

Material topics

Sustainability to the LLB Group means creating long-term added value for its clients, shareholders, employees and other stakeholder groups. In order to provide the best possible transparency for our stakeholder groups, LLB’s sustainability reporting is prepared in accordance with the internationally established GRI (Global Reporting Initiative) Standards. The thematic focus of our sustainability reporting is based on a comprehensive materiality analysis that LLB last carried out in 2019 but has continued to review and fine-tune where necessary.

In accordance with the content requirement for a non-financial declaration requirement set out in Liechtenstein’s Persons and Companies Act (PGR), at a minimum those topics from the areas of environmental, social and employee matters, anti-corruption and bribery matters, as well as respect for human rights were identified in the analysis as report content that is material in the sense of having “double materiality”. This means topics where LLB has or may have a relevant impact on society or the environment and which are relevant for understanding the course of business, the corporate results and the position of LLB.

The topics that resulted from the analysis are summarised in the LLB materiality matrix (see table) and are discussed in the subsequent parts of the report. Our approach is detailed in the Annual Report 2019 (GRI 102-46, 102-47). We plan to carry out a new analysis in 2022 to bring the materiality matrix – especially also given the new ACT-26 corporate strategy – into line with the changed circumstances.

Materiality matrix LLB Group

Relevance for stakeholders	extremely high	<ul style="list-style-type: none"> ▪ Fair marketing and fair competition 	<ul style="list-style-type: none"> ◆ Client focus ◆ Dedicated, hard working employees ◆ Ethics and integrity 	<ul style="list-style-type: none"> ◆ Economic performance ◆ Compliance ◆ Risk and reputation management ◆ Digitalisation and data protection ▪ Prevention of financial crime ▪ Corporate governance and company structure ● Tax compliance
	high	<ul style="list-style-type: none"> ▪ Workplace health promotion 	<ul style="list-style-type: none"> ◆ Attractive working conditions ▪ ESG integration in asset management ● Sustainable products and services ● Economic role and regional employer 	<ul style="list-style-type: none"> ▪ Diversity and equal opportunity
	medium	<ul style="list-style-type: none"> ● Energy consumption and CO₂ emissions 		<ul style="list-style-type: none"> ▪ Mobility management ● Social and political commitment
		medium	high	extremely high

Impact on sustainable development

Relevance for business: ● medium ▪ high ◆ extremely high

In dialogue with stakeholder groups

For the LLB Group, sustainability as a corporate responsibility also means meeting the expectations of the different internal and external stakeholder groups. We are in regular dialogue – personally, by electronic media, or at information meetings, working sessions or conferences – with the different stakeholders who affect the course of our business and over whom we have influence.

An important instrument is the LLB Group's annual report, which has contained a stakeholders report since 2015. Through it, we highlight our proactive focus on sustainability and social responsibility. For sustainability reasons, we do not print our annual report.

The most important stakeholder groups are in particular:

- ♦ Clients: Their needs are uppermost at every point of contact. Using various channels, we determine the needs and level of satisfaction of our clients.
- ♦ Principality of Liechtenstein: The Principality of Liechtenstein is our majority shareholder. We exchange views with representatives of the Landtag (Parliament) and the Government on a regular basis (see chapter "[Corporate governance](#)").
- ♦ The public: All our branding and communication measures are high-profile. A key trust-building element in this regard is an intensive exchange with media representatives (see sections "[Public relations](#)" and "[Media relations](#)").
- ♦ Partners and non-governmental organisations (NGOs): Through our membership of associations and organisations, we maintain a dialogue with partners and NGOs (see chapters "[Institutional Clients](#)" and "[Responsibilities for the economy, society and environment](#)").
- ♦ Employees: We reach our employees over our intranet, which is continuously updated, and through our "InSight" staff magazine. There are various events where employees have the opportunity to personally meet and discuss with members of the Group Executive Board (see chapter "[Employees](#)").

Investor relations

As a publicly listed company, we are obliged to publish share-price-relevant facts by means of media communiqués. We inform shareholders, clients, employees and the public simultaneously, comprehensively and regularly about our business performance, about value drivers as well as the implementation of our strategy and provide them with an overview of our key financial and operating figures. We maintain an open dialogue with analysts and investors in order to be able to report on the course of business on an ongoing basis. The aim is to ensure that the price of the LLB share represents the fair value of the company (see chapter "[Economic value creation](#)").

Media relations

Irrespective of the ad hoc information and the annual media and analyst conference, we are in constant contact with the media and business journalists in our market regions. We make every effort to answer their questions in a transparent and timely manner. The LLB Group was the subject of around 820 media articles in 2021 (2020: 900).

Public affairs

Only by constantly seeking dialogue with different decision makers are we able to voice our opinion and be heard. LLB is therefore in regular contact with opinion leaders and selected representatives from the world of politics and economics. We are a member, too, of the key industry associations and organisations such as the Liechtenstein Chamber of Commerce and Industry and the Bankers Association (see chapter "[Institutional Clients](#)"). We exchange views with the Liechtenstein Financial Market Authority (FMA) on a regular basis. LLB is obliged to report to its majority shareholder, the Principality of Liechtenstein, on the course of business. Against this backdrop, there is a meeting twice a year of the senior management of the LLB Group and the Liechtenstein Head of Government. Once a year, the Group Board of Directors and the Group Executive Board invite the entire Government to a roundtable discussion.

Public relations

We use various channels to engage with the general public. With regular market commentaries and reports in local print media, we prove our expertise in financial matters. We normally strengthen our relationship with the local population by organising or sponsoring various events, but this was possible only to a limited extent during the reporting year due to the coronavirus situation.

Digital communication channels

The LLB Group has been consistently investing in the expansion of its digital communication channels for a number of years now. It operates a total of twelve different web portals and microsites that are centrally managed through the same content management system and are in conformity with the brand. We also reach our clients with selected information through mobile and online banking. In addition, we are in direct contact with clients over social media.

Responsibilities for the economy, society and environment

As a financial institution with a long-term orientation, the LLB Group is committed to leaving an environment that is as intact as possible and stable social conditions for the coming generations. With our new corporate strategy and even more ambitious goals, we are proceeding resolutely down this path.

Performance mandate and sustainability

As the oldest bank in Liechtenstein and steeped in tradition, LLB understands the special responsibility it has for taking a long-term approach. Sustainable business management is part of its performance mandate and its corporate identity. We have a legal obligation to our majority shareholder, the Principality of Liechtenstein, to promote Liechtenstein's economic development while at the same time taking ethical and environmental factors into account. We fulfil this special obligation by offering a diverse portfolio of products and services, applying sustainable standards to our offerings, our infrastructure and procurement, and engaging broadly in society.

Sustainability as a strategic goal

Sustainability is an integral part of our DNA. With our new ACT-26 corporate strategy, we are going a step further: the LLB Group wants to play a pioneering role in the future. Sustainability is one of our three strategic core elements (see chapter "ACT-26").

Sustainability with high ambitions as part of the strategy

Sustainability @LLB

We set standards for banking with values.

The LLB Group actively contributes to **environmental protection**, promotes **social justice** and stands for **responsible corporate governance**.

Concrete measures



Bank operations

- **From 2021:** carbon neutral through compensation (incl. commuting)
- **By 2026:** -20 %CO₂ emissions



Bank products

- **By 2026:** -30 %CO₂ emissions
- **Ongoing:** expansion of the range of sustainable products



Reporting

- **From 2022:** Extended reporting
- **Ongoing:** progress monitoring

Overarching objective

The entire LLB Group will achieve net zero emissions no later than 2040

Our aim with this strategy is to be perceived as a bank that is stable, sustainable and innovative. And we also want to clearly differentiate ourselves from our competitors through it.

Goals of the sustainability strategy

We have set ourselves the goal of reducing the net CO₂ emissions of the LLB Group to zero by 2040 – in line with the UN's ambitious target to limit global warming to 1.5°C.

"We feel certain that the global financial industry will play an important role in the transition to a climate-friendly economy. This is why, in future, we want to play a pioneering role in terms of sustainability and why we have set ambitious goals for ourselves."



Group CEO Gabriel Brenna

Banking operations

As a first partial step in this direction, the LLB Group became climate neutral in the reporting year by fully offsetting its CO₂ emissions. In cooperation with the Swiss climate foundation "myclimate", we support various CO₂-reducing projects in the region and around the world. Among these is a reforestation initiative in western Uganda and a project for fertile soil as a CO₂ sink in the Lake Constance region.



myclimate.org/01-21-419455

At the same time, we have initiated measures to ensure that emissions in our banking operations are net zero by 2040.

Bank products

In addition to adapting its day-to-day operations, the LLB Group also wants to support its clients on the way to climate neutrality – with expert advisory services and differentiated, sustainable products. Specifically, the Group has set itself here, too, the goal of reducing the CO₂ emissions of all bank products to net zero by 2040. This would mean the LLB Group becoming completely climate neutral across its day-to-day operations and bank products ten years earlier than defined in the Paris climate agreement.

Adapting our offerings is a key factor in achieving the targets that we have set for ourselves. Consequently, the LLB Group has greatly expanded its range of sustainable investment products in the reporting year. In addition to its well-established asset management and investment advice services, it also offers a comprehensive selection of sustainable funds. Liechtenstein's first-ever sustainable gold fund, launched by LLB AG, surpassed the USD 100 million mark in 2021 within a matter of just months. Further products are being planned or are about to be launched.

The LLB Group is convinced that sustainability is not only indispensable for preserving an intact environment and society, but is also increasingly becoming a decisive competitive factor.

Transparency

We have used the Global Reporting Initiative (GRI) Standards as the framework for our sustainability reporting for many years. In summer 2022, we will also be publishing a report based on the standards of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time. It will provide transparent information on the progress that we have made in implementing our climate goals.

Membership of international climate initiatives

We reaffirm our commitment to sustainability and climate protection through membership in the most important international climate initiatives:

- ♦ **The United Nations Net-Zero Banking Alliance:** The LLB Group has been a member of the United Nations Net-Zero Banking Alliance (NZBA) since August 2021. Its aim is to eliminate the most carbon-intensive sectors from the credit and investment portfolios.
- ♦ **Race to Zero:** With its membership in the NZBA, the LLB Group is also part of the Race to Zero campaign – an initiative launched by the United Nations. The campaign brings together state and non-state actors from more than 90 nations. They recognise the importance and the urgency of working towards a decarbonised economy in order to create a healthier, safer, cleaner and more resilient world for future generations.
- ♦ **Principles for Responsible Banking:** We also became a signatory to the United Nations Principles for Responsible Banking (PRB) in the reporting year. The PRB is an initiative for responsible banking and provides a single framework for a sustainable banking industry. It was developed as part of an innovative partnership between banks around the world and the Finance Initiative of the United Nations Environment Programme.
- ♦ **The Climate Pledge:** The Climate Pledge is a voluntary commitment to implement the Paris climate agreement ten years earlier and be CO₂ neutral by 2040. The LLB Group has been an official partner since March 2022.
- ♦ **Principles for Responsible Investment:** The LLB Group has been a member of the Principles for Responsible Investment (PRI) Finance Initiative since 2020. As such, it supports the responsible management of securities.
- ♦ **Climate foundations:** LLB is a partner of the independent non-profit LIFE Climate Foundation Liechtenstein (since 2009) and the Swiss Climate Foundation (since 2012). It thus belongs to a group of partner firms that pool their resources to provide uncomplicated, efficient support to small and medium-sized enterprises (SMEs) in Switzerland and Liechtenstein that contribute to climate protection. LLB refunds of CO₂ contributions from Liechtenstein made to the Climate Foundation are used to promote climate-friendly products and technological developments as well as energy-saving projects.

Social and corporate governance

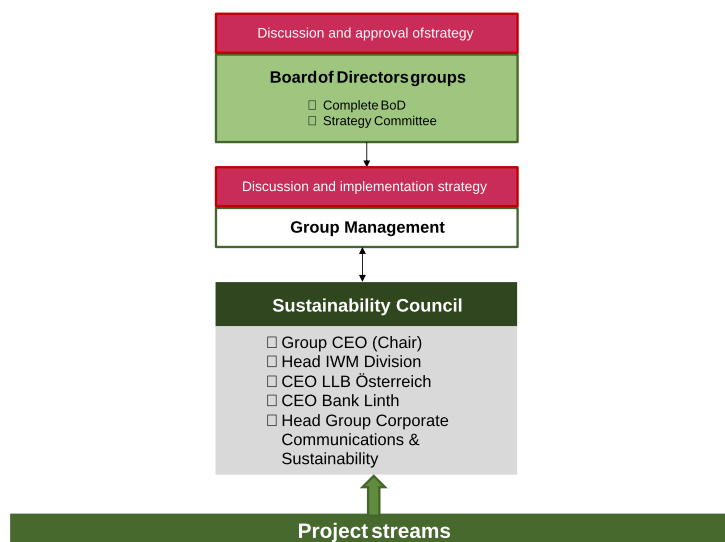
Sustainability encompasses not only the environmental, but also the social and governance aspects. We are committed at the LLB Group to value-oriented management and transparent corporate governance. Through the LLB Future Foundation, we have been supporting non-profit projects in the region since 2011. On the occasion of the 10th anniversary of the Foundation, the Board of Trustees decided to

present a new award, the Future Prize, for excellent sustainability commitment every two years (see chapter “[Industry initiatives and corporate citizenship](#)”).

