

Principles for Responsible Banking

Progress statement dated June 2025

Summary for Zürcher Kantonalbank

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p>Zürcher Kantonalbank (ZKB) is an independent public-law institution of the Canton of Zurich. As stipulated by the Zürcher Kantonalbank Act, our purpose is to contribute to solving the canton's economic, social and environmental tasks and support sustainable development in the process. Sustainability is an integral part of our Group strategy. Our understanding of sustainability involves harmonising successful business activity with responsibility for the environment and society on a long-term basis. Here, we are guided by the Sustainable Development Goals (SDGs) of the United Nations. One of our ambitions is to support our clients on their journey to a more sustainable future. We have been a member of the UN Principles for Responsible Banking (UN PRB) and the Net Zero Asset Managers Initiative (NZAM) since 2021 and a member of the Net-Zero Banking Alliance (NZBA) since 2022.</p> <p>In 2024, ZKB developed its net-zero transition plan, which is guided by the target of achieving net-zero by 2050, and published it as part of the 2024 Sustainability Report. In doing so, ZKB is fulfilling its obligations under the net-zero commitments of the NZBA and NZAM while simultaneously meeting the legal requirement, applicable for the first time for the 2024 financial year, to draw up a net-zero transition plan based on Switzerland's climate targets, i.e. net-zero by 2050.</p> <p>The «2030 Public Service Mandate» was also applied for the first time in 2024. In 2023, the Board of Directors focused on the strategic further development of its public service mandate with a view to the year 2030. The public service mandate, which consists of the service mandate, the support</p>	<p>We have identified the following impact areas based on the analysis we performed using the «Context Module»: «Climate», «Financial health and inclusion» (Availability, accessibility, affordability, quality of resources and services) and also «Circular economy». We are focusing on the two impact areas of «Climate» and «Financial health and inclusion», which are in line with the «Switzerland's 2030 Sustainable Development Strategy», Switzerland's climate target, the climate strategy of the Canton of Zurich and our legally stipulated public service mandate.</p> <p>Climate: Net-zero transition has been embedded as an action area in the sustainability mandate of the 2030 Public Service Mandate since 2024. The focus in 2024 was on developing a net-zero transition plan with targets and measures. The Annual Report (p. 162) shows the loans by client portfolio. According to the information provided in the report, private individuals make up the largest share of our client portfolio, followed by companies. As mortgages – which amount to CHF 107 billion – make up around 50 per cent of our balance sheet, the decarbonisation of our mortgage business is pivotal. To this end, we have set a climate target for residential properties (financial exposure of around CHF 87 billion) and office properties (financial exposure of around CHF 12 billion); these targets cover around 93 per cent of our total mortgage receivables. In the building sector, financed emissions according to the PCAF standard are disclosed for the same financial volume on p. 48 of the Sustainability Report. In corporate banking, we have defined climate targets in the Sustainability Policy (policy level in the form of conditions and exclusion criteria) for the climate-intensive sectors of coal, oil and gas, energy production and cement (Sustainability Report, p. 47 and Sustainability Policy). Every year, we report the uncovered loans and credits in the corporate client portfolio by climate-sensitive sector (Sustainability Report, p. 49). Financed emissions for corporate banking will be calculated according to the PCAF standard for the 2025 financial year.</p> <p>Our investment and pension business is one of Zürcher Kantonalbank's core businesses. We managed a total of around CHF 521 billion in assets as at the end of 2024.</p>	<p>The Group strategy adopted by the Board of Directors defines the sustainability ambition of Zürcher Kantonalbank. It states that we seek to accompany our clients on their journey to a more sustainable future. This includes supporting the transformation of the economy on the path to sustainability and net zero as well as scaling innovative sustainability and climate solutions.</p> <p>As part of the impact areas, the financing business will focus even more strongly on supporting our clients with products and services, ESG training for client advisors in the Key Account Management segment, which took place in 2024, and the integration of sustainability-related aspects into the credit check. In 2024, we launched an integrated sustainability advisory service for the core SME segment together with the «Swiss Resource Efficiency Network» of the Reffnet.ch association and are now offering ZKB environmental leasing. We additionally offer microloans to SMEs and advise them during the succession process. In 2024, ZKB provided more than 3,200 micro-loans of less than CHF 200,000 for SMEs that did not fully cover their costs.</p> <p>In the investment business, we survey our clients' sustainability preferences and offer a wide range of sustainable investment solutions (Sustainability Report, pp. 33–36; pp. 53–55, pp. 65–66). For our active investment solutions¹, we measure the application of the ZKB Sustainability Standard. Accordingly, we have been measuring the proportion of sustainably managed</p>

