

Sustain- ability — Report 2024

Report on non-financial matters



Zürcher
Kantonalbank

Zürcher Kantonalbank is the second-largest universal bank and the largest cantonal bank in Switzerland. We have successfully positioned ourselves as a universal bank with a regional base as well as a domestic and international network. With a market penetration of 50 percent, we are the number 1 for retail and corporate clients in the Greater Zurich Area. We fulfil our increased economic responsibility throughout Switzerland and are a strong partner for large companies as well as private and institutional investors. We are one of the safest banks in the world – as confirmed by top scores from leading rating agencies. Zürcher Kantonalbank is an independent public-law institution of the Canton of Zurich and benefits from a state guarantee. Through our public service mandate, we are committed to the well-being of society and the environment – and have been for over 150 years. We uphold our values: responsible, inspiring and passionate. Our vision is “Close to you”.

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Foreword

At Zürcher Kantonalbank, sustainability is an integral part of our public service mandate. The sustainability-related amendments to our Zürcher Kantonalbank Act have been in force since 1 January 2024. In addition to the conceptual anchoring of sustainable development, the amendment of the Zürcher Kantonalbank Act was focussed primarily on climate issues. It is now enshrined, for example, that Zürcher Kantonalbank will promote greenhouse gas neutrality and make an active contribution to achieving the canton's climate targets, particularly in the field of energy-efficient building renovations.

Internationally, 2024 was characterised by geopolitical crises. At the same time, climate and biodiversity risks continued to increase. According to the WEF Global Risk Report 2024, environmentally relevant risks continue to dominate the global risk landscape, in both the short and long term. The report states, for example, that the top three risks for the next ten years are "extreme weather events", "critical change to Earth systems" and "biodiversity loss". 2024 was also the warmest year since records began and the first year in which the global average temperature was 1.5 degrees Celsius above the pre-industrial level.

Regulatory requirements related to sustainability and the climate in particular are increasing both internationally and in Switzerland. In 2024, the regulatory focus was on net-zero transition plans in accordance with the Ordinance on Mandatory Climate Disclosures for Large Companies. Zürcher Kantonalbank is hereby publishing its transition plan for the 2024 financial year with climate targets and measures for the investment business, the financing business and its own operations. Targets were also defined for the first time for the financing business of corporate clients, which are based on the requirements of the Net-Zero Banking Alliance. In terms of implementation, we focus on supporting our clients on their journey towards achieving net-zero

carbon emissions. We support our corporate clients by maintaining a dialogue with them and assisting them in their transition with our products and services, such as environmental loans, environmental leasing, sustainability-linked loans, as well as consulting on resource consumption and energy efficiency. Achieving net-zero greenhouse gas emissions by 2050 is a journey for society as a whole, both nationally and internationally. This journey is being undertaken together by all stakeholders in the international community, Switzerland and its cantons with their general conditions, as well as by the real economy, the financial sector and all of us as consumers. In 2025 all major Swiss companies will publish for the first time their transition plans, i.e. net-zero roadmaps. These disclosures will lead to greater transparency on the path to net zero by 2050.

Zürcher Kantonalbank is now the second-largest universal bank in Switzerland. We fulfil this increased responsibility based on the strength we draw from our public service mandate. We are more than just a bank. We are legally obliged to contribute to the Canton of Zurich's fulfilment of its economic, social and ecological tasks – and thus to support sustainable development. With the strategic enhancement of our public service mandate looking ahead to 2030, we are setting the cornerstones for our overall social responsibility, which we fulfil with our service-, support- and sustainability sub-mandates.

With the introduction of ZKB Banking in 2024 and the elimination of annual fees for private accounts and debit cards, we put our service mandate into action by creating an attractive, digital banking offering from which all private clients can benefit regardless of their assets or digital affinity. With our 51 branches, we are committed to being the densest branch network in the Canton of Zurich over the long term. In a challenging environment, Zürcher Kantonalbank in 2024 was once



Urs Baumann, Chief Executive Officer, and Dr Jörg Müller-Ganz, Chairman

again able to generate gratifying results. The people of Zurich benefit from our business success in several ways. We are distributing a dividend totalling CHF 375 million to the canton and its municipalities for the 2024 financial year.

As part of our support mandate, we contribute to the competitiveness and quality of life in the Canton of Zurich. In summer 2024, the newly established ZKB Philanthropy Foundation commenced operations. This new entity is a response to the rapidly growing need of clients and the public for services in the philanthropic sector, particularly in the Canton of Zurich. We are also one of the largest start-up sponsors in Switzerland and, with

our sponsorship commitment, are a strong partner for over 400 institutions in the Canton of Zurich. In 2024 we also launched our corporate volunteering programme in focal issues that benefit society in the Canton of Zurich, including the environment, social issues, sport and education. With our sustainability mandate, we contribute to achieving the net-zero transition and promote greater sustainability in banking.

The public service mandate is our unique selling point. It motivates us to serve society and to be a provider for the population and companies with the broad range of services of a universal bank.

Dr Jörg Müller-Ganz
Chairman

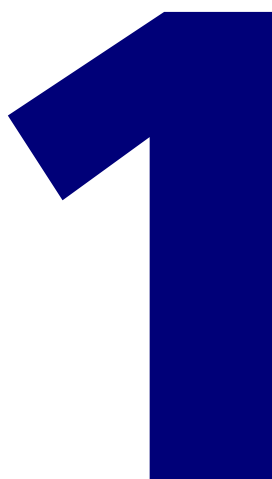
Urs Baumann
Chief Executive Officer

Basic principles

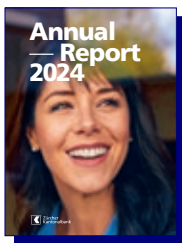
This report was prepared in accordance with the requirements of the Global Reporting Initiative (GRI) Standards and Article 964a et seq. of the Swiss Code of Obligations (CO) regarding transparency on non-financial matters. The structure and content of the report are therefore based on the legal requirements (Art. 964b CO) and the GRI Standards.

Hence, in accordance with the legal requirements of Art. 964b CO, the report contains a description of Zürcher Kantonalbank's business model as well as explanatory information on environmental matters (in particular the CO₂ targets, see the Environment section), social matters and respect for human rights (Social issues and human rights section), employee matters (Employees section) and anti-corruption (Responsible management section). With regard to these matters, the report sets out the concepts pursued by Zürcher Kantonalbank (including the due diligence applied), the measures taken to implement these concepts (including an assessment of the effectiveness of these measures), the main risks and how they are managed by Zürcher Kantonalbank, and the key performance indicators.

GRI Standards 3–3a and b are taken into account by introducing the material topics for Zürcher Kantonalbank in the individual sections with a description of the material impacts or effects, followed by an explanation of why the topic is relevant for Zürcher Kantonalbank. In order to observe GRI 3–3c, the relevant guidelines and obligations are described in various sections under "General conditions". Thereafter, under "Our implementation measures", we describe the measures and their effectiveness (in accordance with GRI 3–3d and e) for the respective material topic. If not already explained under the measures, additional explanatory information is provided in "Involvement of stakeholders" (in accordance with GRI 3–3f).



Reporting with an overview of sustainability and climate-related aspects



Annual Report 2024

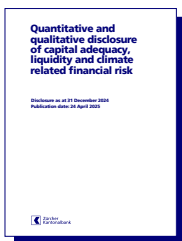
The annual report comprises the management report, the corporate governance report, the compensation report and the financial statements of the Zürcher Kantonalbank group and its parent company. Additionally, the management report includes the focus report on the public service mandate for the attention of the Parliamentary Committee for the Supervision of Commercial Undertakings (AWU) of the Cantonal Parliament. The public service mandate comprises not only the support mandate, but also the service mandate and the sustainability mandate. In addition, selected sustainability topics that are particularly relevant to the public service mandate for the 2024 financial year are also presented separately in the Annual Report 2024. A summary of the “Disclosure of climate-related financial risks 2024” is also included.



Sustainability Report (including climate reporting) 2024

The sustainability report is the report on non-financial matters pursuant to Article 964a et seq. of the Swiss Code of Obligations. It was prepared in accordance with the GRI Standards.

The 2024 climate reporting is in accordance with the Ordinance on Climate Disclosures, which is based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the version dated June 2017 and the annex Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures in the version dated October 2021. The ordinance stipulates that climate reporting must be published in the sustainability report. It contains qualitative and quantitative information on climate risks and opportunities, and implements the requirements of the Net-Zero Banking Alliance (NZBA) and the Net Zero Asset Managers Initiative (NZAM).



Disclosure of climate-related financial risks 2024

The bank discloses climate-related financial risks in accordance with the requirements of the Swiss Financial Market Supervisory Authority FINMA, which, in turn, aligns with the TCFD’s recommendations. The requirements set out in FINMA Circular 2016/1 “Disclosure – banks” are relevant for the disclosure as at 31 December 2024. This will be replaced as of 1 January 2025 by the FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms (DisO-FINMA), without any significant changes to the content. The information on climate-related financial risks as at 31 December 2024 in accordance with Annex 5 of the Circular is part of the document “Quantitative and qualitative disclosure of capital, liquidity and climate-related financial risks”, which will be available from the end of April 2025 at zkb.ch/disclosure.

1.1 About Zürcher Kantonalbank

Zürcher Kantonalbank (ZKB) is a leading universal bank in the Zurich economic area with Swiss roots and an international reach. It is an independent public-law institution of the Canton of Zurich and has received top credit ratings from the rating agencies Standard & Poor's, Moody's and Fitch (AAA/Aaa). With over 6,000 employees across the group (5,779 FTEs), Zürcher Kantonalbank offers its clients a comprehensive range of products and services. Its core business includes financing, investment and pension business, trading, capital market transactions, deposits, payment transactions and card business.

The interests and strategy of the Canton of Zurich as the owner of Zürcher Kantonalbank are set out in the Cantonal Banking Act on Zürcher Kantonalbank ([Zürcher Kantonalbank Act](#)). Among other things, this law regulates the legal form, purpose (with the public service mandate), capitalisation, state guarantee, scope of business, organisation and distribution of profit. As a public-law institution, we are under the overall supervision of the Zurich Cantonal Parliament.

Sustainability as part of our public service mandate

Zürcher Kantonalbank's broad commitment to the various areas of sustainability, including climate protection, is based on Zürcher Kantonalbank's statutory public service mandate.

In accordance with these legal requirements, the public service mandate is divided into three sub-mandates: service, support and sustainability. For each sub-mandate, we define the areas of activity in which we are committed. This is explained in more detail on pages 4 to 6 of the annual report.

The Guidelines for the Fulfilment of Zürcher Kantonalbank's Public Service Mandate approved by the Cantonal Parliament set out the details of the public service mandate. In accordance with § 2 of these Guide-

lines, the public service mandate is the legal obligation of Zürcher Kantonalbank to provide the population of the Canton of Zurich in general and certain client groups in particular with banking services that meet their basic needs. Zürcher Kantonalbank fulfils this with a business policy focused on consistency and continuity and based on market-oriented principles. In order to remain competitive and fulfil the public service mandate in the long term, Zürcher Kantonalbank aims to generate a reasonable profit and ensure its continued existence and further development with a correspondingly sustainable return on equity.

In accordance with § 4 of the Guidelines, Zürcher Kantonalbank, as a universal bank, observes the principles of sustainability and the recognised rules of risk management when fulfilling its public service mandate.

Sustainability is an integral component of our group strategy based on our public service mandate (see [zkb.ch/en/home/our-company/corporate-strategy](#)). Our understanding of sustainability involves combining successful business activity with responsibility for the environment and society on a long-term basis. Fulfilling and enhancing the public service mandate is a component of the balanced scorecard, Zürcher Kantonalbank's strategic management tool.

Business model

As the leading universal bank in the Greater Zurich Area, Zürcher Kantonalbank has a broad range of products and services. Our core business includes the following: financing (especially mortgages and corporate loans), investment and pension business, trading and capital market activities, as well as the borrowing, payment transactions and card businesses. We also offer additional services, such as leasing and advice on financial, tax, inheritance, succession and real estate matters.

The parent company of Zürcher Kantonalbank is located in Zurich. According to the organisational regulations for the group and the parent company, the parent company of Zürcher Kantonalbank without its subsidiaries and sub-subsidiaries is deemed to be the parent company.

Excerpt from the Cantonal Banking Act on Zürcher Kantonalbank (as at 1 January 2024)

§ 2 Purpose

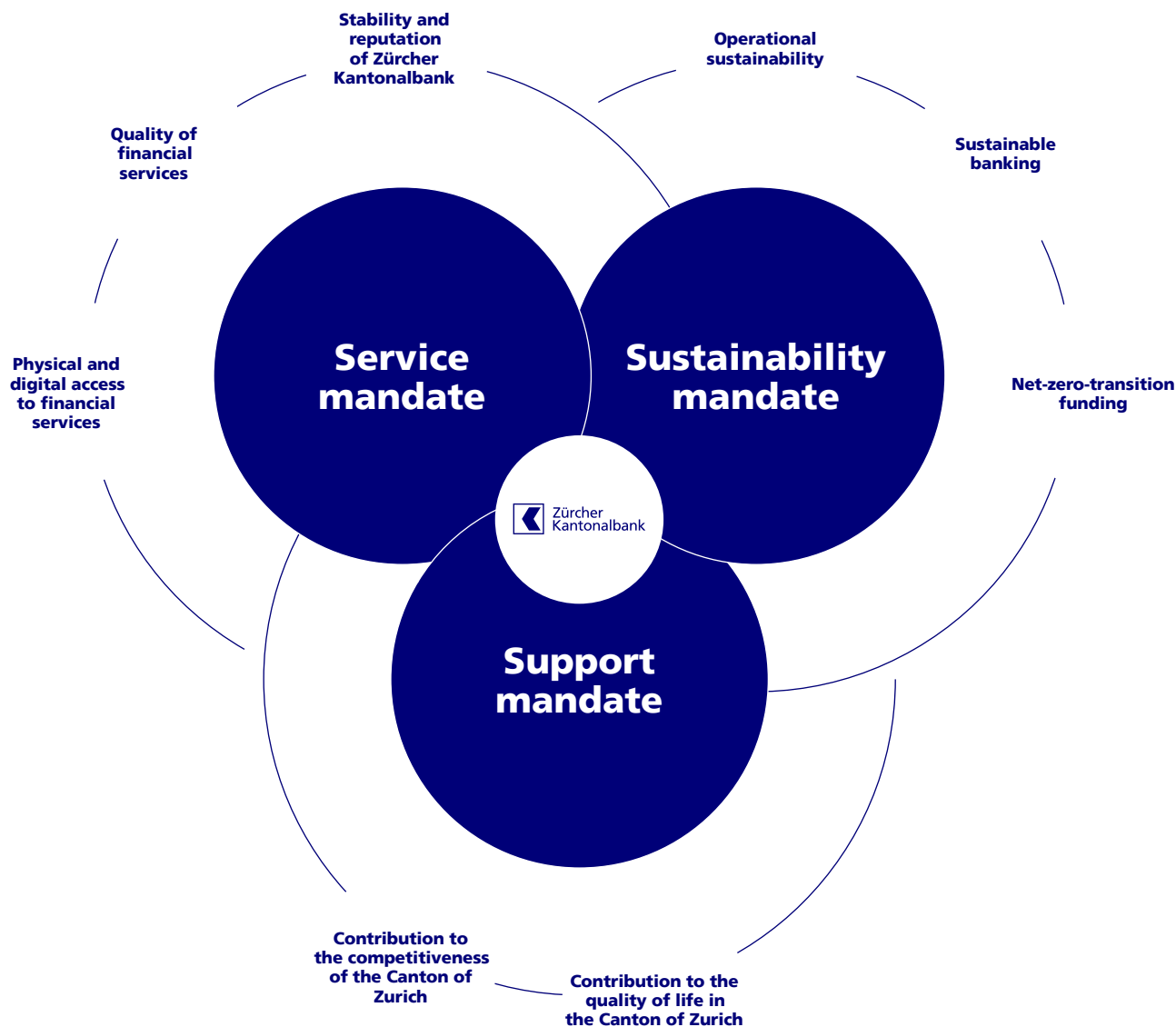
¹ The bank's purpose is to contribute to the canton's fulfilment of its economic, social and environmental tasks and thus to support sustainable development.

² The Bank satisfies investment and financing needs through a business policy geared towards continuity. In doing so, it especially takes

into account the concerns of small and medium-sized companies, employees, agriculture and public-sector corporations. It promotes property ownership and construction of, affordable housing as well as the achievement of greenhouse gas neutrality.

§ 7 Business activities

⁴ It actively contributes to achieving the cantonal climate targets, in particular regarding energy-efficient building renovation.



Zürcher Kantonalbank is authorised by the Swiss Financial Market Supervisory Authority FINMA pursuant to the Federal Act on Banks and Savings Banks (Banking Act) to operate as a bank in Switzerland. Our business operations are subject to continuous supervision by FINMA. For cross-border private banking business with Germany, Zürcher Kantonalbank has a “simplified exemption” from the German Federal Financial Supervisory Authority (BaFin).

