



# Code of Conduct Luzerner Kantonalbank AG (LUKB)

Status 01 March 2024



### **Code of Conduct of Luzerner Kantonalbank AG (LUKB)**

The Code of Conduct and Ethics (Code of Conduct) of Luzerner Kantonalbank AG (LUKB) is a concise document setting out principles of behaviour that are binding on all employees. Its content reflects the core of numerous existing laws and ordinances, as well as LUKB strategy documents, regulations, policies, working instructions and similar that must be observed by all employees.

The Code of Conduct underscores the enormous importance that LUKB attaches to corporate social and environmental responsibility, and ethical conduct on the part of its employees - whether between each other in the day-to-day working environment, in contact with clients, or towards the Bank's other stakeholders.

The Code of Conduct will be reviewed periodically and updated as necessary.

Lucerne, 01 March 2024

LUKB Executive Board

Handwritten signature of Daniel Salzmann in black ink.

Daniel Salzmann  
CEO

Handwritten signature of Marcel Hurschler in black ink.

Marcel Hurschler  
Mitglied der Geschäftsleitung



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### 1. How LUKB sees itself

Founded in 1850 and with a staff of some 1,300, Luzerner Kantonalbank AG (LUKB) is the leading bank in Canton Lucerne and one of Switzerland's largest cantonal banks. LUKB's core business areas include real estate and business financing, pension provision, and asset advisory and management. It is known for its closeness to its market and its outstanding service, making it the bank of first choice for clients, staff, shareholders and the local region. LUKB has been a joint-stock company under Swiss private law since 2001, and its shares are listed on SIX Swiss Exchange.

### 2. What motivates LUKB

LUKB's Purpose reads:

"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."

### 3. LUKB brand values and standards of individual behaviour

Drawing on its corporate Purpose, LUKB has set itself the aim of being 'leading - personal - solid - typically Lucerne' in the eyes of clients, partners and the public. To give substance to these four key brand values, it has defined five specific standards of behaviour for each. Together, the values and associated standards embody the soft factors of LUKB's corporate culture. These standards are also a management tool. Line managers will discuss them with their team members as part of the annual performance and development dialogue.

#### Leading

- I think ahead
- I take the first step
- I am down to earth
- I get results
- I look forward to new challenges

#### Personal

- I give my full attention
- I approach people confidently
- I communicate clearly and respectfully
- I accept criticism
- I keep my word

#### Solid

- I take responsibility
- I keep up with professional developments
- I think in terms of options
- I leave aside the unnecessary
- I take ownership

#### Typically Lucerne

- I am an advocate for the company
- I open doors
- I am welcoming
- I apply good common sense
- I don't take myself too seriously

### 4. LUKB compliance with the rule of law

In all of its activities, Luzerner Kantonalbank is committed to upholding human rights and the associated standards, and to comply with the applicable legislation in all cases. To this end, LUKB has a well-developed compliance organisation that comprises systematic internal rules and regulations, intensive basic and further training, a rigorous controlling framework, and strict sanctions in the event of misconduct. The compliance function has the authority, where necessary, to go straight to the Board of Directors.



#### **4.1. Data protection, banking and business confidentiality**

LUKB scrupulously fulfils the provisions of the Swiss Data Protection Act (DPA) and the requirements that uphold the privacy of its clients (bank client confidentiality), its employees and its suppliers. Protecting the assets and data entrusted to the Bank with a range of security measures, both physical and IT-related, is a priority for LUKB. A classification system that governs processing, storage and retention is in place for records, documents and data. Employees remain subject to their duty of confidentiality even after leaving the Bank. LUKB provides transparent information on its website about how it handles data privacy (Privacy Policy in English at bottom of page):

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

On January 15, 2024, the European Commission decided that the DPA is equivalent to the EU General Data Protection Regulation (GDPR) (equivalence decision).

#### **4.2 Combating crime, money laundering and terrorism financing**

LUKB undertakes, to the extent of its capability, to combat crime, money laundering and the financing of terrorism. To do this, it consistently applies national and global requirements, and sanctions. In compliance with the 'know your customer' principle, LUKB verifies the identities of its contracting partners (including beneficial owners) in accordance with the provisions of Swiss legislation on money laundering and the Swiss Banks' Code of Conduct with Regard to the Exercise of Due Diligence (CDB). 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.

#### **4.3. Compliance with market conduct rules, handling of conflicts of interest, ban on insider trading and bribery & corruption**

LUKB forbids its employees from engaging in anticompetitive 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 anticompetitive and antitrust behaviour on the part of clients. The Trading department is subject to a separate policy ('Market Making') on trading in LUKB's own shares. LUKB tolerates neither the offering nor the taking of bribes. 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/or LUKB must be avoided. Should they nonetheless arise, they must be disclosed and recusal rules observed. The acceptance of gifts is also restricted.

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 controlling frameworks.

#### **4.4. Whistleblowing**

LUKB employees are required to report potential breaches of external or internal regulations to their line manager or one of the controlling functions. Where necessary, employees and external individuals may use a specially designated point of contact for whistleblowing which guarantees their anonymity. This point of contact forms part of Legal Services & Compliance.

#### **5. Configuration and marketing of products and services**

In its business policy, LUKB pays particular heed to the needs of the people and economy of Lucerne. LUKB is committed to developing, configuring and marketing its advisory offering, products and services responsibly.

LUKB rigorously applies national legislation such as the Swiss Federal Financial Services Act (FinSA). In its advisory and client care strategies, it has defined clear guidelines to avoid its lending clients becoming overindebted and its investment clients being exposed to excessive risk, for example. LUKB records both positive and negative feedback from clients in a central database, analyses it systematically, and discusses this analysis regularly within the Executive Board. LUKB feeds the insights

provided by client feedback into ongoing improvements to the quality of its advisory offering, products and services, and their marketing.

LUKB has defined client satisfaction targets (Net Promoter Score, NPS) as part of its internal balanced scorecard. The balanced scorecard serves the Executive Board and Board of Directors as a means of managing and monitoring strategic objectives.

## **6. Responsibility as an employer**

LUKB actively fulfils its responsibility as an employer.

### **6.1. 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 criteria such as gender, age, religion, nationality or ethnic affiliation, physical impairments, sexual orientation and recruiting from diverse talent. Diversity initiatives are governed by the Executive Board as well as the Personnel and Compensation Committee of the Board of Directors.

In 2014 LUKB was the first bank in Switzerland to prove in a recognised process that it provides equal pay for equal work. It reviews wage equality on an annual basis.

### **6.2. Protection of the personal integrity of employees**

LUKB pursues a zero-tolerance policy towards inappropriate behaviour, workplace bullying and (sexual) harassment. The Bank has defined an internal point of contact for those affected by such behaviours.

LUKB pays particular attention to ensuring a work/life balance. Great importance is therefore attached to occupational health management (OHM), which addresses both physical health and mental wellbeing, not least by taking preventive action. In addition to internal contacts, employees seeking advice with problems of all kinds can also get in touch in confidence with the external, nationwide MOVIS counselling firm.

### **6.3. Compliance with ILO conventions**

As LUKB's country of domicile, Switzerland has ratified a number of International Labour Organization (ILO) conventions, such as No. 87 and No. 89. Switzerland's national legislation implements ILO provisions accordingly, and is also binding on LUKB.

### **6.4. 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).

### **6.5. 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 find pragmatic solutions in consultation with the *Personalverein*.