

Principles for Responsible Banking

Progress statement dated June 2026

Summary for Zürcher Kantonalbank

| Principle 1: Alignment | Principle 2: Impact & Target Setting | Principle 3: Clients & Customers |
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| <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, in the process, to support sustainable development and make a contribution toward greenhouse gas neutrality.</p> <p>Sustainability is an integral part of our group strategy. This is derived from the public service mandate enshrined in the Zürcher Kantonalbank Act. In order to combine successful business activity with responsibility for the environment and society on a long-term basis, Zürcher Kantonalbank has defined sustainability ambitions. These are guided by the Sustainable Development Goals (SDGs) of the United Nations, the Paris Agreement and the goal to achieve net zero by 2050. One of our ambitions is to support our clients on their journey to a more sustainable future.</p> <p>Our transition plan, which is based on the Swiss climate targets in accordance with the Ordinance on Climate Disclosures, includes climate targets and measures as well as the disclosure of greenhouse gas emissions. To this end, we are guided by the Climate and Innovation Act, which has enshrined the net-zero 2050 target in law since 1 January 2025 in the Federal Act on Climate Protection Goals, Innovation and Strengthening Energy Security (CIA) and requires the climate-friendly alignment of financial flows, as well as by the recommendations of the UNEP FI Guidance for Climate Target Setting for Banks. Fulfilling and enhancing the public service mandate, which comprises service, support and sustainability sub-mandates, is part of the balanced scorecard, Zürcher Kantonalbank's strategic management tool. Compliance with our "Public Service Mandate 2030" is measured annually on the basis of 24 management metrics within the</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, additionally, Circular economy". We are focusing on the two impact areas of "Climate" and "Financial health and inclusion", which are in line with 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. Within our sphere of influence, we respect and support the international human rights provisions of the United Nations that are binding in Switzerland (Sustainability Report, pp. 51–60).</p> <p>Climate: Net-zero transition funding is embedded as an action area in the sustainability mandate of the 2030 Public Service Mandate. The net-zero transition plan of Zürcher Kantonalbank is presented in Sustainability Report 2025 (pp. 69–70). <u>Climate targets in the mortgage business:</u> The Annual Report (p. 161) shows the loans by client portfolio. According to the information provided, mortgages – which amount to CHF 111 billion – make up around 50 per cent of our balance sheet. The decarbonisation of our mortgage business is therefore a key topic. The quantitative climate targets cover around 93 per cent of our total mortgage receivables.</p> <ul style="list-style-type: none"> - Quantitative climate target for residential mortgage business (financial exposure: around CHF 91 billion). On track for the 2025 financial year. - Quantitative climate target for office properties (financial exposure: around CHF 12 billion). On track for the 2025 financial year. - The financed greenhouse gas emissions according to the PCAF standard for the mortgage business can be found in the Sustainability Report on pp. 72-73. <p><u>Climate targets in corporate banking:</u></p> <ul style="list-style-type: none"> - 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, commodity trading firms, energy production and cement (Sustainability Report, p. 43 and Sustainability Policy). - Every year, we report the unsecured loans and credits in the corporate client portfolio by climate-sensitive sector (Sustainability Report, p. 73). We | <p>The group strategy adopted by the Board of Directors defines the sustainability ambition of Zürcher Kantonalbank. The Sustainability Policy formulates guidelines for Zürcher Kantonalbank's business activities along the dimensions of environment, social and governance (ESG). It further specifies our sustainability ambition, which is part of the group strategy. In addition to climate, it also addresses other nature-related topics and human rights (Sustainability Policy, section 1.3 and section 2.1).</p> <p>Climate-related financial risks are disclosed in accordance with the requirements of the Swiss Financial Market Supervisory Authority FINMA, which in turn align with the TCFD's recommendations (https://www.zkb.ch/en/lps/corporate/berichterstattung/offenlegung.html). The short-, medium- and long-term potential for direct or indirect negative financial impacts on ZKB are described on pages 35–39 of the Sustainability Report.</p> <p>For the "Climate" impact area, the focus in the financing and investment business is on supporting our clients by providing them with the products and services they need on their journey to net zero (see the transition plan in the Sustainability Report, pp. 69–70). The targets, measures and key figures are listed in detail on pp. 40–50 and pp. 68–77.</p> <p>Financial health and inclusion In order to ensure access to financial services and contribute to increasing financial literacy across the population, we are focussing on our areas of activity in the supply and support sub-mandates, which form part of the 2030 Public Service Mandate:</p> <ul style="list-style-type: none"> - Physical and digital access to financial services - Quality of financial services: Through our everyday banking services (ZKB Banking) and our ZKB Banking Young offering, we provide all existing and |

