

Zürcher Kantonalbank has been a reliable partner for the canton, the people of Zurich and the canton's economy for the past 150 years. The sustainable orientation of our actions will remain one of the bank's sacrosanct core values in the future, too.

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**Sustainably committed –  
for present and future  
generations.**

# Services on behalf of everyone.

Zürcher Kantonalbank was founded in 1870 as the “Bank of the people of Zurich”. Our vision is “Close to you”. We have a special connection with the people of Zurich, the canton’s economy and the environment. We have been committed to our public service mandate since our founding 150 years ago. This mandate, which is comprised of the service, support and sustainability mandates, is our unique selling point – and we are proud of it. This Report shows how we achieve a sustainable contribution for clients, the owner and the general public, employees, and suppliers and partners.

The bank’s annual expenses primarily cover the elements of the public service mandate that are not profit-oriented. The bank has set itself the target of spending CHF 100 to 120 million annually on these elements.

CHF 126 million  
in total for the public service mandate in 2020



## Service mandate

We provide the people and the economy with the financial services of a universal bank. These include payment transactions, saving, investing, financing, retirement planning, financial planning, taxes and estate planning. When doing so, we pay particular attention to the concerns of small and medium-sized enterprises, employees, agriculture and public authorities. We also promote home ownership and affordable housing. We offer our clients an excellent client experience across all channels, both physical and digital.

## Support mandate

We help the canton to find solutions to address its economic, social and environmental responsibilities. We are involved in a wide range of activities related to nature, youth, culture, sport, social activities and entrepreneurship through more than 400 partnerships, memberships and sponsorships. We have one of the largest apprenticeship programmes, with over 400 apprentices, and are also a major employer in the canton with 4,983 full-time positions.

## Sustainability mandate

We pursue a business strategy based on sustainability and continuity. Our products and services offer us the most effective source of leverage. The ZKB environmental loan, for example, promotes sustainable construction and renovation. Our Sustainable Investments product line helps our clients invest responsibly. We set ourselves high standards and goals for our actions. When doing so we are guided by the United Nations’ 17 sustainable development goals.

# Our products and services.

As the bank for the people of Zurich, we create economic, social and environmental benefits. We design our products and services based on sustainability criteria. Zürcher Kantonalbank's business policy has proven itself through its continuity and stability. This has been reflected for years in its recurring accolade as the world's safest universal bank. We foster a risk culture that is geared towards responsible behaviour. The lending business is based on a consistent and continuous credit policy that extends beyond the economic cycle.

## Sustainable investments

The investment business is one of our core businesses. We were the first asset manager in Switzerland to commit to the 2-degree target in all actively managed, traditional Swisscanto products as a contribution to the Paris Climate Agreement. In addition, since 2020 we have been implementing an annual

CO<sub>2</sub>e reduction target of at least 4 percent when making investment decisions. Our approach to sustainability that we pursue in every active investment process allows us to influence issues related to sustainability, and to climate protection in particular. In that way we fulfil our fiduciary and social responsibility.

Our sustainability criteria include not only introducing this CO<sub>2</sub>e<sup>1</sup> reduction path, but also implementing a blacklist, maintaining dialogue with the boards of directors and managements, actively exercising voting rights (engagement), taking into account ESG factors, and integrating companies that make a positive contribution to society and the environment (impact). We also report transparently.

<sup>1</sup> CO<sub>2</sub> equivalents (CO<sub>2</sub>e) are a unit of measurement used to standardise the climate impact of the following greenhouse gases: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and fluorinated greenhouse gases (FCFs). All these gases remain in the atmosphere for different periods and do not contribute to the greenhouse effect to the same extent.

## ZKB environmental loan

Swiss real estate has great potential for saving energy and reducing CO<sub>2</sub> emissions. For more than a quarter of a century, we have been offering an interest rate reduction of up to 0.8% to private individuals and companies that build or renovate in an environmentally friendly manner. Zürcher Kantonalbank also pays the fees to obtain Minergie® and 2000-Watt-Areal® certificates, as well as the certification costs for GEAK® and GEAK®Plus.

In addition, we collaborate with the Canton of Zurich's electricity utilities to offer our clients free and independent heating system replacement advice, thus supporting the canton's climate targets.

## Start-up funding

We financed around 70 young companies in 2020. In addition, we support innovative

start-ups by providing risk capital in the early phase of the company's life cycle. Swisscanto Invest by Zürcher Kantonalbank has offered a private equity fund since 2018 that invests in promising young companies in the expansion phase which have successfully passed through the high-risk start-up phase.

Examples of start-ups we have financed with risk capital in an early phase.