With total assets over CHF 200 billion and over 6,000 employees (group), Zürcher Kantonalbank is the largest cantonal bank and the second-largest universal bank in Switzerland. We are also the second-largest fund provider and one of the most active start-up promoters in Switzerland. Since 2005, we have financed 297 start-ups with CHF 253 million in equity and mezzanine capital.

In the Canton of Zurich, we have a market penetration of around 50 percent in all core segments, which puts us in pole position. With 51 branches and contact

centres and 260 ATMs, Zürcher Kantonalbank has the densest network of branches and ATMs in the Canton of Zurich. We are the bank for small and medium-sized enterprises (SMEs) in the Greater Zurich Area. At the end of 2024, our clients included around 91,000 active legal entities, of which around 60,000 were companies. Over 90 percent of our corporate clients are SMEs.

Our client segments include retail clients, high-net-worth individuals, private banking clients, SMEs, commercial clients, business clients and corporate clients, as well as specialised segments (large corporations, pension funds, financial institutions, key clients, international private banking, external asset managers). Nationally, we focus on the following specific segments: private banking, external asset managers, large corporations, pension funds and other banks.

Internationally, we provide our services to banks and other institutional clients, as well as to selected corporate clients based abroad. Our Private Banking division

is also available to foreign clients from selected countries and Swiss citizens living abroad in countries around the world. In addition, our Private Banking division actively cultivates the market in Germany based on an exemption from the German Federal Financial Supervisory Authority (BaFin).

Two different organisational units are responsible for our investment and pension solutions. The Investment Solutions unit manages the standardised ZKB Portfolio Consulting and Discretionary Mandates. The Asset Management unit acts as an asset manager for the group's own and external collective investment schemes and investment foundations. It also runs customised asset management mandates for institutional clients and high-net-worth individuals.

Further information on our business model can be found in our annual report. Our financial report explains how we generate our profit, starting on page 104.

Significance of group companies

The annual report begins by laying out the group structure as at 31 December 2024, showing Zürcher Kantonalbank as the parent company and the five subsidiaries Swisscanto Holding Ltd, Zürcher Kantonalbank Finance (Guernsey) Ltd, ZKB Securities (UK) Ltd, Complementa AG and ZKB Österreich AG. The following additional activities are located in the fully consolidated subsidiaries:

- Swisscanto Holding Ltd: The Swisscanto Group includes the fund management company in Zurich (Swisscanto Fund Management Company Ltd) and the management company in Luxembourg (Swisscanto Asset Management International SA), as well as Swisscanto Pensions Ltd (in liquidation) and, since 2024, the branch in Milan. The Swisscanto Group is one of the leading providers of sustainable investment solutions in Switzerland. The assessment of the various aspects of sustainability risks contained in this sustainability report, in particular climate-related financial risks, also covers the activities of the Swisscanto Group.
- Zürcher Kantonalbank Finance (Guernsey) Ltd and ZKB Securities (UK) Ltd: The business activities of Zürcher Kantonalbank Finance (Guernsey) Ltd. are limited to issuing structured products. The business area of ZKB Securities (UK) Ltd comprises equity brokerage and research services for professional clients. It gives our Swiss capital market clients direct access to an international investor base. The local operations in Guernsey and London do not give rise to any sustainability risks that significantly increase or reduce the group's risk profile. The

business activities of the two companies are taken into account in the assessment of the parent company's trading business.

- Complementa AG: In summer 2024 Zürcher Kantonalbank acquired Complementa AG, which specialises in investment services such as investment reporting for institutional clients. Complementa AG, which is based in St. Gallen, does not impact the risk profile of the group's sustainability risks due to its size and business activities.
- Zürcher Kantonalbank Österreich AG: Zürcher Kantonalbank Österreich AG focuses on investment and asset management in Austria. Zürcher Kantonalbank Österreich AG has defined its own strategy for dealing with sustainability risks and has published it in accordance with local regulations. During the advisory process, Zürcher Kantonalbank Österreich AG provides clients with information on the sustainability risks of the investment solutions offered and explains these. Zürcher Kantonalbank Österreich AG does not have a material influence on the assessment of the group's sustainability risks. In July 2024 Zürcher Kantonalbank announced that Zürcher Kantonalbank Österreich AG would be sold in full to Liechtensteinische Landesbank (LLB). The transaction will be completed by the first quarter of 2025 at the latest.

Both the balance sheet and the income statement of the Zürcher Kantonalbank group are shaped significantly by the parent company. The subsidiaries have very little impact on the risk assessment at the group level.

Unless otherwise stated, this sustainability report contains group-level information.

1.2 Material topics of Zürcher Kantonalbank

The material topics in accordance with the requirements of the GRI Standards were updated in 2023 due to the strategic enhancement of the public service mandate looking ahead to 2030. These topics are based on the requirements for non-financial reporting in accordance with the Swiss Code of Obligations.

Details on the determination of material topics are set out in the Appendix. The material topics are covered in the following sections.

Governance

Responsible management

Under the Zürcher Kantonalbank Act, Zürcher Kantonalbank is obliged to pursue a business policy geared towards continuity. This includes responsible management, which forms the basis for trusting cooperation between Zürcher Kantonalbank and its stakeholder groups. One component of Zürcher Kantonalbank's approach to responsible management is the measures it undertakes to prevent corruption, bribery, money laundering, tax evasion and fraud. It also handles conflicts of interest responsibly, emphasises transparency and establishes confidential channels and processes for whistleblowing.

——> Section Responsible management, pages 24–26

Responsible sales practices

We attach great importance to the comprehensibility of our communication for the respective target audience. This applies to the documentation of our products and services, the preparation and communication of information for our clients, the creation of documents, web content and sales brochures, and the client advisory process for individual products and services. Our marketing activities are tailored to the needs of our potential and current clients. This forms a basis for trust in Zürcher Kantonalbank and promotes the positive perception of our bank.

——> Section Responsible sales practices, pages 26–27

Digitalisation, cyber security and data protection

Digitalisation influences the way in which we work and the demands of our clients. We adapt to changing client behaviour by constantly enhancing our products and services. Where appropriate, we make our offering available digitally.

The bank is obliged to protect the privacy of its clients. Zürcher Kantonalbank considers it crucial throughout the group to comply with relevant legal requirements and protect privacy and the confidentiality of important business data.

——> Section Digitalisation, cyber security and data protection, pages 27–28

Economy

Economic benefit

As part of our public service mandate, we support the Canton of Zurich in fulfilling its economic, environmental and social tasks. We help promote Zurich as a business location and are committed to driving environmental and societal progress in the Canton of Zurich. In fulfilling our public service mandate, we pursue a business policy aimed at continuity, an appropriate level of profitability and a steady distribution of profit to the Canton of Zurich and its municipalities.

——> Section Economic benefit, pages 30–31

Responsible financing

The financing business is part of our core business. We grant loans to private individuals, companies and institutions. Responsible financing means for us that we minimise sustainability risks and support our clients on their journey towards a more sustainable future.

——> Section Responsible financing, page 32

——> Section Climate targets and key figures for the financing business, pages 43–52

——> Section Responsible financing – social issues and human rights, pages 64–65

Responsible investing

The investment business is part of our core business. For us, responsible investing means helping our clients to identify their sustainability preferences and offering a wide range of sustainable investment solutions. To do that, we can build on many years of expertise. With the ambitious ZKB sustainability standard, we have created a standard for our active investment solutions¹ and our sustainable portfolio consulting mandates. This standard includes at a minimum the sustainability approaches of climate: CO₂e reduction, ESG integration, avoidance of controversies and the pursuit of a stewardship approach.

——> Section Responsible investing, pages 33–36

——> Section Climate targets and key figures for the investment business, pages 53–55

——> Section Responsible investing – social issues and human rights, pages 65–66

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.

Social issues and human rights

Social responsibility

In line with our public service mandate, we support the Canton of Zurich in fulfilling its economic and social tasks. We do this with our financing and investment solutions and other universal bank services as well as with our sponsorship commitments in the Zurich economic area.

——> Section Social issues and human rights, pages 60–68

Access to financial services

One central aspect of our public service mandate is ensuring access to financial services for the population. We provide the people and companies in the Canton of Zurich with the financial services of a universal bank. These include products and services in the areas of payment transactions, savings, investments, financing, pensions, trading and capital markets, financial planning, succession planning and advice on selected tax issues. In particular, we address the concerns of SMEs, employees, agriculture and public-sector entities and promote both home ownership and affordable housing. In this way, we aim to cover client needs across all client segments. The Guidelines for the Fulfilment of the Public Service Mandate set out the requirements for this.

——> Section Access to financial services and financial literacy, pages 62–66

Human rights

Within our sphere of influence, we are guided by the international provisions on human rights that are binding for Switzerland. These include the right to life, liberty, security, fair working conditions, equal opportunities and children's rights. In the context of financing and investment decisions, human rights issues form part of our reputational risk assessment for globally active companies. We ensure that human rights are respected in our financial services and in our own operations.

——> Section Access to financial services and financial literacy, pages 62–66

——> Section Responsibility in our own operations, pages 66–68

Environment

Greenhouse gas neutrality

As a part of the financial sector, we fulfil our responsibility in the efforts to achieve sustainable development worldwide and the transformation to greenhouse gas neutrality by 2050. We see ourselves as a service provider for society and the economy, particularly in Zurich as a place to live and do business. In our financing, investment and pension businesses, as well as in our own operations, we are guided by the Paris Agreement and the goal of achieving greenhouse gas neutrality by 2050. Since 1 January 2024 the purpose article of the Zürcher Kantonalbank Act explicitly enshrines the objectives of "sustainable development", "promoting the achievement of greenhouse gas neutrality" and "actively contributing to attaining the cantonal climate targets, in particular with regard to energy-efficient building renovations".

——> Section Environment, pages 37–59

Employees

Employees

With over 6,000 employees (parent company) and 430 apprentice positions, we are one of the largest employers and providers of vocational training in the Canton of Zurich. Our culture is characterised by our focus on performance, fairness and respect. We take our corporate responsibility seriously and encourage our employees to take responsibility for their own actions and shape their own work, regardless of their age, gender, sexual orientation, nationality, religion or physical ability.

——> Section Employees, pages 69–73

Sustainability in the group strategy

Sustainability is an integral component of Zürcher Kantonalbank's group strategy. This is derived from the public service mandate enshrined in the Zürcher Kantonalbank Act. Since 1 January 2024, the purpose article of the Zürcher Kantonalbank Act explicitly enshrines the objectives of "sustainable development", "promoting the achievement of greenhouse gas neutrality" and "actively contributing to attaining the cantonal climate targets, in particular with regard to energy-efficient building renovations". The purpose article is specified even further in the Guidelines for the Fulfilment of Zürcher Kantonalbank's Public Service Mandate approved by the Cantonal Parliament. Zürcher Kantonalbank understands sustainability to mean harmonising successful business activity with responsibility for the environment and society on a long-term basis. To this end, Zürcher Kantonalbank has set itself sustainability ambitions. These are guided by the Sustainable Development Goals (SDGs) of the United Nations. By joining the Net-Zero Banking Alliance and Net Zero Asset Managers Initiative, we are aligning ourselves with the Paris Climate Agreement and the goal to achieve net-zero greenhouse gas emissions by 2050.



Sustainability ambitions in our group strategy

We accompany our clients on the path to a more sustainable future. We are a leading provider of sustainable offers (products and services).



Supporting the economy's transformation on
the path to sustainability and net zero

Scaling innovative sustainability and climate
solutions

We actively shape sustainability issues.



Social responsibility in the Zurich economic area

Memberships and partnerships

Sustainability policy

The sustainability policy formulates guidelines for Zürcher Kantonalbank's business activities along the dimensions of environment, social affairs and corporate governance (ESG). It substantiates our sustainability ambition, which is part of the group strategy. The sustainability policy, which is approved by the Executive Board, applies to all business areas and business activities both domestically and abroad, as well as to our own operations (zkb.ch/en/sustainability).

As a central component, the sustainability policy addresses several topics, including climate-related matters, and defines exclusions for business activities, in particular for the lending business (credit policy). The sustainability policy forms the basis for implementing internal guidelines for the financing business, the investment and pensions business, the capital market business and our own operations.

We accompany our clients on the path to a more sustainable future. We are a leading provider of sustainable offerings (products and services).

Supporting the economy on the path to sustainability and net zero

We offer sustainable products and services that support our clients in their sustainability endeavours and on their journey towards net zero. When doing so, we focus on those areas where a potential for impact exists. We make an active contribution to achieving greenhouse gas neutrality by supporting the transition in the real economy.

As part of the Net-Zero Banking Alliance (NZBA) for the entire bank and the Net Zero Assets Managers Initiative (NZAM) for Asset Management, we are guided by science-based climate scenarios and are aiming for net zero by 2050 at the latest.

Net-zero greenhouse gas emissions by 2050 is a challenge for society as a whole and can be achieved only through collaboration among all stakeholders, i. e. policymakers, the real economy, the financial sector and individuals.

Investment and pension business

In our investment business, we are guided by the United Nations' six Principles for Responsible Investment (UN PRI), and we report on them on a regular basis. With the ZKB sustainability standard, we have created a standard for our active investment solutions and our sustainable portfolio consulting mandates. This standard includes at a minimum the sustainability approaches of climate: CO₂e reduction, ESG integration, avoidance of controversies and the pursuit of a stewardship approach.

Our Asset Management division has been a member of the Net Zero Asset Managers Initiative since 2021 and is continuously striving to increase the proportion of assets under management that are geared towards net zero by 2050. This objective is anchored in the sustainability mandate of the bank's Public Service Mandate 2030 initiative.

Financing business

In our financing business, we are guided primarily by the objectives of both the federal government and the Canton of Zurich with a view to the 2030 Agenda and achieving greenhouse gas neutrality by 2050.

As part of the Net-Zero Banking Alliance (NZBA), our bank is aiming for net-zero greenhouse gas emissions by 2050 and has undertaken to apply science-based sector-specific climate targets in the financing business that are based on the 1.5°C climate target. These objectives are anchored in the sustainability mandate of the Public Service Mandate 2030 initiative.

Scaling new sustainability and climate solutions

Achieving the SDGs and the net-zero target by 2050 requires technological, entrepreneurial and social innovation. We are committed to developing scaling and introducing new sustainability and climate solutions, for example as part of our start-up and private equity financing. We are one of the largest financiers of start-ups in Switzerland.

As part of the support mandate of the Public Service Mandate 2030 initiative, Zürcher Kantonalbank has set itself financial targets for promoting innovation and education as well as for start-up financing.

ESG training for account managers in the Key Account Management segment

All account managers in the Key Account Management segment have been trained on sustainability to support major corporate clients in their net-zero transition and on their path to a more sustainable future. The bank collaborated with the Zurich University of Applied Sciences (ZHAW) to cover multiple topics in both classroom teaching and self-study, including the principles of sustainability, in particular the TCFD framework, regulatory requirements and reporting, sustainable investing and financing, as well as ZKB specifics.

We actively shape sustainability issues.

Contribution to the quality of life in the Canton of Zurich (corporate citizenship)

Corporate citizenship refers to our wide-ranging commitment, which goes beyond our actual business activities. We fulfil our social responsibility by contributing to the economic strength and quality of life in the Canton of Zurich. We make our contribution to the quality of life in the Canton of Zurich mainly through sponsorship and awards, memberships, the ZKB Philanthropy Foundation and corporate volunteering.

Under the support mandate, which is part of the Public Service Mandate 2030 initiative, Zürcher Kantonalbank has set itself financial targets for its contribution to the quality of life in the Canton of Zurich in terms of corporate sponsorship and corporate volunteering.

The ZKB Philanthropy Foundation, which was established at the beginning of 2024, stands for social responsibility and projects on key issues and challenges of our time that have an impact on the Canton of Zurich. As an umbrella foundation, the foundation also has a client offering for realising individual charitable ideas and projects. Five sub-foundations are focused on the following topics in the Canton of Zurich: health and sport, nature and ecology, social affairs, art and culture, education and research.

ZKB introduced a corporate volunteering programme at the beginning of 2024. Employees can spend up to two days per year volunteering for the benefit of society in the focus areas of the environment, social affairs, sport and education.

We promote industry initiatives and join targeted membership and partnership programmes for this purpose.

Memberships:

- Energy Model Zurich
- Swiss Sustainable Finance (SSF)
- swisscleantech
- Sustainable Investment Forum (SIF)
- EUROSIF
- UNEP Finance Initiative (UNEP FI)
- UN Principles for Responsible Investment (PRI)
- UN Principles for Responsible Banking (PRB)

Partnerships:

- Fairtrade Max Havelaar
- Mobility Business Car Sharing
- naturemade star!
- Minergie Association

We have also joined the following climate-related initiatives:

- Net-Zero Banking Alliance (NZBA)
- Net Zero Asset Managers Initiative (NZAM)
- Partnership for Carbon Accounting Financials (PCAF)
- Task Force on Climate-related Financial Disclosures (TCFD supporter)²
- Carbon Disclosure Project (CDP Disclosure)

² www.ifrs.org/sustainability/tcfdf/

Operational sustainability

When promoting our operational sustainability, we focus on the topics of employee satisfaction, equal pay and diversity, equity and inclusion and net-zero role models. In addition, we have 430 apprenticeships, making us one of the largest providers of vocational training in the Canton of Zurich.

