to submit a definitive climate report by May 2025.

Principle

LUKB contributes to climate protection by pursuing net-zero targets. First and foremost, it reduces greenhouse gas emissions in its own business operations and in its value chain. Secondly, it aims to offset emissions on the market.

LUKB periodically assesses all risk categories throughout the Group. This also includes climate-related financial risks, which are treated as drivers for the risk categories of default, market, liquidity, operational, compliance, strategic and reputational risks and therefore form part of LUKB's systematic risk management.

Targets

Net-zero emissions by 2050

LUKB is committed to achieving net zero by 2050, aligning itself with:

- The climate strategy of the Swiss federal government and the canton of Lucerne to implement the Paris Agreement, which was ratified by Switzerland in October 2017
- The Climate and Innovation Act (CIA), which was adopted by the Swiss electorate on 18 June 2023
- The requirements of the 2021 LUKB Ownership Strategy of the canton of Lucerne, which were derived from the cantonal government's own climate strategy

Progress towards target achievement depends on various factors, some of which are beyond LUKB's control. A key prerequisite for achieving these targets is the decarbonisation of the economy over the coming years. LUKB is reliant on the necessary political frameworks being put in place and significant progress being made in the near future with processes and technologies that prevent and remove emissions. The uncertainties include macroeconomic developments, such as the impact of the economy and interest rates on the financial situation and thus on the affordability of decarbonisation measures by property owners and companies.

Scope 1 and 2 net-zero target in 2030

LUKB has set itself the additional goal of achieving the net-zero target for direct greenhouse gas emissions (Scope 1) and indirect energy-related greenhouse gas emissions (Scope 2) as early as 2030. The main means of accomplishing this will be a range of measures to further reduce Scope 1 and Scope 2 emissions. The remaining greenhouse gas emissions will then be offset.

Further interim targets are described in '[Climate strategy/climate transition plan](#)' in this section.

Status in 2024

Greenhouse gas balance sheet

LUKB prepares an annual balance sheet of its greenhouse gas emissions. It shows the effectiveness of the measures taken and includes the following emissions:

- Scope 1 emissions: direct greenhouse gas emissions
- Scope 2 emissions: indirect energy-related greenhouse gas emissions
- Scope 3 emissions: other indirect greenhouse gas emissions that occur upstream or downstream in LUKB's value chain; these include operational greenhouse gas emissions (e.g. due to employee business trips and commutes) as well as financed emissions that are caused elsewhere by LUKB's financing and investment activities

With the exception of financed emissions, the greenhouse gas balance sheet is prepared according to two industry standards: the key figures are determined by the 'VfU-Kennzahlen' industry metric from the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. network of sustainability finance professionals, and the international standards published by the Greenhouse Gas Protocol (GHG Protocol).

Financed emissions are calculated and disclosed in accordance with the industry standard of the Partnership for Carbon Accounting Financials (PCAF). LUKB joined the PCAF initiative in 2023 and consults with the PCAF and other PCAF member banks as it works to improve its data quality and calculation methods.

Emissions are presented in CO₂ equivalents. The balance sheet covers all locations within the Group.

Scope 1 and 2 greenhouse gas emissions

LUKB's Scope 1 emissions are mainly caused by the consumption of oil and gas to heat business premises, the consumption of fossil fuels for the Bank's own vehicles and coolants.

Scope 2 emissions are mainly related to the purchase of district heating, which means that LUKB calculates the greenhouse gas emissions generated by external energy producers and suppliers on a pro rata basis as Scope 2 emissions in accordance with the GHG Protocol. 100 % of the electricity purchased by LUKB comes from renewable energy sources.

Numerous factors affect the level of greenhouse gas emissions. Significant examples here are the number of heating degree days, growth in employee numbers, and changes in the use of building space and type of interior furnishings and fittings as a result of advances in digitalisation, for instance.

LUKB is still well on the way to achieving its 2030 net-zero target for Scope 1 and 2 greenhouse gas emissions:

Scope 1 emissions totalled 476 tonnes of CO₂ equivalents (tCO₂e) in 2024, compared with 615 t CO₂e in the previous year. This is a decrease of 23 % year on year. The reasons for this are the significantly reduced use of coolants and further progress in the fossil-free heating of various business premises. LUKB's head office building in Lucerne, which is currently still heated using gas, is responsible for the majority of the Scope 1 emissions. The switch to district heating has been planned for some time now. Project implementation has been delayed by the energy supplier and is now scheduled for 2026/2027.

Scope 2 emissions increased from 4 to 22 tCO₂e in 2024. The rise is mainly due to the continued switch from fossil fuels to district heating at various locations, which significantly reduced Scope 1 emissions, but increased Scope 2 emissions to a much lesser extent.

LUKB has cut its Scope 1 and 2 greenhouse gas emissions by 50 % overall since 2014. This is due mainly to the switch to fossil-free heating, the installation of solar panels, and a range of energy-saving measures. This was achieved without purchasing climate offsets ('CO₂ certificates').

The following table shows the trend in Scope 1 and 2 greenhouse gas emissions since 2014:

Scope 1 and 2 GHG emissions ¹⁾	Unit	2014	...	2023	2024	Change from 2014 to 2024
Scope 1	tCO ₂ e	984		615	476	- 52 %
Heating	tCO ₂ e	951		455	432	
Emergency power generators	tCO ₂ e	1		1	1	
Own vehicles	tCO ₂ e	30		28	29	
Refrigerants	tCO ₂ e	1		131	14	
Scope 2 - market-based	tCO ₂ e	7		4	22	222 %
Electricity	tCO ₂ e	0		0	0	
District heating/cooling	tCO ₂ e	7		4	22	
Total Scope 1 and 2	tCO₂e	991		620	498	- 50 %
Number of staff, annual average	FTEs	946.4		1 106.4	1 160.0	23 %
Intensity of Scope 1 and 2 GHG emissions	kgCO ₂ e/FTE	1 046.6		560.0	429.3	- 59 %
No. of heating degree days (HDDs)	HDDs	2 682		2 840	2 797	
Scope 1 and 2 GHG emissions per heating degree day (HDD)	tCO ₂ e/HDD	0.369		0.218	0.178	- 52 %
Scope 2 - location-based	tCO ₂ e	544		378	415	- 24 %
Electricity	tCO ₂ e	537		374	393	
District heating/cooling	tCO ₂ e	7		4	22	

¹⁾ The reported greenhouse gas emissions are gross volumes in tonnes of CO₂ equivalents (tCO₂e). Gross means before deducting any climate offsets. There were no climate offsets for Scope 1 and 2 greenhouse gas emissions in the period shown.

Source of emission factors: 'Ecoinvent' database V 3.7.1 from October 2020 for 2014 to 2023, 'Ecoinvent' V 3.10 from October 2023 for 2024 onwards. The 'Ecoinvent' database has data on the following greenhouse gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

Biogenic CO₂ emissions, i.e. direct biogenic CO₂ emissions from the combustion or biodegradation of biomass, are not material at LUKB.

Accounting follows the Greenhouse Gas Protocol (GHG Protocol). Consolidation method: full consolidation of the two subsidiaries wholly owned by the parent company. Otherwise, there are no investments to be consolidated.

The figures cover all locations within the Group.

For Scope 2 emissions, and unless stated otherwise, accounting follows the market-based approach. 'GHG Protocol Scope 2 Guidance' requires an organisation to report two different Scope 2 values: a location-based value and a market-based value. Location-based value: emissions based on the emission intensity of the local grid area where the electricity is consumed; market-based value: emissions based on the electricity LUKB has purchased under its contracts with its electricity suppliers (effective supplier mix).

Tools used: 'VfU-Kennzahlen 2022' calculation tool (version 1.1, update of 12.07.2022) for 2014 to 2023, 'VfU-Kennzahlen 2024' calculation tool from 2024 onwards (version 1.4 from 25.11.2024).

Other sources for calculation and disclosure: 'VfU-Kennzahlen' industry metric from the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. and the standards of the Global Reporting Initiative (GRI).

Scope 1 and 2 greenhouse gas emissions trend since 2014:

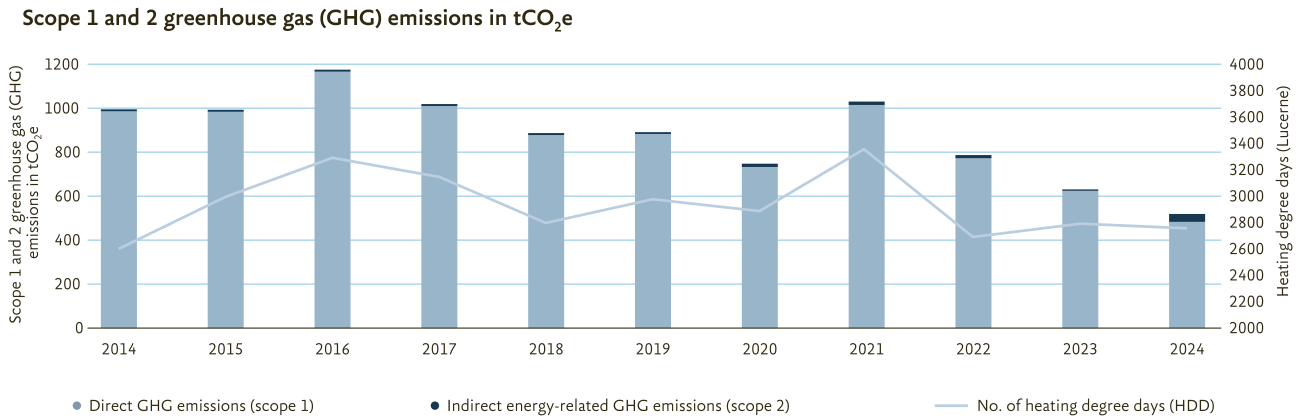


Figure: Scope 1 and 2 greenhouse gas (GHG) emissions in tCO₂e for 2014 to 2024

Scope 3 greenhouse gas emissions

Scope 3 emissions include other indirect greenhouse gas emissions that occur upstream or downstream along LUKB's value chain. They mainly comprise financed emissions (category 15 of the Greenhouse Gas Protocol). Measured in terms of the volume of emissions, other Scope 3 emissions are much less significant than financed emissions.

Other Scope 3 greenhouse gas emissions for 2023 and 2024 are shown in the table below. The emissions in category 15, 'Financed emissions', can be found in the tables further on.

Scope 3 GHG emissions (excluding category 15 'financed emissions') ¹⁾	Unit	2023	2024
Purchased goods and services (category 1) ²⁾	tCO ₂ e	n.a.	92
Paper ³⁾	tCO ₂ e	n.a.	90
Water	tCO ₂ e	3	2
Energy- and fuel-related activities (category 3) ⁴⁾	tCO ₂ e	175	254
Waste/wastewater (category 5)	tCO ₂ e	26	24
Waste	tCO ₂ e	24	23
Wastewater	tCO ₂ e	2	1
Business travel (category 6)	tCO ₂ e	51	48
Public transport ⁵⁾	tCO ₂ e	2	2
Road traffic ⁵⁾	tCO ₂ e	49	43
Air travel ⁶⁾	tCO ₂ e	0	3
Commuting (category 7) ⁷⁾	tCO ₂ e	764	801
Working from home (category 7) ⁸⁾	tCO ₂ e	4	4
Leased residential and business premises (category 13)	tCO ₂ e	413	200

¹⁾ The reported greenhouse gas emissions are gross volumes in tonnes of CO₂ equivalents (tCO₂e). Gross means before deducting any climate offsets. All greenhouse gas emissions from air travel were fully offset in 2023 and 2024.

Source of emission and energy factors: 'Ecoinvent' database V 3.7.1 as at October 2020 for 2014 to 2023, 'Ecoinvent' V 3.10 as at October 2023 from 2024 onwards; mobitool v3.0 (update 2023) for business and commuter travel. The 'Ecoinvent' database V 3.10 includes the following greenhouse gases: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃); mobitool's emission factors take into account all greenhouse gases that are relevant for the calculation of CO₂ equivalents in relation to road, rail and air transport.

Biogenic CO₂ emissions: CO₂ emissions from the combustion of biomass play an insignificant role in Scope 3 emissions in the company's own business operations. These emissions are therefore not reported separately.

Accounting follows the Greenhouse Gas Protocol (GHG Protocol). Consolidation method: full consolidation of the two subsidiaries wholly owned by the parent company. Otherwise, there are no investments to be consolidated.

The figures cover all locations within the Group.

Tools used: 'VfU-Kennzahlen 2022' calculation tool (version 1.1, update of 12.07.2022) for 2014 to 2023, 'VfU-Kennzahlen 2024' calculation tool from 2024 onwards (version 1.4 from 25.11.2024).

Other sources for calculation and disclosure: 'VfU-Kennzahlen' industry metric from the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V., the GHG Protocol standards and the Global Reporting Initiative (GRI) standards. The categories listed in the table refer to the GHG Protocol. Categories not listed are immaterial for LUKB.

²⁾ The table does not include greenhouse gas emissions from data centre services purchased externally. LUKB conducted a survey of the relevant data centre service providers on this topic in 2024. It showed that the proportionately attributable greenhouse gas emissions are immaterial for LUKB. This is because the services are largely powered by renewable energy sources; moreover, residual emissions are already fully carbon offset by some providers.

³⁾ Includes copy and printer paper, envelopes, printed matter, forms, other office paper, cardboard products.

⁴⁾ As a result of energy supply, power plant pre-stage processes and distribution and conversion losses.

⁵⁾ Of which direct and indirect greenhouse gas emissions from energy supply in 2024 (Scope 1 and 2): 245 kgCO₂e public transport (previous year: 206 kgCO₂e), 32 105 kgCO₂e road traffic (previous year: 36 490 kgCO₂e); other indirect emissions for 2024 (Scope 3): 1 733 kgCO₂e public transport (previous year: 1 457 kgCO₂e), 10 587 kgCO₂e road traffic (previous year: 12 034 kgCO₂e); estimates based on SBB's 2023 and 2024 emissions reports ('SBB Business Travel') and expense reports, source of emission factors: mobitool v3.0 update 2023 (mobitool.ch) and SBB emissions reports.

⁶⁾ Scope 1 to 3 greenhouse gas emissions in 2024 totalling 2 893 kgCO₂e (previous year: 318 kgCO₂e), of which Scope 1 and 2 totalling 2 827 kgCO₂e (previous year: 311 kgCO₂e); total flight distance in 2024 of approx. 11 000 km (previous year: 1 210 km); the carbon emissions of all flights taken in 2023 and 2024 were fully offset. Net greenhouse gas emissions from air travel are therefore zero in both years.

⁷⁾ Of which direct and indirect greenhouse gas emissions from energy supply in 2024 (Scope 1 and 2): 549 tCO₂e (previous year: 523 tCO₂e); other indirect emissions (Scope 3): 252 tCO₂e (previous year: 241 tCO₂e); estimates based on an employee survey on mobility behaviour conducted in July and August 2024; source of emission factors: mobitool v3.0 update 2023.

⁸⁾ Estimate based on an employee survey on mobility behaviour conducted in July/August 2024 and assumptions for electricity consumption per employee per day when working from home (basis for energy consumption and emission factors: 'VfU-Kennzahlen 2024').

Category 1 - Paper: Emissions were recorded for the first time for the 2024 financial year. No figures are available for the previous year.

Category 3 - Energy- and fuel-related activities, i.e. emissions from energy supply, power plant pre-stage processes and distribution and conversion losses: emissions increased by 79 tCO₂ compared to the previous year. The main reason for this is the continued switch from fossil fuels to district heating in company buildings. Overall, however, total emissions (Scope 1 to 3) have fallen significantly as a result of this switch (see also Scope 1 and 2 emissions). Part of the increase is also attributable to the use of higher emission factors due to the application of the latest VfU calculation tool with updated data from Ecoinvent for the 2024 financial year.