**Climeworks AG:** The ETH Zurich spin-off is developing systems that can capture CO<sub>2</sub> from the air and thus help to curb global warming.

**Haelixa:** The Zurich-based start-up is developing environmentally friendly and forgery-proof DNA markers that can provide definitive proof of the origin of goods and raw materials.

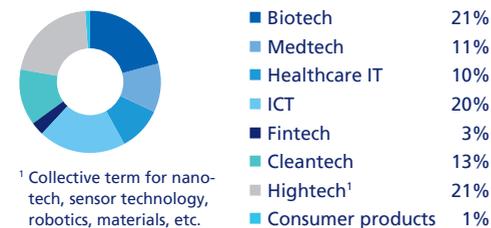
## Fairtrade Gold

We were the first bank in the world to offer Fairtrade Gold bars weighing between one and ten grammes. We have been rendering this service since 2015 in cooperation with the Max Havelaar-Foundation (Switzerland). Our involvement with Fairtrade Gold demonstrates our commitment to protecting people and the environment in small-scale mining. It also shows how we support miners as well as their families and communities to achieve a sustainable improvement in their situation through their own efforts.

## The sustainability aspects of our Swisscanto product range

<b>Stewardship</b>  Voting rights Dialogue	<b>Controversies</b>  Swisscanto blacklist	<b>ESG</b>  ESG integration	<b>Climate</b>  CO <sub>2</sub> e-reduction	<b>Impact</b>  Impact investing	<b>Transparency</b>  Sustainability reporting
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## Composition of the "Pioneer" start-up portfolio



## Our commitments.

**What we do as a bank, we do on behalf of the canton for the benefit of the people of Zurich. The people of Zurich benefit several times over from the commercial success of Zürcher Kantonalbank. We support the canton and municipalities by distributing profits, for example. In addition, we are involved in more than 150 sponsorship commitments as well as partnerships and memberships.**

### **CHF 456 million**

distributed for financial year 2020 by Zürcher Kantonalbank to the canton and municipalities

### **An exceptional year**

We decided as early as March 2020 to provide rapid and straightforward assistance during the coronavirus pandemic at a variety of levels. This assistance included the necessary resources such as Covid-1 and Covid-2 loans, for example. In addition, we provided emergency aid for our more than 150 sponsorship partners, such as associations, clubs, cultural institutions, etc., which have also been suffering greatly from the consequences of this crisis. We have also met our financial obligations in full, even when our sponsorship partners have not been able to

fulfil their contractual obligations to the full extent due to the pandemic. Here, too, our goal was to safeguard these institutions and the many jobs they provide.

### **Excellence Foundation Zurich**

The Excellence Foundation Zurich supports the Department of Economics by bringing leading researchers to Zurich and establishing additional professorships. It connects academia and research with companies, foundations and private individuals.

### **Alzheimer Vereinigung**

We support the Alzheimer Vereinigung (Alzheimer's Association) in its efforts to provide information and promote public awareness, as well as to support those affected and their families. The association also aims to guarantee participation in public life. With this in mind we have, for example, launched regular zoo tours for people with dementia.

### **Pro Duale Berufsbildung Schweiz**

The "Pro duale Berufsbildung Schweiz" association, which was founded in 2012 to promote Switzerland's dual system of vocational training, aims to unite the numerous voices of the professional associations in order to give vocational training the necessary

weight. Zürcher Kantonalbank has been a member of the association since 2014 and has become increasingly more involved since 2019 by supporting information events for pupils and their parents.

### **Zurich Pride**

We set another example for diversity by serving as an official sponsor of Pride and raising the rainbow flag at our head office for the first time ever.

### **ZHAW Runway Startup Incubator**

Zürcher Kantonalbank supported the launch of the Runway Startup Incubator at the ZHAW in Winterthur in 2015. The ZHAW has succeeded over the past few years in establishing a professional support platform for start-ups, entrepreneurship and innovation. Over 50 incubation projects have been undertaken to date, resulting in the development of many successful start-ups and small businesses that have created an estimated 180 to 220 jobs.

### **Zurich Center for Creative Economies**

The creative economy combines future-oriented industries and is an important component of the job market for the graduates of the Zurich University of the Arts (ZHdK). It is therefore strategically important for

the university. Featuring both innovative companies and a dynamic start-up scene, Zurich is considered to be a hotspot for the creative economy both domestically and internationally. Around one-third of Switzerland's added value is generated in the Canton of Zurich. That is why ZKB decided in 2019 to support the newly created Zurich Center for Creative Economies (ZCCE) as a founding partner. The ZCCE strengthens the canton's pioneering role in the creative industries by generating, bundling, making accessible and communicating knowledge.