As part of the sustainability mandate of the Public Service Mandate 2030 initiative, Zürcher Kantonalbank has set itself strategic metrics for its operational sustainability:

- We measure employee satisfaction.
- We measure equal pay.
- We have defined goals for diversity, equity and inclusion. (see Employees section)
- We aim to be a net-zero role model in our own operations (see Environment section).

Management of sustainability and climate-related financial risks

In accordance with § 4 of our Guidelines for the Fulfilment of the Public Service Mandate, Zürcher Kantonalbank, as a universal bank, observes the principles of sustainability and the recognised rules of risk management when fulfilling its public service mandate. This includes managing sustainability and climate-related financial risks.

Sustainability-related financial risks for Zürcher Kantonalbank are ESG-relevant events or conditions, the occurrence of which may have actual or potential negative effects on the bank's assets, finances and earnings, as well as on its reputation. Sustainability risks are treated as a component of the traditional risk categories (credit risks, compliance risks, etc.). Sustainability-related financial risks in the area of climate risks are divided into physical risks and transition risks: Physical risks arise both with regard to individual extreme weather events and their consequences and with regard to long-term changes in climatic conditions. In contrast, transition risks arise due to climate policy measures, disruptive technological developments or changing client preferences.

Corporate governance

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 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. The bank's internal governance for dealing with sustainability issues follows an integrated approach. This means that the responsibility for the bank's sustainable actions – in terms of the public service mandate, the implementation of regulatory requirements, the group strategy including the sustainability ambition, the sustainability policy and the obligations entered into through memberships and partnerships – takes place within the framework of existing corporate governance.



The basis for sustainability governance is the purpose paragraph of the Cantonal Banking Act on Zürcher Kantonalbank and the publicly available guidelines on the public service mandate issued by the Board of Directors and approved by the Cantonal Parliament. The guidelines set out the tasks, competencies and responsibilities for the public service mandate. The Chairperson's Committee is responsible for monitoring and enhancing the public service mandate. The Public Service Mandate Steering Committee (SALA) advises and supports the Chairperson's Committee, the Board of Directors and the Executive Board in all matters relating to the public service mandate.

Our corporate governance is described in the annual report on pages 66–86. It provides information about the Board of Directors, which is the bank's highest governing body, and its committees, the composition of its committees, the independence of the members of the Board of Directors and the committees of the Board of Directors, their term of office, the number of positions and duties, their gender, their background and their competencies. It also explains the nomination and selection of the Board of Directors.

The organisational regulations issued by the Board of Directors for the group and the parent company of Zürcher Kantonalbank ([zkb.ch/corporate-governance](https://www.zkb.ch/corporate-governance)) set out the basic principles of group-wide management, collaboration and organisation at the levels of the Board of Directors, the Chairperson's Committee, the Executive Board and Audit. Business activities, business relationships, tasks, competencies and responsibilities within the group are defined therein.

Further regulations set out the requirements for the job profiles and the preliminary review and appointment of members of the Board of Directors and the Chairperson's Committee; the key requirements, responsibilities and competencies in connection with identifying, assessing, controlling, managing, monitoring and reporting risks; the organisation of the Compliance function; as well as the basic principles for compliance in the group.

3.1 Sustainability as an integral part of corporate governance

Sustainability governance defines the responsibilities and roles in relation to implementation of the sustainability mandate as part of our public service mandate. Sustainability issues are dealt with as an integral part of our business policy within the framework of corporate governance at Zürcher Kantonalbank. Corresponding guidelines, committees, responsibilities and compet-

ences have been set out in a formal framework concept and approved by the Executive Board.

Cantonal Parliament

Zürcher Kantonalbank is subject to the overall supervision of the Cantonal Parliament (§ 11 section 1 of the Zürcher Kantonalbank Act). The Cantonal Parliament is responsible, among other things, for approving the Guidelines for the Fulfilment of the Public Service Mandate (§ 11 section 2 number 3 of the Zürcher Kantonalbank Act), which specify Zürcher Kantonalbank's public service mandate as set out in § 2 of the Act. The Cantonal Parliament of Zurich has delegated overall supervision to the Parliamentary Committee for the Supervision of Commercial Undertakings (AWU).

The Guidelines for the Fulfilment of the Public Service Mandate form the basis for the bank's governing bodies to ensure and monitor fulfilment of the public service mandate. In addition, they provide the basis for the AWU to monitor compliance with the public service mandate and to audit the accounts and annual report of Zürcher Kantonalbank.

Every year, the AWU determines a key topic for the public service mandate, which is reported on in the annual report. The Cantonal Parliament approves the annual financial statements and this sustainability report (including climate reporting). The Cantonal Parliament is scheduled to approve the annual report and the sustainability reporting (including climate reporting) for 2024 on 26 May 2025.

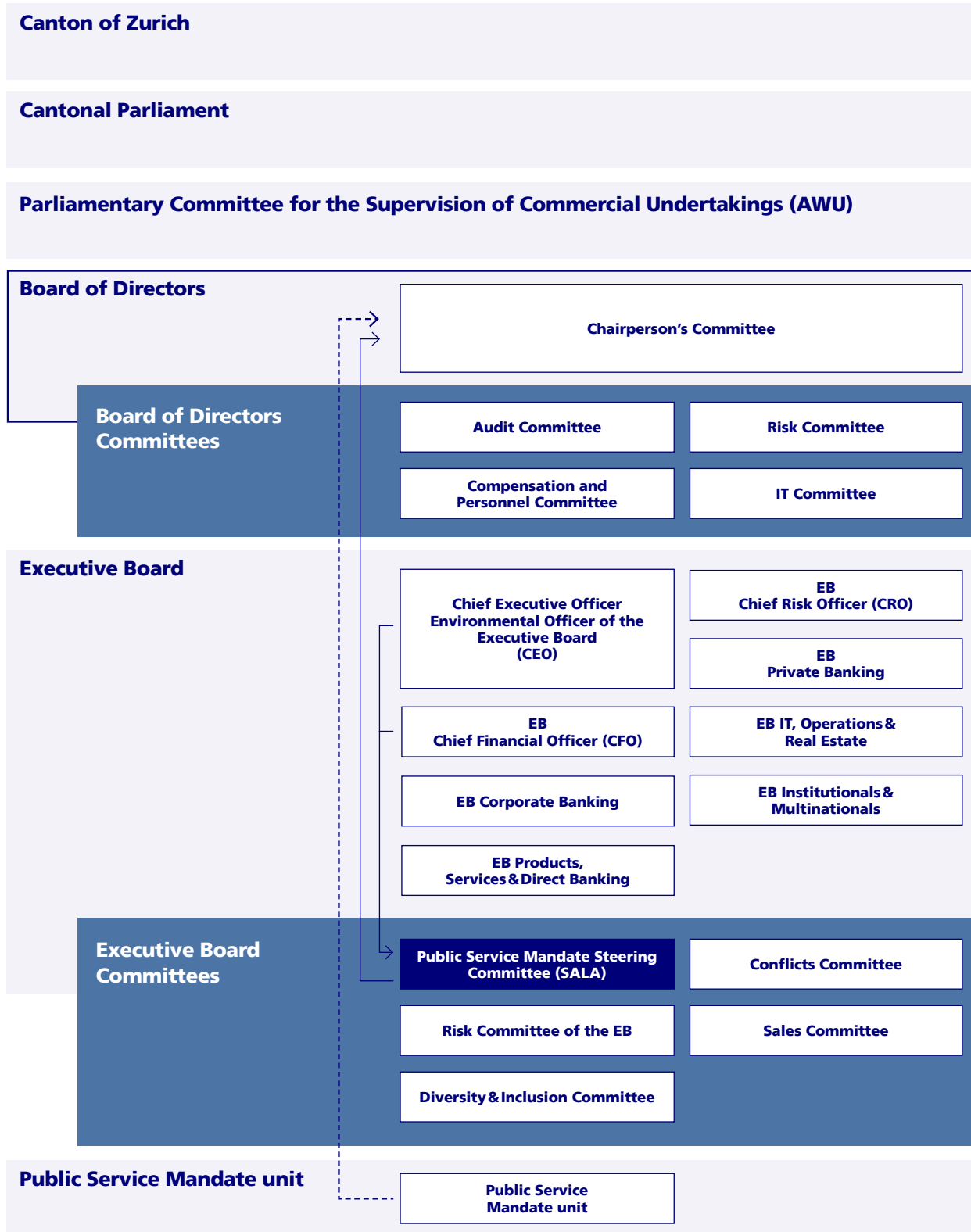
Board of Directors and committees

The Board of Directors bears ultimate responsibility for the management of the bank. Among other things, it issues the Guidelines for the Fulfilment of the Public Service Mandate. As part of its overall management, control and supervisory function, the Board of Directors is responsible for regularly checking that the public service mandate is being fulfilled in a high-quality, economically viable manner. The Board of Directors assigns the performance of this task to the Chairperson's Committee (§ 9 Guidelines for the Fulfilment of the Public Service Mandate).

The most important tools available to the Board of Directors for managing and monitoring the public service mandate are:

- group mission statement as a guiding framework
- Public Service Mandate 2030 initiative with the three sub-mandates of service, support and sustainability integrated into the balanced scorecard, which is the bank's strategic management tool
- group strategy and strategies of the business units (business unit strategies)
- annual planning and objective setting in the business units at all levels.

Sustainability within existing corporate governance



As a further tool for managing and monitoring the public service mandate, including the sustainability mandate and its implementation, the Chairperson's Committee or the Board of Directors can attach conditions to the approval of individual transactions (§ 12 of the Guidelines for the Fulfilment of the Public Service Mandate).

The Board of Directors, in its capacity as the bank's highest governing body, defines the group mission statement and the sustainability ambition in the group strategy. The Board of Directors is informed quarterly about the risk and financial situation and annually about the public service mandate and sustainability. This involves the Board of Directors defining the strategic metrics for the public service mandate with the three sub-mandates of service, support and sustainability, including their enhancement.

The Audit Committee supports the Board of Directors in monitoring the internal and external audit as well as the internal control system, and in reviewing the annual financial statements, and it prepares the Board of Directors decisions in this regard. It also supports the Board of Directors in reviewing the sustainability reporting (including climate reporting).

The Compensation and Personnel Committee (CPC) assists the Board of Directors in connection with personnel decisions, the human resources strategy, as well as personnel and compensation policy. It assists the Board of Directors regarding the compensation report by providing preliminary advice and issuing recommendations.

The Risk Committee of the Board of Directors assists the Board of Directors in monitoring the bank's risk management and compliance with regulatory requirements regarding the management of risk. In particular, it carries out an annual structured assessment of the appropriateness of risk management (risk organisation, guidelines and processes) and initiates any necessary adjustments. The assessment covers all types of risk. In the third quarter of 2024, the Risk Committee of the Board of Directors also took note of the risk categorisation of physical climate risks and transition risks for the individual business areas based on the analysis of the Risk Committee of the Executive Board.

The IT Committee supports the Board of Directors in defining and monitoring the IT-relevant aspects of the group strategy. It advises the Board of Directors on all matters relating to IT at Zürcher Kantonalbank and makes appropriate recommendations.

Executive Board and its committees

The Executive Board ensures the fulfilment of the public service mandate within the scope of its responsibilities and powers, if necessary together with the Chairperson's Committee and the Board of Directors (§ 7 Guidelines for the Fulfilment of the Public Service Mandate).

The Executive Board (EB) is responsible for defining the various business policies.

The Executive Board is then responsible for adopting the sustainability policy (see section 'Sustainability in the group strategy').

The Executive Board is likewise responsible for the control and monitoring of the environmental management system. The CEO of Zürcher Kantonalbank has a special monitoring and control function as the environmental officer of the Executive Board.

Risk Committee and Conflicts Committee of the Executive Board

The Risk Committee of the Executive Board helps the Executive Board set up the bank's risk management processes, in particular the procedures for identifying, assessing, controlling, managing and monitoring credit, market, liquidity and operational risks as well as reputational and compliance risks. The Committee makes decisions within the scope of the responsibilities delegated by the Executive Board and carries out the comprehensive annual assessment of climate-related financial risks, which is prepared by the Risk business unit.

The Conflicts Committee helps the Executive Board handle transactions that entail particular business policy risks, conflicts of interest or particular effects on Zürcher Kantonalbank's reputation.

Public Service Mandate Steering Committee (SALA)

The Guidelines for the Fulfilment of the Public Service Mandate of Zürcher Kantonalbank set out the details of Zürcher Kantonalbank's public service mandate as laid down in § 2 of the Zürcher Kantonalbank Act. The Public Service Mandate Steering Committee (SALA) is anchored in § 11 of the guidelines. The SALA supports the Chairperson's Committee in the fulfilment of its task. Comprising representatives from all business units, it is headed by a specialist representative for the public service mandate. The SALA advises and supports the Chairperson's Committee, the Board of Directors and the Executive Board in all matters relating to the public service mandate.

The CEO is the Chairperson of the SALA, and the CFO is the Deputy Chairperson. The Chairperson is in close contact with the management of the Public Service Mandate unit. The Public Service Mandate unit plans and coordinates the meetings in consultation with the Chairperson of the SALA.

The SALA manages the public service mandate, which comprises the service-, support- and sustainability sub-mandates. It initiates and develops amendments to the sustainability policy, promotes the integration of sustainability into business unit strategies and collaborates with other functions to advise on the implementation of

regulatory requirements relating to sustainability issues. The SALA also analyses important national and international frameworks, initiatives and alliances in the area of sustainability and prepares these agreements for signing. Additionally, it serves as a preliminary advisory body for the development of new products and services in which sustainability is a key feature or in which sustainability effects play a significant role. It is also responsible for handling cross-sector orders and initiatives in connection with the public service mandate. Furthermore, the SALA advises the Chairperson's Committee and the Board of Directors on the metrics for the public service mandate and the annual report on the public service mandate.

Diversity Steering Committee (DSA)

In 2023, the Executive Board established the Diversity Steering Committee (DSA). This committee implements measures to achieve the gender diversity objectives defined by the Board of Directors as part of the Public Service Mandate 2030 initiative. The actions defined therein are measured using structured reporting at the group and business unit level.

The committee meets three times a year. The committee is chaired by the Executive Board's Diversity and Inclusion Officer (Head of IT, Operations & Real Estate).

Public Service Mandate unit

The Public Service Mandate unit is responsible for planning, implementing, developing, controlling and communicating the public service mandate. As a permanent member of the SALA, the Head of the Public Service Mandate unit is responsible for planning, steering and coordinating the SALA meetings in close consultation with the Chairperson of the SALA.

3.2 Responsible management

Zürcher Kantonalbank is committed to responsible management in accordance with statutory and regulatory provisions as well as recognised professional principles within the banking industry. Responsible management forms the basis for trusting cooperation between Zürcher Kantonalbank and its stakeholder groups.

General conditions

Zürcher Kantonalbank conducts its business under a licence from the Swiss Financial Market Supervisory Authority FINMA in accordance with the Banking Act. Its business activities are therefore subject to the regulatory requirements applicable to banks and are supervised by FINMA. In accordance with an ordinance issued by the

Swiss National Bank (SNB) on 1 November 2013, Zürcher Kantonalbank is deemed to be systemically important as defined in Articles 7 and 8 of the Banking Act.

Zürcher Kantonalbank is legally required to pursue a "business policy geared towards continuity" (§ 2 Zürcher Kantonalbank Act).

In addition to the provisions of federal supervisory law, the requirements of FINMA Circular 2017/1 "Corporate governance – banks" in particular are applicable to Zürcher Kantonalbank. Insofar as this is reasonable for an institution under public law, Zürcher Kantonalbank also applies the Directive on Corporate Governance of 29 June 2022 of SIX Swiss Exchange Ltd, which has been in force since 1 January 2023. Unless otherwise specified, all stated information is valid as at 31 December 2024.

The Regulations on the Code of Conduct and Ethics for the Zürcher Kantonalbank group serve to promote a uniform and effective corporate and compliance culture within the group (§ 3 Organisational Regulations). It sets out the most important rules of conduct to be observed by all employees and members of governing bodies.

In accordance with legal requirements and the expectations of the Swiss Financial Market Supervisory Authority FINMA, Zürcher Kantonalbank has taken comprehensive organisational measures to ensure compliance. In the regulations governing the group's Legal & Compliance function, compliance is defined as adherence to legal, regulatory and internal provisions as well as observance of industry standards and codes of conduct by the group, its employees and governing bodies, which also includes adherence to organisational measures and processes.

The regulations set out the organisation, responsibilities and competencies of Legal & Compliance and state that Legal & Compliance performs the compliance function in accordance with the FINMA Circular "Corporate governance – banks".

It also defines the requirements for compliance at Zürcher Kantonalbank. The most important principle of all is that Zürcher Kantonalbank conducts its business in accordance with statutory and regulatory provisions as well as industry standards and codes of conduct. As an independent function, Legal & Compliance supports the Executive Board and employees as well as members of governing bodies in complying with the regulations and standards applicable to them or the bank. This support generally consists of identifying, assessing, advising, monitoring and reporting, including assessing the legal, compliance, reputational and loss risk of the business activity. To that end, the Compliance function prepares an annual assessment of compliance risk and a corresponding action plan based on a compliance-related risk inventory.