Category 7 - Commuting and working from home: The increase in emissions from commuting is solely attributable to the increase in employees from an average of 1 106.4 full-time equivalents in 2023 to 1 160.0 in 2024. In both years, the underlying mobility behaviour is based on the same employee survey. Emissions from working from home are calculated using estimates that are also based on this survey.

Category 13 - Leased residential and business premises: Emissions have more than halved compared to the previous year as a result of the continued switch from fossil fuels to district heating and heat pumps.

Apart from emissions in category 15 ('financed emissions'; see section below), other Scope 3 emissions are of minor importance at LUKB.

Scope 3 greenhouse gas emissions – financed emissions

Lending business

LUKB follows the international industry standards of the Partnership for Carbon Accounting Financials (PCAF) when calculating and disclosing financed emissions from the lending business. For LUKB, the PCAF standards for residential mortgages ('mortgages'), commercial real estate mortgages and business loans are relevant. LUKB has defined these three lending portfolios as follows in accordance with the PCAF requirements:

Lending portfolio	Definition
Mortgages	Lending to finance mostly owner-occupied residential properties. This mainly involves single-family homes, apartments, holiday homes and multiple-family properties with up to three apartments.
Commercial real estate mortgages	Lending to finance other land with buildings with a purpose of income generation. This relates primarily to multiple-family properties with more than three apartments, commercial properties, industrial properties, hotels and restaurants, and agricultural properties.
Business loans	Lending to finance premises that form the basis for a business's operations (e.g. hotel, running a garage, etc.) and companies without mortgage cover

The definitions of the three portfolios differ from the definitions normally used by LUKB for these types of lending.

As at 31 December 2024, the three portfolios accounted for 93 % of all loans to clients. No PCAF calculation standards are currently available for the remaining 7 % of loans to clients (including loans for construction land, public-sector loans and Lombard loans).

The following table shows the emissions for the three lending portfolios:

GHG emissions lending business	Unit	2023	2024
Mortgages¹⁾			
Lending volume at year-end	CHF thousand	13 633 875	14 210 326
Absolute Scope 1 and 2 GHG emissions ²⁾	tCO ₂ e	79 117	74 634
Scope 1 and 2 CO ₂ footprint ³⁾	tCO ₂ e/million CHF	5.8	5.3
CO ₂ intensity in relation to the energy reference area (ERA)	kgCO ₂ e/m ² ERA	30.3	29.5
Portfolio coverage in relation to calculated GHG emissions ⁴⁾	%	100 %	100 %
PCAF data quality score ⁵⁾	Scale 1.0 to 5.0	4.0	4.0
Commercial real estate mortgages¹⁾			
Lending volume at year-end	CHF thousand	22 965 976	23 951 488
Absolute Scope 1 and 2 GHG emissions ²⁾	tCO ₂ e	165 278	143 508
Scope 1 and 2 CO ₂ footprint ³⁾	tCO ₂ e/million CHF	7.2	6.0
CO ₂ intensity in relation to the energy reference area (ERA)	kgCO ₂ e/m ² ERA	27.0	26.8
Portfolio coverage in relation to calculated GHG emissions ⁴⁾	%	100 %	100 %
PCAF data quality score ⁵⁾	Scale 1.0 to 5.0	4.0	4.0
Business loans⁶⁾			
Lending volume at year-end	CHF thousand	2 303 166	2 328 565
Total absolute GHG emissions ⁷⁾	tCO ₂ e	864 913	863 667
of which Scope 1 and 2	tCO ₂ e	332 656	331 218
of which Scope 3	tCO ₂ e	532 257	532 449
Scope 1 and 2 CO ₂ footprint ³⁾	tCO ₂ e/million CHF	144.4	142.2
Portfolio coverage			
Scope 1 and 2 emissions calculated ⁴⁾	%	100 %	100 %
Scope 3 emissions calculated ⁴⁾	%	93 %	95 %
PCAF data quality score ⁵⁾	Scale 1.0 to 5.0	3.7	3.6

¹⁾ The financed greenhouse gas emissions of mortgages are calculated on the basis of the cut-off date of 31 December. For both reporting years, they were calculated in collaboration with an external Swiss data service provider specialising in real estate, which supplemented LUKB's database for the financed building portfolio with further data (e.g. energy reference areas, energy requirements, CO₂ emissions) where necessary and possible. Some of the energy- and climate-related inputs required for the calculations come from the Swiss Federal Register of Buildings and Dwellings (RBD). Where there was no data or data was subject to uncertainty, the calculation was based on own weighted average values at different levels (e.g. 'Property type and location of building', 'Property type only') or LUKB had to make further assumptions. To improve the quality and completeness of data in the RBD, various measures are currently being implemented by the relevant public bodies.

²⁾ The applicable PCAF standards only require the disclosure of Scope 1 and 2 emissions for mortgages and commercial real estate mortgages. A PCAF standard for calculating Scope 3 emissions from financed buildings is not yet available. Apart from CO₂ emissions, no other greenhouse gas emissions were taken into account in the mortgage data.

³⁾ Greenhouse gas emissions in tonnes of CO₂ equivalents (tCO₂e) per million francs of lending volume

⁴⁾ Volume-weighted

⁵⁾ The PCAF data quality score measures the quality and reliability of the data used to calculate financed emissions. The rating scale ranges from 1 to 5, with 1 being the highest quality and reliability and 5 being the lowest. The reported scores are volume-weighted averages for the relevant lending portfolio.

⁶⁾ The greenhouse gas emissions financed by business loans are also calculated on the basis of the cut-off date of 31 December. For emissions data with PCAF data quality scores 1 and 2, the calculations are based on greenhouse gas balance sheets reported by the companies, for data with PCAF data quality scores 3 and 4, the calculations are based on Exiobase sector-specific emission factors from the PCAF database.

⁷⁾ In the case of business loans, some of the reported greenhouse gas emissions are subject to greater uncertainty in estimation, in particular the companies' Scope 3 emissions. They can be strongly influenced by individual outliers, which can potentially lead to high volatility in the data over time.

See below for the breakdown of the lending portfolio by emission-intensive sectors:

Breakdown of lending portfolio by emission-intensive sectors	31.12.2023		31.12.2024	
	Lending volume (CHF thousand)	Share in %	Lending volume (CHF thousand)	Share in %
Total loans in the three loan categories	38 903 017	100.0 %	40 490 379	100.0 %
Mortgage portfolio	36 599 851	94.1 %	38 161 814	94.2 %
Mortgages	13 633 875	35.0 %	14 210 326	35.1 %
Commercial real estate mortgages	22 965 976	59.0 %	23 951 488	59.2 %
Business loans	2 303 166	5.9 %	2 328 565	5.8 %
Total emission-intensive sectors¹⁾	571 713	1.5 %	623 587	1.5 %
Energy	43 796	0.1 %	48 492	0.1 %
Oil and gas	0	0.0 %	0	0.0 %
Coal	0	0.0 %	0	0.0 %
Power generation	43 796	0.1 %	48 492	0.1 %
Transport	179 866	0.5 %	163 259	0.4 %
Aviation	0	0.0 %	370	0.0 %
Shipping	0	0.0 %	0	0.0 %
Rail transport	5 920	0.0 %	2 923	0.0 %
Road transport	78 592	0.2 %	52 876	0.1 %
Automotive industry	95 353	0.2 %	107 090	0.3 %
Construction and materials	293 762	0.8 %	311 011	0.8 %
Metals and mining including aluminium, iron and steel	95 970	0.2 %	92 163	0.2 %
Chemicals	85 968	0.2 %	83 418	0.2 %
Building materials including cement	69 856	0.2 %	64 641	0.2 %
Construction of real estate, real estate activities	41 968	0.1 %	70 789	0.2 %
Agriculture and forestry, food	54 290	0.1 %	100 825	0.2 %
Beverage industry	222	0.0 %	219	0.0 %
Agriculture	1 705	0.0 %	1 248	0.0 %
Foodstuffs	48 785	0.1 %	94 448	0.2 %
Forestry and forestry products	3 578	0.0 %	4 910	0.0 %

¹⁾ Emission-intensive sectors as per TCFD recommendations: energy, transportation, materials and buildings, agriculture, food and beverages, forest products (see TCFD Implementing Guidance, Part E: Supplemental Guidance for Non-Financial Groups, p. 56 et seq., October 2021); loans are allocated to the individual sectors using NOGA codes, which classify the borrowers' operating sector.

Financial assets

The financial asset portfolio consists predominantly of bonds with the highest level of liquidity that qualify as high-quality liquid assets (HQLA). Bond issuers can largely be attributed to the financial sector.

Financial assets ¹⁾	Unit	2023	2024
Assets held at year-end (fair value)	CHF thousand	4 932 270	5 229 265
of which funds, structured products and money market papers	CHF thousand	- 279 042	- 337 443
Direct investments at year-end	CHF thousand	4 653 228	4 891 821
of which investments not covered by PCAF standards ²⁾	CHF thousand	- 1 082 665	- 860 565
Direct investments covered by PCAF standards at year-end	CHF thousand	3 570 563	4 031 256
of which listed equities	CHF thousand	157 749	125 947
of which corporate bonds	CHF thousand	3 386 615	3 873 144
of which government bonds	CHF thousand	26 200	32 165
Total absolute GHG emissions ³⁾	tCO ₂ e	233 128	149 199
of which Scope 1 and 2	tCO ₂ e	13 159	39 108
of which Scope 3	tCO ₂ e	219 969	110 091
Scope 1 and 2 CO ₂ footprint ⁴⁾	tCO ₂ e/million CHF	3.69	9.70
Portfolio coverage			
Scope 1 and 2 emissions calculated ⁵⁾	%	100.00 %	100.00 %
Scope 3 emissions calculated ⁵⁾	%	100.00 %	100.00 %
PCAF data quality score ⁶⁾	Scale 1.0 to 5.0	4.70	3.73
Total direct investments in the three most emission-intensive sectors^{5) 7)}	%	0.50 %	0.10 %
Energy ⁸⁾	%	0.00 %	0.00 %
Raw and basic materials ⁹⁾	%	0.15 %	0.09 %
Utilities ¹⁰⁾	%	0.34 %	0.01 %

¹⁾ Source of emission factors and tool used to calculate the emissions and PCAF data quality scores: MSCI Total Portfolio Footprinting Solution

²⁾ Mainly bonds issued by sub-sovereign borrowers (e.g. cantons, municipalities, provinces, etc.) and development banks

³⁾ Some of the greenhouse gas emissions are subject to greater uncertainty in estimation. They can be strongly influenced by individual outliers, which can potentially lead to high volatility in the data over time.

⁴⁾ Greenhouse gas emissions in tonnes of CO₂ equivalents (tCO₂e) per million francs of direct investment at year-end covered by PCAF standards.

⁵⁾ As a % of direct investment at year-end covered by PCAF standards for calculation.

⁶⁾ The PCAF data quality score measures the quality and reliability of the data used to calculate financed emissions. The rating scale ranges from 1 to 5, with 1 being the highest quality and reliability and 5 being the lowest. The reported scores are volume-weighted averages for the relevant investment portfolio. The scores shown here refer to the emissions reported for Scope 1 to 3.

⁷⁾ Most emission-intensive sectors (in descending order) according to a 2023 study by MSCI ESG Research. Securities holdings are allocated to individual sectors using the issuers' GICS (Global Industry Classification Standard) codes.

⁸⁾ Energy (GICS sector code 10 Energy): companies operating in the oil, gas, coal and other non-renewable fuels sectors. Excludes energy suppliers included in utilities.

⁹⁾ Raw and basic materials (GICS Sector Code 15 Materials): companies operating in the chemical, building materials, containers and packaging, metals and mining, paper and forest products sectors.

¹⁰⁾ Utilities (GICS sector code 55 Utilities): electricity, gas and other utilities

Investments

Non-consolidated investments	Unit	2023	2024
Carrying amount at year-end	CHF thousand	31 092	29 045
Total absolute GHG emissions ¹⁾	tCO ₂ e	264	252
of which Scope 1 and 2	tCO ₂ e	101	99
of which Scope 3	tCO ₂ e	163	153
PCAF data quality score ²⁾	Scale 1.0 to 5.0	4.7	4.7

¹⁾ The calculations are based on companies' greenhouse gas balance sheets (data quality scores 1 and 2) and Exiobase's sector-specific emission factors from the PCAF database (data quality scores 3 and 4). Cut-off date: 31 December.

²⁾ The PCAF data quality score measures the quality and reliability of the data used to calculate financed emissions. The rating scale ranges from 1 to 5, with 1 being the highest quality and reliability and 5 being the lowest. The reported scores are volume-weighted averages for the relevant investment portfolio.

Own investment funds (LUKB Expert funds)

LUKB Expert Funds ¹⁾	Unit	2023	2024
Investments at year-end (market values)	CHF thousand	4 964 941	5 717 230
of which cash, third-party funds, precious metals, derivatives and structured products	CHF thousand	- 861 822	- 1 010 252
Direct investments at year-end	CHF thousand	4 103 119	4 706 978
of which investments not covered by PCAF standards	CHF thousand	- 319 583	- 256 551
Direct investments covered by PCAF standards at year-end	CHF thousand	3 783 536	4 450 427
of which listed equities	CHF thousand	2 115 847	2 685 057
of which corporate bonds	CHF thousand	1 371 897	1 311 668
of which government bonds	CHF thousand	295 791	453 702
Total absolute GHG emissions	tCO ₂ e	1 166 017	1 488 360
of which Scope 1 and 2	tCO ₂ e	231 858	269 404
of which Scope 3	tCO ₂ e	934 159	1 218 955
Scope 1 and 2 CO ₂ footprint	tCO ₂ e/million CHF	61.28	60.53
Portfolio coverage			
Scope 1 and 2 emissions calculated	%	99.57 %	98.58 %
Scope 3 emissions calculated	%	99.57 %	98.42 %
PCAF data quality score	Scale 1.0 to 5.0	2.90	2.65
Total direct investments in the three most emission-intensive sectors	%	7.69 %	6.89 %
Energy	%	1.64 %	1.46 %
Raw and basic materials	%	3.97 %	3.79 %
Utilities	%	2.09 %	1.64 %

¹⁾ The same explanations and notes apply with regard to data sources, calculation tools and definitions as for financial assets (see table above).

Portfolio management (standard and individual mandates)

Portfolio management¹⁾	Unit	2023	2024
Assets under management (AuM) at year-end (market values)	CHF thousand	3 071 000	3 620 268
of which cash, funds, precious metals, derivatives and structured products	CHF thousand	- 2 433 189	- 2 832 033
Direct investments at year-end	CHF thousand	637 811	788 235
of which investments not covered by PCAF standards	CHF thousand	- 53 398	- 208 441
Direct investments covered by PCAF standards at year-end	CHF thousand	584 413	579 794
of which listed equities	CHF thousand	165 572	283 379
of which corporate bonds	CHF thousand	411 966	296 415
of which government bonds	CHF thousand	6 875	0
Total absolute GHG emissions	tCO ₂ e	90 885	120 595
of which Scope 1 and 2	tCO ₂ e	20 798	20 006
of which Scope 3	tCO ₂ e	70 086	100 590
Scope 1 and 2 CO ₂ footprint	tCO ₂ e/million CHF	35.59	34.50
Portfolio coverage			
Scope 1 and 2 emissions calculated	%	99.84 %	99.07 %
Scope 3 emissions calculated	%	99.84 %	99.07 %
PCAF data quality score	Scale 1.0 to 5.0	3.47	2.50
Total direct investments in the three most emission-intensive sectors	%	5.93 %	8.45 %
Energy	%	0.67 %	0.00 %
Raw and basic materials	%	2.05 %	5.92 %
Utilities	%	3.21 %	2.53 %

¹⁾ The same explanations and notes apply with regard to data sources, calculation tools and definitions as for financial assets (see table above).