### **Wässerwiesen Hundig**

A meadow irrigation system based on traditional approaches is being developed in Glattfelden in the Zurich Unterland region. This project, which is reactivating the historically important water meadows and the neighbouring rough and dry meadows, fosters the development of a unique mosaic of different habitats in the Hundig plain. Many animal and plant species will benefit as a result. In 2020, we were able to create an additional attraction for visitors to the revitalisation project by supporting the construction of a water scoop wheel. Our bank supports the project with contributions and thus promotes biodiversity.

# We take responsibility.

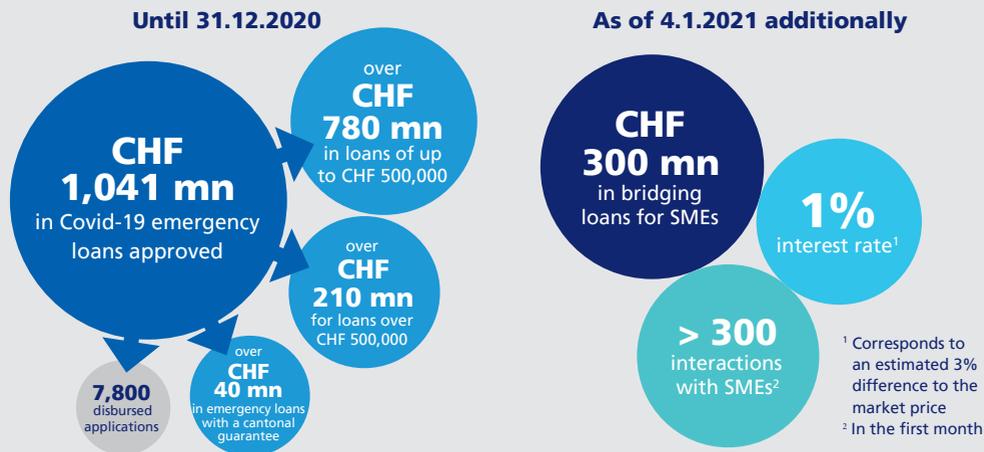
## Covid-19 emergency loans and bridging loans: Over CHF 1 billion in support for companies and SMEs.

The Covid-19 pandemic dominated 2020. In Switzerland, a wide range of measures were decided upon in cooperation with the federal government, the Canton of Zurich, the banks, the Swiss Financial Market Supervisory Authority and the Swiss National Bank, and a large-scale financial aid package was made available to businesses. We and the head of the Zurich Department of Finance were in charge of the cantonal aid package. We also secured CHF 100 million in additional support for SMEs in the Greater Zurich

Area in the spring and CHF 300 million in bridging loans at the end of 2020.

The restrictions placed on social life had a major impact on our sponsorship partners, whom we supported in full regardless of the services they rendered.

In order to provide quick, unbureaucratic assistance to those affected, Zürcher Kantonalbank – on the initiative of one of the bank’s employees – decided to donate CHF 450,000 to the umbrella organisation Check Your Chance, which will benefit around 1,300 young people in the Canton of Zurich.



### Canton and municipalities

- Paid a CHF 100 million coronavirus-related special dividend



### Companies and start-ups

- Proactively contacted companies during the lockdown
- Granted CHF 100 million in loan deferrals for SMEs even before the wave of government assistance
- Disbursed CHF 24 million for start-ups under various aid programmes
- Played a leading role in the conception of the cantonal aid programme 2020 and the hardship programme 2021



### Sponsorship and the people of Zurich

- Maintained all sponsorship contributions for 2020 / 2021 for 150 partners from culture, sport and society
- Compensated the partners for the cancelled performance in the ErlebnisGarten (a recreational park)
- Provided CHF 450,000 to support unemployed youth in the Canton of Zurich

## Attractive employer.

**We treat our employees responsibly. Our culture is characterised by respect and fairness. We support all of our employees, regardless of their age, gender, sexual orientation, nationality, religion or physical ability. Zürcher Kantonalbank (parent company) employed 5,766 people as at the end of 2020 (4,983 full-time equivalents). With 407 apprenticeships, we are one of the largest providers of vocational training in the Canton of Zurich.**