Governance

From the 2022 business year onwards, a so-called Sustainability Council is responsible within the LLB Group for coordinating its ambitious goals. It ensures the implementation of our sustainability strategy and makes adjustments where necessary. The Council has five permanent members and is chaired by the Group CEO. The operational implementation of the various sustainability topics, such as banking operations, social responsibility and ESG management with respect to investment advice, falls under the responsibility of the respective workstreams.

Sustainability Governance of the LLB Group



Green teams

The LLB Group takes a top-down and bottom-up approach to sustainability issues. In addition to having the Board of Directors as the highest governance body and making sustainability a top priority at the Group Executive Board level, we formed in 2021 so-called green teams and assigned them to the workstream of the Sustainability Officer. In these teams, employees can contribute their own ideas and take on project responsibility during regular working hours, thereby helping to actively shape the sustainable future of the LLB Group. We want in this way to tap into the creativity of each individual in order to find innovative solutions that would not be found otherwise through a top-down only approach.

Regulations

Financial institutions are facing a host of sustainability-related regulations driven primarily by the EU Commission, the overarching aims of which are to slow down global warming and comply with social standards. In order to achieve these, global capital flows are being redirected towards more sustainable investments. The LLB Group is following developments closely and making the necessary adjustments in its areas of activity (see chapter “[Values and corporate management](#)”).

Further development of staff competences

Our employees are an important factor for the success of our sustainability strategy. We offer them appropriate training or professional education so as to stay up to date with changing regulatory requirements as well as with our growing number of sustainable products (see chapters “[Employees](#)” and “[Sustainability in banking](#)”).

Values and corporate management

Value-based action

The values of “integrity”, “respectfulness”, “excellence” and “pioneering” (see chapter “[Strategy and organisation](#)”) form the basis for the corporate management of the LLB Group. Our Code of Conduct provides a reliable guiding framework for the value-based and responsible actions of all employees (see chapter “[Employees](#)”). We are guided by the needs of our clients and pay particular attention to meeting their security needs and our data protection standards for the use of the various distribution channels at all times (see chapter “[Finance and risk management](#)”). Our aim is to win over clients with good products and services. As the bank for the country and the people, being able to offer attractive and innovative price models is important to LLB (see chapter “[Sustainability in banking](#)”).

Corporate culture and value basis

The LLB Group’s vision is encapsulated in the motto: “We set standards for banking with values.” Our managers and employees are motivated to act in line with our values of integrity, respectfulness, excellence and pioneering. By living these values, our managers firmly anchor our value culture throughout the organisation. Our employees also learn more about our value basis through various “Live the brand” measures. For example, through short video clips in which employees talk about their value experiences within the LLB Group.

To keep up with changing markets and client needs, we rely on employees who are motivated to think for themselves and have the courage to initiate improvement processes. As part of the “Cultural journey” project, we encouraged our employees again during the reporting year to bring in ideas, to question their actions and to exchange views. The core topics of the cultural journey were addressed and developed further on the intranet, at employee appraisals and through offerings for managers. The topic of “Ownership and delegation” was an element in the target agreements for all employees. It was agreed that the topic be jointly anchored in the workplace and promoted further.

Regulatory framework and developments

LLB considers it a top priority in a highly regulated business environment to closely monitor ongoing regulatory developments and, where possible and expedient, to play an active part in shaping developments as well as to prepare for the implementation of new requirements in good time. All of our employees contribute to the implementation of regulatory requirements and thus make an essential contribution to the success of the business and to the good reputation of LLB. The most important regulatory requirements and developments from the reporting year are summarised below. We have focused primarily on regulations that were of particular importance in the reporting year due to their topicality. Other regulatory requirements that are of relevance to the LLB Group can be found in previous annual reports.

Implementation of regulatory frameworks 2013–2021

2013

- ♦ EU passport for the managers of alternative investment funds (AIFMG)
- ♦ Complete revision of the Due Diligence Act (DDA)

2015

- ♦ 4th EU Anti-Money Laundering Directive
- ♦ Agreement on the Automatic Exchange of Information (AEOI) signed by Liechtenstein / EU

2016

- ♦ Undertakings for Collective Investment in Transferable Securities Directive (UCITS V)
- ♦ Complete revision of the Investment Undertakings Act (IUA)
- ♦ Implementation of AEOI

2017

- ♦ Revision of Due Diligence Act (DDA)

2018

- ♦ Markets in Financial Instruments Directive (MiFID II)
- ♦ EU General Data Protection Regulation (GDPR)
- ♦ EU Mutual Assistance Directive

2019

- ♦ Deposit Guarantee Schemes Directive (DGSD)
- ♦ EU Payment Services Directive (PSD2)

2020

- ♦ Implementation project for the Financial Services Act (FinSA) / Financial Institutions Act (FinIA) Switzerland

2021

- ♦ Adaptation to the Due Diligence Act (DDA) to implement the 5th EU Anti-Money Laundering Directive

Financial centre strategy

In 2019, the Government published a comprehensive financial centre strategy designed to further enhance the competitiveness of the Liechtenstein financial centre. The path of tax compliance should continue to be pursued. The same applies to compliance with international rules and standards. The focus of the strategy is on unrestricted and equal access to markets and improving the framework conditions for innovative enterprises. In addition, the Government has set four strategic goals in order to meet international expectations in the area of combating money laundering and terrorist financing. Dialogue with key partner countries is to be intensified. Membership of international bodies such as the International Monetary Fund (IMF) will thus continue to be explored. The Government also attaches great importance to digitalisation and blockchain technology. With the Blockchain Act (Token and TT Service Providers Act, TVTG), Liechtenstein is the first country in the world to develop a legal basis for the token economy.

International tax topics

Disclosure of cross-border tax planning arrangements

According to the OECD, the lack of comprehensive and relevant disclosure about potentially aggressive or abusive tax planning strategies is one of the major challenges facing tax authorities. In this context, the EU, with the amendment to the EU Mutual Assistance Directive (Directive 2011/16/EU – “DAC 6”) which came into effect in 2018, has introduced a disclosure requirement for cross-border tax arrangements directed at EU intermediaries (especially fiduciaries, lawyers, tax advisers and banks).

International cooperation on tax topics – Liechtenstein meets international requirements

The Principality of Liechtenstein is intent on creating an attractive tax system that takes account of European law and international developments. Hence, the Principality has implemented the international automatic exchange of information with 114 partner or reporting countries since the beginning of 2016. The FATCA agreement with the USA was concluded in 2014. The Global Forum of the OECD confirmed in November 2021 that Liechtenstein is fully compliant with

the OECD requirements and described the Liechtenstein legal framework as “In place”, which corresponds to the highest rating.

Plans for international group taxation

While the OECD’s plans for an internationally unified approach to digital taxation presented in autumn 2019 are still in progress, the Group of Twenty (G20) countries endorsed in autumn 2021 a global minimum tax for corporations, which is set to apply from 2023.

Access to the EU market

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Data protection

EU General Data Protection Regulation (EU GDPR)

LLB has implemented the requirements of the European EU General Data Protection Regulation (EU GDPR) Group-wide. The regulation regulates and standardises the collection and processing of personal data by companies and public authorities. LLB has established corresponding rules which are applicable throughout the Group and made the necessary adjustments to implement the requirements accordingly.

Data protection laws in Switzerland and Dubai (DIFC)

The Swiss Data Protection Act was completely revised in 2020 and partially aligned with the EU GDPR. But it retains its own basic concept. It can be expected to come into force in 2023.

In the Dubai International Financial Centre (DIFC), the new Data Protection Law came into force on 1 July 2020. It sets an important benchmark for data protection in the Middle East and largely aligns the legal situation with the EU General Data Protection Regulation, which is gradually becoming an international benchmark.

Protection against money laundering and terrorist financing

Liechtenstein has a zero-tolerance policy towards money laundering and terrorist financing. As a member of the EEA, Liechtenstein has meanwhile also implemented the 5th Anti-Money Laundering Directive and in doing so has improved transparency with regard to beneficial owners as well as risks relating to virtual currencies. It also tightens and harmonises the criteria for assessing high-risk third countries. These international requirements have been implemented domestically through the Due Diligence Act and the Due Diligence Ordinance.

Compliance with international standards

The Financial Intelligence Unit (FIU) serves as the country’s central authority for obtaining and analysing information that is necessary to recognise money laundering, predicate offences for money laundering, organised crime and terrorist financing. It represents Liechtenstein in the Committee of Experts on anti-money laundering and terrorist financing in the EU. The current version of the FIU Law of 2019 and the adaptations made to the Due Diligence Act in 2021 ensure Liechtenstein is fully legally compliant with the international standard.

In 2002, 2007, 2013/2014, the International Monetary Fund (IMF) and Moneyval (the Council of Europe’s Committee of Experts) assessed to what extent the Liechtenstein provisions on anti-money laundering and combating the financing of terrorism meet the standards laid down by the Financial Action Task Force (FATF 40 + 9 Recommendations). The IMF and Moneyval attested positively to Liechtenstein’s standards in combating money laundering and financing of terrorism in their last report. After carrying out the National Risk Assessments (NRA I) in 2016/2017 and updating them (NRA II) in 2020, Liechtenstein completed the Moneyval country examination in autumn 2021 in order to assess the effectiveness of the measures in preventing money laundering and terrorist financing. The results are still pending.

Deposit guarantee schemes and investor compensation

Bank Recovery and Resolution Directive

With the Recovery and Resolution Act (RRA), Liechtenstein has significantly improved its financial stability, in that a statutory mechanism is available to counteract the “too big to fail” risk of large, systemically important banks in a crisis. The EEA country has thus transposed the Directive 2014/59/EU on the recovery and resolution of financial institutions (the Bank Recovery and Resolution Directive (BRRD)) into national law. On 1 January 2017, the Liechtenstein Financial Market Authority (FMA) created an operationally independent organisational unit acting as a resolution authority. Its primary objectives are to avoid significant adverse effects on the stability of the Liechtenstein financial market and to protect client funds and client assets. Systemically important banks in Liechtenstein, of which LLB AG is one, are required to draw up a recovery plan. The recovery plan contains an analysis of measures determined as part of an overall bank stress test that can be taken to restore its financial position under various crisis scenarios.

Deposit Guarantee Schemes Directive (DGSD)

The DGSD requires EEA member states to recognise at least one national guarantee scheme that is responsible for the implementation of the deposit guarantee scheme at banks. All banks must belong to a deposit guarantee scheme which is supervised by a national authority. In Liechtenstein, this function is assumed by the FMA. The new Deposit Guarantee and Investor Compensation Act (DGICA) entered into force in 2019.

In the event of a compensation case, the Deposit Guarantee and Investor Compensation Foundation PCC (EAS) would ensure that the financial consequences for depositors and investors are at least mitigated by covering depositor claims from eligible deposits up to CHF 100'000 and investor claims up to a maximum of CHF 30'000. Eligible deposits are all kinds of account balances as well as call money and time deposits.

Consumer protection

MiFID II / Liechtenstein

The Liechtenstein banking centre and thus also LLB implemented the Markets in Financial Instruments Directive (MiFID II). It simplifies cross-border financial services and allows investment firms, banks and stock markets to offer their services in other EU / EEA member states. Furthermore, they are required to conduct precise client and product analyses as well as disclose information on compensations and commissions. The accompanying Regulation (MiFIR), which has been in force since January 2018, brought significant changes compared to the previously applicable laws. These include the strengthening of investor protection and improving the integrity and transparency of the financial markets. High-frequency trading is subject to regulation and supervisory oversight; position limits in commodities trading are strict. Throughout the EU, consultations at bank branches and consultations by telephone must record and document in a comprehensive manner why a financial product was recommended and how it matches the client's risk profile.