Climate compatibility testing

In 2024, the Federal Office for the Environment (FOEN) carried out climate compatibility testing for the Swiss financial centre for the fourth time in collaboration with the State Secretariat for International Financial Matters (SIF). The standardised PACTA method (Paris Agreement Capital Transition Assessment) was again applied in the 2024 test. The test is intended to show how climate-friendly the portfolios of the participating Swiss financial institutions are. The previous tests took place in 2017, 2020 and 2022. Participation in 2024 was once again voluntary for the financial institutions. LUKB took part for the third time in 2024. A total of 146 institutions from the financial sector took part, including 34 banks.

The 2024 evaluation consisted of two quantitative modules and a qualitative survey. One quantitative module analysed exposure to listed equities and corporate bonds in climate-relevant sectors and assessed their alignment with global climate scenarios. The other quantitative module assessed the compliance of Swiss real estate and mortgage portfolios with national climate targets. The qualitative survey recorded additional climate-relevant strategies and activities in the different business areas of the participating financial institutions.

Risks and opportunities

The Task Force on Climate-related Financial Disclosures (TCFD), a global initiative of the financial industry, has published recommendations on the disclosure of climate risks and opportunities. LUKB is adopting these recommendations for the first time in this Sustainability Report. In the following, the Bank sets out the climate risks and opportunities it has identified and how it is dealing with them.

Climate-related risks

In 2024, LUKB integrated climate-related risks more closely into its Group-wide risk management and produced various basic documents that define the methods and processes for managing climate-related risks.

LUKB does not regard climate change as an additional risk category, but rather as a risk driver. It influences the default, market, liquidity, operational, compliance, strategic and reputational risk categories through various potential events.

In order to identify and assess these impacts, a risk inventory of climate risks was compiled. In the risk assessment, a distinction was made between physical and transition climate risks in accordance with the TCFD recommendations:

Physical climate risks

Physical climate risks result from the physical impacts of climate change. They can be acute, chronic or both. Acute physical climate risks result from extreme events such as floods, storms, droughts, wildfires or landslides. Chronic physical climate risks result from permanent changes such as rising average temperatures, changing precipitation patterns, rising sea levels, impaired water or soil quality, and extinction of species.

Transition climate risks

Transition climate risks arise from the transition to a lower-emission economy - as a result of changes in climate and environmental policy, technological developments, further developments in case law or changes in the behaviour of market participants, for example.

Due to the longer-term nature of climate change, it is particularly important to distinguish between different timescales when assessing risk. LUKB has assessed its climate-related financial risks based on the following timescales:

- Short-term timescale: 0 to 4 years
- Medium-term timescale: 5 to 15 years
- Long-term timescale: 16 to 30 years

According to its current assessment, LUKB expects the risks associated with climate change to have only a limited impact on LUKB's business and financial performance. The impact of climate change heavily depends on the business model. In line with the canton of Lucerne's Ownership Strategy, LUKB acts as a full-service bank, primarily for the people and economy of the canton of Lucerne. Geographically, its activities are limited to Switzerland. Only a few clients are domiciled abroad. LUKB's income and financial risks are broadly diversified.

The table below shows the assessment made in 2024 of the short-, medium- and long-term impact of climate-related risks on LUKB:

	Short-term	Medium-term	Long-term
Physical climate risks			
Default risks	low	low	low
Market risks	low	low	low
Operational risks	low	low	low
Other risks	low	low	low
Transition climate risks			
Default risks	low	medium	medium
Market risks	low	low	low
Operational risks	low	low	low
Other risks	low	low	low

Rating scale: (1) low risk, (2) medium risk, (3) high risk

There are currently no 'high' risks in the climate risk inventory. The risk analyses indicate a low climate-related risk for LUKB in the short term. This applies to both transition and physical risks. In the medium to long term, however, LUKB expects climate-related risks to become more important, primarily with regard to the potential impact of climate change on default risks. Compared to other non-climate-related risks and measured against LUKB's own funds, however, these climate-related risks are also currently rated as relatively low.

Impact of physical risks on default risks

Physical risks may cause the value of loan collateral (e.g. for mortgages, the value of financed properties) and/or the affordability of financing costs to decrease. For example, a higher risk of flooding can negatively impact the value of property in an area. A flood can also result in high repair costs. Businesses can suffer a loss of income due to business interruptions and supply chain issues.

In addition to these microeconomic effects, macroeconomic effects are also a possibility. Higher physical risks can, for example, weaken the economy and influence supply and demand in the markets.

In terms of value, the majority of the properties financed by LUKB are located in the canton of Lucerne and in neighbouring regions of the Swiss Plateau. By comparison, the proportion of financed properties in mountain regions that are particularly affected by physical risks (e.g. due to landslides and rockfalls) is low.

Building damage caused by natural hazards (e.g. floods, storms, landslides, rockfalls) is covered by mandatory building insurance in most cantons in Switzerland. In cantons without mandatory building insurance, LUKB requires similar cover from private insurers. As long as insurance premiums do not rise sharply, acute physical risks should therefore not have a significant impact on the value of buildings and the affordability of mortgages. In addition, Switzerland's building and zoning regulations ensure that construction is not generally carried out in areas at high risk.

In 2024, LUKB calculated the impact of a flood scenario on the mortgage portfolio based on the cantonal flood hazard maps (intensity maps). This quantitative analysis examined the impact on the value of the collateral and the specific impairment requirement:

Scenario	Flooding in the cantons of Lucerne, Aargau, Bern, Basel-Stadt, Zug and Zurich
Portfolio	Mortgages and commercial real estate mortgages. More than 85 % of the value of the real estate collateral in LUKB's mortgage portfolio is situated in the above cantons.
Transmission channel	Changes in property prices in line with the 2022 Climate Stress Test of the European Central Bank (ECB), depending on the risk levels of financed property locations. No account was taken of any additional precautions in the form of structural measures to prevent flooding, which would provide additional protection to the value of the properties in question.
Impact on risks	Change in value of collateral: if the value of a property falls, the loan-to-value ratio increases correspondingly. The higher loan-to-value ratio potentially leads to a higher specific impairment requirement.
Result of the analysis	The additional specific impairment required would be easily manageable for LUKB.

Acute physical consequences of climate change (e.g. floods, storms, landslides) can cause damage to company buildings and equipment and lead to business interruptions. Such events are usually geographically limited, meaning that only a small part of LUKB's lending portfolio would be affected. In addition, business interruption insurance (if any) would mitigate the risks.

Chronic developments (e.g. water scarcity, soil degradation and biodiversity loss) can put clients' business models at risk. LUKB does not expect any significant impact on its business lending portfolio in the short to medium term. Based on its current assessment, LUKB does not anticipate any significant risks in the longer term either, as LUKB does not have a particularly high proportion of financing in potentially more heavily affected sectors and its lending portfolio is broadly diversified.

Overall, LUKB does not expect any significant increase in loan defaults due to physical risks in the short to medium term. In the long term, climate risks could become more important due to rising insurance premiums and potential real estate depreciation. However, based on today's assessment, these developments are unlikely to have any material impact on LUKB's lending portfolio. LUKB will monitor further developments in this area and take action early on where necessary.

Impact of transition risks on default risks

Like physical climate risks, transition climate risks can also have an impact on credit risks. Examples include the depreciation of properties heated using fossil fuels or higher operating costs due to rising carbon taxes or energy prices. Companies may need to adapt their business activities and production processes, which involves a high level of investment. Without these adjustments, assets may lose value. In this respect, the transition to a low-emission economy can have a significant impact on the profitability of companies.

Rising carbon taxes and energy prices can lead to lower sales and/or higher operating costs, which can result in collateral depreciation and loan defaults. However, simulations of such scenarios show that LUKB would be able to manage these impacts well – even if carbon taxes were to rise sharply. LUKB only has low lending volumes in emission-intensive sectors (see table above in the section '[Scope 3 greenhouse gas emissions – financed emissions](#)'). As a result, rising taxes on greenhouse gas emissions have only a moderate impact on credit default risk for most corporate clients. Even if there are sharp price increases, the simulations do not show any significant impact on the lending portfolio:

In 2024, LUKB calculated the impact of a significant increase in carbon taxes over the next five years based on the scenarios of the Network for Greening the Financial System (NGFS). NGFS is a network of central banks and regulatory authorities that, among other things, analyses the impact of climate change on the global financial system. In its

quantitative analysis, LUKB examined the effects on the creditworthiness of the financed companies, on the value of the mortgage collateral and thus on the specific impairment required for the lending portfolio:

Scenario	Significant increase in carbon taxes in Switzerland over a period of five years
Portfolio	Entire lending portfolio
Transmission channel	Two transmission channels were considered: <ul style="list-style-type: none"> - Impact on the income statements of financed companies depending on the sector's emission intensity: <ul style="list-style-type: none"> - Change in sales - Higher cost of goods - Higher financing costs for high-risk sectors - Decline in real estate prices depending on property type and GHG emission class
Impact on risks	Downgrades to company ratings and a decline in the value of mortgage collateral could potentially lead to increased specific impairment requirements.
Result of the analysis	The additional specific impairment required in the NGFS adverse 'delayed transition' scenario would be easily manageable for LUKB and low compared to the annual Bank-wide stress test. Even in an unexpected highly negative stress scenario with deliberately more negative assumptions than in the NGFS adverse scenario, the specific impairment would be easily manageable for LUKB.

LUKB also assumes that drastic climate-related laws and regulations with an abrupt impact on lending are unlikely in the Swiss political system, in which direct democracy is a key element. In the Swiss constitutional state, political decisions are made in close consultation with stakeholders. Such processes are generally designed in such a way that the economy and society are able to adapt to major changes and that appropriate hardship measures are implemented in particularly serious cases. As a result, significant defaults of mortgage and corporate clients due to new, abrupt regulations are unlikely.

LUKB also assessed any technological risks arising from climate change. LUKB expects innovation cycles for corporate clients to become even shorter in the future, leaving less time for companies to react. The risk driver could potentially present affected companies with challenges that threaten their very existence. However, LUKB does not expect any significant impact on its default risks in the longer term, as it assumes that this risk only affects part of its lending portfolio and that LUKB has a broadly diversified business lending portfolio. LUKB will also closely monitor further developments in this area and take action early on where necessary.

Overall, LUKB does not expect any significant increase in loan defaults over any timescale due to transition risks.

Impact on market risks

'Market risk' refers to the loss potential resulting from unfavourable changes in interest rates, share prices, foreign exchange and cryptocurrency rates and real estate prices as well as other relevant market parameters such as volatilities. Market risks are present in both LUKB's banking and trading books. Physical and transition risks can lead to unexpected changes in these market parameters and thus influence market risk.

LUKB invests its financial assets mainly in Swiss mortgage bonds and bonds issued by public-sector borrowers. These companies are less affected by market risks than, for example, companies in emission-intensive sectors. The impact of climate-related risks on market risks affecting the financial asset portfolio is therefore limited for LUKB.

Market risks in the trading book are significantly limited by short holding periods, appropriate volume and risk limits and corresponding hedging transactions. As a result, the impact of climate change on market risks in the trading book is very low.

Impact on operational risks**Transition risks in banking operations**

Increasing awareness of climate issues and new legal and regulatory requirements place additional demands on LUKB, for example in terms of data collection, reporting and advisory services. This increases the Bank's operational risk, particularly as a result of growing compliance risks. Overall, however, LUKB classifies the risks as low.

Physical risks for banking operations

Climate change increases operational risks due to physical events such as flooding, which can cause damage to the Bank's buildings or critical infrastructure. All buildings used by LUKB for operational purposes are located in Switzerland and have standard building insurance cover. The Bank also takes structural measures to protect itself (e.g. in the area of flood protection). Unavoidable risks are largely insured.

Operational risk management and business continuity management (BCM) ensure that LUKB can maintain business-critical processes even in extraordinary situations, minimise potential damage and ensure that operations are resumed quickly in the event of an emergency.

Overall, LUKB classifies the impact of climate risks on operational risks as low.

Impact on other risks

Other risks include, in particular, strategic and reputational risks. Due to its business model, LUKB considers the strategic risks posed by climate change to be low. As awareness among the general public, clients and other stakeholders increases, expectations of sustainable business practice grow. This also increases the risk of reputational damage. As LUKB attaches great importance to sustainability and provides transparent information about it, it considers the overall reputational risk to be low.

Climate-related opportunities

In accordance with the TCFD recommendations, LUKB distinguishes between five categories of opportunities: markets, products and services, resource efficiency, energy sources and resilience.

Markets, products and services

Climate change is associated with a high level of investment needed to finance the transition to a more climate-friendly economy and society. In the building sector, for example, significant further investments must be made in renovating the building envelope and replacing the heating system. It can therefore be assumed that in order to achieve Switzerland's climate targets, demand from property owners and companies for financing to improve climate compatibility will continue to increase in the future. This opens up opportunities to support clients with such financing projects.

LUKB already supports real estate clients with measures to preserve the long-term value and improve the energy efficiency of real estate. An overview of LUKB's approach and the corresponding products and services can be found in the '[Lending business](#)' section.

In addition, LUKB already responded to clients' need for sustainable investment and pension products in 2022 and systematically aligned its investment and fund business with sustainability criteria (ESG criteria; environment, social, governance). An overview of the products and services can be found in the '[Investment business](#)' section.

Resource efficiency

LUKB's aim is to use natural resources carefully and efficiently in its banking operations and to gradually reduce the potential negative impact on the environment as far as possible, thereby also cutting costs. As banking operations are not particularly energy intensive, the impact of this opportunity on the Bank's financial results is considered to be relatively low.

An overview of the measures in the area of energy efficiency can be found below. In addition, the section '[Procurement and disposal](#)' contains further details on the measures relating to waste as well as material and water consumption.

Energy sources

Sustainable and renewable energy sources enable LUKB to cut both operational emissions and costs. It already obtains 100 % of its electricity from renewable energy sources. It also produces energy from solar panels at various business locations. It plans to further expand its electricity production potential in the coming years (see the explanations below).

Resilience

By taking a conscious approach to climate change, LUKB can take preventative measures to strengthen its resilience in the long term. Sustainability and climate change are firmly embedded in the corporate strategy. Integrating climate-related financial risks into risk management also increases resilience. As the market leader in the Lucerne economic region and as a major employer, LUKB is conscious of its responsibility and acts proactively and with a focus on the future as a result.

Risk management

As a financial institution, LUKB is confronted with various bank-specific risks: these include default, market, liquidity, operational, compliance, strategic and reputational risks. Sustainability risks and their climate-related financial risks are not a standalone risk category, but rather a driver of these risk categories.

The section entitled 'Risk management'⁽¹⁾ in the Notes to the Group Financial Report contains further information on the risk policy, the organisation and governance of risk management, the individual risk categories and how risks are handled.

Every year, Risk Control conducts a qualitative risk assessment of the impact of climate risks as a driver for the risk categories default, market, liquidity, operational, compliance, strategic and reputational risks with a first-line-of-defence expert committee. The first-line-of-defence expert committee consists of the Sustainability Office, Credit Risk Management, Finance & Investment Management Support and the Asset Management Sustainability Office.

The overall risk management process with regard to climate risks at LUKB is as follows:

a) Identification

This process step involves identifying climate-related physical and transition risks. Physical and transition climate risks are explained in the section above.

The aim of this process step is to identify and understand the potential risks to which LUKB is exposed. This process step takes into account, among other things, developments in the environment, politics, regulation, technology and markets.

The individual risks are documented in a risk inventory.

b) Measurement and assessment

The aim of this process step is to assess the impact of climate change on LUKB's risk profile. The evaluation is mainly qualitative. First of all, possible transmission channels for individual risks are assessed, such as property damage, loss of income, additional expenses, changes in assets and market changes.

On this basis, the materiality of the risks is assessed, taking into account risk exposures. The sources of income and expenses, assets and possible risk mitigations (e.g. insurance policies, behaviour of stakeholders, public-sector measures) are taken into account. Finally, the extent of the impact on the defined risk categories and their sub-categories is assessed. Risk assessment classes ('materiality levels') are defined and applied for this purpose.