The Compliance function is organisationally independent of the income-driven business units. The General Counsel (Head of Legal & Compliance) reports directly to the CEO. For the purpose of recognising, assessing and avoiding legal, reputational and loss risks, Legal & Compliance may, in consultation with the CEO, review at any time the activities of business units for their legal and compliance adequacy. The General Counsel has the right at any time to submit resolutions of standing committees and committees in which the General Counsel has an advisory vote to the Chairperson's Committee for a decision.

Our implementation measures

Combating corruption

As part of effective compliance, we do not tolerate bribery or corruption. We do not grant any undue advantages for unlawful or improper behaviour or for the mere cultivation of relationships. Nor do we accept undue advantages for ourselves. Zürcher Kantonalbank has issued specific guidelines for accepting and giving gifts and invitations, which include a formal and documented approval process if gifts and invitations go beyond the scope of what is socially customary. Our whistleblowing system, which allows anonymous reports, is also available for reporting suspected misconduct (see the separate section on whistleblowing for details).

Corruption or bribery is, among other things, a predicate offence to money laundering and is part of our specific monitoring measures for detecting and reporting money laundering offences. Transactions with a background of corruption or bribery are strictly prohibited. Based on the internal guidelines for combating money laundering, employees of Zürcher Kantonalbank are obliged to involve the relevant Compliance department in the event of suspicious circumstances. No confirmed cases of corruption (including bribery) were recorded in the year under review.

Dealing with conflicts of interest

Zürcher Kantonalbank endeavours to structure its business activities in such a way that the interests of its clients, Zürcher Kantonalbank and its employees are aligned as far as possible. Wherever possible, we avoid situations that could lead to conflicts of interest. However, conflicts of interest cannot always be avoided due to the bank's broad client base and its activities as a universal bank. Conflicts of interest can impair the ability of employees and members of governing bodies to fulfil their obligations to clients and the group. Zürcher Kantonalbank deals with potential conflicts of interest in a transparent, fair and professional manner in compliance with legal requirements and on the basis of the bank's Code of Conduct. To this end, it has established internal standards and procedures for identifying, avoiding and handling possible conflicts of interest.

All employees receive periodic training in dealing with conflicts of interest. As part of their activities, they are responsible for recognising potential and actual conflicts of interest. In the event of a conflict of interest, measures must be taken to avoid or eliminate the conflict of interest. If it must be assumed that the measures taken to manage a conflict of interest are not sufficient to safeguard the interests of clients, the clients affected are informed of the conflict of interest. If the precautions taken to protect the interests of clients are not sufficient, the transaction will be cancelled.

Zürcher Kantonalbank documents identified conflicts of interest in general terms in a bank-wide register, which is reviewed periodically. Further information is available on the homepage of Zürcher Kantonalbank at (zkb.ch/en/legal/conflict-of-interest).

Whistleblowing

The integrity and reputation of Zürcher Kantonalbank are among its most important assets. To support effective compliance, Zürcher Kantonalbank has implemented a secure and confidential whistleblowing system through which employees and third parties (e.g. clients, suppliers, competitors) can report suspected misconduct within the organisation. Zürcher Kantonalbank encourages and calls on its employees to raise concerns about irregularities and promotes whistleblowing as part of its corporate culture. The reports can be submitted via various channels and in particular via a highly secure, web-based reporting platform – anonymously if desired. Employees are free to choose which reporting channel they wish to use. They can also discuss a possible irregularity with their line manager, the responsible HR advisor or their Legal & Compliance contact person. Employees who make a report in good faith do not have to fear any negative consequences.

Further information on Zürcher Kantonalbank's whistleblowing system can be found on its homepage at (zkb.ch/en/legal/whistleblowing).

Duty of care to avoid money laundering

The Swiss legislator has created a comprehensive set of regulations to prevent money laundering, comprising Articles 305bis and 305ter of the Swiss Criminal Code (SCC), the Anti-Money Laundering Act (AMLA) and the implementing ordinances and regulations. These stipulations impose extensive due diligence obligations on financial service providers subject to them.

Zürcher Kantonalbank considers it very important to consistently comply and implement these legal requirements. We are in constant dialogue with our clients in order to perform the extensive tasks associated with this:

- When opening a business relationship, we identify the background of the incoming assets and clarify the intended use of the account and the beneficial owner.
- Existing client details are periodically checked to ensure they are up to date and confirmed or renewed.
- We verify and record client information on a risk basis using documents (contracts, register extracts, Form A, etc.).
- Employees receive regular training on their responsibilities and tasks.
- If the bank becomes aware of a transaction that is classified as unusual based on the business relationship to date, the background to the transaction is clarified and, if necessary, a money laundering report is submitted to the Money Laundering Reporting Office Switzerland (MROS).

3.3 Responsible sales practices

Responsible sales practices refer to our client processes – from creating our products and services, preparing and communicating information, creating documents, web content and sales brochures, to the entire client advisory process for individual products and services. It is crucial that our statements on all communication channels can be understood by the respective target audience.

General conditions

The Executive Board is responsible for dealing with sales, brand and marketing issues. It is supported in this respect by the Sales Committee. The Sales Committee is responsible for group-wide brand management and the strategic sales themes of all business units at the parent company. The Board of Directors is responsible for ensuring that there is a suitable risk and control environment, and it arranges for an effective internal control system (ICS).

Zürcher Kantonalbank has extensive internal regulations and processes in place to ensure compliance with existing legal requirements for external communication. These guidelines and processes aim to prevent a breach of statutory or regulatory provisions, such as principles of fair trading, requirements relating to services in the investment business and regulations on cross-border services. Our internal regulations on external communication include an explicit ban on greenwashing. Greenwashing refers to untruthful, misleading or deceptive communication in relation to the sustainability-related characteristics of Zürcher Kantonalbank's products, services and

activities. Appropriate training courses are held on an ongoing basis to sensitise employees who are involved in the creation of external communications.

The self-regulatory arrangements of industry associations, in particular the Swiss Bankers Association (SBA), the Swiss Structured Products Association (SSPA) and the Asset Management Association Switzerland (AMAS), set binding requirements for their members. In the investment business, for example, the bank must observe the SBA self-regulation "Guidelines for financial service providers on the integration of ESG preferences and ESG risks and the prevention of greenwashing in investment advice and portfolio management". These define measures to avoid greenwashing and to ensure responsible sales practices with regard to sustainability in investment advice and wealth management. The "Self-regulation on transparency and disclosure for collective assets with a sustainability focus" promulgated by the AMAS contains requirements for creating transparency and complying with minimum standards regarding sustainability aspects for collective assets. The SSPA's "Sustainability transparency guidelines" take a similar approach.

Our implementation measures

Client communication

Our products and services are created in compliance with the applicable legal requirements and (self-) regulations, and are presented to our clients in a comprehensive, clear and comprehensible manner via the available electronic channels and customer service.

When creating marketing material, we observe the principles under fair trading law of truthfulness/accuracy, clarity and completeness, and avoid misleading representations and suppressing important information.

The current price and interest rate overviews for our products and services for private and corporate clients are available at zkb.ch/en/legal/terms-conditions. For fixed-rate mortgages, daily updated benchmark interest rates are published for all terms. The conditions for other financing products are shown transparently in client-specific product documents.

Sales Committee

The Sales Committee consists of the CEO, the Head of Products, Services & Direct Banking and all heads of the sales units; the Head of Marketing & Communications and the Head of Legal & Compliance attend the meetings in an advisory capacity without voting rights.

The Sales Committee is responsible for group-wide brand management and the strategic sales topics of all business units at the parent company. In particular, this includes approving the brand architecture, adopting the allocation of the marketing budget and approving measures to strengthen and expand sales. Within its area of

responsibility, the Sales Committee assumes responsibility for the application of responsible sales practices.

Responsible sales practices in the financing business

In the financing business, we analyse the financial circumstances of our clients and assess their affordability on this basis. Our client advisors receive regular training on the criteria and assessment processes.

We do not offer consumer loans. When issuing credit cards and setting credit card limits, we take our clients' creditworthiness into account.

Our products and services are created in compliance with the applicable legal requirements and are presented to our clients in a comprehensive, clear and understandable manner via the available electronic channels and customer service.

Responsible sales practices in the investment business

When providing investment advice and asset management services, we take into account our clients' individual financial situation, risk capacity, risk appetite, knowledge and experience in accordance with legal and regulatory requirements. We inform our clients comprehensively and transparently about the characteristics, opportunities and risks of our investment solutions. Our customer service team receives regular training on the products and services and on the information and clarification obligations to be observed in the advisory process.

Dealing with client complaints

Clients who are dissatisfied with our services can contact us at any time via customer service, in writing, by telephone, by e-mail or via the contact form at zkb.ch. The handling of our clients' reactions follows a structured process within a reasonable period of time and is free of charge. Whenever possible, we try to find an amicable solution. We inform our clients about the possibility of contacting the Swiss Banking Ombudsman if necessary.

3.4 Digitalisation, cyber security and data protection

Digitalisation influences the way in which we work and the demands of our clients. We respond to changing client behaviour by constantly developing our banking services and cultivating a corporate culture that supports innovation at all levels.

All of our business areas are constantly looking to develop innovations that are both useful and profitable. We develop solutions for every client segment in the bank based on our strategy. New service approaches

are tested in temporary pilot projects. Promising ideas are broken down into concrete steps, and various offers are tested with clients directly. To this end, trends are analysed systematically and across all industries, innovation is promoted, and meaningful partnerships and collaborations are examined. We develop and operate our bank's applications and systems. To ensure that our services are stable, simple and secure, we are focusing on important forward-looking investments for the next few years, including the modernisation of our technology platforms and our cyber security roadmap. The bank's efficiency is being increased through automation and standardisation, and development is driven forward on the basis of facts by means of consistent performance management.

General conditions

The Federal Act on Data Protection (FADP), the FINMA circulars ("Corporate governance – banks", "Outsourcing", "Operational risks and resilience – banks") and the FINMA guidance ("Duty to report cyber attacks") as well as the ISO 27000 series of standards provide a framework for data protection and cyber security. We constantly develop and update our security standards. The security specifications cover the scope of ISO 27002:2022 and are supplemented on a technology-specific basis. Every three years at the most, the security requirements are also reviewed by independent security experts with regard to good practice and completeness.

Our implementation measures

The information and cyber risk management processes are integrated into the OpRisk (operational risk) management processes. Qualitative and quantitative risk tolerance requirements are defined in line with the objectives of group strategy, IT strategy and risk strategy. The "first line of defence" risk managers must comply with these requirements when implementing their strategies. The Chief Information Security Officer (CISO) monitors compliance with security requirements relating to information and cyber risks. Reports are submitted to the Risk Committee of the Executive Board and the Risk Committee of the Board of Directors quarterly and annually as part of the OpRisk profile of Zürcher Kantonalbank. Our security assessments for both internal IT systems and outsourced IT systems at service providers are based on the ISO 27002 standard and are supplemented by measures from the NIST Cybersecurity Framework (National Institute of Standards and Technology). Security assessments are updated at least once a year for critical IT systems. Security assessments are carried out during the year in the event of significant changes to processes or IT systems or on the basis of event analyses, audits and other triggers. The bank implements

and monitors the further development of identified fields of action by means of a programme in the form of a cyber security roadmap. More information on this topic can be found at zkb.ch/digital-banking.

Throughout the group, Zürcher Kantonalbank attaches great importance to protecting the privacy of its clients and the confidentiality of important business data. Correct, efficient handling of Zürcher Kantonalbank's data and information – both in physical and electronic form – is a business-critical success factor. We handle the personal data entrusted to us with care. We consider it crucial to ensure that the information we hold about our clients is treated confidentially. In principle, we pass on this information only if our clients agree to this or if we are legally obliged to do so. This applies equally to information about employees and business partners. Further information on how Zürcher Kantonalbank deals with the topics of data protection and bank-client confidentiality can be found on the ZKB website at zkb.ch/en/legal/data-protection.html.

Involvement of stakeholders

In accordance with the applicable law, we require service providers to ensure confidentiality.

Our employees are our greatest asset in making digitalisation possible. Hence, we make long-term investments in our IT engineering culture as well as in the skills and competencies of our employees. The employees of Zürcher Kantonalbank are required to comply with data protection requirements and Swiss rules governing bank-client confidentiality. They are regularly familiarised through training and other suitable measures (e. g. mandatory e-learning on data protection).

Despite ongoing digitalisation and increasing use of self-service channels, personal client contact remains important. Personal advice continues to be a high priority for our clients, especially when it comes to complex life or corporate events such as retirement, buying residential property or founding a company.

Economy

This section describes the key economic issues that are important to our management, namely our economic benefit and responsible financing and investing.



4.1 Economic benefit

Zürcher Kantonalbank is the second-largest universal bank and the most important cantonal bank in Switzerland. With 430 apprentices (parent company), we have one of the largest apprenticeship programmes in the Canton of Zurich and we are also a major employer in the canton with over 6,000 employees (parent company).

General conditions

The Cantonal Banking Act on Zürcher Kantonalbank states as part of our public service mandate (service and support mandate): “The bank’s purpose is to contribute to the canton’s fulfilment of its economic, social and ecological tasks and thus to support sustainable development.” (§ 2). The bank shall be managed in accordance with business principles and shall endeavour to make a reasonable profit (§ 3). The Zürcher Kantonalbank Act also stipulates the composition of the bank’s equity capital and that we have a state guarantee of the Canton of Zurich (§ 5 and § 6).

We have been considered a “national systemically important institution” since November 2013. The legislator has defined special requirements for systemically important banks in the Federal Act on Banks and Savings Banks (Banking Act). For example, we are subject to higher capital and liquidity requirements to increase financial stability.

Our implementation measures

In line with our public service mandate, we support the Canton of Zurich in fulfilling its tasks. We help promote Zurich as a business location and are committed to driving economic, environmental and societal progress in the Canton of Zurich. In fulfilling our public service mandate, we pursue a business policy aimed at continuity, as well as an adequate level of profitability and a steady distribution of profit to the Canton of Zurich and its municipalities. We are distributing dividends totalling CHF 375 million to the canton and its municipalities for the 2024 financial year. The total participation of the canton and its municipalities in the profit of Zürcher Kantonalbank amounted to CHF 562 million in 2024 (previous year: CHF 558 million). This includes dividends to the canton and municipalities totalling CHF 375 million, compensation for the state guarantee in the amount of CHF 31 million and, for the first time, the OECD minimum tax (2024: CHF 156 million).

We maintain proximity to the people of Zurich and are committed to having the densest branch network in the Canton of Zurich and providing cash services in all branches. We are also involved in a wide range of activities in the areas of nature, youth, culture, sport, social affairs and entrepreneurship through more than

400 partnerships, memberships and sponsorships in the Canton of Zurich.

Economic performance

Zürcher Kantonalbank operates a long-term business and dividend policy on the basis of our statutory public service mandate from the Canton of Zurich to continuously provide investment and financial services to the public and business and to contribute towards efforts to address economic and social issues. When fulfilling its public service mandate, Zürcher Kantonalbank, as a universal bank, observes the principles of sustainability and the recognised rules of risk management. Zürcher Kantonalbank builds on its existing strengths to ensure continuity in economic performance through diversified sources of income. The Canton of Zurich and its municipalities participate directly in our success through the annual profit distribution. Our consolidated balance sheet and income statement can be found on pages 104 and 105 in the annual report under financial report. The report of the statutory auditor on the annual financial statements can be found on page 180 in the annual report.

The relevant key figures for the 2024 financial year are:

- Consolidated profit: CHF 1,120 million
- Profit distribution: CHF 375 million
- Return on equity (RoE): 8.0 percent
- Total assets: CHF 202.6 billion
- Shareholders’ equity: CHF 14.9 billion
- Mortgage loans: CHF 106.6 billion
- Credit exposure to companies: CHF 38.9 billion
- Client assets: CHF 520.8 billion
- Active private clients: around 770,000
- Risk capital funding for start-ups and scale-ups: CHF 19.7 million

Endowment capital, state guarantee and taxes

The endowment capital of CHF 2.425 billion forms the corporate capital of Zürcher Kantonalbank in accordance with § 4 of the Zürcher Kantonalbank Act. It is provided by the Canton of Zurich. The statement of changes in equity (group) is available on page 108 in the annual report.