FinSA / Switzerland

In November 2019, Switzerland decided to follow a balanced and modern overall approach to investor protection with the adoption of the Financial Services Act (FinSA) and the Financial Institutions Act (FinIA). The two acts, which have been in force since January 2020, aim to create a level playing field for financial intermediaries and to improve client protection. The FinSA contains rules of conduct towards clients that financial service providers must comply with. It also provides for prospectus requirements and requires a basic information sheet for financial instruments that is easy to understand. The FinIA essentially standardises the authorisation rules for financial service providers.

Rules of the game in the EU payment systems market

For LLB, the harmonisation and the digitalisation of the European payment systems market are important topics. As an EEA country, Liechtenstein adopted the second EU Payment Services Directive (PSD2) in 2019. The revised Payment Services Act came into force on 1 October 2019. The PSD2 introduces new information and liability rules for payment service providers that are aimed at improving customer protection. It also requires strong customer authentication and limits the scope of previous exemptions. In this connection, two new types of financial intermediary, namely the payment initiation

service provider and the account information service provider, have been created. At LLB, the adjustments required to implement the PSD2 have been made.

EU Mortgage Credit Directive

The Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property has been in force in the EU member states since 2014. It creates a single legal framework for the granting of mortgage credit agreements to consumers in the internal European market. As a member of the EEA, Liechtenstein is obliged to transpose this directive into national law. This happened with the Mortgage and Real Estate Credit Act, which has been in effect since 1 April 2021. The directive serves to protect consumers taking out loans to buy residential property. Under the directive, the banks are subject to various obligations when granting a loan. These include, in particular, (pre-)contractual information requirements, creditworthiness assessment requirements and qualification requirements for bank employees involved in granting loans.

LLB has implemented the rules and incorporated them into the relevant processes, with the consultation process being particularly affected.

Capital adequacy requirements

Revision of EU banking regulation

The new EU banking package, which was published by European legislators on 20 May 2019, implements further key elements of the Basel III framework, which was essentially completed at the end of 2017, at European level through amendments to the CRR (CRR II) and CRD (CRD V). The CRR II is applicable in the EU from June 2021, while the CRD V had to be implemented by the EU member states by 28 December 2020. It is expected to come into force in Liechtenstein in 2022. With the Bank Recovery and Resolution Directive (BRRD), European legislators have introduced minimum requirements for the recovery and resolution of credit institutions. The BRRD was transposed in Liechtenstein in a timely manner through the Recovery and Resolution Act (RRA). Minimum requirements for own funds and eligible liabilities (MREL) are defined within the framework of the BRRD in a move to increase the liabilities that could be bailed in in the event of resolution (bail-in capital). This should increase the resolution capacity and reduce the risk of having to resort to public funds for resolving banks. Within the framework of the BRRD II, which is part of the current EU banking package, the regulations on resolution and MREL are being updated and expanded. The implementation of the BRRD II and the determination of the MREL are still pending in Liechtenstein.

Transparency Regulation and Taxonomy (Regulation in the sustainability sector)

The EU Sustainable Finance Action Plan adopted by the European Commission in March 2018 aims, among other things, to improve the financial sector's contribution to sustainable and inclusive growth by financing society's long-term needs, as well as to strengthen financial stability by requiring environmental, social and governance (ESG) factors to be taken into account in investment decisions. This affects LLB AG, LLB Austria, as well as other institutions in Liechtenstein and Switzerland. The background to this is the progressive tightening of requirements in the European Economic Area (EEA), efforts to secure EU market access for Swiss financial service providers and the growing expectations of all market participants. The LLB Group is following developments closely and taking the steps that are necessary to meet the new requirements. For instance, during the reporting year, the "Sustainability" Group project focused, on the one hand, on strategic aspects and, on the other, on regulatory developments in the EU, the EEA and Switzerland. Specifically, the necessary steps were taken to implement the requirements of the regulation on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation, SFDR) and the new requirements of the so-called EU Taxonomy.

Economic value creation

Stability

Liechtenstein is one of only eleven countries worldwide with an AAA rating. In autumn 2021, the rating agency Standard & Poor's (S&P) reconfirmed its top rating for the country's creditworthiness. In its evaluation, it above all emphasised the financial situation of the public budgets and that this represents a stabilising factor during difficult times. It also praised the country's broadly differentiated economy and the fact that it has access to two economic areas. Despite an economic environment that continues to present challenges, S&P is satisfied as to the continued stability of Liechtenstein. The robust financial and banking centre with strong international connections contributes substantially to the positive position it is in. Almost a quarter of Liechtenstein's gross domestic product is generated by the financial sector.

For the LLB Group, having a very solid capital base is also part of its identity. We exceed the core capital ratio of 13 per cent required under Basel III regulations and have done so for many years (see chapter "Finance and risk management").

The LLB share

The LLB share is a worthwhile investment. Investors have continued to profit from a sustainably attractive dividend yield for years.

Market capitalisation

The LLB share has been listed on the Swiss stock market, SIX Swiss Exchange, since 1993 under the symbol LLBN (security number: 35514757) and assigned to the "International Reporting Standard" segment. In 2021, around 2.3 million LLB shares (2020: 1.9 million) were traded on the SIX Swiss Exchange, corresponding to 7.4 per cent (2020: 6.2 %) of total shares issued. With 30.8 million registered shares issued, the market capitalisation of Liechtensteinische Landesbank AG stood at CHF 1.6 billion as at 31 December 2021 (2020: CHF 1.6 billion). The LLB share has been listed in the MSCI World Small Cap Index since 2018.

Shareholder structure

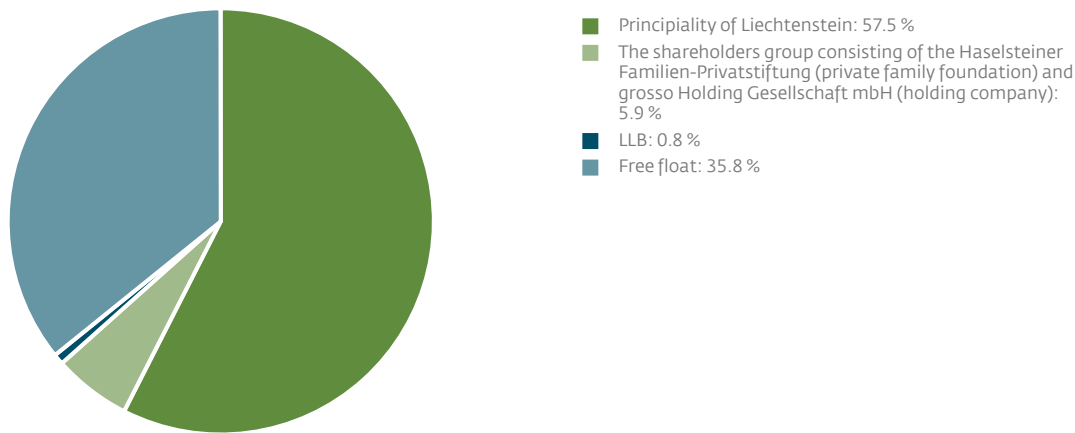
The Principality of Liechtenstein's holding of 17.7 million LLB shares, or 57.5 per cent of the share capital, remained unchanged in 2021. In 2011, the Liechtenstein Government, as the representative of the majority shareholder, adopted the ownership strategy it has been pursuing in regards to the Principality's equity stake in Liechtensteinische Landesbank AG (www.llb.li/en/investors/llb-share). It thereby explicitly supports the stock exchange listing of LLB and retains a majority stake of at least 51 per cent.

5.9 per cent of the shares were owned by the Haselsteiner Familien-Privatstiftung and the grosso Holding Gesellschaft mbH, both of which are domiciled in Austria, as at 31 December 2021 (see chapter "Corporate governance").

LLB held 0.8 per cent (2020: 0.9 %) of its own shares (treasury shares) as at the end of the reporting year. The remaining registered shares were in free float, whereby none of the other shareholders held more than 3 per cent of the share capital.

Overall 89.6 per cent of the 30.8 million total registered shares were entered in LLB AG's share register as at the end of the reporting year. 10.4 per cent, or 3'202'717 shares, were not registered.

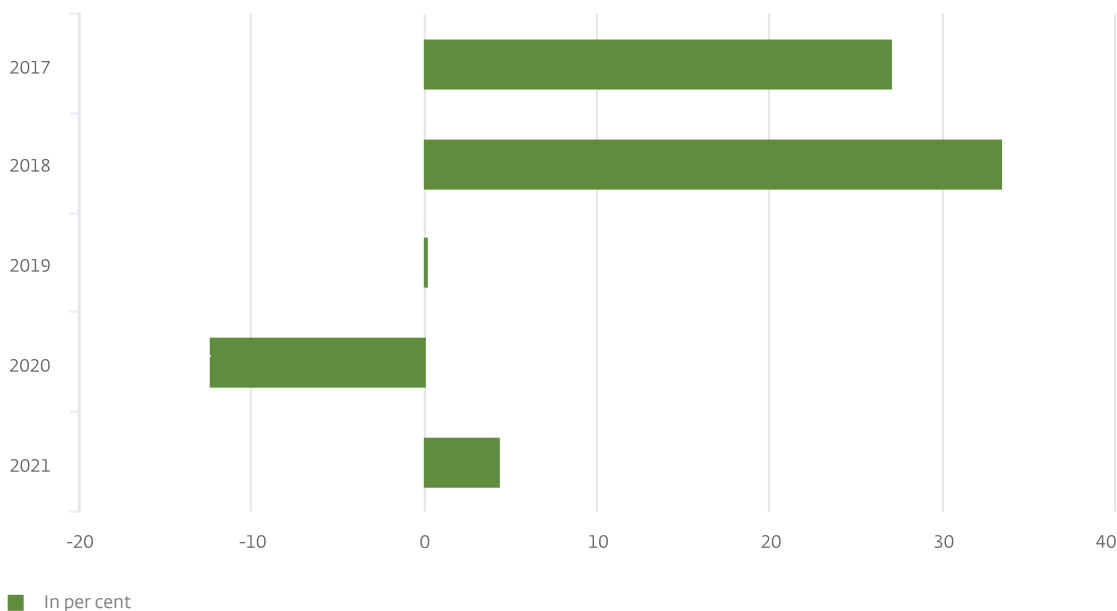
Shareholder structure in per cent



Share price performance

Despite some turbulence, 2021 turned out to be a strong year for the international financial markets. The economic recovery after the coronavirus shock, loose monetary policy and fiscal support had a positive impact on share prices (see chapter “Economic environment”). Measured by the Swiss Performance Index (SPI), shares listed on the Swiss stock exchange rose by 23.4 per cent. Shares in the Swiss SWX Banks Index performed less well. It ended in negative territory in 2021 (-4.2 %) for the second year in a row, while the LLB share produced a total return of 4.3 per cent for the reporting year. The share traded as high as CHF 55.70 and as low as CHF 50.00 in 2021.

Total return on the LLB share



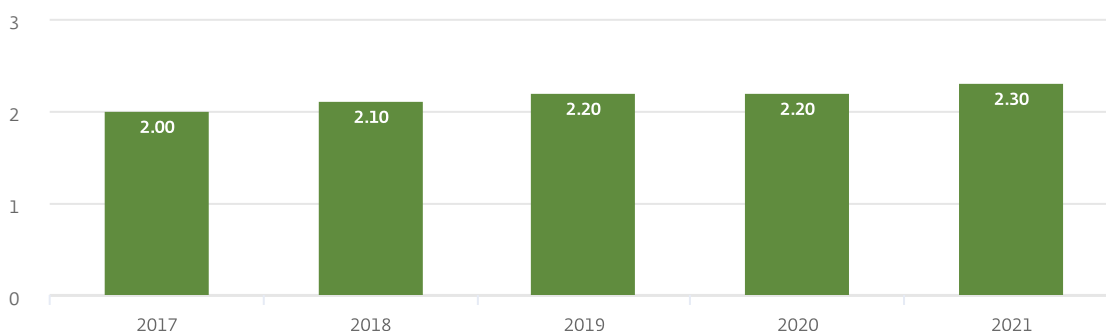
Dividend policy

Liechtensteinische Landesbank pursues an attractive, long-term-oriented dividend policy for the benefit of its shareholders. Furthermore, the LLB Group is committed to safeguarding its financial security and stability (see chapter “Strategy and organisation”). Under the StepUp2020 strategy, it sought to keep risk-bearing capital at a Tier 1 ratio of over 14 per cent in accordance with Basel III. Against this backdrop, the payout ratio for shareholders amounted to 40 to 60 per cent of Group net profit. With the introduction of the ACT-26 strategy from the 2022 business year, the sustainable and attractive dividend

policy is being maintained. There is, however, a small change to the payout ratio, with it now being more than 50 per cent. Continuous dividend development is also being strived for. And a Tier 1 ratio of over 16 per cent is being targeted (see chapter “[Strategy and organisation](#)”).