For specific portfolios with increased risk exposure to climate-related financial risks, quantitative scenario analyses are carried out periodically where possible and appropriate.

c) Management

The aim of risk management is to effectively and efficiently control climate risks across the Group. The risk management measures are defined and implemented by the respective risk owners within the existing risk categories.

As the climate risks are currently classified as low ('low' to 'medium' according to LUKB's climate risk inventory; see the explanations above), no need for additional measures beyond the ones that currently exist was identified in the 2024 financial year.

d) Control and reporting

The risk assessment is updated at least once a year by Risk Control in collaboration with the above-mentioned first-line-of-defence expert committee.

Risk Control reports quarterly on the risk situation, compliance with risk tolerance and compliance with limits across all risk categories to the Executive Board, the Risk and Strategy Committee of the Board of Directors and the Board of Directors. An analysis of the climate-related financial risks identified is added to the internal risk report at least once a year and submitted to the Executive Board and the Risk and Strategy Committee of the Board of Directors. Further details on reporting can be found in the section '[Managing sustainability](#)'.

¹⁾ <https://report.lukb.ch>

Climate strategy/climate transition plan

The Federal Council's Ordinance on Climate Disclosures, based on Article 964a et seqq. of the Swiss Code of Obligations (non-financial reporting part), requires the preparation and publication of a climate road map (known as the 'transition plan') that is comparable with Switzerland's climate targets. The intention of this is to show the targets and measures with which the reporting company contributes to climate protection.

LUKB's climate transition plan is an integral part of its sustainability strategy and is in line with LUKB's overall strategy. It comprises specific and time-bound targets as well as measures for the transition to the net-zero target by 2050 in accordance with the requirements of the Climate and Innovation Act (CIA) and the 2021 LUKB Ownership Strategy, which was derived from the cantonal government's own climate strategy.

The transition plan was approved by the LUKB Board of Directors in 2024. The Executive Board is responsible for its implementation. The responsible committee of the Board of Directors, the Risk and Strategy Committee, reviews and updates the transition plan at least once a year. The plan is published annually in the Sustainability Report, and for the first time in this 2024 report.

Defining and implementing the transition plan comes with risks and uncertainties. Progress towards target achievement depends on various factors, some of which are beyond LUKB's control. A key prerequisite for achieving these targets is the decarbonisation of the economy over the coming years. LUKB is reliant on the necessary political frameworks being put in place and further significant progress being made in the next few years with processes and technologies that prevent and remove emissions.

The uncertainties include macroeconomic developments, such as the impact of the economy and interest rates on the financial situation and thus on the affordability of decarbonisation measures by property owners and companies. Changes in climate policy or in laws and regulations may require adjustments to the transition plan. Another uncertainty relates to the greenhouse gas balance sheet on which the transition plan is based. It is currently still largely based on assumptions (see the explanations provided above). LUKB aims to create a better data basis by continuously improving data quality.

Targets

LUKB has set itself the following greenhouse gas targets:

Net-zero target 2050 in line with the climate strategy of the Swiss federal government and the canton of Lucerne, the Climate and Innovation Act (CIA) and the requirements of the 2021 LUKB Ownership Strategy.

Interim targets:

Scope	Area	Measurement	Base year	Base value	Interim targets
1 and 2	Direct and indirect energy-related emissions	Absolute GHG emissions	2023	619 tCO ₂ e	Net-zero target by 2030: reduce greenhouse gases by around 68 % compared to 2023 levels to around 200 tCO ₂ e by 2030; offset remaining greenhouse gas emissions from 2030 at the latest
1 and 2	Direct and indirect energy-related emissions	Share of purchased electricity from renewable energy sources	2023	100 %	100 % share of purchased electricity from renewable energy sources over the years 2025 to 2030
3	Mortgages	Scope 1 and 2 CO ₂ emissions per m ² energy reference area (ERA)	2023	30.4 kgCO ₂ e/m ² ERA	At least -40 % compared to 2023 by 2030
3	Commercial real estate mortgages	Scope 1 and 2 CO ₂ emissions per m ² energy reference area (ERA)	2023	27.1 kgCO ₂ e/m ² ERA	At least -40 % compared to 2023 by 2030

For the time being, LUKB refrains from publishing explicit quantitative interim targets for Scope 3 emissions of the business loan portfolio, as the majority of emissions can currently only be calculated using sector-based assumptions due to a lack of more precise data. Relatively few companies currently publish data on their greenhouse gas emissions. LUKB also has a relatively small share of business loans in emission-intensive sectors (see the section '[Scope 3 greenhouse gas emissions - financed emissions](#)'). LUKB only grants loans to companies that have their registered office in Switzerland and are subject to the binding sector-specific indicative targets for greenhouse gas reduction by 2040 and the net-zero target for 2050 in accordance with the Climate and Innovation Act (Art. 4 and 5 CIA) (indicative targets: buildings sector: by 2040 -82 %, by 2050 -100 %; transport sector: by 2040 -57 %, by 2050 -100 %; industry sector: by 2040 -50 %, by 2050 -90 %). LUKB is therefore guided by these indicative targets.

Action areas and measures

LUKB has defined the following six action areas and derived specific measures from these:

Scope	Action area	Measures
1 and 2	1 Replace heating in own properties with fossil-free alternatives	1.1 Convert heating systems in own properties to fossil-free operation (if possible given planning regulations) 1.2 Those buildings that are not wholly owned by LUKB will be assessed to determine whether heating systems might be run on renewable energies by 2025
1 and 2	2 Make energy savings and expand renewable energies	2.1 Energy savings 2.1.1 Reduce energy consumption both at company level and per employee 2.1.2 Implement universal target agreement with the act cleantech agency and ewl energy provider to optimise energy consumption at head office (energy efficiency measures) 2.2 Expand renewable energies 2.2.1 Use the power generation potential of own buildings and facilities 2.2.2 As far as possible, vehicle fleet to be electric by 2030
3	3 Climate-friendly procurement, including a reduction in paper, envelope and water consumption, and waste volumes	See ' Procurement and waste disposal ' section
3	4 Climate-friendly mobility	4.1 Climate-friendly mobility options for business travel 4.2 Climate-friendly mobility options for commuting
3	5 Investment and lending policy, as well as advisory services and products, that factor in environmental criteria	5.1 See ' Lending business ' section 5.2 See ' Investment business ' section
1 to 3	6 Training and awareness-raising for employees	See ' Employer responsibility and attractiveness ', ' Training for sustainability ' section

The following pages describe the status of the individual action areas and measures.

Action Area 1: Replace heating in own properties with fossil-free alternatives

Closeness to clients is a key element of the LUKB business model. For this reason, to serve its clients in person LUKB operates a close network of branches at 22 locations in the canton of Lucerne and one in Zurich, with two sales offices in French- and Italian-speaking Switzerland (Lausanne and Lugano respectively). In addition, the Bank offers a major share of its services 24/7 via electronic channels such as the lukb.ch website and its smartphone app.

The following map shows LUKB properties as at 31 December 2024, distinguished by ownership structure:

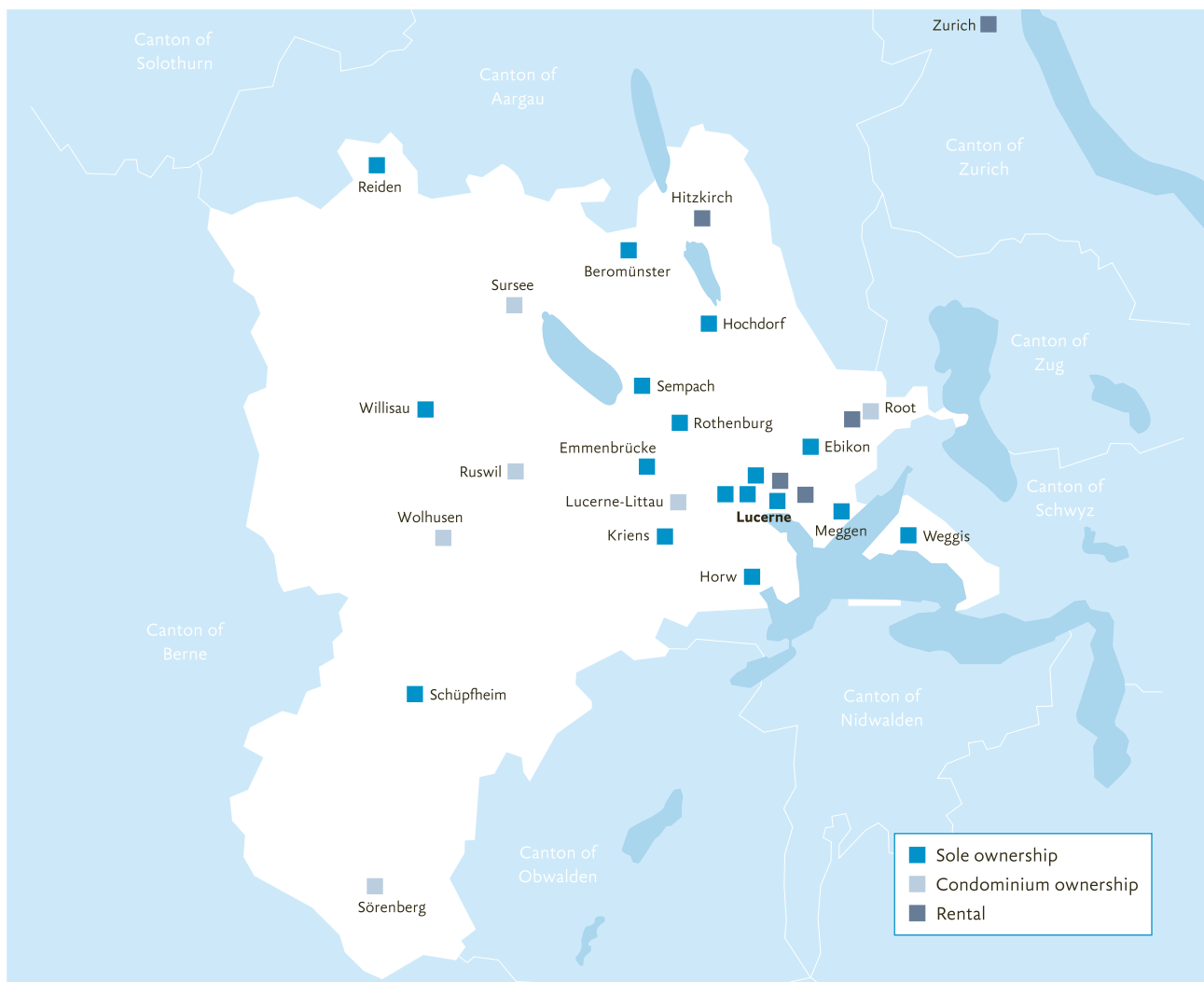


Figure: LUKB properties as at 31 December 2024

LUKB wholly owns 17 buildings and owns parts of a further six under a condominium-style arrangement. The remaining branches are in leased premises. In most cases, LUKB properties are either classic bank buildings or mixed-use real estate.

In addition to its automated banks at Grendelstrasse (Lucerne), at the Schönbühl Center (Lucerne), the Emmen Center (Emmenbrücke), the Mall of Switzerland (Ebikon), in Sursee Oberstadt and in the Surseepark (Sursee), LUKB has a close network of ATMs throughout the canton. The Bank rents the space it requires for these ATM-only locations.

Action Area 1 of this part of the report does not cover any rented space. The following statements describe the action LUKB has taken per action area in accordance with the 2021 Ownership Strategy of the canton of Lucerne.

Measure 1.1: Conversion of heating systems in own properties to fossil-free operation by 2025 (if possible given planning regulations)

For historical reasons, most LUKB properties are heated by fossil fuels. The Bank has been working since 2014 towards running its own properties fossil-free by 2025.

Status of wholly owned LUKB properties as at 31 December 2024:

Location	Building status	LUKB target ¹⁾	Work progress
Beromünster, Fläcke 15	Heat pump	Heat pump	Implemented
Ebikon, Zentralstrasse 14	District heating (waste heat)	District heating (waste heat)	Implemented
Emmenbrücke, Gerliswilstrasse 4	Fossil fuel	District heating (waste heat)	Connection to district heating is planned for the 'METROPOOL' newbuild project. The construction permit for the new building is not yet final
Hochdorf, Hauptstrasse 30	District heating (wood)	District heating (wood)	Implemented
Horw, Gemeindehausplatz 2/3	District heating (wood)	District heating (lake water)	Provider has started work on changing the energy source. Planned implementation: autumn 2026.
Kriens, Schachenstrasse 6	Heat pump	Heat pump	Implemented
Lucerne, Grendelstrasse 5	Fossil fuel	Exploratory stage	None of the alternatives discussed with the energy supplier can be implemented.
Lucerne, Hirschmattstrasse 12/14	Fossil fuel	District heating (lake water)	The plan was to connect to district heating in autumn 2024. Further delays on the energy supplier side mean that realisation is now planned for the 2026/2027 heating period.
Lucerne, Pilatusstrasse 12/14	Fossil fuel	District heating (lake water)	The plan was to connect to district heating in autumn 2024. Further delays on the energy supplier side mean that realisation is now planned for the 2026/2027 heating period.
Lucerne, Theaterstrasse 5	Fossil fuel	District heating (lake water)	The plan was to connect to district heating in autumn 2024. Further delays on the energy supplier side mean that realisation is now planned for the 2026/2027 heating period.
Meggen, Hauptstrasse 52	Fossil fuel	Heat pump	Discussions with the owners of the neighbouring plots, which operate a single heating system with LUKB, led to the decision to replace the existing system with a heat pump. The hot water supply has already been implemented and the date for the heating changeover has not been set yet.
Reiden, Hauptstrasse 48	Fossil fuel	District heating (wood)	According to the energy supplier, the property will be connected to district heating in 2026.
Rothenburg, Flecken 23	Heat pump	Heat pump	Implemented
Schüpfheim, Hauptstrasse 31	Heat pump	Heat pump	Implemented
Sempach, Stadtstrasse 2	District heating (wood)	District heating (wood)	Implemented
Weggis, Seestrasse 6	District heating (lake water)	District heating (lake water)	Implemented
Willisau, Vorstadt 11	Heat pump	Heat pump	Implemented

¹⁾ The 'LUKB target' column shows the target heating system by the end of 2025 at the latest. The actual timing of implementation is set for each building individually.

Plans for 2025/26 include its current supplier of fossil fuel-generated power for its head office and two other locations in the city of Lucerne switching to energy from lake water. In addition, in the coming years LUKB aims to complete the 'METROPOOL' construction project on Seetalplatz in Emmenbrücke, which is currently delayed due to objections. LUKB will be able to make further greenhouse gas savings when this Minergie®-certified building becomes operational.

Measure 1.2: Those buildings that are not wholly owned by LUKB will be assessed to determine whether heating systems might be run on renewable energies by 2025

LUKB actively fulfils its responsibility as condominium owner and is a vocal advocate of replacing fossil energies with renewables.

Status of properties in condominium ownership as at 31 December 2024:

Location	Building status	LUKB target ¹⁾	Work progress
Lucerne (Littau), Fanghöfli 6	District heating (waste heat)	District heating (waste heat)	Implemented
Root, Bahnhofstrasse 16	District heating (waste heat)	District heating (waste heat)	Implemented
Ruswil, Hellbühlerstrasse 10	Fossil fuel	District heating (wood)	New district heating centre in preparation, implementation date tbd
Sörenberg, Rothorn-Center 3	Heat pump	Heat pump	Implemented
Sursee, Bahnhofstrasse 33, Chr.-Schnyder-Strasse 2/2a (Dreiklang)	District heating (biogas)	District heating (biogas)	Implemented
Wolhusen, Menznauerstrasse 11	District heating (wood)	District heating (wood)	Implemented

¹⁾ The 'LUKB target' column shows the target heating system by the end of 2025 at the latest.