<p>mandate and the sustainability mandate, comprises eight impact areas and 24 performance indicators that are at the centre of our actions. The flagship projects of the 2030 Public Service Mandate are the free everyday banking services that were rolled out on 1 January 2024, the ZKB sustainability standard in the investment business and the ZKB Philanthropy Foundation established in spring 2024.</p>	<p>We are pursuing a CO₂e reduction in our active investment solutions¹ as part of the ZKB sustainability standard.</p> <p>The Asset Management division of Zürcher Kantonalbank joined the Net Zero Asset Managers Initiative in July 2021. By joining, Asset Management has set itself the goal of reducing greenhouse gas emissions related to committed assets to net zero by 2050 (or earlier) through its investment decisions. This effort is aimed at making a contribution toward limiting global warming to 1.5°C. The climate targets for our investment business and for our Asset Management division in particular are explained on pages 53 to 55 of the Sustainability Report.</p> <p>We published the financed emissions in Asset Management for the categories «Listed equity and corporate bonds» (financial exposure of around CHF 235 billion) and «Sovereign debt» (financial exposure of around CHF 35 billion) for the first time in 2024 (Sustainability Report, p. 55).</p> <p>As part of our own operations, we are implementing our operational environmental programme for 2023–2030, which builds on the operational environmental programme for 2018–2022 and aims to reduce our operational emissions to 1,800 CO₂e tonnes.</p> <p>Financial health and inclusion: As part of the «2030 Public Service Mandate», the impact area «Financial health and inclusion» was strengthened significantly through the further development of the support mandate and service mandate. Our geographic focus is on the Zurich economic area and our focus with respect to target groups and topics is on the target groups explicitly defined in Zürcher Kantonalbank Act.</p> <p>To this end, we are setting ourselves performance indicators as part of the 2030 Public Service Mandate. As part of our service mandate, we aim to offer our clients access to our financial services via all channels, whether physical or digital, and to have the densest branch network in the Canton of Zurich. We have achieved this with our 51 branches. We have been measuring the degree to which we cover the basic needs of the defined target groups every year since 2024 as part of our 2030 Public Service Mandate.</p> <p>The update to our Sustainability Policy in December 2024 transparently communicates how we promote financial security (e.g. by promoting our clients' responsible use of financial resources, preventing over-indebtedness). Likewise, we measure our contribution to the quality of life and competitiveness in the Canton of Zurich, a calculation that is based on financial</p>	<p>delegated investment assets since 2024. This amounted to 51 per cent in 2024.</p> <p>Financial health and inclusion</p> <p>We introduced free everyday banking for our private clients in 2024. Our more than 770,000 active private clients have access to many other services, such as retirement planning advisory services, which we offer free of charge. We also have a low-cost offer for students, provide financial incentives to promote the purchase of a first home and offer a lifelong mortgage for the third phase of life. We emphasise financial health and education for families and children with additional advisory services and our commitment to financial literacy.</p> <p>Other areas of emphasis include financial and retirement planning advisory services, for example, which are provided in part through our own TV format on the local TeleZüri TV station; this offer is available to the entire population. To promote financial literacy on the topic of «Female Finance», the focus in 2024 was on the «ZKB Academy – Female Finance» event format, in which ZKB experts educated female clients about financial literacy.</p> <p>Our practical seminar entitled «KMU ZH» is an educational programme geared towards SMEs in the canton (clients and non-clients alike) that addresses current topics.</p> <p>With our practical seminar entitled Holistic Business Management (Ganzheitliche Unternehmensführung; GUF), we support SMEs through a 3.5-day training programme on successful business management.</p>
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¹ Our active investment solutions relate to portfolio management mandates and investment funds, with the exception of indexed, individualised and third-party managed investment solutions and investment funds in the area of alternative investments.