The Board of Directors will propose an increase in the dividend to CHF 2.30 (2020: CHF 2.20) per share at the 30th Ordinary General Meeting of Shareholders on 6 May 2022. Based on the share price as at the end of 2021, this corresponds to a dividend yield of 4.4 per cent. Total dividends to be paid out amount to CHF 70.3 million (2020: CHF 67.1 million). This represents a payout ratio of 51 per cent for 2021 (2020: 61.1 %).

Dividend per share (2017-2021¹ in CHF)



¹ The Board of Directors will propose a dividend increase for the year 2021 to CHF 2.30 at the Annual General Meeting on 6 May 2022.

Analysts' recommendations

In September 2021, Christian Schmidiger, the Zürcher Kantonalbank analyst responsible for monitoring the LLB share, wrote that “[the share] appears to us to be cheaply priced, which is why we recommend overweighting it”. Schmidiger cites the dividend yield, which is higher than that of the peer group, as underpinning his recommendation.

Research Partners AG has been covering the LLB share since mid-2016. In a report that came out in November 2021, analyst Rainer Skierka confirmed his buy recommendation. He above all emphasised the positive position it is in thanks to the good financial results achieved in 2021. He also alluded to the financial objectives contained in the new ACT-26 strategy, stating that “they should be achievable in the current environment”. The twelve-month price target was raised to CHF 77.00 (2020: CHF 72.00).

Communication with the capital market

The LLB Group publishes its annual and interim financial results (see chapter “[Responsibilities for the economy, society and environment](#)”). Normally, we hold a media and analyst conference on the annual results in Zurich. As in the previous year, it could not take place physically in 2021 due to the coronavirus pandemic. Instead there was a conference call for analysts, investors and the media – like we have for the interim financial results. The LLB Group’s annual report and interim financial reporting formed the basis respectively. Once again, we produced these to a very high standard. Hence, the LLB Group has ranked among the companies with the best results in the overall rating category of the Swiss Annual Report Rating for several years now.

Also at the General Meetings of Shareholders, the Board of Directors and the Board of Management inform transparently about the course of business. Both in 2020 and 2021, these had to be held without shareholders being physically present due to the coronavirus pandemic.

We also hold regular discussions with investors, provide information at roadshows and participate in specialist conferences for financial analysts and investors. Increased COVID-19 measures, however, meant that during the reporting year many of these activities could only take place on a limited scale and scope.

All publicly accessible information about the LLB Group can be accessed on our website at www.llb.li. Anyone interested is welcome to register at www.llb.li/registration to receive price-relevant information about the LLB Group electronically. Additionally, we publish our information via our social media channels such as Facebook and Twitter. We publish the annual and interim financial reports in a comprehensive online version. The Annual Report 2021 in German can be accessed online at gb2021.llb.li and in English at ar2021.llb.li.

The LLB share: facts and figures

in CHF thousands	31.12.2021	31.12.2020
Total of registered shares issued (fully paid up)	30'800'000	30'800'000
Number of shares eligible for dividend	30'567'065	30'511'590
Free float (number of shares)	11'062'065	11'006'590
Free float (in per cent)	35.9	35.7
Year's high (9 April 2021 / 20 February 2020)	55.70	67.80
Year's low (23 February 2021 / 16 March 2020)	50.00	48.50
Year-end price	52.60	52.50
Total return LLB share (in per cent)	4.3	- 12.4
Performance SPI (in per cent)	23.4	3.8
Performance SWX Banking Index (in per cent)	- 4.2	- 12.6
Average trading volume (number of shares)	10'272	7'566
Market capitalization (in CHF billions)	1.62	1.62
Basic earnings per share attributable to the shareholders of LLB (in CHF)	4.25	3.39
Dividend per LLB share (in CHF)	2	2.20
Payout ratio (in per cent)	51.0	61.1
Dividend yield at year-end price (in per cent)	4.4	4.2
Return on equity attributable to the shareholders of LLB (in per cent)	6.3	5.3
Eligible capital per LLB share (in CHF)	58.6	55.7

1 Proposal of the Board of Directors to the General Meeting of Shareholders on 6 May 2022

Sustainability in banking

Since its establishment 160 years ago, sustainability has been firmly rooted in Liechtensteinische Landesbank's DNA. The new ACT-26 strategy lends even more relevance to the topic. Sustainability is one of its three core elements. The LLB Group intends to play a pioneering role in the area of sustainability, with its range of products and services front and centre.

Sustainability as a core element of the strategy

Based on the conviction that it is doing the right thing, the LLB Group further strengthened its efforts on the sustainability front during the reporting year. We intend to keep up our efforts through 2022 and beyond. Indeed, with the implementation of the new ACT-26 corporate strategy we have set ourselves ambitious sustainability goals. By 2040 at the latest, we – and this includes our product range – aim to be completely climate-neutral (see chapter "ACT-26"). This is ten years earlier than foreseen by the Paris climate agreement and in line with the UN's ambitious target to limit global warming to 1.5°C (see chapter "Responsibilities for the economy, society and environment").

Transparent implementation

As we work towards our sustainability goals, we will ensure maximum transparency. In summer 2022, we will therefore be publishing our first-ever TCFD report based on the internationally recognised standards of the Task Force on Climate-related Financial Disclosures (TCFD). The LLB Group will be disclosing its catalogue of measures to achieve its goal on climate warming and where it stands on them, as well as how it will deal with risks related to climate warming and what opportunities it sees. Reporting will be on an annual basis.

Sustainable products and services

It is important to the LLB Group to integrate **ESG** criteria, i.e. aspects relating to the environment, society and corporate governance, into its investment process. Our range of sustainable products is already extensive today. During the reporting year, we forged ahead with the process of making our own bank products sustainable. The lion's share of our fund range has now been brought into line with LLB's ESG sustainability approach, which corresponds to the "light green" category under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR). The aim of the European Union with this regulation is to provide greater transparency on how financial market participants and advisers take sustainability risks into account.

We also offer our clients asset management and advisory mandates based on ESG factors. At the beginning of 2022, we are launching our first-ever "dark green" LLB impact fund. It is considered sustainable under the EU Taxonomy and is aligned with the Paris climate goals (Art. 9 of the EU Disclosure Regulation).

We will be increasing our range of dark green LLB funds. We want to be able to offer our clients a variety of sustainable investing options to suit their particular preference. With this mind, we will be introducing, among other things, a fully digital sustainable asset management service in autumn 2022.

ESG integration in asset management

For the LLB Group, sustainability in asset management means adopting a responsible approach to investing that meets high ethical, social and environmental standards. Furthermore, looking at sustainability aspects brings an additional perspective to risk assessment and as such supports long-term value creation for our clients. As a member of the UN Principles for Responsible Investment (PRI) Finance Initiative, we are committed to responsible investment management. In this way we can

contribute to meeting the UN's Sustainable Development Goals (SDGs). We expect broadly diversified, sustainable investments to yield returns comparable to those from traditional investments.

We have opted to apply a methodologically comprehensive approach to the sustainable investment process. We take various sustainability criteria into account at the individual analysis level and also offer balanced model portfolios for all relevant markets.

Under the LLB approach to sustainable investments, we invest up to a quarter of the portfolio in special impact themes such as climate and environmental protection and microfinance. The individual securities and funds are subjected to additional analysis. Here we rely on our internal fund analysis as well as on the ESG expertise of renowned agencies such as MSCI and invest in companies and funds with a high ESG rating.

Sustainable investments

The LLB Group offers its clients strategy funds and asset management mandates that follow its sustainable investment approach. Only securities with a favourable ESG rating are considered for them when constructing a portfolio. Furthermore, companies with serious violations of important international norms and with substantial turnover in industries such as tobacco, gambling, nuclear energy or weapons are excluded from the portfolio altogether. As demand grows, the investment process is being refined ever further. LLB also offers the inclusion of sustainability aspects for its "LLB Invest" investment advisory packages.

Risk-conscious growth in the mortgage lending business

The development of the real estate and mortgage markets plays a key role in the economy. In Liechtenstein, LLB has a leadership position in the mortgage lending business with a market share of around 50 per cent. Bank Linth extends mortgages in eastern Switzerland. This makes us an important partner for private individuals and businesses. For the LLB Group, the quality of the mortgage portfolio is key: growth must be sustainable and risk-conscious as well as be in line with the type of property and the development of the market in the region. In 2021, mortgages accounted for 88.7 per cent (2020: 88.7 %) of loans granted by the LLB Group, corresponding to CHF 12.2 billion (2020: CHF 11.7 billion) (see chapter "[Finance and risk management](#)").

Liquidity assistance during the corona pandemic

The LLB Group is fully aware of the major economic responsibility that it has in Liechtenstein and in eastern Switzerland (see chapter "[Economic value creation](#)"). This was crystallised during the coronavirus crisis, which saw LLB and Bank Linth taking on an active role as partner banks to SMEs. Both participated in the governmental COVID-19 bridging loan programmes. These provided companies that had encountered financial difficulties as a result of the corona crisis with liquidity quickly and with a minimum of bureaucracy. The LLB Group approved approximately 750 such applications, providing a total of around CHF 71 million in bridging assistance.

Sustainable building

The LLB Group supports its clients in their sustainability efforts. We promote passive houses, new builds and renovations with the Minergie or other comparable energy standard through specially tailored mortgages. Our clients benefit from particularly attractive preferential conditions for a five-year term.

Ongoing sustainability training for employees

In autumn 2020, we launched a multi-stage sustainability training programme aimed at our client advisers to help them stay up to date in the face of our growing sustainable product range and increased sustainability requirements from the clients' side as well as the legislators'. The programme was continued and developed further during the reporting year. By the end of 2021, some 400 employees had completed the training. To make the sustainability training courses even more flexible and efficient, we transferred them online into an e-learning programme. This programme is mandatory for all new employees (in part) and client advisers (in full).

Customer orientation

Banking as an experience for clients

"Integrity" and "respectfulness" are values that are also paramount in the communication and interaction with our clients. Famously, many emotions are associated with financial transactions. We therefore want to make banking an experience that is innovative and pioneering. Only when clients trust their bank, the staff, the products and the technological services and also understand its offerings, do they feel well looked after and respected. This basic philosophy affects all the points of contact with clients. The client's experience is placed centre stage and an emotional value proposition that creates proximity to the client is defined.

Client proximity through systematic surveys

Knowing the needs of clients is the basis for the further development of our channels and offerings. We regularly conduct surveys of clients for this purpose. In the last one, which was held in 2020, our clients gave us top marks for overall satisfaction as well as for willingness to recommend to others and satisfaction with e-banking.

The surveys are part of a customer experience concept with which LLB wants to anchor customer orientation even more systematically in the company. They are also a means to ensure permanent optimisation and improve client satisfaction. The next survey – which will include Bank Linth and LLB Österreich – is scheduled to take place in 2022.

Excellent client advisory services

We also received a particularly good rating from our clients for competence in investment advice and asset management. This very positive verdict was also confirmed by external experts. For instance, Liechtensteinische Landesbank achieved a top score in an independent comparison test conducted by the Fuchs | Richter testing body in the reporting year. Also on the all-time best list of private banking providers in German-speaking regions, LBB ranks among the top players (see chapter "Private Banking").

Fair competition

As the bank for the country and the people, being able to offer attractive and innovative price models is important to us. Individual prices and flat-rate price models or on request also performance-dependent conditions underpin our claim to guarantee a fair and transparent tariff structure. For LLB funds, we forego retrocessions (portfolio maintenance commissions), which makes our funds significantly cheaper in comparison to the market. We pass on retrocessions received on third-party fund holdings to our clients in full. Thanks to our simple and easy-to-understand tariff structure, the fees and conditions for clients are visible at a glance.

We also have a very fair approach when it comes to fees for our LLB funds: we were one of the first banks to introduce a swap-based model for some fixed-income funds, with pricing being linked to the interest rate.

Financial planning for private individuals and entrepreneurs

The challenging geopolitical and economic environment is making it increasingly difficult for private individuals and entrepreneurs to make the right financial decisions. The need for comprehensive, professional advice is therefore continuing to grow. Our answer to this is the "LLB Compass – the 360° advice for your future". Our holistic financial planning highlights all the important topics such as budgeting, asset structuring, pension planning, real estate and financing as well as taxes and estates and provides our clients with a guide on how they can shape their financial future. In the case of entrepreneurs, our advice always takes account of the individual characteristics of the firm.