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| <p>areas of activity and submitted in a report to the Parliamentary Committee for the Supervision of Commercial Undertakings (AWU) of the Cantonal Parliament of Zurich. The flagship projects of the "Public Service Mandate 2030" are free everyday banking services, the ZKB Sustainability Standard applied to our investment business, and the ZKB Philanthropy Foundation.</p> | <p>have also been reporting the corresponding financed emissions per sector since 2025.</p> <p>The <u>investment and pension business</u> is one of Zürcher Kantonalbank's core businesses. We managed a total of around CHF 579 billion in assets as at the end of 2025.</p> <ul style="list-style-type: none"> - As part of the ZKB Sustainability Standard, we pursue the target of a reduction in CO₂e intensity in the portfolios of our active investment solutions¹. Around 52 per cent of our delegated investment assets are managed sustainably (Sustainability Report, pp. 30–33). <p><u>Climate target for Asset Management:</u></p> <ul style="list-style-type: none"> - The Asset Management division of Zürcher Kantonalbank joined the Net Zero Asset Managers Initiative in July 2021. In doing so, 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 aims to make a contribution toward limiting global warming to 1.5°C (see also Sustainability Report, p. 47, p. 70, pp. 74–76). On track for the 2025 financial year. - The financed emissions according to the PCAF standard for the asset management business are published on p. 76 of the Sustainability Report. <p>Requirements for the bank's <u>own financial investments</u> are defined on p. 50 of the Sustainability Report. The financed emissions for our own financial investments were disclosed for the first time in 2025 (Sustainability Report, p. 76).</p> <p>As part of our <u>own operations</u>, we are implementing our operational environmental programme for 2023–2030, which builds on the operational environmental programme for 2018–2022 and includes the target of reducing our operational emissions to 1,800 CO₂e tonnes. We are on track for the 2025 financial year.</p> <p>We also expect our sponsorship partners to actively reduce their greenhouse gas emissions over the next 25 years (Sustainability Report, p. 49).</p> <p>Financial health and inclusion:</p> <p>We guarantee access to financial services and promote financial security in line with our service sub-mandate (Sustainability Report, pp. 51–57 and Sustainability Policy, section 2.2.5).</p> | <p>future retail clients with simple access to everyday banking services with no annual fees.</p> <ul style="list-style-type: none"> - We also focus on promoting the responsible use of financial resources and financial literacy through endeavours such as our "Female Finance" efforts (Sustainability Report, pp. 52–54). <p>SMEs: Zürcher Kantonalbank organises information events and full-day workshops as well as providing various types of assistance to ensure targeted support to SMEs in Zurich. These services are offered at a greatly reduced cost, irrespective of whether a client relationship exists (zkb.ch/kmu-wissen). We see ourselves as a reliable partner for SMEs and offer comprehensive support in all financial matters. An overview of our measures for SMEs can be found on pp. 54–56 of the Sustainability Report and pp. 45–46 of the Annual Report.</p> <p>Retail Clients: In November 2025, the Board of Directors of Zürcher Kantonalbank made changes to the Bank's organisational structure and established a new "Retail Clients" business unit. It serves clients with assets of up to CHF 1 million. This new organisational structure is aligned with our continuity-faced business policy, and we expect it to strengthen the fulfilment of our public service mandate (see Annual Report, p. 41).</p> |
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¹Our active investment solutions comprise portfolio management mandates and investment funds. Excluded are indexed, individualised and third-party managed investment solutions as well as investment funds in the area of alternative investments. The ZKB sustainability standard is also taken into account in investment advice, whereby the clients make the investment decisions themselves and thus determine the composition of the advisory portfolio.