Action Area 2: Make energy savings and expand renewable energies

At present, the production and consumption of electrical energy contribute to the pollution of the environment and climate in Switzerland. This is primarily due to the use of fossil fuels such as coal, oil or gas to generate power. The exploration of renewable sources of energy may also conflict with the environment, natural world and countryside conservation, however. With this in mind, LUKB has defined a series of measures for a sustainable energy policy.

Action Area 2.1: Energy savings

Measure 2.1.1: Reduce energy consumption both at company level and per employee

LUKB has set itself the goal of steadily reducing its energy consumption. This overall target relates to both power use in general and building energy (electricity, gas/oil, other fuels) in particular. The power required by LUKB buildings is heavily weather-dependent.

The trend in total energy consumption at LUKB since 2014 is shown below:

Energy consumption in business operations ¹⁾	Unit	2022	2023	2024
Total energy consumption	GJ²⁾	25 921	22 150	22 047
of which renewable	GJ	14 352	13 936	14 084
Share of renewable energy	%	55 %	63 %	64 %
Total electricity consumption	GJ	12 980	11 779	12 292
of which renewable	GJ	12 980	11 779	12 292
Share of renewable	%	100 %	100 %	100 %
Electricity purchased	GJ	12 980	11 779	12 292
of which renewable	GJ	12 980	11 779	12 292
Share of renewable	%	100 %	100 %	100 %
Electricity produced in-house³⁾	GJ	0	0	0
of which renewable	GJ	0	0	0
Share of renewable	%	n.a.	n.a.	n.a.
Heating energy consumption	GJ	1 500	2 096	1 679
of which renewable	GJ	1 327	2 061	1 408
Share of renewable	%	88 %	98 %	84 %
Cooling energy consumption	GJ	0	0	191
of which renewable	GJ	0	0	191
Share of renewable	%	n.a.	n.a.	100 %
Steam consumption	GJ	0	0	0
of which renewable	GJ	0	0	0
Share of renewable	%	n.a.	n.a.	n.a.
Combustibles and fuels	GJ	11 441	8 274	7 692
of which renewable	GJ	46	96	0
Share of renewable	%	0.4 %	1.2 %	0.0 %
Natural gas	GJ	6 729	6 574	5 866
Heating oil	GJ	4 251	1 214	1 431
Petrol	GJ	257	212	237
Diesel	GJ	158	179	159
Wood	GJ	46	96	0
Number of employees (annual average, full-time equivalents)	FTEs⁴⁾	1 079.30	1 106.40	1 160.00
Total internal energy consumption per employee	GJ/FTE	24.0	20.0	19.0
Heating degree days (HDDs) Lucerne	HDDs	2 708	2 840	2 797

¹⁾ Source: Consumption figures from energy suppliers in kWh

Basis for disclosure: Global Reporting Initiative (GRI) standards

The figures cover the company's own energy consumption at all locations within the Group. These figures do not include energy consumption in externally leased space (see separate table).

²⁾ GJ: gigajoules

³⁾ The electricity produced by solar panels is not consumed by the company itself, but sold. It is therefore not recorded separately within electricity consumption.

⁴⁾ FTEs: full-time equivalents

The following table also shows energy consumption in externally leased space:

Energy consumption - leased space ¹⁾	Unit	2022	2023	2024
Total energy consumption	GJ²⁾	8 555	8 431	5 530
of which renewable	GJ	301	1 129	1 962
Share of renewable energy	%	4 %	13 %	35 %
Total electricity consumption	GJ	n.a.	n.a.	n.a.
of which renewable	GJ	n.a.	n.a.	n.a.
Share of renewable	%	n.a.	n.a.	n.a.
Electricity purchased	GJ	n.a.	n.a.	n.a.
of which renewable	GJ	n.a.	n.a.	n.a.
Share of renewable	%	n.a.	n.a.	n.a.
Electricity produced in-house	GJ	n.a.	n.a.	n.a.
of which renewable	GJ	n.a.	n.a.	n.a.
Share of renewable	%	n.a.	n.a.	n.a.
Heating energy consumption	GJ	530	1 266	2 427
of which renewable	GJ	256	1 034	1 702
Share of renewable	%	48 %	82 %	70 %
Cooling energy consumption	GJ	0	0	259
of which renewable	GJ	0	0	259
Share of renewable	%	n.a.	n.a.	100 %
Steam consumption	GJ	0	0	0
of which renewable	GJ	0	0	0
Share of renewable	%	n.a.	n.a.	n.a.
Combustibles and fuels	GJ	8 026	7 165	2 843
of which renewable	GJ	46	96	0
Share of renewable	%	0.6 %	1.3 %	0.0 %
Natural gas	GJ	7 138	6 465	2 485
Heating oil	GJ	888	700	358
Petrol	GJ	0	0	0
Diesel	GJ	0	0	0
Wood	GJ	0	0	0
Heating degree days (HDDs) Lucerne	HDDs	2 708	2 840	2 797

¹⁾ Source: Consumption figures from energy suppliers in kWh

Basis for disclosure: Global Reporting Initiative (GRI) standards

The electricity consumption of leased space is not recorded, as tenants are responsible for purchasing their own electricity.

²⁾ GJ: gigajoules

Since 2014, LUKB has been increasingly ambitious in setting its strategic targets for energy consumption per employee. Since the end of 2020 the figure for 2025 has been 5 500 kWh-equivalents per employee (actual for 2015: 9 517 kWh / actual for 2020: 7 315 kWh). This target figure refers to electricity consumption, heating and cooling energy consumption as well as combustibles and fuels.

LUKB reached its consumption target of 5 500 kWh-equivalents per employee in 2024: this year, energy consumption per employee amounted to 5 383 kWh (previous year: 5 534 kWh). The year-on-year decline is primarily due to the reduction in fossil fuel consumption and the lower number of heating degree days in 2024.

The following graph shows the trend in energy consumption per LUKB employee since 2014:

Energy consumption per LUKB employee

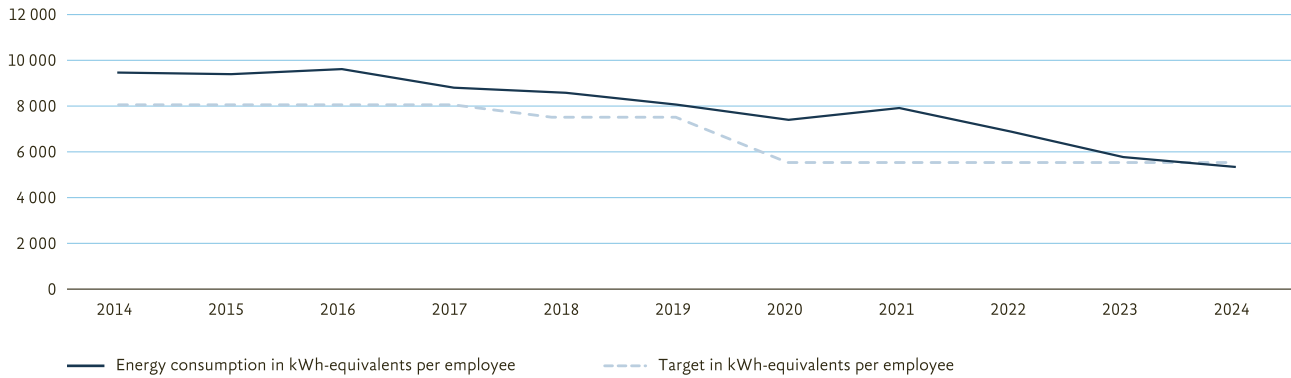


Figure: Energy consumption trend per LUKB employee since 2014

The drivers of this sharp drop in energy consumption are:

- The needs-based renovation of the Bank's own properties (Minergie®-certified new builds and remodelling of numerous branches)
- The continuous replacement of technical building systems and other technological infrastructure

Measure 2.1.2: Implementation of universal target agreement with the act cleantech agency and ewl energy provider to optimise energy consumption at head office (energy efficiency measures)

At LUKB, only the head office in Lucerne is a major purchaser on the electricity market. In accordance with the statutory requirements, the Bank aims to reduce power consumption here by at least 10 % per year. The federal government has instructed the Swiss cleantech agency act to support the enforcement of climate and energy legislation. act guides organisations and other entities as they put cantonal enforcement instruments into effect.

By concluding the universal target agreement for the head office in 2018, LUKB committed to achieving financially profitable energy goals within ten years. Following a close analysis, energy specialist ewl proposed energy efficiency measures tailored specifically to LUKB. Beginning in 2020, progress towards the targets has been measured using a weighted overall energy efficiency indicator.

act/ewl produce an annual report of their monitoring activities the previous year. The currently available report is for 2023. It states that LUKB is on course to meet its overall energy efficiency targets.

Weighted overall energy efficiency

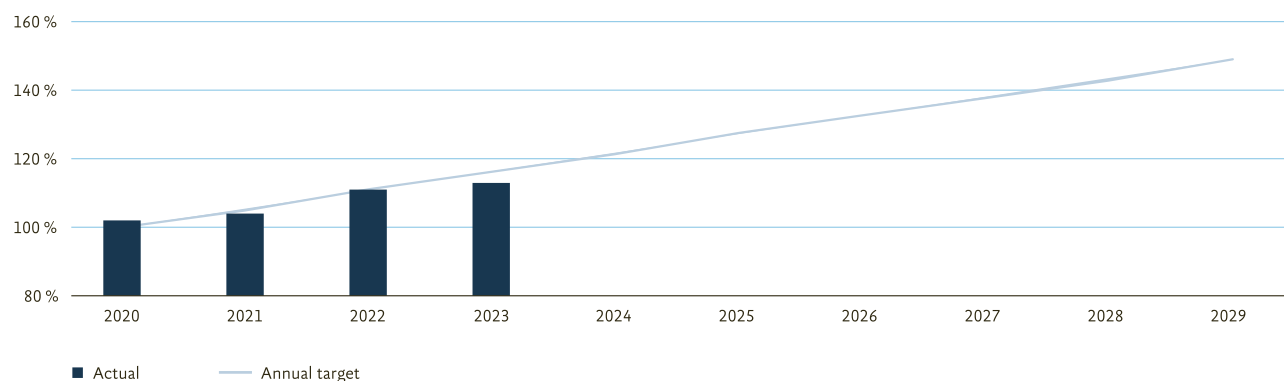


Figure: Weighted overall energy efficiency since 2020

Action Area 2.2: Expand renewable energies

Measure 2.2.1: Use the power generation potential of own buildings and facilities

LUKB has a great interest in making its buildings fossil-free by harnessing renewable energies. In its assessment, solar and wind power are viable ways of meeting its power needs. As stated in the introduction to Action Area 2, the construction and operation of renewable energy sources may lead to conflict. LUKB planning must therefore incorporate the widest variety of conditions, such as building zone regulations, the requirements of the Inventory of Swiss Heritage Sites (ISOS), and restrictions on changes to historical buildings and monuments. A further factor is that a condominium ownership structure limits LUKB's options significantly more than sole ownership.

Status of wholly owned properties as at 31 December 2024:

Location	Building status	Work progress
Beromünster, Fläcke 15	No PV	Result of review by ISOS: not feasible (listed building)
Ebikon, Zentralstrasse 14	No PV	In progress, completion date Q1 2025
Emmenbrücke, Gerliswilstrasse 4	No PV	PV already planned for 'METROPOOL' newbuild project
Hochdorf, Hauptstrasse 30	No PV	In progress, completion date Q2 2025
Horw, Gemeindehausplatz 2/3	No PV	In progress, completion date Q1 2025
Kriens, Schachenstrasse 6	PV	Implemented
Lucerne, Grendelstrasse 5	No PV	Result of review by ISOS: not approved
Lucerne, Hirschmattstrasse 12/14	No PV	Not implemented due to cost-benefit considerations
Lucerne, Pilatusstrasse 12/14	PV	Solar panels on roof of building
Lucerne, Theaterstrasse 5	No PV	Will be implemented when building is renovated, date to be decided
Meggen, Hauptstrasse 52	No PV	In progress, completion date Q1 2025
Reiden, Hauptstrasse 48	PV	Implemented
Rothenburg, Flecken 23	No PV	Result of review by ISOS: not feasible (listed building)
Schüpfheim, Hauptstrasse 31	PV	Implemented
Sempach, Stadtstrasse 2	No PV	Result of review by ISOS: not feasible (listed building)
Weggis, Seestrasse 6	No PV	Not implemented due to cost-benefit considerations
Willisau, Vorstadt 11	No PV	In progress, completion date Q3 2025

Status of properties in condominium ownership as at 31 December 2024:

Location	Building status	Work progress
Lucerne (Littau), Fanghöfli 6	No PV	LUKB has no own space for PV, must be examined with the condominium owner association (date tbd)
Root, Bahnhofstrasse 16	No PV	LUKB has no own space for PV, must be examined with the condominium owner association (date tbd)
Ruswil, Hellbühlerstrasse 10	No PV	LUKB has no own space for PV, must be examined with the condominium owner association (date tbd)
Sörenberg, Rothorn-Center 3	No PV	LUKB has no own space for PV, must be examined with the condominium owner association (date tbd)
Sursee, Bahnhofstrasse 33, Chr.-Schnyder-Strasse 2/2a (Dreiklang)	No PV	Feasibility review in progress. Possible implementation in Q4 2025
Wolhusen, Menznauerstrasse 11	No PV	LUKB has no own space for PV, must be examined with the condominium owner association (date tbd)

Measure 2.2.2: As far as possible, vehicle fleet to be electric by 2030

LUKB has its own fleet of vehicles. In recent years, the Bank has brought a variety of services for its local branches, including ATMs, back in house. It is therefore reliant on this fleet, generally using electric vehicles to provide these internal services. As a rule, an old vehicle will be replaced by one with an alternative drive system.

Status as at 31 December 2024:

- The LUKB fleet consists of 12 vehicles.
- Half of these are already fully electric.
- The plan is to replace another vehicle powered by fossil fuels with a hybrid vehicle in 2025.

Action Area 3: Climate-friendly procurement, including a reduction in paper, envelope and water consumption, and waste volumes

As a service entity, LUKB focuses mainly on providing offerings to its clients. The procurement of tangible assets or goods is only secondary. LUKB's regular purchases are primarily paper and office supplies. After energy consumption, LUKB's use of paper is of second-greatest relevance environmentally. LUKB is taking a range of measures to guide employee and client behaviours to steadily reduce the volume of paper the Bank consumes.

Please refer to the '[Procurement and disposal](#)' section for more information on this Action Area.

Action Area 4: Climate-friendly mobility**Measure 4.1: Climate-friendly mobility options for business travel**

LUKB operates largely in the Lucerne economic region. Beyond couriers and business trips mainly within Central Switzerland, there is therefore little need for long-distance travel.

Air travel is negligible at LUKB, with 11 000 kilometres flown in 2024 (previous year: 1 210 kilometres flown). As in the previous year, the carbon emissions were fully offset.

Status as at 31 December 2024:

- The internal expense policy follows the principle of keeping expenses for business-related travel as low as possible and within budget.
- LUKB employees are already able to order paperless single and multiple-trip tickets for travel on public transport digitally via the SBB Mobile portal. Costs are directly allocated to the individual divisions.
- Business travel by car is recorded centrally. Here, LUKB has taken action, such as encouraging videoconferencing, to reduce the number of trips and kilometres travelled.
- Any air travel must be approved centrally by LUKB Human Resources. As a rule, carbon emissions from approved flights will be fully offset.
- Sharing schemes are available at a number of locations, such as head office in Lucerne or at Dreiklang in Sursee. These include nextbike cycle hire, and car-sharing from Mobility or Share Birrer in Sursee.

LUKB also creates incentives to hold carbon-neutral (client) meetings. Bank clients want an individual service, including personal discussions with client advisors. LUKB has a range of measures in place to ensure that it is able to respond to specific client wishes.