The canton also provides the bank with a state guarantee. It is liable for all the bank’s (non-subordinate) liabilities should the bank’s resources prove inadequate; this is a security measure that has never had to be drawn upon. In exchange for the provision of the state guarantee, the bank pays annual compensation to the canton, the amount of which is calculated in accordance with an actuarial model that is approved by the Cantonal Parliament (§ 1 and § 2 of the regulations governing the compensation of the state guarantee). This amounted to

Group value added (in accordance with GRI 201-1)

	2024	in %	2023	in %
	in CHF million		in CHF million	
› Creation of value added				
› Company performance (= operating income)	3,088	100.0	3,194	100.0
General and administrative expenses (incl. compensation for state guarantee and payments from public service mandate)	- 508	-16.4	-499	-15.6
Extraordinary income	12	0.4	1	0.0
Extraordinary expenses	0	0.0	0	0.0
› Gross value added	2,592	83.9	2,697	84.4
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-72	-2.3	-75	-2.3
Changes to provisions and other value adjustments and losses	-8	-0.3	28	0.9
› Net value added	2,512	81.3	2,651	83.0
› Creation of value added				
Employees (personnel expenses)	1,223	48.7	1,180	44.5
Municipalities of the Canton of Zurich (profit distribution)	170	6.8	170	6.4
Canton of Zurich (profit distribution)	205	8.2	358	13.5
Taxes ¹	168	6.7	7	0.3
Strengthening of reserves (self-financing)	745	29.7	936	35.3
› Distributed net value added	2,512	100.0	2,651	100.0
› Value added statement key figures				
Gross value added per full-time position in TCHF	449		501	
Net value added per full-time position in TCHF	435		493	
Number of full-time positions group ²	5,779		5,379	

1 Including OECD minimum tax.

2 Calculated on the average number of employees.

CHF 31 million in 2024 (previous year: CHF 30 million). Further information on the state guarantee is set out in § 6 of the Zürcher Kantonalbank Act and in the regulations governing the compensation of the state guarantee.

As an independent institution under cantonal law, Zürcher Kantonalbank (parent company) is exempt from taxes on its income and capital under cantonal tax law (§ 61) and the federal law on direct taxation (§ 56).

Following the adoption of the OECD/G20 proposal to tax large, internationally active companies at a minimum rate of 15 percent in the federal referendum on 18 June 2023, the regulation came into force on 1 January 2024. The OECD minimum tax also affects Zürcher Kantonalbank, which will be subject to tax based on the new criteria. For state-owned organisations, income from the supplementary tax accrues to the owners. The bank and Cantonal Parliament amended the Zürcher Kantonalbank Act to ensure that the previous distribu-

tion of profit from Zürcher Kantonalbank remains the same. The respective tax amount paid to the canton is to be taken into account when determining the amount of the distribution. The Cantonal Parliament adopted the amendment to the Zürcher Kantonalbank Act in the reporting year; the amendment enters into force on 1 January 2025. The OECD minimum tax due for the 2024 financial year amounts to CHF 156 million.

4.2 Responsible financing

Responsible financing business is essential for Zürcher Kantonalbank. We grant loans to private individuals, companies and public-sector institutions.

General conditions

§ 2 of the Zürcher Kantonalbank Act defines our purpose and our areas of impact. This includes the fulfilment of financing requirements.

According to the implementing Guidelines for the Fulfilment of the Public Service Mandate, general basic needs are deemed to include, in particular, the mortgage and lending business in addition to the investment and savings business and payment transactions. In meeting these needs, we pay particular attention to the concerns of small and medium-sized enterprises, employees, agriculture and public-sector entities. The defined area of impact also includes the promotion of home ownership, affordable housing construction and, since 1 January 2024, the achievement of greenhouse gas neutrality.

We pursue a risk policy geared towards continuity and consider the assessment of environmental, social and governance risks (ESG risks) to be an important part of the credit assessment process. Since our credit policy is geared towards continuity, we are a reliable financial partner for companies with intact future prospects, even in difficult times. Our publicly available sustainability policy sets out requirements for the financing business and defines exclusion criteria (zkb.ch/sustainability). For our financing business, we are guided in particular by the objectives of both the federal government and the Canton of Zurich with a view to the 2030 Agenda for Sustainable Development and achieving greenhouse gas neutrality by 2050.

Our implementation measures

With our financing business, we want to make a contribution to sustainable development and minimise sustainability risks.

ESG risks and opportunities for borrowers are taken into account as part of the credit assessment and monitoring process.

We also discuss ESG risks and opportunities with our clients and promote sustainable and forward-looking business models.

We participate in companies with innovative products, services or sales models at all stages of the company's life cycle (i. e. from the company's foundation to succession planning). We support small and medium-sized enterprises and entrepreneurs with start-up, development, expansion and takeover loans, and support the financing of projects involving sustainable technologies.

When founding a company, we work as a partner bank with the "GO! Mikrokredite" association, helping

people to become entrepreneurs with ZKB microloans. Additionally, within the framework of the cantonal business location development programme "SMEs and Innovation", SMEs receive support in developing their innovation opportunities and ideas.

We also support our SMEs on topics related to generational changes and provide professional and financial support during succession planning.

In order to provide our clients with competent support, our employees receive regular training in the relevant framework conditions and requirements.

4.3 Responsible investing

For us, responsible investing means offering our clients a wide range of sustainable investment solutions. The investment business is one of our core businesses where we can build on our long-standing expertise in sustainability and offer our clients a wide range of sustainable products and services.

General conditions

One aspect of Zürcher Kantonalbank's legally defined public service mandate is to provide the population and the economy with investment services (§ 2 section 2 of the Zürcher Kantonalbank Act).

We have been guided in the investment business since 2009 by the United Nations' six Principles for Responsible Investment (UN PRI), and we report on them on a regular basis.

We take account of the particularly high level of regulation in the investment business by incorporating external legal requirements into internal directives, processes and our client documentation, systematically training our employees and carrying out compliance checks. This applies in particular to the information, clarification, disclosure and reporting obligations applicable to the investment business, which also relate to the ESG characteristics of the products and services offered, among other things. In Switzerland, the relevant legal requirements are contained in particular in the Financial Services Act (FinSA), the Collective Investment Schemes Act (CISA) and the relevant implementing provisions. For our private banking clients domiciled in the EEA, we also implement the consumer protection requirements under EU law (MiFID II) and the sustainability requirements under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (SFDR). EU law and its implementation also applies to our Luxembourg management company Swisscanto Asset Management International SA, its branches and its range of funds.

As a member of the Swiss Bankers Association (SBA), the Asset Management Association Switzerland (AMAS) and the Swiss Structured Products Association (SSPA), we are also subject to the self-regulations issued by these associations regarding sustainability in the investment business (AMAS self-regulation on transparency and disclosure for collective assets with a sustainability

focus, the SSPA's sustainability transparency guidelines and SBA guidelines for financial service providers on the integration of ESG preferences and ESG risks and the prevention of greenwashing in investment advice and portfolio management).

Our implementation measures
ZKB sustainability standard

For our investment business, we have defined the ZKB sustainability standard, which covers both the Investment Solutions and Asset Management divisions. It is used for our active investment solutions³. It also applies to investment recommendations made by Zürcher Kantonalbank as part of the standardised,

sustainable portfolio consulting mandates of the Investment Solutions division, where clients make the investment decisions themselves.

ZKB sustainability approaches

The sustainability approaches used within the framework of the ZKB sustainability standard have the following meaning:



Stewardship
 Voting & engagement

Stewardship encompasses voting (exercising voting rights at annual general meetings) and engagement (active dialogue on sustainability topics) with companies in which investments are made. Through our stewardship activities, we aim to promote sustainable business strategies and practices as well as compliance with recognised international principles and best-practice standards on sustainability topics.



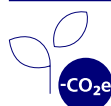
Controversies
 Avoidance of controversies

By taking controversies into account in the investment process, the aim is to avoid investments in business activities and practices that constitute a notable violation of sustainability principles. We pay particular attention to avoiding investments in controversial and conventional weapons, thermal coal and investments that violate the principles of the UN Global Compact (such as in the areas of human rights, labour standards, the environment and anti-corruption).



ESG
 ESG integration

ESG integration refers to the systematic consideration of ESG criteria (environmental, social and responsible corporate governance) in the investment process. For this, we include in our analyses financially relevant ESG risks and opportunities, such as those associated with companies and countries.



Climate
 CO₂e reduction

CO₂e reduction refers to the reduction of greenhouse gas emissions (such as carbon dioxide and methane) in an investment context. Here, we are guided by a CO₂e benchmark or the targets set out in the Paris Agreement. The aim of this agreement is to limit global warming to well below 2°C compared to the pre-industrial age, with a maximum temperature increase of 1.5°C being the target.



SDG
 SDG-aligned investing

The Sustainable Development Goals (SDGs) are the UN's 17 goals for sustainable development. For us, taking SDGs into account in the investment context means, among other things, investing in companies whose products/services contribute to one or more goals. In addition, we can utilise financing instruments from companies and governments that have a dedicated sustainability focus (e. g. green bonds).

³ 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.

Designations of our sustainable active investment solutions⁴

Our sustainable active investment solutions are available in the following sustainable designations:

Responsible/Basic/Individual Security	Sustainable (ESG)
Our investment solutions of these designations pursue the following sustainability approaches:	Our investment solutions of these designations also take into account the sustainability approach of SDG-aligned investing:
 Stewardship Voting & engagement	 Stewardship Voting & engagement
 Controversies Avoidance of controversies	 Controversies Avoidance of controversies
 ESG ESG integration	 ESG ESG integration
 Climate CO ₂ e reduction	 Climate CO ₂ e reduction
	 SDGs SDG-aligned investing

Transparency, client information and reporting

We attach great importance to the transparent design of our sustainable investment solutions. We provide our clients with the following documents for this purpose:

- For our standardised investment solutions ZKB Discretionary Mandate and ZKB Portfolio Consulting, the Factsheets on sustainability approaches are available on our [homepage](#).
- The document “[Nachhaltigkeit ist unsere Überzeugung \(Sustainability is our conviction\)](#)” is available for the active funds of our Asset Management division and for the ZKB Fund Portfolio.

In the year under review, we also expanded our client reporting to include the ZKB sustainability approaches in the sustainable designations of ZKB Discretionary Mandate and ZKB Portfolio Consulting. In this way, we create transparency with regard to the consideration of sustainability approaches in individual client portfolios. The sustainability report provides our Asset Management clients with quarterly information on the sustainability focus of their sustainable investment products. Furthermore, an ESG report based on the guidelines of the Swiss Pension Fund Association (ASIP) was made available to pension funds for the first time in the year under review.

In the year under review, we created additional transparency for our clients in standardised investment advice by adding the five ZKB sustainability approaches to our investment proposal for sustainable designations.

We provide our Private Banking International clients, to whom we apply the consumer protection provisions of MiFID II and the disclosure standards of the SFDR, as well as the clients of the sustainable investment funds of our Luxembourg management company Swisscanto Asset Management International S. A., with the information required under the SFDR (pre-contractual information, website disclosures and periodic reporting).

In the reporting year, we also introduced Swiss Climate Scores reporting for our investment products and solutions from Asset Management and in standardised wealth management, which is available to our clients on request.

We attach particular importance to transparency in our stewardship activities in Asset Management, which is why we publish information on our activities in this area. Our Asset Management division conducts a direct dialogue with companies via the UN PRI collaboration platform and investor initiatives. In standardised wealth

⁴ 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.

management, dialogue with the companies in which our clients are invested as well as the participation in investor initiatives and the exercise of voting rights take place indirectly through the choice of external asset managers and through active dialogue with the asset managers we selected.

Survey of sustainability preferences of our clients in ZKB Portfolio Consulting, ZKB Discretionary Mandate and the ZKB Fund Portfolio

In accordance with the guidelines of the Swiss Bankers Association on the integration of ESG preferences and ESG risks and the prevention of greenwashing in investment advice and portfolio management, we expanded during the current period our advisory process for ZKB Discretionary Mandate, ZKB Portfolio Consulting and the ZKB Fund Portfolio. As part of the advisory process, clients are informed about the importance of ESG in the investment context, ESG risks and sustainability preferences. The sustainability preferences of clients are then ascertained as part of the investor profile. The bank's recommendation regarding the designation of the portfolio management or portfolio consulting mandate is then based on the clients' sustainability preferences.

For our Private Banking International clients, to whom we apply the consumer protection provisions of MiFID II and the disclosure standards of the SFDR, the survey of sustainability preferences was carried out specifically in relation to the EU sustainability criteria (EU taxonomy, sustainable investments in accordance with Art. 2 (17) SFDR and Principal Adverse Impact (PAI) indicators).

ZKB sustainability standard in our active investment solutions⁴.

For our active investment solutions, we measure the application of the ZKB sustainability standard. The ZKB sustainability standard includes at least the sustainability approaches of climate: CO₂e reduction, ESG integration, avoidance of controversies and the pursuit of a stewardship approach. For investment solutions in the designations "Sustainable" (Asset Management) and "Sustainable (ESG)" (Invest-

ment Solutions), the sustainability approach of SDG-aligned investing is also applied. We also offer passive (indexed) investment solutions with sustainability approaches.

Of the delegated assets⁵ (CHF 286 billion), CHF 147 billion (51 percent) is managed sustainably. Of this, around CHF 108 billion (73 percent) is actively managed and CHF 39 billion (27 percent) is implemented with indexed investment solutions.

⁵ Delegated assets include all investment assets for which clients do not make investment decisions themselves but delegate them to Zürcher Kantonalbank. This includes own funds, portfolio management mandates, pension fund securities savings and fund portfolios.

Environment

In this section, the focus is on reporting on climate matters as part of environmental issues and specifically on our contribution to achieving greenhouse gas neutrality in our financing business, investment business, our own financial investments, our independent research and our own operations. We are guided by the principle of double materiality, i.e. we consider how climate change affects our business activities on the one hand and how our business activities affect climate change on the other.



5.1 General conditions for climate-related issues

As part of the public service mandate enshrined in the Zürcher Kantonalbank Act, Zürcher Kantonalbank has been required since 1 January 2024 to support sustainable development (§ 2, section 1), to promote the achievement of greenhouse gas neutrality (§ 2, section 2) and to actively contribute to achieving the cantonal climate targets, in particular with regard to energy-efficient building renovations (§ 7, section 4).

We are subject to the requirements of the Federal Act on Climate Protection Goals, Innovation and Strengthening Energy Security (CIA), the requirements of the Swiss Code of Obligations (CO) on transparency regarding non-financial matters and the Ordinance on Climate Disclosures, which has been in force since 1 January 2024 and is based on the TCFD recommendations, among other things. In addition, FINMA disclosure requirements apply in the area of climate-related financial risks, which are met with our annually updated disclosure report (zkb.ch/disclosure).

Our climate targets are based on the goals of the Paris Agreement and on achieving greenhouse gas neutrality by 2050. In doing so, we are guided in particular by Switzerland's long-term climate strategy (net zero by 2050) and the Canton of Zurich's climate strategy (net zero by 2040, 2050 at the latest). Since May 2022, the climate protection article in the cantonal constitution has defined the goal of greenhouse gas neutrality or "net zero" for short. If there is no national sector-specific climate target, we are guided by the International Energy Agency's net-zero roadmap.

We are then guided by the Federal Council's Sustainable Finance Strategy (Sustainable Finance Switzerland in accordance with the Federal Council's report of 16 December 2022) and implement the corresponding self-regulations of the industry organisations AMAS and SBA.

As a member of the Net Zero Assets Managers Initiative (NZAM) and the Net-Zero Banking Alliance (NZBA), we are guided by science-based climate scenarios and are aiming for net zero by 2050 at the latest. As a further step towards greater climate transparency, Zürcher Kantonalbank also joined the Partnership for Carbon Accounting Financials (PCAF) in May 2022.

As part of the enhancement of the Public Service Mandate 2030 initiative, the bank has anchored the achievement of the NZBA and NZAM targets as part of its sustainability mandate. Fulfilling the public service

mandate is a component of the balanced scorecard, Zürcher Kantonalbank's strategic management tool.

5.1.1 Climate-related opportunities Accompanying products and services

Switzerland has set itself the goal of consolidating its position as a leading location for sustainable finance. According to the SBA, the Swiss financial market should contribute in its entirety to sustainable development and added value in economic, environmental and social terms. Based on its public service mandate and its sustainability ambition, Zürcher Kantonalbank wants to make a contribution to achieving this goal.

In the financing business, we accompany our clients on the path to a more sustainable future and specifically promote sustainable developments in the areas of energy, mobility and buildings.

Zürcher Kantonalbank provides incentives for its clients to build, modernise and operate their properties and infrastructure in the most environmentally friendly and energy-efficient way possible. To this end, the range of products and services is constantly being expanded. The bank continues to provide its clients with attractive solutions for energy-efficient renovations and new buildings.

We want to be a leader in the investment business with sustainable offerings. To this end, we apply the ZKB sustainability standard for our active investment solutions⁶ and for the sustainable designations of ZKB Portfolio Consulting in which CO₂ reduction is defined as one of the sustainability approaches used.

In its trading and capital markets business, Zürcher Kantonalbank supports its clients in structuring and placing sustainable bonds (ESG-labelled bonds, such as green bonds, social bonds and sustainability-linked bonds) on the Swiss capital market. Zürcher Kantonalbank also issues its own green bonds to refinance environmental loans and to refinance projects with energy-related objectives for the office buildings used by Zürcher Kantonalbank itself.

Promotion of energy efficiency and renewable energy sources

Our climate targets are based on the Paris Agreement and on achieving greenhouse gas neutrality by 2050. We help mitigate climate change by promoting energy efficiency and substituting fossil, non-renewable fuels with renewable energy sources.

When it comes to financing in the energy sector, Zürcher Kantonalbank demonstrates a commitment to further increasing the efficiency of the facilities and the gradual shift to renewable energy sources.

We create incentives for our clients to build, modernise and manage their properties and infrastructure in the most environmentally friendly and energy-efficient

⁶ Our active investment solutions comprise 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.

way possible, and are constantly expanding our range of products and services in this area. We provide our clients with solutions for energy-efficient renovations and new buildings.