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| | <p>Furthermore, we make a contribution to the quality of life in the Canton of Zurich, and to fostering the region's economic competitiveness, including through efforts in areas such as our financial commitment to innovation and education, start-up finance and financial literacy, among other things (Sustainability Report, pp. 59–60).</p> <p><u>Focus on SMEs in 2025</u></p> <p>Assessing the needs of SMEs has already been a focus of Zürcher Kantonalbank for several years. Since 2021, ZKB has been collaborating with the Zurich University of Applied Sciences (ZHAW) to conduct an annual survey on the current status and expectations of SMEs in Zurich (see German Annual Report, p. 30). ZKB uses the findings to identify the needs of SMEs in Zurich and address them through tailored offers and services. In light of the new realities in the Swiss financial centre and following the integration of Credit Suisse into UBS, our 2025 reporting on the public service mandate featured an in-depth analysis of the financial health of SMEs (see German version of the Annual Report, pp. 27–44), concluding that recent shifts in the landscape did not lead to a “credit crunch”. According to the Swiss National Bank, growth at Swiss banks with a focus on the domestic market (including the cantonal banks) more than offset the decline in activity at major banks. At ZKB, the total volume of SME loans amounted to CHF 37.5 billion at the end of 2025. Nearly 85 per cent of this volume is granted to SMEs in the Zurich economic area.</p> <p>With its SME ZH initiative, Zürcher Kantonalbank makes a contribution towards the financial well-being of SMEs.</p> <p>We use the strategic metric “Covering the basic needs of the defined target groups” that was defined as part of the 2030 Public Service Mandate to measure, among other things, the fulfilment of our SMEs’ needs. These can be summarised as follows: “Foundation, liquidity management, collecting money, spending money, safekeeping”. We fulfil all, or 100 per cent, of the 18 defined needs. This performance indicator is measured and reported annually to the Committee for the Supervision of Commercial Undertakings (AWU) of the Cantonal Parliament.</p> | |
| <p>Links and references</p> <p>Zürcher Kantonalbank Act (Purpose article: Art. 2) Guidelines for fulfilling the public service mandate Group strategy and Group mission statement Sustainability policy Sustainability Report: Basic principles (pp. 6–10); Environment (pp. 34–50); Sustainability in the group strategy (pp. 12–14) Annual Report (pp. 4–8, pp. 23–26)</p> | <p>Links and references</p> <p>2030 Sustainable Development Strategy Long-term climate strategy to 2050, FOEN MONET 2030 indicator system, Federal Statistical Office Sustainability policy Sustainability Report: Environment (pp. 34–50; pp. 68–77); Social issues and human rights (pp. 51–60) German Annual Report (pp. 27–44)</p> | <p>Links and references</p> <p>Sustainability policy Sustainability Report: Environment (pp. 34–39; pp. 69–70; pp. 40–50; pp. 68–77); Responsible financing (p. 29; pp. 40–46; pp. 52–57; pp. 71–73); Responsible investing (pp. 30–33; p. 47, pp. 52–57; pp. 74–76); Social issues and human rights (pp. 52–54 pp. 54–57; p. 66) Annual Report (p. 41) German Annual Report (pp. 27–44)</p> |

| Principle 4: Stakeholders | Principle 5: Governance & Culture | Principle 6: Transparency & Accountability |
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| <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 an explanation on how we engage in dialogue with those groups can be found on page 67 of our Sustainability Report. Further details on the dialogue with our stakeholders can also be found in our Annual Report (p. 28, p. 68 and p. 75). The Annual Report 2025 takes an in-depth look at our stakeholders (particularly at different client segments) and the relevant topics within our core business.</p> <p>With regard to client proximity, it discusses the results of the most recent client satisfaction survey and the further development of digitalisation and innovation measures (see Annual Report, pp. 37–39).</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. 14) and on our website.</p> | <p>The organisational structure of Zürcher Kantonalbank follows the requirements of federal law (e.g. the circular of the Swiss Financial Market Supervisory Authority FINMA), the Cantonal Banking Act on Zürcher Kantonalbank and the organisational regulations for the group and the parent company of Zürcher Kantonalbank issued by the Board of Directors and approved by the Swiss Financial Market Supervisory Authority FINMA, as well as other regulations (zkb.ch/governance).</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 in the context of the public service mandate, of the implementation of regulatory requirements, of the group strategy including its sustainability ambition, of its Sustainability Policy, and of any commitments entered into through memberships and partnerships, is defined within the framework of the existing corporate governance system (Annual Report, pp. 86–106). The most relevant strategic requirements and instruments related to the public service mandate are listed on p. 16 of the Sustainability Report. 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 pp. 15–19 of our Sustainability Report.</p> <p>The objective of fulfilling and enhancing the public service mandate is a component of the balanced scorecard, Zürcher Kantonalbank’s strategic management tool (Sustainability Report, p. 8). For our Executive Board and members of senior management, part of the variable compensation takes the form of long-term deferred compensation. This long-term deferred compensation is linked to the achievement of the public service mandate and thus to the bank’s sustainability commitments; failure to meet the targets set results in a penalty of up to 20 per cent.</p> | <p>With the UN Principles for Responsible Banking (UN PRB) commitment, we are implementing our focus on the UN Sustainable Development Goals (SDGs), which is embedded in the group strategy.</p> <p>An overview of our reporting on sustainability and climate-related issues is provided on p. 7 of the Sustainability Report and on our website.</p> <p>We report on our climate targets in the Sustainability Report. We have also answered the CDP questionnaire for the “Climate” category every year since 2024.</p> <p>Our investment business is additionally guided by the United Nations’ six Principles for Responsible Investment (UN PRI), which we report on regularly.</p> <p>Our operational environmental programme is certified in accordance with ISO 14001.</p> |
| <p>Links and references</p> <p>Sustainability Report 2025 (p. 14; p. 67) Annual Report (p. 28; pp. 37-39; 68 and 75) Annual Report: Corporate Governance (pp. 65–88) Memberships and partnerships</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. 15–25) Annual Report: Corporate Governance (pp. 65–88) Annual Report: Long-term deferred compensation (p. 96)</p> | <p>Links and references</p> <p>Zürcher Kantonalbank: 2025 Sustainability Report Sustainability Report (p. 7) UN PRI data portal</p> |