Status as at 31 December 2024:

- As part of its digitalisation strategy, LUKB now offers its clients a videoconferencing option as standard for meetings.
- LUKB is continually expanding its online offering, including mobile services. Its aim here is for clients to be able to conduct their day-to-day banking business independently 24/7, no matter where they are. This means that face-to-face contact can concentrate on specific, and often more complex, client needs.

Measure 4.2: Climate-friendly mobility options for commuting

In 2024, LUKB conducted a mobility survey among all employees. The results of this survey formed the basis for calculating greenhouse gas emissions from commuting (see the Scope 3 emissions table above) and for further internal analyses. LUKB will continue to conduct these kinds of surveys on a regular basis in the future and will decide on further measures if necessary.

Status as at 31 December 2024:

- LUKB encourages its employees to use public transport to commute to work by making a contribution towards annual season tickets each year. As an employer, LUKB committed around 124 000 francs to supporting public transport usage in 2024 (previous year: 116 100 francs); see table below.
- Employee parking is reviewed periodically in light of the local market. Parking spaces are limited in both the city of Lucerne and in parts of its agglomeration, as well as in sub-centres. Parking availability is one way in which LUKB has a direct influence on employees' mobility patterns.
- Progressive rules apply to working from home and remote working.
- Employees may either use the internal staff restaurant or benefit from subsidies for eating locally. This reduces the need for mobility at mealtimes.
- LUKB supports its employees with a highly attractive Reka-Pay (electronic leisure and travel payment system) offer. The maximum allowance depends on a person's marital status and/or the number of children they have.
- Within the limits of the available capacity, LUKB provides its employees with free cycle and motorcycle parking spaces that are covered wherever possible.
- Over 100 LUKB employees took part in the 'bike to work' programme in 2024.

Spending on encouraging public transport usage	Unit	2022	2023	2024
Promotion of public transport to commute to work				
Number of staff who received a public transport subsidy	Number	398	428	423
Public transport subsidy for staff	CHF	109 300	116 100	124 000
Environmental benefit of using public transport ¹⁾				
CO ₂ savings (in tonnes of CO ₂ equivalents)	tCO ₂ e	551	421	490
Energy savings (in gigajoules)	GJ	8 661	8 177	9 512

¹⁾ Source: Annual SBB emissions reports

Action Area 5: Investment and lending policy, as well as advisory services and products, that factor in environmental criteria

LUKB is conscious that, as a major actor in the lending and investment business, including property finance, it has a significant influence on climate protection in its market. It therefore endeavours to balance the interests of both the environment and its own stakeholders. LUKB reports on its principles, targets and measures in the [‘Investment business’](#) and [‘Lending business’](#) sections.

Since 1 January 2025, LUKB has also been guided by sustainability principles when managing its financial assets. In addition to liquidity, profitability and security objectives, social and environmental aspects as well as good corporate governance (ESG: environment, social and governance) criteria are taken into account in the investment process. This is based on LUKB's financial analysis ESG management approaches. Individual securities are assessed using a combination of exclusion criteria, ESG ratings and business conduct, including the impact of climate change and climate risks. Depending on the result of the ESG assessment, individual securities and collective investments are not permitted. Existing investments may have to be sold.

Action Area 6: Training and awareness-raising for employees

Please refer to ‘Employer responsibility and attractiveness’, specifically the [‘Training for sustainability’](#) section for more information on this Action Area.

Procurement and waste disposal

Relevance of the topic

LUKB has regard to sustainability both when procuring and disposing of goods and services. This fosters the provision of goods and services in an environmentally friendly and fair manner and raises awareness of sustainable consumption among its stakeholders.

Principle

LUKB aims to achieve lasting improvements in the environment-related aspects of banking operations, such as energy, paper and water consumption, and waste generation. It attaches particular importance to a sustainable procurement and waste disposal policy, the aim being to conserve resources:

- Primary aim: avoid consumption
- Secondary aim: reduce consumption

The following basic principles apply to all procurement procedures at LUKB:

- Cost-effectiveness
- Social responsibility (including compliance with human rights)
- Environmental compatibility
- Transparency and partnership
- Business integrity and ethics
- Product-specific requirements

The procurement criteria for the relevant product groups are laid down in the Bank's sustainable procurement policy, an integral part of which is also the [Supplier Code](#)¹⁾.

¹⁾ <https://lukb.ch/english-window>

Targets

By 2025, LUKB plans to reduce its annual paper consumption to 50 tonnes, the annual number of envelopes used to 2 million, its annual energy consumption per employee to 5 500 kWh, and its annual volume of waste per employee to 100 kilogrammes.

Status in 2024

LUKB primarily operates regionally. Hence, air travel only plays a minor role in mobility. LUKB is concentrating on making lasting improvements to environment-related aspects such as the consumption of office supplies, water and energy and waste generation. The aim is to continuously reduce consumption by making the appropriate technical and organisational adjustments. A major part of this is the renovation of the Bank's own properties, which it mostly occupies itself, with the rest rented out. Over the past decade, LUKB has invested large amounts in improving energy efficiency.

Since 2020, the figures have been influenced by the pandemic and the established options for working from home.

In 2022 LUKB set new targets for the 2021 to 2025 strategy period. These are even more ambitious than for the previous period and take LUKB further along its chosen path towards sustainability.

Consumption of office supplies

LUKB focuses primarily on providing banking services and products to its clients. Procurement of physical goods is therefore of relatively minor importance. LUKB's regular purchases are primarily paper and office supplies. After energy consumption, LUKB's use of paper is of second-greatest relevance environmentally. The Bank is working to guide employee and client behaviours to steadily reduce the volume of paper it consumes. LUKB also makes an effort to use 'clean' paper (chlorine-free with the FSC label) as often as possible and keep printing carbon-neutral.

In 2010, LUKB set itself the target of reducing paper and envelope consumption for notifications and statements, and for mailings it produces itself. For this group of paper and envelopes, LUKB targeted a reduction in paper consumption to 50 tonnes and envelope consumption to 2 000 units by 2025. This target was achieved again in 2024. In 2024, LUKB succeeded in further reducing its paper and envelope consumption and meeting its targets. Despite a marked increase in business activity, the Bank now uses 52 % less paper and 58 % fewer envelopes than in 2010.

	Unit	2022	2023	2024	Change in % on previous year	Target by 2025 ¹⁾
Paper use	tonnes	63.6	53.6	48.7	- 9 %	50.0
Use for notifications/statements	tonnes	27.0	23.7	20.1	- 15 %	
Other usage ²⁾	tonnes	36.6	29.8	28.6	- 4 %	
Envelope use	1 000s	2 080	1 933	1 878	- 3 %	2 000
Use for notifications/statements	1 000s	1 541	1 421	1 245	- 12 %	
Other usage ³⁾	1 000s	539	512	633	24 %	

¹⁾ Five-year target 2021-2025

²⁾ Copy paper and other note paper

³⁾ Envelopes for mailings

As part of the introduction of reporting in line with the GRI standards for 2024, the use of paper and envelopes for publications was also recorded for the first time. The total usage is shown in the table below. The proportion of recycled paper used is 76 % for paper and 81 % for envelopes.

	Unit	2024
Total paper use (GRI 301-1)	tonnes	100.2
Use for notifications/statements	tonnes	20.1
Other usage ¹⁾	tonnes	80.1
Share of standard paper	%	13 %
Share of recycled paper (GRI 301-2)	%	76 %
Share of FSC paper	%	11 %
Total envelope use (GRI 301-1)	1 000s	1 899
Use for notifications/statements	1 000s	1 245
Other usage ²⁾	1 000s	654
Share of standard paper	%	0 %
Share of recycled paper (GRI 301-2)	%	81 %
Share of FSC paper	%	19 %

In addition: consumption of shrink-wrap for the dispatch of a periodical publication totaling around 38 kilograms in the course of the 2024 financial year.

¹⁾ Copy paper, other note paper and paper for publications

²⁾ Envelopes for mailings and for sending publications

Waste

Thanks to digitalisation, LUKB has been able to significantly reduce the volume of waste, particularly since 2018. Waste paper consists mainly of newspapers, printed matter that is no longer required, and internal printer paper. The highest security standards apply during waste disposal. LUKB endeavours to recycle a large proportion of its waste (e.g. paper, cardboard, PET, electronic waste) and keep the volume of waste low. Since 2010, the volume of waste per employee has fallen by 54 % or 115 kilogrammes.

	Unit	2022	2023	2024	Change in % on previous year	Target by 2025 ¹⁾
Total waste generated (GRI 306-3)	tonnes	107	102	114	12 %	
Waste for recycling (paper, cardboard, PET, electronic waste, etc.) (GRI 306-4)	tonnes	60	56	69	23 %	
Waste for incineration (residual waste) (GRI 306-5)	tonnes	47	46	45	- 2 %	
Waste sent to landfill (GRI 306-5)	tonnes	0	0	0	n.a.	
Special waste (batteries etc.) (GRI 306-5)	tonnes	0	0	0	n.a.	
Recycling rate	%	56 %	55 %	61 %		
Number of employees (annual average, full-time equivalents)	FTE ²⁾	1 079.3	1 106.4	1 160.0		
Waste per employee	kg/FTE	100	93	99	6 %	100
Waste for recycling (paper, cardboard, PET, electronic waste, etc.)	kg/FTE	56	51	60	17 %	
Waste for incineration (residual waste)	kg/FTE	44	42	39	- 7 %	
Waste sent to landfill	kg/FTE	0	0	0	n.a.	
Special waste (batteries etc.)	kg/FTE	0	0	0	n.a.	

¹⁾ Five-year target 2021-2025

²⁾ Full-time Equivalents, FTE

Water

LUKB uses water primarily for sanitary facilities, cleaning and irrigating plants and lawns. Water is also required for heat pumps. Some locations use energy from lakes for heating and cooling. This operates in a closed loop, and heat and cold extraction takes place by means of heat exchangers. LUKB obtains the water from the municipality in which the building is located. Its operational effluents are discharged to the wastewater treatment plants (WTPs) via the municipal drainage system. Apart from the water used in the buildings, LUKB does not discharge any other effluents.

	Unit	2022	2023	2024	Change in % on previous year
Total water consumption (GRI 303-5)	m ³	7 359	7 547	7 988	6 %
Share of drinking water	%	100 %	100 %	100 %	
Number of employees (annual average, full-time equivalents)	FTEs ¹⁾	1 079.3	1 106.4	1 160.0	
Water consumption per employee	m ³ /FTE	6.8	6.8	6.9	1 %

¹⁾ Full-time Equivalents, FTE

Water consumption per full-time equivalent remained virtually unchanged compared to the previous year.

Energy

Details on the purchase and consumption of energy can be found in the section '[Greenhouse gas emissions and climate protection](#)'.

Transparency on minerals and metals from conflict-affected areas and child labour

Under Article 964j paragraph 1 Swiss Code of Obligations (CO), companies that have their seat, head office or principal place of business in Switzerland must comply with due diligence obligations in their supply chains, and report on this compliance, if they:

1. Process or place in free circulation in Switzerland minerals containing tin, tantalum, tungsten or gold or metals from conflict-affected and high-risk areas; or
2. Offer products or services where there is reason to suspect that they have been manufactured or provided using child labour.

Minerals and metals from conflict-affected areas (Art. 964j para. 1 section 1 CO)

The corresponding requirements under the Swiss Code of Obligations do not apply to LUKB because it does not import or process either minerals or metals from conflict-affected or high-risk areas. LUKB purchases precious metals such as gold and silver bars exclusively from domestic, FINMA-regulated financial institutions which themselves comply with the regulatory requirements. See [‘Responsible and traceable gold’](#) in the ‘Investment business’ section for more information.

Child labour (Art. 964j para. 1 section 2 CO)

The Swiss Code of Obligations requires companies to assess as part of the procurement process whether child labour might have played a part in supply chains. LUKB has defined procurement criteria, in particular for promotional items and client gifts, which its local suppliers must comply with. When selecting products, the Bank usually opts for manufacturers from Switzerland, the EU or the EEA. This enables LUKB to theoretically reduce the risk of a breach of the ban on child labour in a product's supply chain. In addition, when purchasing any item produced in a country listed by the Bureau of International Labor Affairs (United States Department of Labor) LUKB obtains confirmation that it has not been manufactured using child labour.

Risk assessment in accordance with the Swiss Code of Obligations (CO)

LUKB regularly carries out an appropriate assessment of all types of risk across the Group. This includes sustainability risks, which comprise potential events relating to environmental, social and employee matters and corporate governance. It also comprises risks associated with respect for human rights and combating corruption.

LUKB does not treat sustainability risks as a standalone risk category, but as a driver of default, market, liquidity, operational, compliance, strategic and reputational risks.

The assessment incorporates both risks from its own business operations and its own products and services, as well as those that might arise in the LUKB value chain.

Systematic risk management enables LUKB to identify and manage risks at an early stage. This can have a positive impact on the Bank's earnings, financial stability and reputation, while also building trust among its different stakeholders.

The section entitled '[Risk management](#)'⁽¹⁾ (in German) in the Notes to the Group Financial Report contains further information on the risk policy, the organisation and governance of risk management, the individual risk categories and how risks are handled.

LUKB's approaches and action to respect human rights and combat corruption are described in the '[Business ethics and compliance](#)' section.

This Sustainability Report also includes, for the first time, reporting on climate-related risks and opportunities in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In doing so, LUKB is implementing the requirements of the Federal Council's Ordinance on Climate Disclosures. Information on the four areas of governance, strategy, risk management and metrics and targets can be found in the '[Managing sustainability](#)' and '[Greenhouse gas emissions and climate protection](#)' sections. In the latter, LUKB describes in detail the climate risks it has identified and how it is handling them. As a basis for this, LUKB integrated climate-related risks more closely into its Group-wide risk management in 2024 and produced various basic documents that define the methods and processes for managing climate-related risks. To identify and assess the impacts of climate risks on existing risk categories, LUKB compiled a risk inventory of climate risks and carried out further quantitative scenario analyses for material risks.

Based on its Group-wide risk assessment, LUKB classifies its sustainability risks as at 31 December 2024 with regard to environmental, social and employee matters, as well as respect for human rights and combating corruption, as insignificant overall.

LUKB pursues a long-term business policy aimed at creating a high degree of value for the people and economy of the canton of Lucerne. As the market leader in the Lucerne economic region and a major employer, LUKB is conscious of its special responsibility and fulfils it actively, holistically, and in a forward-looking way. LUKB always ensures a balanced relationship between risk and return, and manages risk actively.

At LUKB, lending policy and activities are traditionally concentrated on Swiss-domiciled clients and primarily on the Lucerne economic region. Compliance with ethical and environmental principles is a prerequisite when LUKB lends to clients. Furthermore, LUKB's Board of Directors reviewed the previous sustainability criteria for lending in the 2024 financial year and adopted new criteria, which entered into force on 1 January 2025. They apply Group-wide to all on-balance-sheet and off-balance-sheet new loan transactions. Further information on the principles and criteria can be found in the '[Lending business](#)' section.

In LUKB's asset management business, investment funds and standard portfolio management mandates are managed according to a sustainable approach. Investment advice takes sustainability preferences into account. Further information can be found in the '[Investment business](#)' section.

Sustainability criteria, and the use of regional suppliers and partners where possible, are also considered when purchasing products and services. More information can be found in the sections '[Relations with suppliers and partners](#)' and '[Procurement and disposal](#)'.

In its risk management, risk monitoring and compliance management, LUKB abides by strict, clearly defined requirements for internal controls and due diligence checks (see in particular the '[Business ethics and compliance](#)' section in this Sustainability Report and the '[Risk management](#)'¹⁾ (in German) section in the Group Financial Report).

¹⁾ <https://report.lukb.ch>

About this Sustainability Report

Reporting standards

LUKB has prepared its Sustainability Report in accordance with the **GRI standards** (see '[GRI index](#)') for the first time.

The Sustainability Report also complies with the legal requirements of the Swiss Code of Obligations (CO) on non-financial reporting (Art. 964a to c CO) as well as the provisions of the Ordinance on Climate Disclosures. In accordance with Article 2 of the Ordinance, LUKB has also drawn on the **recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)** (see '[Report on non-financial matters](#)').