We take a structured approach to reducing CO₂e emissions in our own operations. To this end, we analyse the energy consumption of our operational properties in order to identify areas for action and incorporate suitable measures into our reduction path. We are also involved in the Energy Model Zurich major consumer group with the aim of continuously increasing our energy efficiency and reducing CO₂e emissions. In November 2023, we were awarded the Energy Model Zurich Challenge Prize for our achievements in the 2021 and 2022 reporting years. The jury's criteria were the quantitative increase in energy efficiency, the quality of energy management, the realisation of innovative approaches and the willingness to share the knowledge gained within the group. From 2009, we had been offsetting the remaining operational greenhouse gas emissions with avoidance certificates. Since 2024 we have now relied entirely on negative emission technologies (NET), which completely remove all unavoidable residual emissions from the air and store them permanently.

Through our specific sponsorship commitment, we promote renewable energies, energy efficiency, negative emissions technologies (NET) and new innovative, future-proof and sustainable mobility concepts throughout the entire mobility chain.

5.1.2 Climate-related financial risks

Climate-related financial risks influence the risk profile of Zürcher Kantonalbank, but are not among the top risks.

The key drivers of transition risks for the bank are climate legislation, changing client preferences, public perception and climate change itself. Areas that are potentially heavily affected by this include:

- the investment business with the offering of products with CO₂e reduction targets; and
- the financing business, where future changes in legislation may impact the valuation of collateral (including properties in the mortgage portfolio) and financing of companies in climate-exposed sectors.

Physical climate risks are significantly less important for Zürcher Kantonalbank's risk profile than transition risks. Areas that are potentially affected by physical climate risks include:

- the mortgage portfolio: The value of individual properties in the mortgage portfolio could be reduced, for example, as a result of flooding or landslides.
- banking operations: The accumulation of extreme weather events could impact bank operations in a very adverse flooding scenario.
- the investment business: Loss of wealth due to higher damage could have a negative impact on the investment assets/income base in the business area.

Assessment of climate-related financial risks

The following figure summarises the risk assessment of climate-related financial risks as carried out by the Risk Committee of the Executive Board after detailed discussion in 2024. The assessment is based on the traditional risk categories, whereby compliance risks from the investment business are subsumed under business risks. The assessment is guided by the residual risks in a baseline scenario in which the Paris climate targets are largely met and the transition to a low-carbon economy occurs in an orderly fashion. In a stress scenario in which the limit on temperature rise is clearly missed (hot-house-world scenario) and/or very drastic measures for the transition to a low-carbon economy are imposed (disorderly scenario), the risk profile becomes more pronounced, but remains moderate overall.

The risk assessment in the baseline scenario is generally low for all business areas. Adjustment options in the strategy need to be considered, particularly in the long term. Only the transition risks in the financing business and in the investment and pension business are rated slightly higher in the medium to long term. The focus here is on reputation risks from lending (possible allegations against the bank due to financing provided to companies from climate-sensitive industries) or from greenwashing allegations due to changed general conditions, which could in particular impact income from the investment business. Under the stress analysis in a hot-house-world scenario, the risk classification of the physical risks for both the financing business as well as the investment and pension business is moderately higher. The focus is on potentially higher default risks or the loss of income due to an increase in negative climate effects. In a stress scenario with a disorderly transition to a low-carbon economy, the risk classification for business risks in the investment and pension business increases moderately, as there is a threat of a reduction in the income base (in particular a decline in investment volume) or higher adjustment costs (for details see appendix, p. 76–78).

5.1.3 Resilience of the banking strategy against climate change

Based on our assessment of climate-related opportunities and risks, we want to be resilient for the future with our sustainability ambition (section on sustainability in the group strategy).

To this end, we ensure that our actions are based on scientific principles. We focus on areas where there is great potential for impact. We develop products and services that create a positive sustainability impact and support our clients on their journey towards a more sustainable future.

We integrate risks and opportunities from the areas of environment, social affairs and good corporate governance (ESG) into our business activities (ESG integration).

The contribution to sustainable development and greenhouse gas neutrality in 2050, where relevant, is assessed and transparently reported as part of the approval process for products and services or when they are reviewed. Processes and responsible committees are defined for dealing with specific transactions.

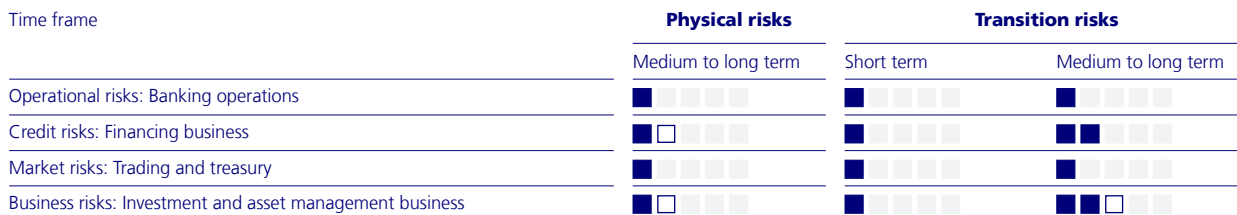
5.2 Risk management

Risk management structures and process

The management of climate risks as part of the sustainability risks forms an integral part of Zürcher Kantonalbank’s risk management processes. Sustainability aspects are taken into account in the identification and assessment of the respective risk categories and – where material – in their control, management, monitoring and reporting.

Overview of risk assessment 2024

Time frame



■ Risk profile in baseline scenario. □ Accentuation in a stress scenario.

□ = no risk ■ = high risk

Short term = time horizon up to 5 years, med. term to long term = 6 to 30 years

Risk management process

Zürcher Kantonalbank breaks the risk management process down into the process steps listed below:

The process steps mentioned are summarised below for each of the relevant risk categories. A more detailed description can be found in the disclosure on climate-related financial risks as at the end of the year (zkb.ch/offenlegung).

a) Operational risks (banking operations)

When identifying and assessing climate-related financial risks from banking operations, the focus is on the OpRisk assessment of not only environmental and accident risks, but also operational emissions. Using measurement data and its own analyses of the carbon footprint, the bank identifies where the greatest reduction potential exists.

Risk management for the direct physical risks of banking operations (e.g. flooding) is carried out in Business Continuity Management (BCM). The scenarios include not only the failure of important company buildings as a result of extreme weather events, but also the loss of critical suppliers and partners. As a risk-controlling element for the environmental aspect of banking operations, Zürcher Kantonalbank has an environmental programme in place at the parent company that sets out the environmental targets for operational ecology. The targets are approved by the Executive Board. These targets focus on making ongoing reductions to CO₂e emissions and boosting environmental performance.

Business continuity tests are carried out on a regular basis to review the business recovery options implemented, the business continuity plans, the emergency response and operational crisis management. The achievement of the objectives of the bank's environmental programme is reviewed annually and the environmental management system is audited annually in accordance with ISO14001.

b) Credit risks (financing business)

At line item level, risk identification and assessment in the financing business look at the applicant's creditworthiness and credit standing and also assess the collateral (mortgage, readily marketable collateral, etc.), depending on the type of credit. Whether the financing complies with the lending rules, including the sustainability requirements, is checked during the loan application process. At portfolio level, analyses of climate-related financial risks are carried out as required.

Risk management takes the form of regulations in the sustainability and lending policy that are issued by the Executive Board. These regulations are specified in the internal credit risk regulations with detailed specifications on excluded, undesirable transactions and transactions with special risks. They also explicitly relate

Methodological principles for risk description and categorisation

The risk description and categorisation summarised above are based on the following methodological principles: The first step was an analytical segmentation of the relevant business areas along the established risk categories. For example, the mortgage business, commercial financing and CTF (commodity trade finance) were assessed separately under the "credit risk" risk category. The risk factors and transfer mechanisms described by TCFD, among others, were then examined along these business areas to assess whether and to what extent the business area could be affected by them. The assessment of risk or materiality for the risk profile of Zürcher Kantonalbank is based on the economic significance of the respective business area for the bank on the one hand, and on a qualitative estimate of possible losses or lost income on the other.

The risk assessment is based on scenario considerations, is guided by the NGFS (Network for Greening the Financial System) scenario framework and differentiates between a baseline scenario in which the Paris climate targets are largely achieved and alternative adverse scenarios. Transition risks are typically assessed based on a disorderly transformation to a low-carbon economy, physical risks based on a hot-house-world scenario. The impacts for Switzerland analysed by the Federal Office for the Environment in an extreme scenario (without climate protection measures, RCP8.5) serve as a benchmark (FOEN, Climate change in Switzerland, 2020). The risk analysis has shown that the greatest damage potential attributable to physical risks could arise as a result of a flood event in the residential sub-portfolio. The bank has already carried out simulation calculations to estimate the potential extent of such damage; these revealed that even a very large event would not lead to a significant loss ratio.

to financing with a focus on climate and energy. The management of climate-related financial risks for the credit portfolio focuses both on the exclusion of certain industries as well as on supplementary offers for clients in the bank's financing business. The controls for monitoring compliance with the lending rules also include the requirements of the lending policy.

The internal monitoring report on the loan portfolio contains information on exposures in climate-sensitive sectors. The availability of public, quality-assured data on greenhouse gas emissions – especially for unlisted companies – will likely continue to improve over the next few years, enabling meaningful reports that can, in turn, support risk management.

c) Market risks (financial investments)

The CO₂e intensity of the financial investments within the remit of the Treasury department, consisting of a high-quality bond portfolio, is periodically determined on the basis of publicly available information and compared with a benchmark from the investment universe available for financial investments for regulatory purposes.

Financial assets within the remit of the Treasury department have also been subject to requirements on limiting climate-related financial risks since the start of 2022. Firstly, issuers from industries that are excluded from the financing business in accordance with the bank's sustainability policy are also excluded. Secondly, the average revenue-weighted CO₂e emissions of the portfolio must be at least 35 percent lower than in the reference portfolio of the investment universe limited by the internal investment rules.

Compliance with the requirements for limiting the CO₂e intensity of the financial investment portfolio is monitored and reported on by Risk Controlling.

d) Business risks (investment and pension business)

Risk identification and assessment in the investment advisory and pension business focus on the financial risks in the investment products and in the investment portfolios of clients who receive investment advice services or have commissioned the bank with portfolio management.

In the standardised wealth management and portfolio consulting mandates of Investment Solutions, graduated combinations of ZKB's sustainability approaches are applied depending on the designation.

Compliance with the sustainability approaches mentioned is monitored daily as part of the risk management process. The results of these checks form an integral part of internal risk management reporting and the internal risk dialogue between risk managers and risk management. In its investment reports, Zürcher Kantonalbank transparently discloses the ESG criteria of its client portfolios.

Asset Management at Zürcher Kantonalbank utilises graduated combinations of sustainability approaches, depending on the product line, for its investment fund, pension products and portfolio management mandates. These are offered under the "Swisscanto by Zürcher Kantonalbank" brand. Compliance with the relevant sustainability requirements is monitored on an ongoing basis by Investment and Portfolio Controlling. Where appropriate, additional controls are carried out by Risk Management.

In the case of transactions, compliance with exclusion criteria is checked before the transaction is finalised and independently monitored on a daily basis by Investment and Portfolio Controlling. The degree of CO₂e reduction target achievement is monitored by Risk Management as well as by Investment and Portfolio Controlling. The degree of CO₂e target achievement is also a component of the publicly available sustainability reporting for sustainably managed products.

Risk management process

Zürcher Kantonalbank breaks the risk management process down into the following process steps:



5.3 Climate targets and key figures

As part of the Net Zero Assets Managers Initiative (NZAM) and the Net-Zero Banking Alliance (NZBA), we are guided by science-based climate scenarios and are aiming for net zero by 2050 at the latest. An overview of the targets in the financing business, in the investment business and in the bank's own operations is provided below. In the investment business, NZAM's objective relates only to Asset Management, which is why the investment solutions of Investment Solutions are excluded.

5.3.1 Climate targets and key figures for the financing business

The percentage composition of the credit portfolio can be found in the risk report from page 147 of the annual report. At 68 percent, credit risk is the largest risk category in the risk capital allocated by the Board of Directors.

Loans by client portfolio are shown on page 162 of the annual report. Accordingly, private individuals make up the largest share of our portfolio, followed by companies in second place.

In Switzerland, the building sector is responsible for

Time frame	Base year	Targets	Methodology	Scenario
› Financing business				
Residential mortgage business ⁷	2022	2030: 8.7 kg CO ₂ e/m ² energy reference area (ERA) (44 % reduction) 2040: 0.9 kg CO ₂ e/m ² ERA (94 % reduction) 2050: 0.3 kg CO ₂ e/m ² ERA (98 % reduction)	Paris Agreement Capital Transition Assessment (PACTA 2022)/ Own methodology Metric: Intensity (Scope 1)	Energy Perspectives 2050+ (EP 2050+), zero basis scenario residential property; 1.5°C compatible (status PACTA 2022)
Commercial mortgage business (office buildings) ⁸	2023	2030: 4.5 kg CO ₂ e/m ² ERA (44 % reduction) 2040: 0.4 kg CO ₂ e/m ² ERA (95 % reduction) 2050: 0.3 kg CO ₂ e/m ² ERA (97 % reduction)	Paris Agreement Capital Transition Assessment (PACTA 2022)/ Own methodology Metric: Intensity (Scope 1)	Energy Perspectives 2050+ (EP 2050+), zero basis scenario service and commercial property; 1.5°C compatible (status PACTA 2022)
› Investment business				
As part of our sustainability standard for active investment solutions ⁹ , we pursue a CO ₂ e reduction in our investments in traditional asset classes.				
› Asset management				
Funds and mandates aligned with the well below 2°C target	2019	Reduction of at least 4 percent ¹⁰ CO ₂ e tonnes / USD million revenue per year 2030: 33 % reduction 2050: 70 % reduction	Own methodology Metric: Intensity (Scope 1, 2)	IPCC well below 2°C scenario (67 %)
Funds and mandates aligned with the 1.5°C target (Net Zero Asset Managers Initiative)	2019	Reduction of at least 7.5 percent ¹⁰ CO ₂ e tonnes/USD million revenue per year 2030: 54 % reduction 2050: 90 % reduction	Own methodology Metric: Intensity (Scope 1, 2)	IPCC 1.5°C scenario (50 %)
› Own operations				
Own operations	2022	2030: Reduction to 1,800 tonnes of CO ₂ e and offsetting of the remaining emissions with negative emission technologies (NET)	VfU (German Association for Environmental Management) key figures calculation tool Metric: Absolute (Scope 1, 2, 3) ¹¹	–

7 Includes only residential properties (single-family homes, multi-family homes and condominiums).

8 Includes service buildings (non-manufacturing), predominantly office buildings.

9 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.

10 Plus economic growth.

11 The following categories of the GHG Protocol are relevant within Scope 3: paper (category 1), fuel and energy-related emissions (not included in Scope 1 or 2) (category 3), waste (category 5) and business travel (category 6). NB: We are currently evaluating how we can expand the coverage of the operational emissions of Scope 3 categories.

almost 40 percent of energy consumption and around a quarter of CO₂e emissions. The reduction of CO₂e emissions in the building sector is therefore of crucial importance for the national net-zero strategy 2050. In its climate strategy, the Canton of Zurich also emphasises the building sector's particularly high level of CO₂e emissions.

Net-Zero Banking Alliance (NZBA)

Zürcher Kantonalbank joined the Net-Zero Banking Alliance in December 2022 and committed to setting sector-specific, emissions-based climate targets within 18 months that are in line with the latest findings of climate science. By joining, we are responding to the call of the Swiss Bankers Association and the Federal Council.

As part of this commitment, in 2023 Zürcher Kantonalbank defined the first sector-specific quantitative climate target for the residential mortgage business. In 2024, a further sector-specific quantitative climate target was set for the office-related mortgage business.

Our sector prioritisation is based on the environmental relevance of the relevant sectors and the financial exposure on our balance sheet. Our mortgage business is the largest item on the assets side of our balance sheet, totalling CHF 107 billion. Around CHF 87 billion of this are mortgages for residential property, around CHF 12 billion are mortgages for office property, and around CHF 8 billion are mortgages for other property. We therefore consider the decarbonisation of our mortgage business to be a key area of impact for our bank.

Climate target of the Canton of Zurich

Since May 2022, the climate protection article in the cantonal constitution has defined the goal of greenhouse gas neutrality or "net-zero" for short. It gives the canton and the municipalities a binding mandate to work towards limiting climate change and its effects. The target of greenhouse gas neutrality by 2040, or 2050 at the latest, is enshrined as part of the canton's long-term climate strategy. To this end, the focus is on two strategic areas of action in the buildings sector: replacing fossil fuel heating systems with heat pumps and refurbishing buildings to make them more energy efficient. The stricter Energy Act, which came into force on 1 September 2022, sets the regulatory framework. This stipulates that oil and gas heating systems must be replaced with environmentally friendly heating solutions at the end of their service life.

Climate targets for the financing business

Residential mortgage business

The target calculation for our climate target in the residential property sector includes all mortgage financing for single-family homes (SFH), multi-family homes (MFH) and condominiums (CNDO) with a sufficient data basis. This corresponds to 96 percent of the financing volume. The Scope 1 emissions of the property are taken into account.