LLB Pension Fund Foundation for Liechtenstein

With the LLB Pension Fund Foundation, we are the only bank in Liechtenstein with a collective foundation for Liechtenstein SMEs and that since 2005. Owing to its solid financial position, it is gaining popularity. At the end of 2021, Liechtenstein's youngest collective foundation managed CHF 1.27 billion (2020: CHF 1.18 billion). The LLB Pension Fund Foundation thus manages one of the largest amount of pension fund assets in Liechtenstein, making it an essential pillar of the domestic pension fund market. At the end of 2021, it had 760 affiliated companies (2020: 773) with a total of 7'866 active insured persons (2020: 7'238) as clients. The liquidity ratio stood at over 110.1 per cent (2020: 107.2 %). The LLB

Pension Fund Foundation has a very good structural ratio: as in the previous year, for each pensioner there are twelve active insured contributors.

In order to be able to actively participate in shaping the legal framework, the LLB Pension Fund Foundation is represented on the Executive Board of the Liechtenstein Pension Scheme Association (LPKV). In this way, it is also instrumental in the expansion of the domestic market.

Risk management

The LLB Group's risk management process ensures that climate risks are appropriately identified, assessed, managed and monitored. The risk strategy, which is aligned with the climate goals of the LLB Group, provides the framework for this (see chapter "Responsibilities for the economy, society and environment"). Through the strategy we want to promote the transition to a low-emission economy and society and strengthen the robustness of our business strategy against climate risks.

Regulatory development in the context of sustainability

The European Union (EU) promotes sustainable development of the economic system and is committed to the goals of the Paris climate agreement and those of the UN's Agenda 2030. With its "Action Plan for Financing Sustainable Growth", the EU aims – among other things, through incorporating sustainability into investment advice – to reorient capital flows towards a more sustainable economy. Integrating sustainability aspects into risk management and fostering transparency are key areas of the action plan. Achieving the European Union's goal of climate neutrality by 2050 will require a significant reduction in CO₂ emissions, supported by "green" financing.

Various legislative initiatives following this action plan have been started in the EU. Particularly worthy of mention are:

- ♦ Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector;
- ♦ Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy Regulation);
- ♦ Delegated Regulation amending Delegated Regulations (EU) 2017/565 and (EU) 2017/593 in the MiFID II context;
- ♦ Delegated Regulations amending Delegated Regulations (EU) 231/2013 (AIFM) and 2010/43/EU (UCITS).

The subsidiaries of LLB in Austria (bank and investment companies) are directly affected by the EU regulations. They are also relevant to LLB in Liechtenstein through the European Economic Area (EEA), although the date of application may vary depending on the law.

The LLB Group started work on the implementation of the upcoming legislation in the reporting year, so that the regulatory requirements could be gradually implemented. This includes, for example, applying the sustainability-related disclosure obligations and paying increased attention to sustainability risks both in the bank's own risk management practices and in investment products under the sustainability approach of LLB Asset Management. Along with the expansion of the offering of sustainable investment solutions, we are concerned with providing maximum transparency to our clients on the sustainability classification of products. Here, the training of frontline staff began already in 2020.

The LLB Group aims to increasingly integrate the topic of sustainability into its products, its risk management and especially into its client advisory services. We therefore support the efforts of legislators in the area of sustainability to create relevant standards and transparency requirements for sustainable finance.

Employees

Excellent, committed employees are a fundamental prerequisite for the success of a company. For this reason, the LLB Group attaches particular importance to an attractive and modern work environment. We offer a strong corporate culture, interesting tasks, high development potential as well as many opportunities to help shape our common future.

LLB as employer

As at the end of December 2021, the LLB Group had 1'229 employees (2020: 1'225), who together filled 1'056 full-time positions (2020: 1'064). This makes LLB one of the largest employers in Liechtenstein.

Well anchored in the region

We are very keen that our managers understand the mindset and concerns of our clients. And for this reason, almost 100 per cent of the managers and the majority of employees in the main business locations have their roots in their respective region. As a result, they are highly dedicated to the company and have a high level of integrity. They also take a longer-term view, which is very much appreciated by the clients.

To meet the demand for skilled employees, LLB relies on commuters who travel every day from eastern Switzerland (2021: 287) and the Austrian state of Vorarlberg (2021: 93) to Liechtenstein. This makes LLB a major regional employer in the Rhine Valley. Bank Linth recruits almost all of its professionals from the Swiss regions of Lake Zurich, Sarganserland and Winterthur.

Communicating with employees

A clear, consistent and transparent approach when addressing employees is essential for successful corporate management. This is all the more so in crisis situations like the corona pandemic, which affected many parts of day-to-day operations yet again in 2021. Internal communication thus assumed special relevance once again during the reporting year.

Across the entire Group, we kept our employees – tailored to the individual companies – informed about the latest developments through, for instance, news postings on the intranet. The Group CEO also reported on projects and new developments in regular video messages. Similarly, LLB (Österreich) AG posted video messages from members of the Board of Management. Bank Linth conducted employee information events virtually when they could not be held physically.

The main focus of internal communication in 2021 was again the Group Forum, an annual Group-wide information event, where the Group Executive Board set out the new ACT-26 corporate strategy. The event took place simultaneously at three of the Group's locations, namely Vienna, Uznach and Vaduz. The employees could participate either in person or digitally.

The main instrument for internal communication is LLB's intranet. The upgrading of our Group-wide, internal communication platform was completed during the reporting year so that we are now able to reach our employees in a more targeted way. Furthermore, the modernised intranet offers an array of collaboration tools such as, for example, the comment function. These tools enable employees to engage with each other in an interactive dialogue – much like other social platforms.

Attractive work environment

We continually implement measures to improve the work environment so that we can position ourselves actively in the competition for the best talent. Here we focus in particular on health promotion in the workplace, raising job quality and flexibility of working hours and location.

Flexible work environment

Mobile working is now well up the list of priorities for jobseekers. In recent years, the LLB Group has responded to this development and ramped up its home office capacities. The corona pandemic has sharply accelerated this process. Since the autumn of 2020, almost all employees have been able to work from home. During the reporting year, moreover, the home office regulations were made fit for the post-corona era. These provide that employees may work from home for up to 40 per cent of their workload, if their job duties permit it and the legal framework conditions allow it. The measures taken are in line with the Group's strong commitment to sustainability as defined in its new corporate strategy: after all, fewer days in the office reduces commuter traffic.

Compatibility of work and life situation

A high degree of compatibility between work and private life makes for an attractive employer. In recent years, therefore, we have pushed ahead with projects offering greater flexibility of working hours and location. Most employees work under the trust-based working time model. Under this model, they determine, in consultation with their manager, exactly how their working time is to be structured and different workloads managed. A reduction of working hours is, in consultation with their manager, possible as well – this also applies to management positions.

In addition, employees can increase their holiday entitlement by five or ten days and forego a corresponding amount of pay in return. This "FreiZeit-Kauf" (purchase leisure time) scheme is highly valued: in the reporting year, 105 employees (2020: 106) purchased a total of 745 additional leave days (2020: 745).

Compatibility of work and life situation is an important criterion when choosing an employer – particularly for mothers. We have launched a special programme to facilitate their return to work after childbirth. For example, the workload can be reduced to 60 per cent in the first year if a mutual commitment is made to subsequently increase this to 80 per cent. In other instances, individual arrangements to take extended leave after childbirth or a smaller workload are made (see section "Family-friendly company").

We also support paternity leave and permit our employees care leave in the case of a family emergency. The "Villa Wirbelwind" crèche in Vaduz, which was set up in co-operation with the Liechtenstein Bankers Association, is open to the children of all Liechtenstein bank employees.

Long-service employees are rewarded with a sabbatical. 45 employees (2020: 49) with long-service anniversaries of ten, twenty, thirty or forty years went on a sabbatical for up to four weeks in 2021.

Family-friendly company

LLB AG has been recognised by the Liechtenstein Government with the "Familienfreundliches Unternehmen 2021" (2021 Family-Friendly Company) award.



(Source: Liechtenstein government / IKR)

Over 50 domestic companies submitted their entry and were assessed and evaluated for their commitment to the compatibility of work and family life. An employee survey had been conducted internally in advance; for LLB, it revealed the following findings:

- ♦ A family-friendly environment is very important to our staff.
- ♦ Compared to the benchmark, our employees enjoy coming to work more than average and are more satisfied with the general conditions of work. More education, training and career development programmes are on offer than at other companies that took part in the survey.
- ♦ The compatibility of work and private life is very important and challenging for parents and carers.

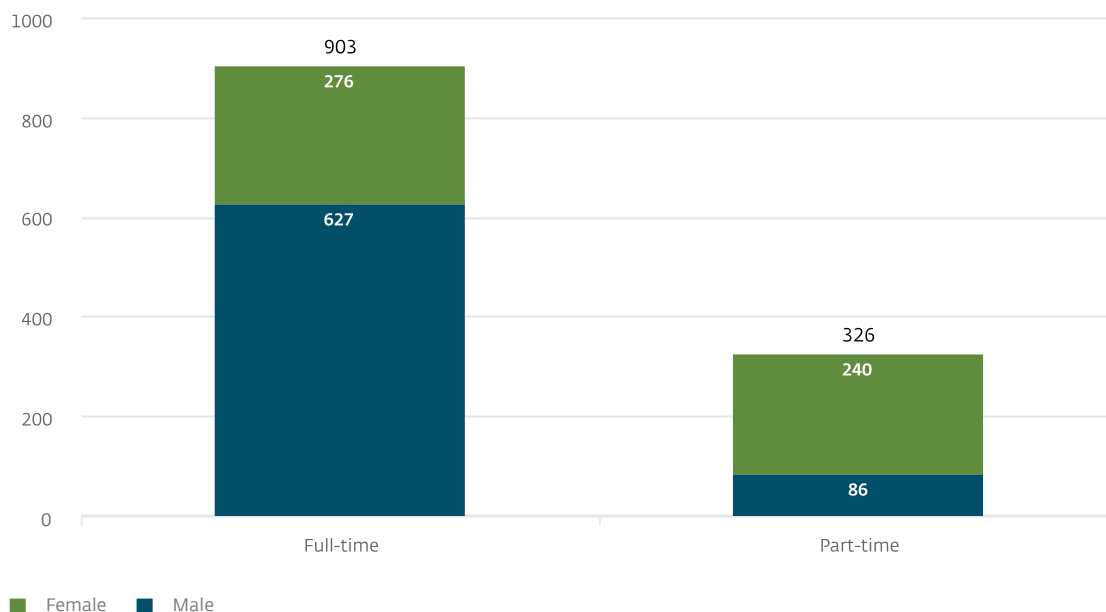
These topics all play a central role in our new HR strategy. The formulation of associated goals and measures is already underway.

Fair and performance-oriented compensation

The LLB Group offers attractive employment conditions. It spent CHF 190.0 million (2020: CHF 181.0 million) on salaries and social contributions in 2021.

We have a modern compensation system that is considered exemplary in the banking sector. For the majority of employees, it includes a variable remuneration component. We set great store by fair compensation that explicitly recognises skills and performance. Women and men in the same position and at the same performance level are in the same pay scale and wage model. In 2020, the LLB Group, together with the University of St. Gallen (HSG), analysed pay equality between men and women. The results from the analysis, which were presented in the reporting year, confirmed that there is no statistically significant disadvantaging of women at LLB. Based on this, Liechtensteinische Landesbank received the highest award possible, the "We pay fair" certificate. Bank Linth similarly complies with the legal framework with its wage differential.

Breakdown by employment type ¹



¹ Including permanent and temporary employees

In 2013, we decided to introduce the Market-Adjusted Performance Indicator (MAPI) so as to be able to make a careful and objective evaluation of the management’s performance (see chapter “Compensation report”). The model was developed in conjunction with FehrAdvice & Partners AG, Zurich, and is based on the results of behavioural economics research carried out by Professor Ernst Fehr from the University of Zurich.

High employee satisfaction

Employee satisfaction is an indicator of whether it is possible to retain motivated, high-achieving employees in the company. To understand where we stand in this respect, we regularly conduct in-depth employee surveys at the companies of the LLB Group. In the last survey of 2020, we achieved very good results once again in the main criteria of commitment, satisfaction and evaluation of the company as an employer. LLB AG and Bank Linth were subsequently honoured with the Swiss Employer Award. The next survey is scheduled for 2023.