### Management and development

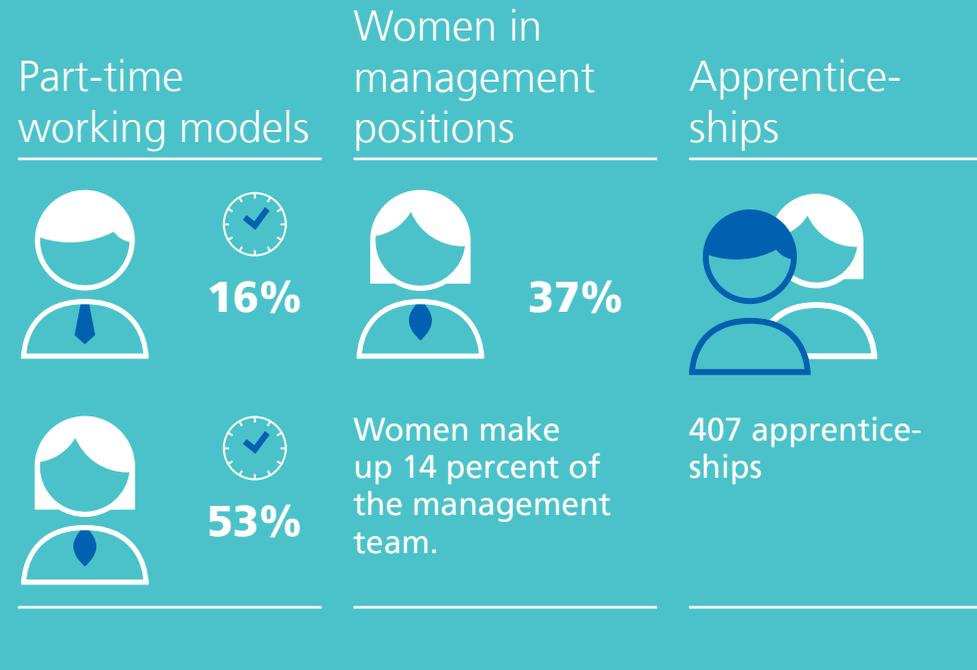
Maintaining a continuous dialogue with our employees is at the heart of our management philosophy. We provide them with personal development opportunities and the freedom to respond to challenges in a flexible manner. We assess our employees not based on rigid annual targets, rather according to their personal contribution to the corporate strategy. This promotes the ability to reflect and develop. In 2020 each employee received an average of 12 hours of training.

### Work/life balance

We want our employees to be able to find a healthy balance between their professional commitments and their personal lives. To this end we offer them flexible working models and financial support for childcare. Even two years after a pregnancy, 88 percent of our female staff remain employed with us. We have 120 employees who hold political offices and are supported in their charitable activity, for example through paid absence days, for up to one month of working time without any reduction in holiday time. We have also seen a slight increase in the number of employees working part-time in middle and senior management. The percentage of women working in senior management positions has likewise increased.

### Gender-neutral compensation policy

Our salaries are based on gender-neutral job descriptions. Every two years we have the equal-pay status audited externally and, if necessary, make adjustments. Our audit result in 2020 is below the tolerance level set out by the Federal Office for Gender Equality.



### Job satisfaction and health in the workplace

Our employee satisfaction study reached a long-term high of 86 index points (target: at least 70 index points). This accomplishment confirms our appeal as an employer. In addition, Zürcher Kantonalbank has been awarded the Friendly Workspace® label, a

seal of quality for companies with an operational health management system, since 2014.



## Sustainable banking operations.

**We promote sustainability in our operations and live sustainability as part of our corporate culture. We undertake targeted measures to promote social and environmental sustainability.**

### Environmental management system

We are committed to protecting the environment, complying with environmentally relevant regulations and continuously enhancing our environmental performance. Our environmental management system aims to ensure sustainability – in the bank’s operations and our properties, in upstream procurement from suppliers and in the downstream impact of our products and services. We conduct annual audits and have had our environmental management system certified according to ISO 14001 since 2002.

### Focus on regional procurement

Zürcher Kantonalbank procures various products and services for its own banking operations. When doing so, we pay attention to sustainability criteria as well as environmental and social standards – and expect that our suppliers do the same. As we rely on a regional value chain, 60 percent of our purchasing volume flows into the Canton of Zurich.

### Local biodiversity

In 2020 we began to design the environment at our sites to be close to nature. For instance, we collaborate with local partners and apply native materials to create pesticide-free flower meadows for wild bees. This is a contribution from us to preserve and expand biodiversity.

### Operational environmental programme

Our operational environmental programme defines the environmental goals for our operational ecology. The goal of the environmental programme is achieve a continuous reduction in CO<sub>2</sub> emissions and increase our operational environmental performance. Under this programme, we have been able to reduce our CO<sub>2</sub> footprint by over 60 percent since 2010 to 2,712 metric tons. Our target of reducing CO<sub>2</sub> emissions to 3,000 tonnes by 2020 was achieved in the pandemic year, in part because of fewer airline flights. We continue to set ourselves ambitious goals in this regard. We offset 100 percent of unavoidable CO<sub>2</sub> emissions.