Our target is based on Switzerland's long-term climate target of net-zero greenhouse gas emissions by 2050. The plan for achieving net zero is being worked out by the Federal Council as part of the long-term climate strategy. The Energy Perspectives 2050+ (EP 2050+) form an important basis for this. The Federal Office of Energy has modelled the development of the energy system in the net-zero scenario of EP 2050+. This can be used to calculate the development of CO₂e emissions per ener-

gy reference area (ERA) for residential properties up to 2050. The climate target metric is therefore kg CO₂e/m² per ERA.

As a starting point for the target, we assume a value of 15.4 kg CO₂e/m² per ERA. Zürcher Kantonalbank's climate target envisages exceeding the federal government's reduction pathway from 2030. We want to reduce our CO₂e intensity in the residential mortgage business by 44 percent by 2030.

For the calculation, the necessary heating data was supplemented from the Register of Buildings and Dwellings (RBD, 93 percent of the financed properties) and with data from the Minergie association (7 percent of the financed properties). Due to the more recent data, priority was given to the heating information provided by the Minergie association. Detailed information can be found in the appendix in the section on climate targets and key figures.

Area of application

Emissions taken into account:
Scope 1 emissions (heating)



Loans taken into account: All mortgage financing for single-family homes (SFH), multi-family homes (MFH) and condominiums (CNDO)

Financial exposure:
CHF 86,684 million

Methodology

Reference scenario: Energy Perspectives 2050+ (EP 2050+), zero basis scenario residential property; 1.5°C compatible (status PACTA 2022)

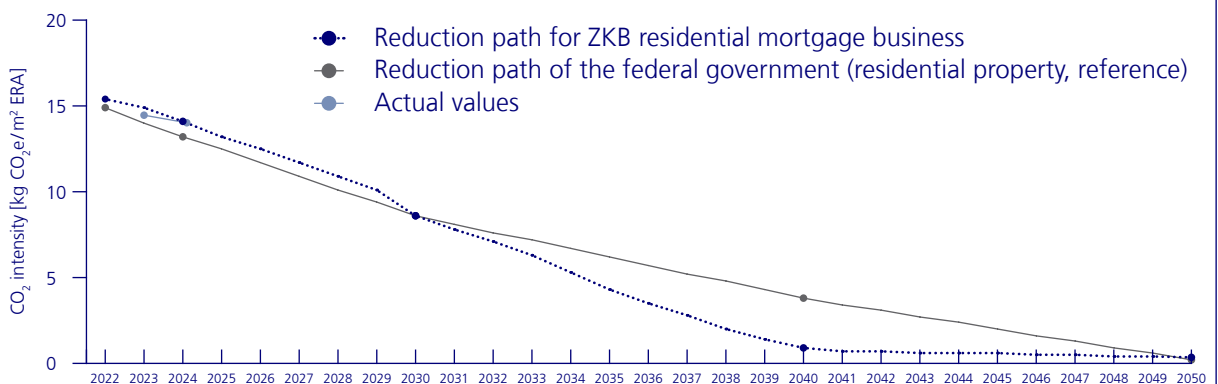
Metric: kg CO₂e/m² energy reference area

Data basis: Register of Buildings and Dwellings (RBD), Minergie

Target and progress

Metric: kg CO ₂ e/m ² ERA	Base value (2022)	Actual value (year under review)	Target value (2030)	Target value (2040)	Target value (2050)
Zürcher Kantonalbank	15.4	14.1	8.7	0.9	0.3
Reference scenario	14.9	13.2	8.6	3.8	0.2

Climate target for residential mortgage business



Commercial mortgage business

For the quantitative climate target in the commercial mortgage business (office buildings), all mortgage financing with a sufficient data basis is included. This corresponds to 90 percent of the financing volume. The Scope 1 emissions of the property are taken into account.

As with the climate target for the residential mortgage business, we base our climate target for the office-related mortgage business on Switzerland's long-term climate target of net-zero greenhouse gas emissions by 2050 and draw on the Energy Perspectives 2050+ (EP 2050+). As part of the PACTA Test 2024, a reduction path for service properties was published for the first time, similar to the reduction path for residential properties. The climate target metric is kg CO₂e/m² ERA.

As a starting point for the target with 2023 as the base year, we assume a value of 8.1 kg CO₂e/m² ERA and are therefore below the federal path. We also want to reduce our CO₂e intensity in the office-related mortgage business by 44 percent by 2030.

For the calculation, the necessary heating data was supplemented from the Register of Buildings and Dwellings (RBD, 96 percent of the financed properties) and with data from the Minergie association (4 percent of the financed properties). Detailed information can be found in the appendix in the section on climate targets and key figures.

Area of application

Emissions taken into account:
Scope 1 emissions (heating)



Loans taken into account: All mortgage financing for service buildings (non-manufacturing), predominantly office properties

Financial exposure:

CHF 12,328 million

Target and progress

Metric: kg CO ₂ e/m ² ERA	Base value (2023)	Actual value (year under review)	Target value (2030)	Target value (2040)	Target value (2050)
Zürcher Kantonalbank	8.1	8.1	4.5	0.4	0.3
Reference scenario	11.5	11.3	10	3.5	0.0

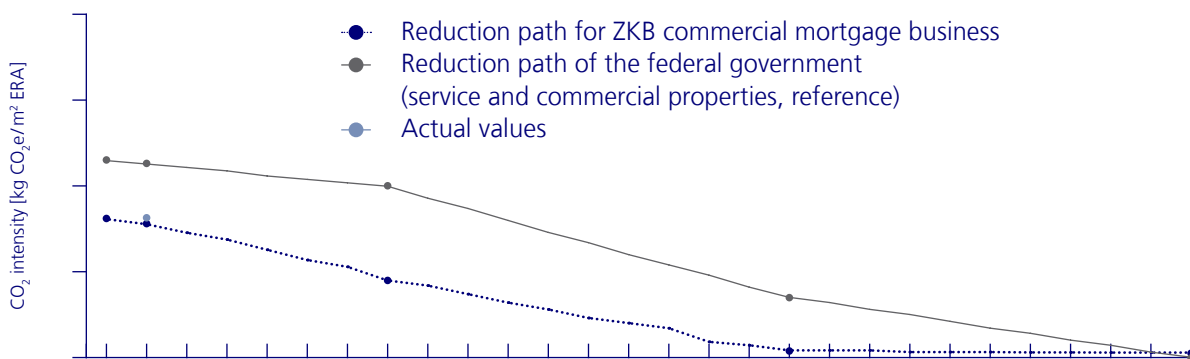
Methodology

Reference scenario: Energy Perspectives 2050+ (EP 2050+), zero basis scenario service and commercial property; 1.5°C compatible (status PACTA 2022)

Metric: kg CO₂e/m² energy reference area

Data basis: Register of Buildings and Dwellings (RBD), Minergie

Climate target for commercial mortgage business



Other climate-intensive sectors in accordance with the Net-Zero Banking Alliance (NZBA)

Zürcher Kantonalbank's sustainability policy defines climate targets in the form of conditions and exclusion criteria for the sectors of coal, oil and gas, energy production and cement. The measures are also listed for the climate-intensive sectors.

Fossil fuels: Coal, oil and gas

The following exclusion criteria apply to project financing relating to fossil fuels in accordance with our sustainability policy:

- Coal mining, oil and gas extraction: As a bank which is strongly rooted in its local area, we have never directly financed the mining of coal and the extraction of oil or natural gas, and, accordingly, are not involved in controversial oil and natural gas extraction processes (e.g. Antarctic/Arctic drilling, fracking, offshore oil projects, deep-sea drilling or projects related to the exploitation of oil-bearing tar sands).
- Fossil fuel power plants: We do not finance power plants fuelled by coal or oil.

The following conditions and exclusion criteria apply for commercial loans to commodity companies in accordance with our sustainability policy:

- Commodity companies must demonstrate that they are aligning their business model with the scientifically required net-zero target for 2050 (phase-out of thermal coal by 2030 and 2040 in non-OECD countries in accordance with the International Energy Agency's (IEA) net-zero roadmap) and at the same time are promoting commodities (through extraction, processing, transport, storage, trading) that are necessary to implement the energy transition.

Measures:

We focus on supporting our clients on their journey towards achieving net-zero carbon emissions. We provide support by maintaining a dialogue with our corporate clients (client engagement) and assisting them in their net-zero transition with our products and services (e.g. sustainability-linked loans, ESG-labelled bonds).

We support our corporate clients in the commodities sector with a detailed client engagement questionnaire, which is an integral part of the credit process (loan applications and reviews).

Energy production

The following conditions and exclusion criteria apply for commercial loans to energy producers in accordance with our sustainability policy:

- As a bank which is strongly rooted in its local area, Zürcher Kantonalbank generally finances Swiss energy producers – which mainly produce renewable energy. We support reserve power plants fuelled by oil or gas only to the extent that they are intended by the Swiss government for national supply in the event of electricity shortages or if they are back-up technologies fuelled by oil or gas for renewable energy producers.

Measures:

We focus on supporting our clients on their journey towards achieving net-zero carbon emissions. We provide support by maintaining a dialogue with our corporate clients (client engagement) and assisting them in their net-zero transition with our products and services (e.g. sustainability-linked loans, ESG-labelled bonds).

We support our corporate clients in energy production with a dedicated Key Account Management team.

Cement

The following conditions and exclusion criteria apply for commercial loans to cement companies in accordance with our sustainability policy:

- Cement companies must demonstrate that they are aligning their business model with the scientifically required net-zero target for 2050.

Measures:

We focus on supporting our clients on their journey towards achieving net-zero carbon emissions. We provide support by maintaining a dialogue with our corporate clients (client engagement) and assisting them in their net-zero transition with our products and services (e.g. sustainability-linked loans, ESG-labelled bonds).

We support our corporate clients in cement production with a detailed client engagement questionnaire, which is an integral part of the credit process (loan applications and reviews).

Further exclusions on the topic of climate are publicly available in the sustainability policy.

Metal and automotive industry

No target is currently set in the metal and automotive industries due to the bank's low financial exposure to manufacturing companies in the respective sectors. Our analysis shows that most of these corporate clients already pursue a net-zero roadmap.

Financed emissions according to PCAF

	Financial exposure (in CHF million)	Absolute emissions (kt CO ₂ e) Scope 1	Emission intensity (t CO ₂ e/ CHF million)	Coverage (%)	Data quality score ¹² (1 high, 5 low)
Mortgages (SFH/CNDO)	52,917	109.6	2.1	100	4
Commercial (MFH/Office)	46,095	105.2	2.3	85	4

Key figures for the financing business Financed emissions according to PCAF

For more climate transparency, Zürcher Kantonalbank joined the Partnership for Carbon Accounting Financials (PCAF) in May 2022. We base our calculation of financed greenhouse gas emissions on the PCAF approach. This also includes the data quality categorisation (1 high to 5 low).

The PCAF standard is compatible with globally recognised frameworks such as the TCFD recommendations.

We are disclosing the financed emissions in the mortgage business for the first time in this report. The calculation is based on data with a cut-off date of 31 December 2024.

Commercial financing business

Zürcher Kantonalbank is guided by the internationally established UNEP-FI or TCFD recommendations on the disclosure of transition risks from credit exposure to climate-sensitive and, as a subset thereof, carbon-related industries. TCFD defines carbon-related as industries associated with the energy and utilities sectors, according to the Global Industry Classification Standard, excluding water supply and renewable power generation. Zürcher Kantonalbank more comprehensively describes as climate-sensitive those industries that are exposed to higher transition risks due to their greenhouse gas emissions. Zürcher Kantonalbank bases its delimitation on emission statistics and uses the Swiss or European industry classification. The commodity trade finance (CTF) sub-portfolio is reported separately, irrespective of the industry, and is subject to the following restrictions under the bank's sustainability policy. The following figure shows the unsecured loans and advances in the corporate clients portfolio in line with this classification.

In terms of the total balance sheet exposure in this portfolio, at the end of the year climate-sensitive sectors accounted for around 6.1 percent or CHF 2.4 billion (2023: 7.8 percent or CHF 2.8 billion). This includes the entire energy sector, which, however, consists almost exclusively of financing for sustainable energy sources. In addition to components manufacturing and repair, the automotive sector also includes, in particular, the selling and financing of vehicles. The transport sector mainly includes passenger transport in the tourist sector and local transport as well as freight transport by road. In accordance with the aforementioned exclusion criteria in the sustainability policy, Zürcher Kantonalbank does not provide direct financing in the coking and petroleum refining industry, which TCFD designates as carbon-related.

12 The data quality score assesses the quality and reliability of the data used as the basis for calculating greenhouse gas emissions. Score 1 corresponds to the highest data quality and is based on directly reported and verified emissions data. Score 5 corresponds to the lowest data quality and is based on assumptions and estimates. ZKB endeavours to continuously improve data quality.

Unsecured loans and advances in the corporate clients portfolio (climate-sensitive and other industries)

	31.12.2024			31.12.2023
	Balance sheet exposure in CHF million	as % of unsecured exposure	as % of balance sheet exposure	as % of balance sheet exposure
› Industry designation				
Mining/crushed rock and earth	8	0.1 %	0.0 %	0.0 %
Metal production/processing	9	0.1 %	0.0 %	0.0 %
Sewage and waste disposal and elimination of environmental pollution	56	0.9 %	0.1 %	0.2 %
Agriculture, hunting and related activities	87	1.3 %	0.2 %	0.3 %
Glass/ceramic/cement	88	1.4 %	0.2 %	0.4 %
Transport (incl. mountain railways, but excluding rail passenger transport and goods trains)	259	4.0 %	0.7 %	0.6 %
Chemical products	419	6.4 %	1.1 %	0.9 %
Energy supply	424	6.5 %	1.1 %	1.2 %
Automotive	519	8.0 %	1.3 %	2.5 %
CTF (commodity trade finance)	529	8.1 %	1.3 %	1.7 %
Total climate-sensitive sectors	2,398	36.8 %	6.1 %	7.8 %
Total other sectors	4,114	63.2 %	10.4 %	9.9 %
Total corporate clients portfolio unsecured	6,512	100.0 %	16.5 %	17.7 %
Real estate financing	31,843	-	80.8 %	79.3 %
Other products	1,078	-	2.7 %	3.1 %
Total balance sheet exposure companies	39,433	-	100.0 %	36,247

Our implementation measures in the financing business

Our climate measures in the financing business, with which we aim to achieve the climate targets defined above, are described below.

Supporting our clients with products and services

In line with the sustainability ambition set out in the group strategy, Zürcher Kantonalbank is committed to supporting its mortgage clients on the path to a more sustainable future. To this end, we create incentives for our clients to build, modernise and manage their properties and infrastructure in the most environmentally friendly and energy-efficient way possible, and are constantly expanding our range of products and services in this area. We provide our clients with attractive solutions for energy-efficient renovations and new buildings. We are achieving the decarbonisation of the building sector together with our clients as well as national and cantonal policy measures. No clients are excluded because of their fossil fuel heating system.

ZKB environmental loans

For over 30 years, we have been supporting environmentally friendly construction and renovation of

residential, commercial and agricultural buildings with the ZKB environmental loan.

The product is designed as a fixed-rate mortgage and allows property owners to benefit from an attractive interest rate reduction of up to 0.8 percent per year for a maximum of five years. The prerequisite is an actual sustainability effect, which can be demonstrated in several ways: through a Minergie certificate, through a cantonal building energy certificate (GEAK), through a pioneering project with particularly innovative construction measures or by achieving specific energy efficiency indicators based on individual energy-efficiency upgrades (e.g. installation of a photovoltaic system).

The ZKB environmental loan may be taken out several times for all property categories and beyond the Zurich economic area. The aim is to promote phased and coordinated refurbishment measures. Since 2023, the installation of an e-charging station in connection with a photovoltaic system has also been financed with the ZKB environmental loan.

The ZKB environmental loan has also been available since 2022 to farmers taking steps to achieve net zero by 2050. For example, financing for slurry tank ventilation systems, biogas plants, centralised combined heat and power plants for wood combustion and pyrolysis facilities can benefit from an interest rate reduction.

Efforts aimed at raising property owners' awareness of the topic of sustainable renovation begin not just when discussing a renovation project's financing, but even before the renovation is planned. Interested parties can find a wide range of information and tips on environmentally friendly construction and modernisation at zkb.ch. Visitors can register for a personal consultation at any time.

We discuss the long-term building strategy with our clients in a personal advisory consultation. We point out the advantages of energy-efficient building renovation to property owners who have an older property with renovation potential and explain some possible approaches. We discuss upcoming or planned renovations with them and provide them with a digital overview of the estimated investment timeline and amounts for individual parts of the building. This helps property owners to recognise their financing requirements and motivates them to address the issues of maintaining their property's value, living comfort and energy efficiency. Last but not least, we are also contributing to the long-term security of the capital invested by our clients.

The result of our endeavours can be seen in the fact that the volume of financing through ZKB environmental loans has more than doubled in the last three years due to individual energy-efficiency measures.

In 2024, the total volume of ZKB environmental loans taken out stood at CHF 1.49 billion.