Period covered and frequency of reporting

Unless stated otherwise, all information refers to the period from 1 January to 31 December 2024 or the year-end 31 December 2024. The reporting period therefore corresponds to the Annual Report, including the Group and Parent Company Financial Reports.

The report is published annually.

System limits

The Sustainability Report covers the entire LUKB Group, including Luzerner Kantonalbank AG (parent company) and the two wholly owned subsidiaries LUKB Expert Fondsleitung AG and Refinum AG. The consolidated entities covered by the Sustainability Report are therefore the same as in the Group Financial Report.

The two subsidiaries are fully consolidated in the Sustainability Report, in line with the Group Financial Report.

Unless stated otherwise, the figures published in the Sustainability Report always refer to the entire Group.

The report was prepared taking into account the principle of materiality in relation to the topics and expectations of the various stakeholder groups.

Corrections and restatements of information

None

External audit

The 2024 Sustainability Report was not audited externally.

The financial reports of the Group and the Parent Company were audited by the external auditor PricewaterhouseCoopers AG (see 2024 Annual Report, '[Report of the statutory auditor on the audit of the consolidated financial statements](#)'¹⁾ and '[Report of the statutory auditor on the audit of the parent company financial statements](#)'¹⁾, in German).

¹⁾ <https://report.lukb.ch>

Contact

Luzerner Kantonalbank AG, Sustainability Office, nachhaltigkeit@lukb.ch

2024 report on non-financial matters pursuant to Articles 964a to c Swiss Code of Obligations

In this 2024 Sustainability Report and Annual Report, LUKB is publishing the report on non-financial matters in accordance with the requirements of **Articles 964a to c of the Swiss Code of Obligations (CO)**. Non-financial matters include environmental matters, social matters, employee matters, respect for human rights and combating corruption.

As part of its reporting on environmental matters, LUKB reports in detail on climate matters based on these legal requirements in accordance with the requirements of the Federal Council's **Ordinance on Climate Disclosures** and the **recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**.

CO index

The following table shows the sections in LUKB's 2024 Sustainability Report and Annual Report containing the information pursuant to Articles 964a to c of the Swiss Code of Obligations (CO).

Provision in the Swiss Code of Obligations		Sections in the Annual Report and Sustainability Report 2024
The report on non-financial matters provides an account of ...		
Art. 964b para. 1	... environmental matters , in particular the CO ₂ goals	<ul style="list-style-type: none"> Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Investment business Lending business Relations with suppliers and partners Greenhouse gas emissions and climate protection Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 1	... social issues	<ul style="list-style-type: none"> Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Client satisfaction Long-term value creation Shareholder value Data protection and privacy Business ethics and compliance Investment business Lending business Commitment to the region Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)

Provision in the Swiss Code of Obligations		Sections in the Annual Report and Sustainability Report 2024
Art. 964b para. 1	... employee-related issues	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Employer responsibility and attractiveness Commitment to the region Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 1	... respect for human rights	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Investment business Lending business Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 1	... combating corruption	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Business ethics and compliance Investment business Lending business Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
The report contains the information required to understand ...		
Art. 964b para. 1	... business performance	2024 Annual Report Annual Review ('Lagebericht') 2024 Annual Report Financial Report Group Financial Statements ('Jahresrechnung Konzern') 2024 Annual Report Financial Report Financial Statements Parent Company ('Jahresrechnung Stammhaus')
Art. 964b para. 1	... the business result	2024 Annual Report Annual Review ('Lagebericht') 2024 Annual Report Financial Report Group Financial Statements ('Jahresrechnung Konzern') 2024 Annual Report Financial Report Financial Statements Parent Company ('Jahresrechnung Stammhaus')
Art. 964b para. 1	... the state of the undertaking	2024 Annual Report Annual Review ('Lagebericht') 2024 Annual Report Financial Report Group Financial Statements ('Jahresrechnung Konzern') 2024 Annual Report Financial Report Financial Statements Parent Company ('Jahresrechnung Stammhaus')
Art. 964b para. 1	... the effects of its activity on environmental matters	See the sections listed above in connection with environmental matters
Art. 964b para. 1	... the effects of its activity on social issues	See the sections listed above in connection with social matters

Provision in the Swiss Code of Obligations		Sections in the Annual Report and Sustainability Report 2024
Art. 964b para. 1	... the effects of its activity on employee-related issues	See the sections listed above in connection with employee-related matters
Art. 964b para. 1	... the effects of its activity on respect for human rights	See the sections listed above in connection with respect for human rights
Art. 964b para. 1	... the effects of its activity on combating corruption	See the chapters listed above in connection with combating corruption

Provision in the Swiss Code of Obligations		Sections in the Annual Report and Sustainability Report 2024
The report includes in particular ...		
Art. 964b para. 2.1	... a description of the business model	2024 Annual Report About LUKB Company overview ('Kurzporträt') 2024 Annual Report About LUKB LUKB25 strategy ('Strategie «LUKB25»') 2024 Annual Report About LUKB Organisation ('Organisation') 2024 Annual Report About LUKB LUKB share ('LUKB-Aktie') Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Client satisfaction Long-term value creation Shareholder value Data protection and privacy Business ethics and compliance Investment business Lending business Commitment to the region Relations with suppliers and partners
Art. 964b para. 2.2	... a description of the policies adopted in relation to environmental matters as referred to in paragraph 1, including the due diligence applied	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Investment business Lending business Greenhouse gas emissions and climate protection Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.2	... a description of the policies adopted in relation to social issues as referred to in paragraph 1, including the due diligence applied	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Investment business Lending business Commitment to the region Relations with suppliers and partners Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.2	... a description of the policies adopted in relation to employee-related issues as referred to in paragraph 1, including the due diligence applied	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)

Provision in the Swiss Code of Obligations		Sections in the Annual Report and Sustainability Report 2024
Art. 964b para. 2.2	... a description of the policies adopted in relation to respect for human rights as referred to in paragraph 1, including the due diligence applied	<ul style="list-style-type: none"> Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.2	... a description of the policies adopted in relation to combating corruption as referred to in paragraph 1, including the due diligence applied	<ul style="list-style-type: none"> Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Business ethics and compliance Investment business Lending business Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.3	... a presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures in relation to environmental matters	<ul style="list-style-type: none"> Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Investment business Lending business Greenhouse gas emissions and climate protection Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.3	... a presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures in relation to social issues	<ul style="list-style-type: none"> Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Investment business Lending business Commitment to the region Relations with suppliers and partners Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.3	... a presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures in relation to employee-related issues	<ul style="list-style-type: none"> Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO) 2024 Annual Report Compensation Report ('Vergütungsbericht')

Provision in the Swiss Code of Obligations		Sections in the Annual Report and Sustainability Report 2024
Art. 964b para. 2.3	... a presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures in relation to respect for human rights	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Data protection and privacy Business ethics and compliance Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.3	... a presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures in relation to combating corruption	Principles: commitment to long-term value creation Managing sustainability Approach and areas of focus Business ethics and compliance Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.4	... a description of the main risks related to the matters referred to in paragraph 1 and how the undertaking is dealing with these risks. In particular, it shall cover risks: - a. that arise from the undertaking's own business operations, and - b. provided this is relevant and proportionate, that arise from its business relationships, products or services	Risk assessment in accordance with the Swiss Code of Obligations (CO) 2024 Annual Report Financial Report Group Financial Statements Notes ('Jahresrechnung Konzern', 'Anhang Konzern', 'Risikomanagement')
Art. 964b para. 2.5	... the main performance indicators for the undertaking's activities in relation to environmental matters	Investment business Lending business Greenhouse gas emissions and climate protection Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.5	... the main performance indicators for the undertaking's activities in relation to social issues	Investment business Lending business Commitment to the region Relations with suppliers and partners Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.5	... the main performance indicators for the undertaking's activities in relation to employee-related issues	Employer responsibility and attractiveness Relations with suppliers and partners Risk assessment in accordance with the Swiss Code of Obligations (CO) 2024 Annual Report Compensation Report ('Vergütungsbericht')
Art. 964b para. 2.5	... the main performance indicators for the undertaking's activities in relation to respect for human rights	Data protection and privacy Business ethics and compliance Investment business Lending business Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)
Art. 964b para. 2.5	... the main performance indicators for the undertaking's activities in relation to combating corruption	Business ethics and compliance Investment business Lending business Employer responsibility and attractiveness Relations with suppliers and partners Procurement and waste disposal Risk assessment in accordance with the Swiss Code of Obligations (CO)

Climate reporting/TCFD index

The table below shows the sections of LUKB's 2024 Sustainability Report and Annual Report that contain information in accordance with the requirements of the Ordinance on Climate Disclosures and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Provision in the Ordinance on Climate Disclosures		Section in the 2024 Annual Report and Sustainability Report ¹⁾
The climate disclosures, which are based on 'Recommendations of the Task Force on Climate-related Financial Disclosures', June 2017 version, and the annex 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures', October 2021 version, consist of implementing the recommendations on the following topics in particular:		
Art. 3 para. 1 lit. a	Governance	See information on governance below
Art. 3 para. 1 lit. b	Strategy	See information on strategy below
Art. 3 para. 1 lit. c	Risk management	See information on risk management below
Art. 3 para. 1 lit. d	Metrics and targets	See information on metrics and targets below
Implementation of the recommendations pursuant to Art. 3 para. 1 lit. b (strategy) includes in particular ...		
Art. 3 para. 3 lit. a	... a transition plan that is comparable with Switzerland's climate targets	Climate targets Climate strategy/climate transition plan
Art. 3 para. 3 lit. b	... where possible and appropriate disclosures in quantitative form and disclosure of the basic assumptions needed for comparability and the methods and standards used	Greenhouse gas emissions and climate protection
Where possible and appropriate, implementation of the recommendations pursuant to Art. 3 para. 1 lit. d (metrics and targets) includes in particular ...		
Art. 3 para. 4 lit. a	... quantitative CO₂ targets and, where applicable, targets for other greenhouse gases	Climate targets Climate strategy/climate transition plan
Art. 3 para. 4 lit. b	... disclosure of all greenhouse gas emissions	Scope 1 and 2 greenhouse gas emissions Scope 3 greenhouse gas emissions Scope 3 greenhouse gas emissions - financed emissions
Art. 3 para. 4 lit. c	... disclosures in quantitative form and disclosure of the basic assumptions needed for comparability and the methods and standards used	Scope 1 and 2 greenhouse gas emissions Scope 3 greenhouse gas emissions Scope 3 greenhouse gas emissions - financed emissions Climate strategy/climate transition plan
Art. 3 para. 5	Consideration of the sector-specific guidance for financial institutions when implementing the recommendation under Art. 3 para. 1 lit. d includes forward-looking, scenario-based climate compatibility analyses .	Climate compatibility testing Climate-related risks
Art. 3 para. 6	The effectiveness of the measures taken by the company on climate matters can be demonstrated by means of a qualitative or quantitative overall assessment .	Scope 1 and 2 greenhouse gas emissions Scope 3 greenhouse gas emissions Scope 3 greenhouse gas emissions - financed emissions Energy savings Environmental benefit of using public transport

Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)		Section in the 2024 Annual Report and Sustainability Report ¹⁾
The TCFD recommends the following main content:		
Governance		
Recommendations p. 19, a. Governance, disclosure a)	Board of Directors oversight of climate-related risks and opportunities	Managing sustainability Board of Directors Managing sustainability Committees of the Board of Directors Managing sustainability Reporting
Recommendations p. 19, a. Governance, disclosure b)	Role of the Executive Board in assessing and managing climate-related risks and opportunities	Managing sustainability Executive Board Managing sustainability Reporting
Strategy		
Recommendations p. 20, b. Strategy, disclosure a)	Climate-related risks and opportunities the organisation has identified over the short, medium and long term	Risks and opportunities
Recommendations p. 20, b. Strategy, disclosure b)	Impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Risks and opportunities
Recommendations p. 21, b. Strategy, disclosure c)	Resilience of the strategy to different climate scenarios (including 2°C or lower scenario)	Risks and opportunities
Risk management		
Recommendations p. 21, c. Risk management, disclosure a)	The organisation's processes for identifying and assessing climate-related risks	Climate risk management
Recommendations p. 21, c. Risk management, disclosure b)	Organisation's processes for managing climate-related risks	Climate risk management
Recommendations p. 22, c. Risk management, disclosure c)	How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Climate risk management Managing sustainability Risk Control Managing sustainability Reporting
The TCFD also recommends the following disclosures:		
Metrics and targets		
Recommendations p. 22, d. Metrics and targets, disclosure a)	Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Scope 1 and 2 greenhouse gas emissions Scope 3 greenhouse gas emissions Scope 3 greenhouse gas emissions - financed emissions Risks and opportunities
Recommendations p. 22, d. Metrics and targets, disclosure b)	Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas emissions and the related risks	Scope 1 and 2 greenhouse gas emissions Scope 3 greenhouse gas emissions Scope 3 greenhouse gas emissions - financed emissions Risks and opportunities
Recommendations p. 22, d. Metrics and targets, disclosure c)	Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Climate targets Climate strategy/climate transition plan

¹⁾ Unless otherwise stated, the information refers to the 'Greenhouse gas emissions and climate protection' section in this Sustainability Report.

GRI index

LUKB has prepared its sustainability report in accordance with the Global Reporting Initiative (GRI) standards for the first time for the 2024 financial year. The GRI standards are the world's most widely used sustainability reporting standards applying across different industries.

The table below shows the sections of the 2024 Sustainability Report and Annual Report and other publicly available LUKB documents where the report content in accordance with the GRI standards can be found.