Initiative for employees over 50

Rapid digital developments and growing complexity are affecting the workplace, making job profiles more demanding. Staying motivated and up-to-date is a challenge – especially for people who have been in professional life for a long time. At our Liechtenstein location, 28 per cent of employees are over the age of 50. To ensure they remain fit for the working world of the future, we have a special programme available for them. It includes, among other things, offerings to strengthen personal, professional and methodological competence. Training courses and workshops planned for 2021 had to be cancelled yet again due to coronavirus-related restrictions. They will be held again as soon as the situation allows. Our service offerings for employees turning 50, namely an analysis of their financial position, and for those over 56 of regular progress meetings are actively used and much appreciated. A new addition to the programme in 2021 was the “Skills 4.0” course from a leading centre of excellence for future-oriented learning in Switzerland. The course provides further education training to meet the needs specifically of the 50+ age group.

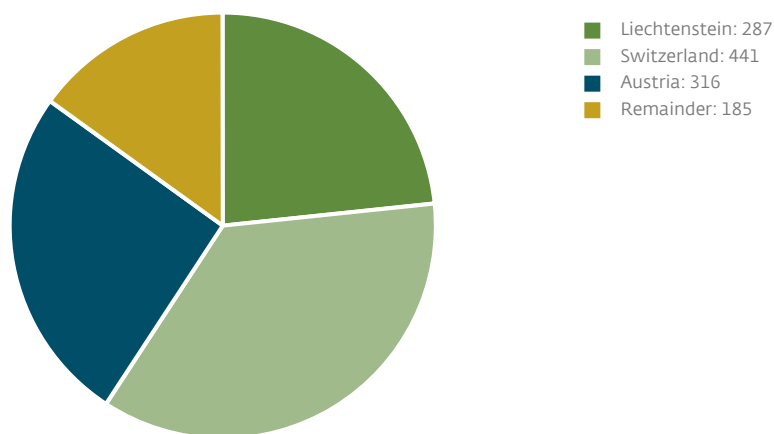
Health and safety

Gaining the “Friendly Work Space” label from Gesundheitsförderung Schweiz (Swiss Health Promotion) in 2020 has made us truly top of class in this metric. In 2021, we followed this initial success through with action. Besides our very broad health-focused offering, which formed the basis for this award, we dedicated our attention during the reporting year to further developing procedural topics and to mental

fitness. Pilot events were also held on topics such as “Healthy leadership” for supervisors and “Stress fit” for employees. Following very good feedback, we will be rolling out these training courses more broadly over the next few years.

We want to reduce the absenteeism rate, which indicates the incidence of accidents and long-term illnesses, through these and other measures. We were again able to meet our target of a maximum of 2.5 per cent in the reporting year. In 2021, we registered 143 absences (2020: 133), corresponding to a rate of 1.9 per cent (2020: 1.5 %).

Breakdown by nationality ¹



¹ Including permanent and temporary employees

Support at difficult times

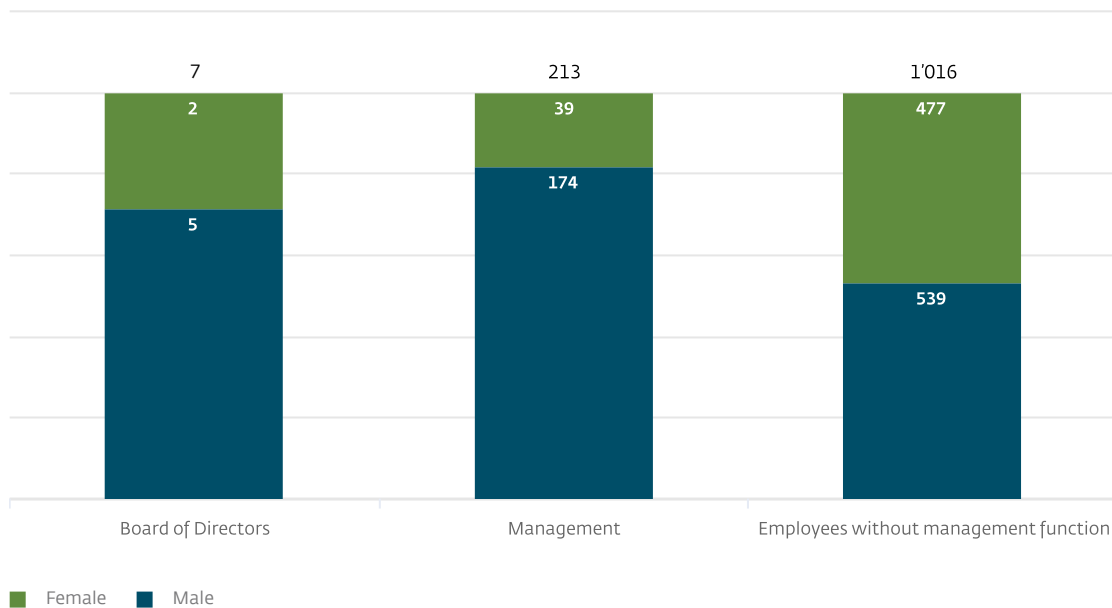
Our aim is to reduce short- and long-term absences and to facilitate the return to work. Mental stress can often result in physical illness and vice versa. Our employees are therefore able to gain free and anonymous access to psychological counselling should they find themselves in difficult professional or life situations. We also offer support to employees returning to work after a long absence and to those with serious health problems. Providing practical support enables employees to maintain or regain their productivity.

Diversity of employees and managers

Productivity and innovation are key drivers of a company's success. Studies show that teams that are highly diverse are more likely to question existing processes and thought patterns as well as to develop and advance innovative ideas. The LLB Group has for this reason long since stated its commitment to diversity among its employees and at all levels of management.

In 2021, 23 per cent of our employees were Liechtenstein nationals, 36 per cent Swiss nationals and 26 per cent were Austrian nationals. All in all, people from 38 nations are employed at the LLB Group. We are committed to ensuring that our client base is reflected in our employee mix. This also applies to our traditional cross-border markets in Germany and the rest of Western Europe as well as to the growth markets of Central and Eastern Europe and the Middle East.

Breakdown by gender ¹



¹ Including permanent and temporary employees

The proportion of women working for the LLB Group is relatively high at 43 per cent, though they are still under-represented in leadership positions. The first woman was appointed to the Group Executive Board in 2016 (see chapter “Corporate governance”).

Women in management positions:

- ♦ Executive management: 4 men, 1 woman
- ♦ Senior management: 25 men, 1 woman

The Board of Directors of LLB, which is publicly listed, has been characterised by an above-average proportion of women since 2014. At the end of 2021, with two out of the seven members women, they represented just under a third (29 per cent) of the board members (see chapter “Corporate governance”).

91 employees were assigned to the “Potential Pools”, from which, among other things, future managers are recruited internally; of these, 27 were female.

Breakdown by age group ¹



¹ Including permanent and temporary employees

Training as a main pillar of a company's success

For the LLB Group, training and professional education are important instruments for increasing its competitiveness. In 2021, we invested CHF 1.5 million (2020: CHF 1.4 million) in the targeted development of managers, talent and competences. By doing so, we were able to fill 76 per cent (2020: 63 %) of management positions that became vacant internally in the reporting year. In the "Career Planning" project, the developmental intentions and perspectives of those employees wishing to progress were discussed using a system-based process and with the aid of competence-oriented job profiles.

Digital learning

In the age of digitalisation, learning is increasingly taking place online. Digital learning formats are opening up new possibilities for acquiring knowledge. Many of our internal training courses now use webinars to deliver content.

Since 2021, all LLB Group employees have enjoyed access to LinkedIn's entire e-learning offering. LinkedIn Learning provides expert-led practical courses that enable them to acquire or deepen specific skills. Greater flexibility is another advantage of e-learning: employees can learn at any time or place, according to their individual needs. LinkedIn Learning is therefore also an essential component of our Group-internal management training.

Client adviser certification

With mandatory SAQ client adviser certification, we are ensuring the outstanding advisory competence of the LLB Group for the long term according to uniform quality criteria. In 2021, all uncertified employees with client contact were able to complete the qualification according to SAQ standards. The recertification catalogue had new training topics added, both in the online and in-person formats. All employees needing recertification in 2021 were able to extend their SAQ certificate for another three years. The SAQ certification also complies with the regulatory requirements arising from the European Markets in Financial Instruments Directive (MiFID II) and the Swiss Financial Services Act (FinSA). In 2021, we invested CHF 198'000.00 (2020: CHF 176'000.00) in training programmes in accordance with the standards of the Swiss Association for Quality (SAQ). Of this total, CHF 132'000.00 was spent on initial certification and CHF 66'000.00 on recertification.

Management development

The success of a strategy requires a thorough understanding of the goals and intentions as well as of the corporate culture. Just as important, however, is an individual's attitude towards the changes that are coming. In autumn 2021, shortly after launching the new ACT-26 corporate strategy, the LLB Group therefore kicked off the "Leading to success III" training course. It enables management to develop the content of the strategy and subsequently implement it in their teams.

Professional training

Liechtensteinische Landesbank is one of the largest providers of training in Liechtenstein. In the reporting year, the LLB Group trained a total of 34 apprentices (2020: 30) in the fields of IT and commerce. These young adults benefit from high-quality dual vocational education and training. The traditional apprenticeship remains the main pillar of the development programme for our junior employees. We believe that the provision of a broad education is a key task, especially as through the Federal Vocational Baccalaureate (FVB) it allows young adults to keep their options open to go to a university of applied sciences or a traditional university.

Bachelor, work and study, and master programmes

The LLB Group focuses strongly on university graduates. There are three different programmes available for candidates:

- ♦ practical-based direct entry for graduates (2021: 8 participants);
- ♦ a work and study programme for postgraduates in the final phase of their studies (2021: 4 participants);
- ♦ and a trainee programme for postgraduates (2021: 4 participants) in the areas of general and relationship management.

The participants of these three programmes are in contact with top management, are involved in day-to-day business from the outset and profit from the comprehensive spectrum of tasks of a universal bank. Those who demonstrate performance and commitment are recommended for a permanent position.

The LLB Group continues to have a high demand for employees with a higher education. To enhance our profile as an attractive employer, we are regularly visibly present at both online and physical events at the Universities of Liechtenstein and St. Gallen, FHS St. Gallen University of Applied Sciences and Zurich University of Applied Sciences (ZHAW) in Winterthur. This is bearing fruit: the level of qualifications of new entrant employees and managers has increased significantly in recent years. At the end of 2021, 62 per cent of newly recruited employees had graduated from a university or a university of applied sciences or completed higher professional training.

Measuring the success of staff development

The LLB Group has established various processes in recent years to support the systematic further development of its staff and internal pool of specialists and experts. Based on regular assessments of performance and development potential as well as strategic staffing needs within the Group, concrete action plans can be developed and implemented for all employees. There are, among other things, so-called "Potential Pools". Some 87 individuals, or 8.9 per cent of employees (2020: 91 individuals; 10.3 %), were assigned to one of five "Potential Pools" in 2021.

Digitalisation of personnel management

The LLB Group has had a digital portal for some years now that offers employees and managers a uniform platform for a variety of different HR applications, ranging from tools for learning management to onboarding new employees. At the same time, two management-intensive processes (performance management and people development) were also system supported and automated, improving and facilitating performance measurement and employee development. The HR portal also enables employees to network more closely internally over a collaboration platform.

We are increasingly using digital tools for recruitment purposes, too. The focus is on recruiting via our social media channels, i. e. LinkedIn, Instagram and Xing.

Representation of Employees

As a fair and responsible employer, it is important to us that employees have a body to whom they can turn should they encounter problems at work and which represents their interests vis-à-vis the Group Executive Board. The Representation of Employees (Arbeitnehmervertretung) at LLB's parent bank holds a regular dialogue with the Group Executive Board. The former has a say in various issues such as staff pension plans, rationalisation projects and staff retrenchment. It also represents the viewpoint of the employees in various working groups such as the Mobility Commission and the Working Atmosphere and Health Commission. The Group Executive Board is obliged to inform the Representation of Employees of all matters that are relevant to employees. The Group CEO and the Head of Group Human Resources alternate this task on a quarterly basis.

Personnel Pension Fund Foundation

In the reporting year, 730 employees of our corporate Group who work in Liechtenstein were covered by the retirement, life and disability insurance plans of the autonomous Personnel Pension Fund Foundation of Liechtensteinische Landesbank. The pension fund and its defined contribution scheme offer three attractive savings plans that go beyond the requirements of the law (Occupational Pension Act (OPA)). In addition, LLB's contributions as an employer amount to two-thirds of the financing of the fund.

Thanks to good investment returns, the retirement assets of the insured persons bore interest of 4.0 per cent at year's end. To safeguard pension benefits, the Board of Trustees decided to switch from periodic tables to OPA2020 generational tables and a technical interest rate of 1.50 per cent. In the generational tables, the expected increase in life expectancy is included directly in the tariff. The switch renders the provision previously made for "Increase in life expectancy" no longer necessary and the future required return on the pension fund capital of pension recipients is reduced accordingly. The disadvantage is increasing retirement losses as a result of the pension conversion rate being too high. These, however, are within an acceptable range so that there is no need to reduce the pension conversion rate further.