	expenditure on innovation and education, start-up finance and financial literacy, among other things.	
Links and references Zürcher Kantonalbank Act (purpose article: § 2) Guidelines on the fulfilment of the public service mandate of Zürcher Kantonalbank Group strategy Group mission statement Sustainability Policy Sustainability Report: Fundamentals (pp. 4, 8–10) Sustainability Report: Sustainability in the Group strategy (pp. 14–19) Sustainability Report: Environment (pp. 38–59) Annual Report: Public service mandate (pp. 4–8, 23–26)	Links and references 2030 Sustainable Development Strategy Long-term climate strategy to 2050, FOEN Long-term climate strategy, Canton of Zurich MONET 2030 indicator system, Federal Statistical Office Zürcher Kantonalbank Act (§ 2) Sustainability Policy (financial security) Sustainability Report: Fundamentals (pp. 8–10) Sustainability Report: Environment (pp. 38–59) Annual Report (pp. 4–8, 141, 162)	Links and references Sustainability Report (pp. 61; 64) Sustainability Report: Responsible financing (pp. 32, 43–53, 64–65) Sustainability Report: Responsible investing (pp. 33–36, 53–55, 66)

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Zürcher Kantonalbank and the Board of Directors maintain an open and transparent dialogue with their stakeholders. This dialogue takes place as part of a systematic exchange or in the event of ad hoc enquiries. The Board of Directors and the Executive Board identify and select the stakeholder groups. A list of our stakeholders and information on how we engage in dialogue with those groups can be found on page 75 of our Sustainability Report. Further details on the dialogue with our stakeholders can also be found in our Annual Report (pp. 36 to 56).</p> <p>We are actively involved in industry initiatives and enter into targeted memberships and partnerships for this purpose. These are published in the Sustainability Report (p. 18) and on our website.</p> <p>In 2025, we are taking part in the <i>2022 to 2026 Stocktaking Survey: How well has Switzerland progressed in its implementation of the 2030 Agenda for Sustainable Development?</i></p>	<p>The organisational structure of Zürcher Kantonalbank follows the requirements of the Cantonal Banking Act on Zürcher Kantonalbank and the organisational regulations for the Group and Zürcher Kantonalbank's parent company, which were issued by the Board of Directors and approved by the Swiss Financial Market Supervisory Authority (FINMA), as well as other regulations.</p> <p>The Bank's internal governance for dealing with sustainability issues follows an integrated approach. This means that responsibility for the Bank's sustainable practices within the meaning of the public service mandate, the implementation of regulatory requirements, the Group strategy including its sustainability ambition, its Sustainability Policy and any commitments entered into through memberships and partnerships, is defined within the framework of the existing corporate governance system (Annual Report, pp. 65 to 86). A more detailed presentation of sustainability within the existing corporate governance system, as well as the respective roles and responsibilities of the individual bodies, can be found on pages 20–24 of our Sustainability Report.</p> <p>Since the 2024 financial year, payment of the entire long-term deferred compensation, i. e. both the value-oriented and the debt-oriented portion, is linked to achieving targets set under the public service mandate after a three-year term. Failure to meet the targets results in a penalty of up to 20 percent of the realised total amount of the value-oriented and debt-oriented deferred compensation.</p>	<p>With the UN Principles for Responsible Banking (UN PRB) commitment, we are implementing the focus on the UN Sustainable Development Goals (SDGs) embedded in the Group strategy.</p> <p>The reports relevant for sustainability reporting are published on our homepage and are also explained on page 7 of the Sustainability Report.</p> <p>Our NBZA and NZAM reporting is contained within the Sustainability Report.</p> <p>Our investment business is also guided by the United Nations' six Principles for Responsible Investment (UN PRI), which we report on regularly.</p> <p>Our operational environmental programme is also ISO 14001 certified.</p>
<p>Links and references</p> <p>Sustainability Report 2024 (pp. 18; 75) Annual Report: Management Report (pp. 23–52) Annual Report: Corporate Governance (pp. 65–86) Membership and partnerships for sustainability</p>	<p>Links and references</p> <p>Guidelines on the fulfilment of the public service mandate of Zürcher Kantonalbank Corporate Governance Sustainability Report: Corporate Governance (pp. 20–24) Annual Report: Corporate Governance (pp. 65–86) Annual Report: Long-term deferred compensation (p. 96)</p>	<p>Links and references</p> <p>Zürcher Kantonalbank: 2024 Sustainability Report Sustainability Report (pp. 7; 59) UN PRI data portal</p>