GRI 1: Foundation 2021

GRI standard	Disclosure	Location	Additional comments and omissions
1 (R7-R8)	Statement of use	About this sustainability report Reporting standards About this sustainability report Period covered and frequency of reporting	LUKB has reported in accordance with the GRI Standards for the period from 1 January 2024 to 31 December 2024.
1 (R7)	GRI 1 used		GRI 1: Foundation 2021
1 (R7)	Applicable GRI sector standards		None
1 (R7)	List of material topics	Approach and areas of focus	LUKB has identified the following topics as material: <ul style="list-style-type: none"> - Customer satisfaction - Long-term value creation - Shareholder value - Data protection and privacy - Business ethics and compliance - Investment business - Lending business - Employer responsibility and attractiveness - Commitment to the region - Relations with suppliers and partners - Greenhouse gas emissions and climate protection - Procurement and disposal

GRI 2: General Disclosures 2021

GRI standard	Disclosure	Location	Additional comments and omissions
The organisation and its reporting practices			
2-1	Organisational details	2024 Annual Report Corporate Governance	<ul style="list-style-type: none"> - Legal name of the organisation: Luzerner Kantonalbank AG - Legal form: Public limited company under private law pursuant to Article 620 et seqq. CO - Ownership structure: 38.5 % of the shares float freely, 61.5 % are owned by the canton of Lucerne - Headquarters: Pilatusstrasse 12, 6003 Lucerne, Switzerland - Countries where the organisation operates: LUKB's branches are all in Switzerland: 22 locations in the canton of Lucerne, one in Zurich and two sales offices in French- and Italian-speaking Switzerland (Lausanne and Lugano). In line with LUKB's basic strategy, we generally approach relationships with clients domiciled abroad on a reactive basis.
2-2	Entities included in the organisation's sustainability reporting	About this sustainability report System limits 2024 Annual Report Corporate Governance	
2-3	Reporting period, frequency and point of contact	About this sustainability report Period covered and frequency of reporting About this sustainability report Contact	
2-4	Restatements of information	About this sustainability report Corrections and restatements of information	
2-5	External audit/assurance	About this sustainability report External audit	

GRI standard	Disclosure	Location	Additional comments and omissions
Activities and employees			
2-6	Activities, value chain and other business relationships	2024 Annual Report About LUKB 2024 Annual Report Annual Review	<p>Industry: Banks (GICS Industry Code 401010)</p> <p>Activities, products, services: Distribution of banking products and provision of financial services as a full-service bank. LUKB's core business includes real estate and corporate finance, pensions, asset management and advisory services. It has 23 branches (22 in the canton of Lucerne, 1 in Zurich). Many LUKB services can also be accessed 24/7 via lukb.ch and the LUKB app.</p> <p>Value chain: In order to provide its services, LUKB procures a range of products and services from external suppliers and partners, primarily:</p> <ul style="list-style-type: none"> - Information and communication technology (ICT) products and services - Services for processing payments - Financial market data/information - Securities administration services - Rental of business premises and building maintenance services and products <p>Other relevant business relationships/network partners: cf. 2024 Annual Report, 'About LUKB' (in German)</p> <p>Significant changes in activities, in the value chain and in relevant business relationships: No material changes in the 2024 financial year</p>
2-7	Employees	Employer responsibility and attractiveness Number of staff	<p>Definitions used by LUKB:</p> <ul style="list-style-type: none"> - 'Employees': Staff in an employment relationship with LUKB - 'Permanent employees': Staff with permanent contracts - 'Temporary employees': Staff with fixed-term contracts - 'Employees with non-guaranteed working hours': Staff with non-guaranteed working hours - 'Full-time employees': Full-time staff - 'Part-time employees': Part-time staff <p>There were no significant fluctuations in the number of staff during the reporting period or between the reporting periods.</p>
2-8	Workers who are not employees	Employer responsibility and attractiveness Number of external staff	Definition used by LUKB: External staff

GRI standard	Disclosure	Location	Additional comments and omissions
Governance			
2-9	Governance structure and composition	2024 Annual Report Corporate Governance Board of Directors ('Verwaltungsrat') Managing sustainability Organisation/governance	
2-10	Nomination and selection of the highest governance body	2024 Annual Report Corporate Governance Board of Directors ('Verwaltungsrat')	
2-11	Chair of the highest governance body	2024 Annual Report Corporate Governance Board of Directors ('Verwaltungsrat')	
2-12	Role of the highest governance body in overseeing the management of impacts	2024 Annual Report Corporate Governance Board of Directors ('Verwaltungsrat') 2024 Annual Report Financial Report Group Financial Statements Notes ('Jahresrechnung Konzern', 'Anhang Konzern', 'Risikomanagement') Managing sustainability Organisation/governance Board of Directors Approach and areas of focus	In the interests of responsible and successful corporate governance, all management functions at LUKB, including the Board of Directors, always address the changing needs of their stakeholders. LUKB is committed to transparent communication and regular and close exchange with all stakeholders. The role of stakeholders and engagement and dialogue with them is discussed in the section «Approach and areas of focus».
2-13	Delegation of responsibility for managing impacts	Managing sustainability Organisation/governance	
2-14	Role of the highest governance body in sustainability reporting	Managing sustainability Organisation/governance	
2-15	Conflicts of interest	Business ethics and compliance Avoiding conflicts of interest	
2-16	Communication of critical concerns	Business ethics and compliance Critical concerns	
2-17	Collective knowledge of the highest governance body	Managing sustainability Organisation/governance	
2-18	Evaluation of the performance of the highest governance body	2024 Annual Report Corporate Governance Board of Directors ('Verwaltungsrat')	
2-19	Remuneration policy	2024 Annual Report Compensation Report ('Vergütungsbericht') Act and Articles of Association ('Gesetz und Statuten'): https://lukb.ch/english-window	LUKB's compensation policy is described in the Compensation Report ('Geschäftsbericht', 'Vergütungsbericht') and in Art. 21 and 24 of the Articles. The achievement of specific sustainability targets is an integral part of LUKB's compensation system.

GRI standard	Disclosure	Location	Additional comments and omissions
2-20	Process for determining remuneration	<p>2024 Annual Report Compensation Report ('Vergütungsbericht')</p> <p>Act and Articles of Association ('Gesetz und Statuten'): https://lukb.ch/english-window https://www.lukb.ch/statuten (in German)</p> <p>Agenda items, minutes of resolutions and outcome of the Annual General Meetings: https://www.lukb.ch/ueberuns/investoren/aktionaersinformationen/generalversammlung (in German)</p>	<p>Compensation of the Board of Directors and Executive Board:</p> <p>Art. 21 of the Articles of LUKB determines the key components of the compensation of the Board of Directors, while Art. 24 of the Articles covers the key points of the compensation and employment conditions of members of the Executive Board. These articles also stipulate that the AGM approves, on the proposal of the Board of Directors, the total compensation to be paid to the Board of Directors for the period since the last General Meeting, the fixed compensation to be paid to the Executive Board for the current financial year and the variable compensation to be paid to the Executive Board for the past financial year. The compensation policy and the procedure for determining compensation are described in the Compensation Report ('Geschäftsbericht', 'Vergütungsbericht') of LUKB (in German). The agenda items, minutes of resolutions and outcome of the Annual General Meetings, including the results of votes on the individual agenda items relating to compensation, are published on the LUKB website.</p> <p>Compensation of other employees: The LUKB Board of Directors is responsible for Group-wide compensation policy and systems. Annual compensation (including base salary adjustments and variable pay) is approved by the Personnel and Compensation Committee of the Board of Directors.</p>
2-21	Annual total compensation ratio	Employer responsibility and attractiveness Compensation policy	

GRI standard	Disclosure	Location	Additional comments and omissions
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Foreword	
2-23	Policy commitments	<p>Managing sustainability Organisation/governance</p> <p>LUKB reference framework: Principles: commitment to long-term value creation</p> <p>Memberships and initiatives: Managing sustainability Memberships and initiatives</p> <p>LUKB Code of Conduct: https://lukb.ch/english-window</p> <p>Procurement and waste disposal, LUKB Supplier Code: https://lukb.ch/english-window</p> <p>Commitment to the net-zero target for 2050 and the net-zero interim target for Scope 1 and 2 in 2030: Greenhouse gas emissions and climate protection</p>	
2-24	Embedding policy commitments	<p>Responsibilities for implementation: Managing sustainability Organisation/governance</p> <p>Business ethics and compliance</p> <p>LUKB Code of Conduct: https://lukb.ch/english-window</p> <p>Procurement: Procurement and waste disposal</p> <p>Training: Employer responsibility and attractiveness Training for sustainability</p> <p>Employer responsibility and attractiveness Training in responsible advisory and sales practices</p>	
2-25	Processes to remediate adverse impacts	Business ethics and compliance Critical concerns	
2-26	Mechanisms for seeking advice and raising concerns	<p>About this sustainability report Contact</p> <p>Managing sustainability Organisation/governance Sustainability Office</p> <p>Business ethics and compliance Critical concerns</p>	
2-27	Compliance with laws and regulations		Restrictions imposed by a duty of confidentiality: Significant breaches of laws and ordinances that must be published under stock exchange rules are made public in this way. No reportable events had to be published in the reporting year.
2-28	Membership associations	Managing sustainability Memberships and initiatives	

GRI standard	Disclosure	Location	Additional comments and omissions
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Approach and areas of focus	
2-30	Collective bargaining agreements		<p>There are no workers or employees in the entire LUKB Group who are subject to a collective bargaining agreement.</p> <p>LUKB's employment conditions are subject to the Agreement on Conditions of Employment for Bank Employees (VAB). The VAB stipulates a number of provisions that must be in the employment contract. These include, for example, provisions on duties of loyalty, working hours, holidays, salary and continued payment of salary. It also governs the co-determination of individual employees, employee representatives (staff committees) and social partners, as well as the procedures for bank closures and redundancies. The VAB applies to all of LUKB's employment contracts with a term of over three months, with the exception of those for members of the Executive Board and the Board of Directors. The VAB is supported by social partners the Swiss Bank Employees Association, Arbeitgeber Banken (the banking employers' association) and the Swiss Association of Commercial Employees.</p>

GRI 3: Material Topics 2021

GRI standard	Disclosure	Location	Additional comments and omissions
Disclosures on material topics			
3-1	Process for determining material topics	Approach and areas of focus Background to material topics Method of determining material topics	
3-2	List of material topics	Approach and areas of focus Background to material topics Materiality matrix	The material topics are the same as in the previous financial year.
3-3	Management of material topics	Approach and areas of focus Background to material topics	See the explanations on each material topic in this sustainability report.

Long-term value creation

GRI standard	Disclosure	Location	Additional comments and omissions
GRI 3: Material Topics 2021			
3-3	Management of material topics	Long-term value creation	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Long-term value creation Value-added statement	
201-2	Financial implications and other risks and opportunities due to climate change	Greenhouse gas emissions and climate protection Risks and opportunities	

Data protection and privacy

GRI standard	Disclosure	Location	Additional comments and omissions
GRI 3: Material Topics 2021			
3-3	Management of material topics	Data protection and privacy	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	Data protection and privacy Data protection and information security	

Business ethics and compliance

GRI standard	Disclosure	Location	Additional comments and omissions
GRI 3: Material Topics 2021			
3-3	Management of material topics	Business ethics and compliance	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Business ethics and compliance Compliance management Business ethics and compliance Combating market abuse and corruption	
205-2	Communication and training on anti-corruption policies and procedures	Business ethics and compliance	
205-3	Confirmed incidents of corruption and actions taken		Restrictions imposed by a duty of confidentiality: Significant breaches of laws and ordinances that must be published under stock exchange rules are made public in this way. No reportable events had to be published in the reporting year.
GRI 206: Anti-competitive Behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		Restrictions imposed by a duty of confidentiality: Significant breaches of laws and ordinances that must be published under stock exchange rules are made public in this way. No reportable events had to be published in the reporting year.

Employer responsibility and attractiveness

GRI standard	Disclosure	Location	Additional comments and omissions
GRI 3: Material Topics 2021			
3-3	Management of material topics	Employer responsibility and attractiveness	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	Employer responsibility and attractiveness Staff turnover	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Siehe Kommentar	Employees are granted the usual company benefits. The same rules apply to part-time employees as to full-time employees. Employees with fixed-term contracts of less than 12 months do not receive preferential terms on mortgages.
401-3	Parental leave	Employer responsibility and attractiveness Parental leave	
GRI 402: Labour/Management relations (2016)			
402-1	Minimum notice periods for operational changes	Siehe Kommentar	LUKB informs its employees as early as possible of significant operational changes, such as adjustments to the organisational structure. For contractual changes, the notice periods set out in the contractual agreements are adhered to at a minimum.
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	Employer responsibility and attractiveness Occupational health and safety	
403-2	Hazard identification, risk assessment and incident investigation	Employer responsibility and attractiveness Occupational health and safety	
403-3	Occupational health services	Employer responsibility and attractiveness Occupational health and safety	
403-4	Employee participation, consultation and communication on occupational health and safety	Employer responsibility and attractiveness Occupational health and safety	Due to its low importance, there are no specific occupational health and safety committees. The LUKB Personalverein (staff association) represents the interests of employees on these matters vis-à-vis LUKB's management bodies.
403-5	Employee training on occupational health and safety	Employer responsibility and attractiveness Occupational health and safety	
403-6	Promotion of employee health	Employer responsibility and attractiveness Occupational health and safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	Employer responsibility and attractiveness Occupational health and safety	

GRI standard	Disclosure	Location	Additional comments and omissions
403-8	Employees covered by an occupational health and safety management system	Employer responsibility and attractiveness Occupational health and safety	External staff (i.e. those who are not employees but whose work and/or workplace is controlled by LUKB, see GRI 2-8) are not covered by occupational health management (OHM). However, these workers are covered by LUKB's management system for occupational safety.
403-9	Work-related injuries	Employer responsibility and attractiveness Illness and accidents	
403-10	Work-related illnesses	Employer responsibility and attractiveness Illness and accidents	
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	Employer responsibility and attractiveness Vocational education and training (VET) and continuing professional development (CPD)	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Employer responsibility and attractiveness Vocational education and training (VET) and continuing professional development (CPD)	
404-3	Percentage of employees receiving regular performance and career development reviews	Employer responsibility and attractiveness Talent management	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	Employer responsibility and attractiveness Diversity	
405-2	Ratio of basic salary and remuneration of women to men	Employer responsibility and attractiveness Equal pay	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	Siehe Kommentar	LUKB is not aware of any incidents of discrimination in the reporting period.

Relations with suppliers and partners

GRI standard	Disclosure	Location	Additional comments and omissions
GRI 3: Material Topics 2021			
3-3	Management of material topics	Relations with suppliers and partners	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Relations with suppliers and partners Status in 2024	

Greenhouse gas emissions and climate protection

GRI standard	Disclosure	Location	Additional comments and omissions
GRI 3: Material Topics 2021			
3-3	Management of material topics	Greenhouse gas emissions and climate protection	
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Greenhouse gas emissions and climate protection Measure 2.1.1: Reduce energy consumption both at company level and per employee	Table 'Energy consumption in business operations'
302-2	Energy consumption outside the organisation	Greenhouse gas emissions and climate protection Measure 2.1.1: Reduce energy consumption both at company level and per employee	Table 'Energy consumption - leased space'. This takes account of the heating and cooling energy consumption of leased space. The electricity consumption of leased space is not recorded, as tenants are responsible for purchasing their own electricity and it is outside LUKB's operational control.
302-3	Energy intensity	Greenhouse gas emissions and climate protection Measure 2.1.1: Reduce energy consumption both at company level and per employee	
302-4	Reduction of energy consumption	Greenhouse gas emissions and climate protection Action areas and measures	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emissions and climate protection Scope 1 and 2 greenhouse gas emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse gas emissions and climate protection Scope 1 and 2 greenhouse gas emissions	
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse gas emissions and climate protection Scope 3 greenhouse gas emissions	
305-4	GHG emissions intensity	Greenhouse gas emissions and climate protection Scope 3 greenhouse gas emissions - financed emissions	
305-4	GHG emissions intensity	Greenhouse gas emissions and climate protection Scope 1 and 2 greenhouse gas emissions	
305-4	GHG emissions intensity	Greenhouse gas emissions and climate protection Scope 3 greenhouse gas emissions - financed emissions	
305-5	Reduction of GHG emissions	Greenhouse gas emissions and climate protection	

Sustainable procurement and disposal

GRI standard	Disclosure	Location	Additional comments and omissions
GRI 3: Material Topics 2021			
3-3	Management of material topics	Procurement and waste disposal	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	Procurement and waste disposal Consumption of office supplies	
301-2	Recycled input materials used	Procurement and waste disposal Consumption of office supplies	
GRI 303: Water and wastewater 2018			
303-1	Interactions with water as a shared resource	Procurement and waste disposal Water	
303-5	Water consumption	Procurement and waste disposal Water	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Procurement and waste disposal Waste	
306-3	Waste generated	Procurement and waste disposal Waste	
306-4	Waste diverted from disposal	Procurement and waste disposal Waste	
306-5	Waste sent for disposal	Procurement and waste disposal Waste	

Annex

Sustainable Development Goals (UN SDGs)

A brief explanation of the 17 Sustainable Development Goals (SDGs) of the United Nations (UN).

The SDGs of primary relevance to LUKB are highlighted in colour.

	SDG 1: End poverty in all its forms everywhere		SDG 10: Reduce inequality within and among countries
	SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture		SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
	SDG 3: Ensure healthy lives and promote well-being for all at all ages		SDG 12: Ensure sustainable consumption and production patterns
	SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		SDG 13: Take urgent action to combat climate change and its impacts
	SDG 5: Achieve gender equality and empower all women and girls		SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	SDG 6: Ensure availability and sustainable management of water and sanitation for all		SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all		SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		SDG 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development
	SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation		

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Images

Cover photo: Artificial intelligence is ubiquitous and developing rapidly. For its 2025 shareholder publications, LUKB is testing AI-based imagery and demonstrating how people interact with digital technology – both in banking transactions and in day-to-day life.

Portraits of the Board of Directors and Executive Board: FELDERVOGEL, Brands & Stories, Lucerne

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