The liquidity ratio increased as at the end of 2021 to 113.3 per cent (2020: 110.5 %). The fluctuation reserve amounted to CHF 46.7 million (2020: CHF 34.3 million), or around three quarters of its target value. The latter was increased from 116.0 per cent to 118.0 per cent following the decision in 2020 to adjust the investment strategy.

All these measures will further strengthen the financial resilience of the Personnel Pension Fund Foundation of Liechtensteinische Landesbank.

LLB Group headcount statistics

	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Employees					
Number of employees (full-time equivalents)	1'056	1'064	1'077	1'086	867
Full-time employees	903	918	930	953	769
of which Apprentices	27	30	34	33	36
of which Young talents ¹	17	10	9	13	4
Part-time employees	326	307	304	280	218
Employee retention					
Staff turnover rate in per cent	14.5	11.5	12.0	10.9	11.0
Average length of service in years	9	9	9	9	10
Average age in years	41	41	41	41	40
Diversity and equal opportunities					
Number of nations	38	36	38	38	36
Share of women in per cent	42	43	42	43	43
Training and professional education					
Training costs in CHF thousands	1'500	1'400	1'655	1'802	1'384
of which SAQ certification costs in CHF thousands	198	176	318	410	244

1 Includes all working students in master's studies, trainees with master's degree and direct entrants with bachelor's degree. All young talents have temporary employment contracts.

Corporate environmental and climate protection

As a responsibly operating company, it is important to us to contribute to environmental and climate protection and to the conservation of natural resources. With our new ACT-26 corporate strategy, we have set ourselves the goal of playing a pioneering role in this area. Since 2021 the LLB Group's banking operations have been climate-neutral. And we will continue resolutely down this path. By 2040, we want to achieve complete climate neutrality.

Transparent reporting

We, as the LLB Group, are committed to open and transparent reporting. That is why in 2021 we went over and above the regulatory requirements and by measuring Scope 1, 2 and 3¹ (excluding bank products and own investments) determined all material emission factors for our banking operations. Doing so allows us to identify and compare many more emission sources.

In order to analyse trends and derive targets and measures, the figures for 2019 and 2020 were recalculated to obtain data for comparative purposes. The figures for 2019 in particular would appear important given that it is the last representative business year for the CO₂ footprint before the COVID-19 pandemic and the numerous restrictions it brought with it.

Information on Scope 3 emissions from bank products and own investments, which have been omitted from this report, will be provided in our new TCFD report. Based on the internationally recognised standards of the Task Force on Climate-related Financial Disclosures, it is scheduled to be published for the first time in summer 2022.

Development of CO₂ emissions

CO₂ emissions were significantly lower in 2020 and 2021 compared to 2019, falling from 5'843 t/CO₂ to a 3'319 t/CO₂ and 3'042 t/CO₂ respectively. This reduction in CO₂ emissions is mainly due to one-off effects as a result of the COVID-19 pandemic. For example, emissions caused by mobility (commuter and business traffic and business trips) more than halved in the period being compared. By contrast, additional emissions from setting up home office workplaces in 2020 and 2021 were barely significant (see [table](#)).

CO₂ footprint within the LLB Group

At 75 per cent, the vast majority of our emissions in the pre-corona year 2019 were attributable to LLB AG and its subsidiaries in Liechtenstein, with LLB (Österreich) and Bank Linth roughly splitting the other 25 per cent. As expected, in 2019, Scope 3 emissions (not including bank products and own investments) far exceeded the CO₂ emissions generated by the emissions captured in Scope 1 and 2.

¹ Emissions are grouped into so-called Scopes:
 Scope 1 includes all direct emissions caused by combustion.
 Scope 2 includes all indirect emissions caused by purchased electricity.
 Scope 3 includes emissions caused by purchased inputs and third-party services.

Main sources of CO₂ emissions

Mobility is the biggest driver of emissions in the LLB Group's banking operations. In 2019, it was responsible for about three quarters of CO₂ emissions of 4'039 t/CO₂, of which commuting by employees

and business trips each accounted for about half. This trend was also clearly visible in both years affected by the corona pandemic.

Across the individual business units though, there are clear differences. While LLB AG and its subsidiaries produce an average of 6.6 t/CO₂ per employee (FTE), Bank Linth and LLB (Österreich) produce considerably less, namely 3.8 t/CO₂ and 3.4 t/CO₂ respectively. In 2020 and 2021, emissions were significantly lower due to the said one-off effects (see table), but the uneven distribution of emissions remained unchanged. The reasons for this are the longer commuting distances to Liechtenstein, which employees from neighbouring countries often do using their own vehicle, as well as greater business travel activity at the Group's headquarters.



"The corona pandemic also had an impact on our carbon footprint. Because many commuters were in the home office, the emissions caused by mobility were also significantly reduced. By switching to electricity from renewable sources, we were able to have an additional positive impact on our CO₂ emissions."

Jürgen Zeitelberger, Sustainability Officer LLB Group

Measures set

As part of the new ACT-26 corporate strategy, the LLB Group has committed itself for the first time to quantitative targets that are in line with the Paris climate targets and conducted a thorough analysis of the climate footprint. In previous years, it has nevertheless taken significant measures to reduce CO₂ emissions, including employee mobility and our building management.

Corporate mobility management

The LLB Group is committed to keeping the environmental pollution caused by business and commuter traffic as low as possible. We have an incentive scheme to encourage our staff to use public or non-motorised transport or form car pools to get to work. Here, on the one hand, we subsidise the cost of season tickets on public transport and offer a bonus in return for foregoing a parking space. While, on the other hand, we levy parking charges – there are four charge bands and the charge levied depends on the distance to work. We promote the use of non-motorised transport by providing changing facilities and showers with towel services as well as company bicycles at our business locations. We also contribute CHF 50 towards the purchase of a bicycle helmet and motivate our employees to take part in the competition run by the Verkehrs-Club Liechtenstein (VCL) "Radfahren für Ihre Gesundheit" (Cycling for your health) and the one by the Liechtenstein Chamber of Commerce and Industry "Mit dem Rad zur Arbeit" (Cycling to work).

These measures are having an effect: out of all employees in Liechtenstein, 355 (2020: 295) now come to work by bus, bike or on foot; this corresponds to a share of 48 per cent. We have installed nine electric charging points in all at six locations in Liechtenstein. They are primarily available for use by our employees, but can also be used by our clients.



Numerous measures have already been taken in recent years to reduce CO₂ emissions within the LLB Group. For example, the LLB Group uses renewable energy sources whenever possible. Projects for the in-house production of electricity are also planned. In addition, great emphasis is placed on increasing energy efficiency and the economical use of resources.

Climate-conscious power-supply

The organisational unit Facility Management identifies potential energy savings and evaluates the effect of efficiency measures. We continue to improve the energy balance of our properties through renovating and refurbishing.

In October 2020, we switched over to certified hydroelectricity for all LLB Group properties in Liechtenstein. This enabled us to reduce CO₂ emissions from electricity consumption by more than 60 per cent by the end of 2021.

LLB (Österreich) switched completely over to green electricity on 1 January 2021, which, among other things, reduced Scope 2 emissions by upwards of 70 per cent.

Climate-neutral bank

The LLB Group's banking operations have been certified as climate-neutral by Swiss climate foundation "myclimate" since the 2021 reporting year. Initially, this has been achieved primarily through the purchase of climate certificates. These are solely used to finance environmental protection based projects that absorb carbon dioxide from the atmosphere – so-called carbon-removal projects (see chapter "Responsibilities for the economy, society and environment"). In parallel, we will be implementing other measures in 2022 and beyond to further reduce CO₂ emissions within the LLB Group.

Energy consumption and greenhouse gas emissions LLB Group¹

	2021	2020	2019
Energy consumption (in MWh)	6'781.5	6'497.5	6'893.7
Electricity ²	4'701.8	4'361.0	4'672.8
District heating	436.3	581.7	580.4
Total heating fuels	1'215.8	1'030.6	1'091.1
Heating oil ³	136.2	126.3	136.1
Natural gas	719.6	904.3	955.0
Biogas	360.1	n. A.	n. A.
Total motor fuels	427.6	524.2	549.3
Diesel ⁴	152.5	211.1	195.1
Petrol (vehicles)	272.1	313.1	354.3
Electric vehicles ⁵	3.0	n. A.	n. A.
Hybrid vehicles ⁵	25.3	n. A.	n. A.
CO₂ emissions (in tCO₂ e)⁶	3'042.1	3'319.0	5'843.8
Scope 1 total ⁷	308.8	365.6	383.6
Heating fuels	175.4	208.9	221.2
Motor fuels	105.6	122.7	128.3
Volatile gases (refrigerants)	27.8	34.1	34.0
Scope 2 total ⁸	150.2	471.0	399.9
Electricity ⁹	102.0	417.8	342.1
District heating	46.7	53.2	57.8
Scope 3 total	2'583.1	2'482.4	5'060.3
Purchased goods and services	321.1	315.6	396.7
Capital goods	154.1	298.6	32.0
Fuel and energy-related activities	263.0	322.7	326.5
Transports	59.0	54.0	60.9
Operational waste	25.0	26.5	29.4
Business trips	259.1	215.4	1'897.7
Commute employees	1'501.8	1'249.6	2.317.2

- 1 Due to optimized data management, the data basis was updated in the reporting year. Therefore, the data from the LLB Annual Report 2020 differs from the current data. This includes the LLB locations in Liechtenstein and Austria as well as Bank Linth. Some consumption data at the Vienna location was estimated based on the previous year's consumption.
- 2 The increased electricity consumption compared to 2020 is due, among other things, to the pandemic-related work of a large part of the workforce from the home office. In addition, there were several changes at the system boundary at Bank Linth (new branch office in Meilen, changed energy reference areas in various branch offices). However, the impact of these changes on total electricity consumption is negligible.
- 3 The data collection on heat consumption for Bank Linth is partly incomplete and will be optimized.
- 4 The significant reduction in diesel consumption is attributable to the reduced use of diesel vehicles at LLB (Austria) and increasingly virtual held meetings.
- 5 Data collection from 2021
- 6 Greenhouse gas emissions were calculated in accordance with the guidelines of the Greenhouse Gas Protocol. Due to the update of the emission factors in the reporting year, the electricity-related CO₂ emissions for 2019 and 2020 were subsequently adjusted.
- 7 Greenhouse gas emissions from own heating boilers, fuels and air conditioning systems
- 8 Greenhouse gas emissions resulting from the production of purchased electricity and district heating.
- 9 Emissions from the use of electric vehicles are also included here. Reported according to the market-based approach of the Greenhouse Gas Protocol Scope 2 Guidance.

Industry initiatives and corporate citizenship

The legal performance mandate of LLB defines the promotion of Liechtenstein as a workplace as its core task. The LLB Group is further committed, as part of various industry initiatives, to a sustainable banking centre and supports various ecological, social and cultural projects (see section “[Sponsoring](#)”). We contribute in this way actively to the prosperity of the population and to the sustainable development of Liechtenstein (see chapter “[Personal and Corporate Client Division](#)”).

Economic contribution

The LLB Group bases its business policy on market conditions and strives to generate a reasonable profit, all the while respecting ethical and ecological principles. After all, the LLB Group plays an important role in Liechtenstein's economy: its contribution – dividends and direct taxes – amounted to CHF 43.8 million in 2021 (2020: CHF 47.2 million). LLB receives no financial support for its banks or Group companies in Liechtenstein, Switzerland or Austria from any government. As a bank of systemic importance, it is subject to particularly strict financial market regulation and high capital adequacy requirements. With the implementation of the Capital Requirements Directive (CRD IV) and the establishment of the Deposit Guarantee and Investor Compensation Foundation (EAS), Liechtenstein has a modern guarantee system, which guarantees an adequate equity base and protection of client deposits (see chapter “[Values and corporate management](#)”).

Major employer in the region

It is important to the LLB Group that its managers understand the mindset and concerns of its clients. And for this reason, almost all of the managers and the majority of employees in the main business locations have their roots in their respective region. As a result, they are highly dedicated to the company and have a high level of integrity. They also take a longer-term view, which is very much appreciated by the clients.

To meet the demand for skilled employees, LLB AG relies on commuters who come every day from eastern Switzerland and the Austrian state of Vorarlberg to Liechtenstein. This makes LLB a major regional employer in the Rhine Valley. Bank Linth recruits almost all of its professionals from the Swiss regions of Lake Zurich, Sarganserland and Winterthur.

Participation in industry initiatives

The LLB Group derives from its corporate values and its guiding principles a strong commitment to responsible banking. By participating in various industry initiatives, we bring our ideals to the financial industry and also advance our goals; this applies not least to the area of sustainability.

As an active member of the Liechtenstein Bankers Association (LBA), LLB AG is committed to making Liechtenstein a sustainable financial centre. It has long worked within the framework of the LBA towards making sustainable finance an important pillar of the banking centre's strategy. Behind this is the understanding that the financial industry is crucial in the transformation towards a more sustainable economy.

Moved by conviction to do the right thing, we joined the UN Net-Zero Banking Alliance in 2021. We plan in 2022 to become a member of The Climate Pledge. Following our membership in summer 2020 of the

UN Principles for Responsible Investment (UN PRI) Finance Initiative, we are also committed to the goal of responsible investment management. Social and ecological issues are central to this (see chapter “Responsibilities for the economy, society and environment”). And last but not least, its membership of the Principles for Responsible Banking initiative, which the LLB Group took up back in 2020, underlines its increased commitment to sustainability and climate protection.

Sponsoring

When it comes to the positioning and visibility of the LLB Group, the area of sponsoring and events plays a central role. The aim of our sponsoring strategy is to gain stakeholders as brand ambassadors. We observe thereby the following principles:

- ♦ We want our four values (integrity, respectfulness, excellence and pioneering) to be experienced on an emotional and professional level through our activities.
- ♦ We strengthen and enable platforms and partnerships which fit us best.
- ♦ We explain what the LLB Group stands for simply, using topic pyramids.
- ♦ We coordinate partnerships and our own events Group-wide using a management tool.

The focus of our sponsoring commitments is on the thematic areas of sports, culture and competence. In these areas, we support various projects and organisations. For example, as part of a long-standing partnership, we provide backing to the junior talent of FC Vaduz. As a partner to the Liechtenstein Olympic Committee, we are the main sponsor of the “Nacht des Sports” (Night of Sports), at which the “LLB Sport Award” is also presented. And we are a presenting partner at the “Olympic Day”, a sporting event held annually for all fourth- and fifth-grade school classes in Liechtenstein. To emphasise our strong links to the local economy, we present the “LLB SME Award” in cooperation with the Liechtenstein Chamber of Commerce. This award is normally presented every two years and supports small and medium-sized enterprises. These events could either not take place or took place in a different format in the reporting year because of the coronavirus pandemic. We will, however, continue to be there as a partner in future. The Business Day for Women in Vaduz, by contrast, went ahead as planned, with the “LLB Business Day Award” in the category of “Lifetime Achievement” being presented.



Winners of the “2021 LLB Business Day Award”: Bernadette Kubick-Risch (left) and Gabi Jansen.

Bank Linth also supports a range of organisations, with a similar focus on the three thematic areas of sports, culture and competence. Besides acting already as sponsor to the Kulturtreff Rotfarb (a cultural centre) in Uznach, Knie’s Kinderzoo in Rapperswil-Jona and the Flumserberg mountain lifts, it entered into a new agreement in 2021 with the Unihockey Club HC Rychenberg in Winterthur.

LLB Österreich makes donations to numerous organisations engaged in the areas of art, culture and community service. It is also a member of various friends or supporters associations, including those of the Burgtheater, the Leopold Museum and the Albertina. In 2021, the bank once again supported and targeted donations at local Austrian institutions (including the Vienna Boys' Choir) and traditional companies.

The charitable nature of sponsoring undertaken by the LLB Group is placed to the fore. The projects and institutions supported are independent in terms of content and organisation. In 2021, LLB made awards worth CHF 335'000 (2020: CHF 385'000) in Liechtenstein, and Bank Linth awards worth around CHF 350'000 (2020: CHF 342'000) in Switzerland. LLB Österreich spent around EUR 110'000 (2020: EUR 100'000) on donations and membership fees in Austria.

Through our many commitments, we contribute significantly to the implementation of the sustainability strategy of the LLB Group.

The non-profit Future Foundation

The "Zukunftsstiftung der Liechtensteinischen Landesbank AG" (the Future Foundation of Liechtensteinische Landesbank AG), which was founded in 2011 as part of our 150th anniversary celebrations, supports commitment to social and ecological sustainability in everyday life. We support organisations and non-profit projects that improve living and working conditions and promote self-responsibility. We also promote projects dedicated to environmental protection. We focus on innovations in the areas of knowledge transfer as well as the integration and implementation of social entrepreneurship.

Trust, responsibility and reliability are important to the LLB Group. The company is closely connected to the people as well as the economy of Liechtenstein and our other home markets. In addition to project-specific contributions amounting to CHF 62'000, the Future Foundation contributed to society by donating a total of CHF 85'500 to 24 social organisations in 2021. The Future Foundation is a member of the network of the "Vereinigung liechtensteinischer gemeinnütziger Stiftungen" (Association of Liechtenstein Non-Profit Foundations), which aims to promote the idea of entrepreneurial philanthropy.

Projects in 2021

Through its annual donations to a set circle of social institutions in Liechtenstein, the Future Foundation helps to maintain healthy social structures in the country. Providing additional funding to individual projects helps innovative ideas in the area of social and ecological development in the LLB Group's market regions to be realised in practice.

Over the past decade, the Future Foundation has made over 210 donations and contributions to over 60 projects, in all totalling around CHF 1.5 million. The projects receiving funding contributions are targeted and located in the market regions of LLB and Bank Linth (Liechtenstein and eastern Switzerland) as well as LLB (Österreich). In 2021, the Future Foundation supported the following projects:

- ♦ **Verein Ackerschaft:** With its public post-harvest campaign, the Ackerschaft association wants to put an end to vegetables being left behind in the field after conventional harvesting. Through its actions it is creating linkages between agriculture and consumers.
- ♦ **Global Shapers Vaduz:** Refugees who have applied for asylum in Liechtenstein are not allowed to cross the border to go on an excursion. Global Shapers Vaduz facilitates and organises a range of experience days in the Principality for asylum seekers.
- ♦ **Zukunft.li Foundation:** LLB has been backing this think tank, which addresses economic and socio-political topics relevant to the sustainable development of Liechtenstein and the securing of its future, for the past eight years.
- ♦ **pepperMINT:** The MINT Initiative Liechtenstein is a social foundation that offers children and young people the chance to experience and learn mathematics, computer science, natural science and technology in a fun way.
- ♦ **Stiftung Lebenswertes Liechtenstein:** The foundation's aim is to promote the long-term healthy social, ecological and economic development of the Principality of Liechtenstein, creating a positive national and international appeal and impact.



In 2021, the LLB Future Foundation supported the Verein Ackerschaft, which, among other things, ran a post-harvest campaign in Vaduz.

On the occasion of its 10th anniversary, the Board of Trustees of the LLB Future Foundation decided to additionally award a Future Prize every two years for an outstanding commitment to sustainability.



GRI Content Index

For the Materiality Disclosures Service, the GRI Services Team verified that the GRI Content Index is clearly presented and the references for disclosures 102–40 to 102–49 agree with the corresponding parts of the report.

Find here our [Management Approaches \(PDF, German\)](#).

Find here the [Facts and Figures on the LLB Group’s engagement for the environment, society and good governance \(PDF\)](#).

Universal standards

GRI 101: 2016 - Foundation

GRI 102: 2016 - General disclosures

Organisational profile

	GRI Standards and Disclosures	Information
102-1	Name of the organization	Liechtensteinische Landesbank AG
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	Vaduz, Liechtenstein
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organization	
102-8	Information on employees and other workers	
102-9	Supply chain	
102-10	Significant changes to the organization and its supply chain	none
102-11	Precautionary principle or approach	
102-12	External initiatives	
102-13	Membership of associations	

Strategy

	GRI Standards and Disclosures	Information
102-14	Statement from senior decision-maker	

Ethics and integrity

	GRI Standards and Disclosures	Information
102-16	Values, principles, standards, and norms of behavior	

Governance

	GRI Standards and Disclosures	Information
102-18	Governance structure	

Stakeholder engagement

	GRI Standards and Disclosures	Information
102-40	List of stakeholder groups	
102-41	Collective bargaining agreements	none
102-42	Identifying and selecting stakeholders	
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	

Reporting practice

	GRI Standards and Disclosures	Information
		The annual report includes all companies in which the Group holds a 100 percent stake as well as Bank Linth LLB AG, unless explicitly stated otherwise.
102-45	Entities included in the consolidated financial statements	
102-46	Defining report content and topic Boundaries	
102-47	List of material topics	
		Subsequent corrections to previous year's figures are explained at the appropriate location in the report.
102-48	Restatements of information	
102-49	Changes in reporting	None
102-50	Reporting period	Calendar year 2021
102-51	Date of most recent report	March 2021
102-52	Reporting cycle	annually
102-53	Contact point for questions regarding the report	berit.pietschmann@llb.li
		This report has been prepared in accordance with the GRI Standards: Core option.
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI content index	
102-56	External assurance	none

Topic-specific standards

GRI 200 – Economic topics

GRI 201: 2016		Economic Performance	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 6	
201-1	Direct economic value generated and distributed		
201-3	Defined benefit plan obligations and other retirement plans		
201-4	Financial assistance received from government		

GRI 202: 2016		Market Presence	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 13	
202-2	Proportion of senior management hired from the local community		

GRI 203: 2016		Indirect Economic Impacts	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 13	
203-2	Significant indirect economic impacts		

GRI 205: 2016		Anti-corruption	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 5	
205-1	Operations assessed for risks related to corruption	MA, p. 5	
205-2	Communication and training about anti-corruption policies and procedures	MA, p. 5	
205-3	Confirmed incidents of corruption and actions taken	MA, p. 5	

GRI 206: 2016		Anti-competitive Behavior	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 4	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	MA, p. 4	

Risk and Reputation Management			
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 8	

Tax Compliance			
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 5	

Customer Orientation

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 7	

Sustainable Products and Services

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 7	
FS7	Monetary value of products and services designed to deliver a specific social benefit		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit		

ESG-Integration in Asset Management

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 8	

Corporate Governance and Corporate Culture

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 3	

Ethics and Integrity

	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 3	

GRI 300 – Environmental topics

GRI 302: 2016		Energy	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 12	
302-1	Energy consumption within the organization		
302-4	Reduction of energy consumption		

GRI 305: 2016		Emissions	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 12	
305-1	Direct (Scope 1) GHG emissions		
305-2	Energy indirect (Scope 2) GHG emissions		
305-5	Other indirect (Scope 3) GHG emissions		

Mobility Management			
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach	MA, p. 12	

GRI 400 – Social topics

GRI 401: 2016		Employment	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
401-1	New employee hires and employee turnover		
GRI 402: 2016		Labor/Management Relations	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
402-1	Minimum notice periods regarding operational changes		Not applicable
GRI 403: 2018		Occupational Health and Safety	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
403-1	Occupational health and safety management system		
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-9	Work-related injuries		
403-10	Work-related ill health		
GRI 404: 2016		Training and Education	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
404-2	Programs for upgrading employee skills and transition assistance programs		
404-3	Percentage of employees receiving regular performance and career development reviews		
GRI 405: 2016		Diversity and Equal Opportunity	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
405-1	Diversity of governance bodies and employees		
GRI 406: 2016		Non-Discrimination	
	GRI Standards and Disclosures	Information	Omission

GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach
406-1	Incidents of discrimination and corrective actions taken

GRI 413: 2016		Local Communities	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
413-1	Operations with local community engagement, impact assessments, and development programs		
FS13	Access points in low-populated or economically disadvantaged areas		

GRI 415: 2016		Public Policy	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
415-1	Political contributions		

GRI 417: 2016		Marketing and Labeling	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
417-1	Requirements for product and service information and labeling		
417-3	Incidents of non-compliance concerning marketing communications		

GRI 418: 2016		Customer Privacy	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		

GRI 419: 2016		Socioeconomic Compliance	
	GRI Standards and Disclosures	Information	Omission
GRI 103: 2016 103-1/ 103-2/ 103-3	Management approach		
419-1	Non-compliance with laws and regulations in the social and economic area		

The issue of tax compliance, mentioned under the economic topics, refers to the prevention of evasion of applicable tax obligations by LLB clients. For this reason, the GRI Standard 207, which predominantly relates to the tax practices of the reporting company, is not applied in this report.

Unless otherwise stated, the references in this index refer to this report. In some cases, disclosures are provided in our online document on management approaches to sustainability. In these cases, the relevant references are marked with "MA".