Support in the building sector

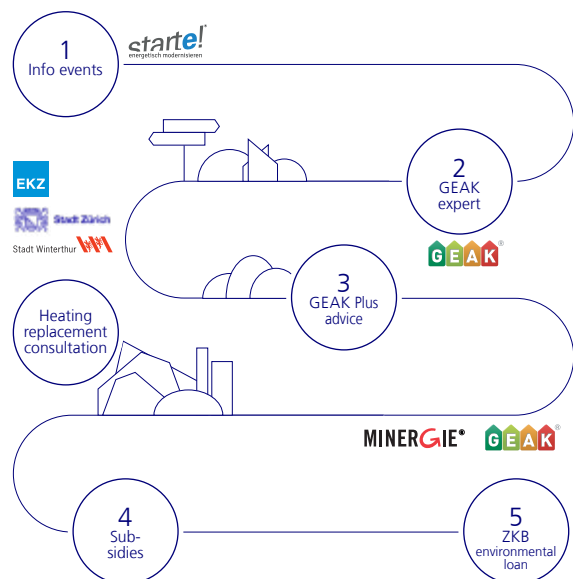
Together with Elektrizitätswerke Zürich (EKZ) and the Building Department of the Canton of Zurich, we have been successfully running the "starte!" programme since 2013, supporting home owners in all aspects of energy-efficient building modernisation. At the heart of the programme is a public information event, which has already been held in over 100 Zurich municipalities.

We put property owners interested in refurbishment in contact with a GEAK expert (cantonal building energy certificate) in the region to have a GEAK Plus advisory report drawn up. The GEAK expert analyses the property on site and identifies weak points and energy savings potential. The proposed investments are listed in such a way that the costs and benefits are transparent and the measures can be carried out in sensible phases. This provides our clients with an objective basis for decision-making and lets them know what they can expect to save on their energy costs even before the renovation. The costs for the advisory report are covered by the bank when the client takes out a ZKB environmental loan – as are the Minergie certification costs.

We launched an offer for heating replacement consultations back in 2020. In cooperation with EKZ and the cities of Zurich and Winterthur, we offer a free and independent heating replacement consultation to our clients in the Canton of Zurich who own a single-family house, multi-family house or a condominium with an oil or gas heating system.

Since its launch, over 2,000 clients have already benefited from this offer. Our analyses show that around

Support in the building sector



- Free starte! event provides information about possible energy-efficiency modernisation approaches: starte-zh.ch.
- The GEAK expert recognises a building's weak points during a personal home inspection and prepares a GEAK Plus report.
- Detailed GEAK Plus report** with:
 - specific refurbishment measures
 - estimated investment costs
 - the expected energy cost savings and the subsidies
- The overview of the **federal and cantonal subsidies** can be found at energiefranken.ch. Free **heating replacement advice**: Raising awareness through free and independent heating replacement consultations for a sustainable heating system.
- The ZKB environmental** loan promotes energy-efficient construction and modernisation with a reduction in the interest rate of up to 0.8 percent.

40 percent of the clients surveyed who have taken advantage of our heating replacement consultations switch to a modern heating system within two years.

Support in the SME sector

SMEs are also increasingly confronted with questions relating to sustainability issues, especially, for example, when they are suppliers to large companies that demand the consideration of CO₂ targets along the supply chain. Increased energy and fluctuating raw material prices are also weighing on SMEs. We actively help companies tackle these challenges and accompany them on their way to a sustainably successful future with a new integral range of advisory services, which we launched in February 2024.

Our offering combines engineering and financing expertise and provides our corporate clients with recognised experts from the Swiss Resource Efficiency Network of the Reffnet.ch association. Reffnet.ch is a Swiss-wide network accredited by the federal government that has many years of experience in providing sustainability consulting to companies. The starting point for sustainability advice is the Eco-Check, which is free of charge for clients of Zürcher Kantonalbank. As an initial analysis, the Eco-Check uncovers possible areas of action focusing on energy, resources and climate.

In addition to immediate measures, it makes recommendations for more in-depth consultations. In the year under review, our client advisors arranged almost 250 Eco-Check consultations, and 177 Eco-Check consultations were carried out. These resulted in 14 in-depth consultations.

The expert reports show the estimated investment costs, the expected cost savings and the positive environmental impact.

The participating SMEs rated the results of the consultation, individual measures to reduce their environmental impact and to cut costs or improve efficiency as very positive and beneficial.

ZKB environmental leasing

We launched ZKB environmental leasing for our corporate clients at the beginning of 2024 together with the new advisory service for SMEs. With ZKB environmental leasing, we support climate-friendly objects and projects. Zürcher Kantonalbank contributes 1 percent to the procurement costs for sustainable investments financed via ZKB environmental leasing. First, ZKB environmental leasing can be used to finance objects with sustainable drive systems. Second, ZKB environmental leasing can also be used to implement sustainable pioneering projects based on sustainability advice provided by an expert from the Reffnet.ch association network.

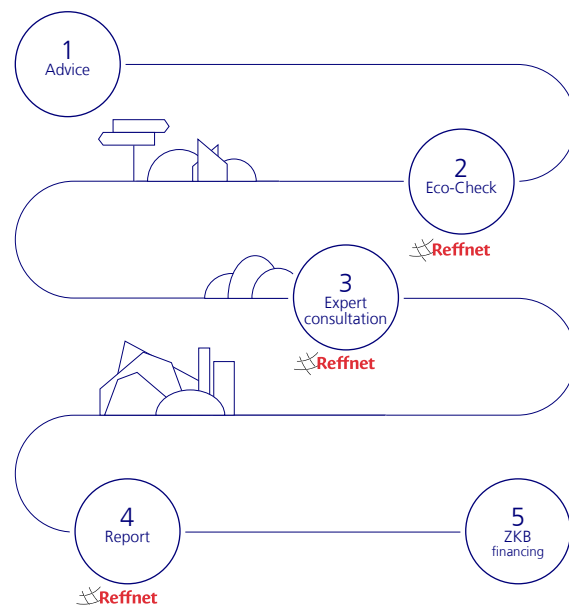
In the 2024 financial year, ZKB environmental leasing financed objects and projects totalling approximately CHF 25 million.

Sustainability-linked loans for large companies

For large companies, we have been offering a sustainability component for bilateral and syndicated loans since 2021.

In the case of financing with a sustainability component, the interest rate depends on the borrower's sustainability

Support in the SME sector



1

Raising awareness

in a personal advisory consultation

2

Eco-Check consultation

(offered by Zürcher Kantonalbank):

- an exclusive initial analysis for SMEs by recognised experts from our partner Reffnet.ch
- identification of possible areas of action focusing on energy, resources and climate
- submission of a short report with possible fields of action

3

Expert consultation

- in-depth analysis of the areas of energy, resources or climate
- investigation of far-reaching potential for improvement, directly on site

4

Detailed report with:

- possible improvement measures
- estimated investment costs and expected cost savings
- information on possible subsidies
- resulting sustainability impacts

5

Offer with suitable financing products for implementing sustainable measures

performance. If it improves, the interest rate falls; if it deteriorates, the interest rate rises. Our clients have the option of linking the interest rate to an ESG rating from an established rating provider or, alternatively, to individual sustainability targets. When defining the sustainability component, we attach great importance to the credibility of the agreed-upon sustainability impact: For example, we accept sustainability ratings only from renowned and independent rating providers. Clients who wish to link their interest rate to individual sustainability targets must fulfil the minimum requirements for sustainability targets defined by us and the Sustainability Linked Loan Principles (SLLP) of the Loan Market Association (LMA) when setting their sustainability targets¹³. In addition, these targets are set with the involvement of an independent external party with proven expertise ("Sustainability Coordinator"). We specify which providers we accept as Sustainability Coordinators. Target achievement must be verified by an independent auditor. For bilateral loans, we also determine the minimum fluctuation range, i. e. the step up/step down of the interest rate due to a change in the sustainability rating or depending on target achievement. In the case of syndicated loans, we are guided by market practice.

The offer enables us to enter into a stronger strategic dialogue with clients and to raise their awareness of sustainability issues in a targeted manner. The current portfolio of sustainability loans for large companies amounts to around CHF 1.8 billion.

Sustainable bonds (ESG-labelled bonds)

In 2024, sustainable bonds totalling CHF 10.7 billion were issued on the Swiss capital market. Of this, around CHF 6.1 billion is attributable to international issuers and around CHF 4.7 billion to domestic issuers.

The proportion of bonds with a sustainability label has continued to rise and stood at 13.2 percent last year. They are mostly used to directly or indirectly finance environmentally friendly buildings. Other uses include the promotion of clean transportation and renewable energy.

Bonds can be assigned different sustainability labels. Two main types have established themselves on the market in recent years:

- bonds with restricted use of proceeds that explicitly finance projects with sustainable targets, e. g. green, social or sustainability bonds
- sustainability-linked bonds (SLB) that provide for a higher interest rate if the issuer does not achieve pre-defined sustainability targets

When structuring sustainable bonds, issuers are generally guided by the voluntary regulations of the Inter-

national Capital Market Association (ICMA) or the EU Green Bond Standard. There are no mandatory legal requirements for sustainable bonds in Switzerland.

Zürcher Kantonalbank is currently one of the leading banks in the structuring and placement of sustainable bonds on the Swiss capital market. It acted as lead manager in 19 transactions, placing sustainable bonds totalling around CHF 1.4 billion.

Zürcher Kantonalbank also issues its own sustainable bonds to refinance environmental loans and to refinance projects with energy-related objectives for the office buildings used by Zürcher Kantonalbank itself.

ESG training of client advisors in the Key Account Management segment

In order to identify relevant sustainability aspects for the respective company in discussions with major clients and to address any investments or other needs, all client advisors in the Key Account Management segment received comprehensive training on the topic of sustainability. The bank collaborated with the Zurich University of Applied Sciences (ZHAW) to cover multiple topics in both classroom teaching and self-study, including the principles of sustainability and reporting, sustainable investing and financing, as well as ZKB specifics.

Integration of sustainability aspects in the credit assessment process

The assessment of sustainability aspects, with a focus on the environment, is taken into account appropriately as part of the credit assessment. While in the mortgage business we focus in particular on the sustainability of the financed properties, in corporate financing we carry out a differentiated assessment of opportunities and risks that may arise from environmental, social and societal issues. Based on traditional aspects of credit assessment (creditworthiness and credit standing), we are intensifying our sustainability assessment in the sense of a risk-oriented approach in line with the exposure of our clients in climate-sensitive sectors and simultaneous non-financial reporting obligations (OR 964a et. seq.). We apply two approaches to that end: a structured qualitative assessment, which classifies clients into different categories depending on their sustainability designation (pioneers, followers, reactive, no activities), and a structured client dialogue based on criteria from the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, a sector-specific catalogue of questions is used in client dialogue in selected sectors (raw materials and cement industry).

13 lsta.org/content/sustainability-linked-loan-principles-sllp/

5.3.2 Climate targets and key figures for the investment business

Paris Agreement

The goal of limiting man-made global warming to well below 2 °C, if possible to below 1.5 °C, and of aligning financial flows with a path towards low greenhouse gas emissions and climate-resilient development, was adopted at the United Nations Climate Change Conference in Paris in 2015. This goal assumes that fossil fuels such as coal, oil and gas will be almost completely replaced by around the middle of the century and that net CO₂e emissions will be reduced to zero.

The private sector must make its contribution to achieving the Paris Agreement's targets for greenhouse gas neutrality by 2050. According to the IPCC (UN Intergovernmental Panel on Climate Change), the earth's temperature in the period 2010–2020 was around 1.1 °C above pre-industrial levels (1850–1900)¹⁴. We use the scientific climate scenarios of the Intergovernmental Panel on Climate Change (IPCC) as the basis for setting targets. The IPCC 1.5 °C scenario (50 percent) is used as the calculation basis for 1.5 °C-aligned portfolios and the IPCC well below 2 °C scenario (67 percent) for 2 °C-aligned portfolios. The IPCC estimates the carbon budget from 1 January 2020 at 1,090 Gt CO₂e for a 67 percent chance of limiting the temperature rise to well below 2 °C and a budget of 465 Gt CO₂e for the more ambitious 1.5 °C target. In order to achieve the climate target, an annual reduction in greenhouse gas emissions of 4 percent per year is required for the well below 2 °C target and 7.5 percent per year for the 1.5 °C target.

In line with these goals, the Net Zero Asset Managers Initiative is geared towards the requirements of the Paris Agreement and calls on the financial sector to actively contribute to achieving the climate goals.

Net Zero Asset Managers Initiative

Asset Management at 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 to net zero by 2050 (or earlier) through its investment decisions with regard to committed assets. The aim is to contribute to limiting global warming to 1.5 °C. The Net Zero Asset Management Initiative counts only assets with which the 1.5 °C target is to be achieved. The climate targets were disclosed for the first time in November 2022 as part of this initiative.

In addition, we are guided in the investment business by the United Nations' six Principles for Responsible Investment (UN PRI), and we report on them on a regular basis.

Climate targets for the investment business

As part of the ZKB sustainability standard, we pursue CO₂e reduction in our active investment solutions¹⁵. These investment solutions pursue either a CO₂e reduction compared to a benchmark or a quantitative climate reduction path, whereby the CO₂e intensities are reduced annually by at least 4 percent plus economic growth (for investment solutions with a <2 °C target) or at least 7.5 percent plus economic growth (for investment solutions with a max. 1.5 °C target).

Area of application, target and progress

Asset Management

Our Asset Management division has joined the Net Zero Asset Managers Initiative and has around 25 percent of assets under management committed to the 1.5 °C climate target, which calls for an annual reduction in CO₂e intensities of at least 7.5 percent.

The <2 °C target reduction path is being pursued for 45 percent of the assets managed by our Asset Management division.

The majority of the sustainable collective investment schemes of Swisscanto's "Sustainable" product line aim to achieve a CO₂e reduction of at least 7.5 percent plus nominal economic growth per year and are thus geared towards the ambitious 1.5 °C climate target set out in the Paris Agreement. The "Sustainable" products therefore fulfil the requirements of the Net Zero Asset Managers Initiative, which was signed by Zürcher Kantonalbank's Asset Management division in July 2021. The thematic Swisscanto funds in Asset Management are an exception to this. Because the greenhouse gas emissions benchmark defined in the prospectus is not representative of the investment universe for these products, only a <2 °C reduction path can be implemented.

55 percent of the assets managed by our Asset Management division are in passively managed funds, where our Asset Management can exert only a limited, indirect influence on the choice of investment strategy.

We endeavour to increase even further the coverage of assets that are geared towards a 1.5 °C climate target.

Direct real estate investments of our ZKB Asset Management

The direct real estate investment products managed by ZKB Asset Management are also based on targets that are aligned with the Paris Agreement. For all real estate portfolios, a net-zero target by 2050 is being pursued, along with specific interim targets for Scope 1 emissions from operations by 2040. The interim targets fulfil the requirements of the FOEN Energy Perspectives

¹⁴ [IPCC AR6 WGI Summary for Policymakers](#)

¹⁵ 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.

2050+ for the Swiss building stock. Product-specific CO₂ reduction paths at portfolio level act as central control tools for achieving the emission targets. They are based on an individual assessment of all existing properties and are updated once a year. All measures underlying the reduction paths at property level (e.g. heat pumps, district heating, biomass, envelope refurbishment) are integrated into the property strategies, CAPEX planning and assessments.

Data from independent third parties is used to determine the CO₂e intensities. The benchmark for the average CO₂e intensity of a portfolio is calculated by discounting the CO₂e intensity of the investment universe at the end of 2019 annually by the target value (4 percent or 7.5 percent) and by global economic growth. Because the reduction is realised with economic CO₂e intensities (Scope 1 and 2 emissions per revenue), additional compensation for economic growth is required.

FNG label for selected Swisscanto funds

Several sustainable funds in the Sustainable product line have again received the Forum Nachhaltige Geldanlagen (FNG) label: the Swisscanto (LU) Equity Fund Sustainable, the Swisscanto (LU) Equity Fund Sustainable Emerging Markets, the Swisscanto (LU) Bond Fund Sustainable Global Credits, the Swisscanto (LU) Portfolio Fund Sustainable Balance EUR, the Swisscanto (LU) Equity Fund Sustainable Water and the Swisscanto (LU) Equity Fund Sustainable Climate. The above-mentioned funds were all awarded the maximum rating of 3 stars for a “particularly sophisticated and comprehensive sustainability strategy” and thus meet the quality standard for sustainable investments in German-speaking countries developed by Forum Nachhaltige Geldanlagen e. V. (FNG).

Investment solutions from the Investment Solutions division

In standardised wealth management, around 35 percent of assets (mandates of the Sustainable (ESG) designation) are based on the maximum 1.5°C climate target. 60 percent of the assets are based on the <2°C climate target (designations Basic and Individual Security). No CO₂e reduction target is being pursued for the remaining 5 percent of the assets in our standardised wealth management.

In standardised investment advice, the climate targets outlined above are also taken into account in their respective designations, whereby the investment decision lies with our clients.

Methodology

Greenhouse gases with a global warming effect are included in the portfolio construction of sustainable investment solutions with a quantitative reduction path in accordance with the international Greenhouse Gas Protocol (GHG Protocol) standard (measured in CO₂e). The CO₂e intensities are defined for companies as CO₂e emissions in relation to revenue (tonnes of CO₂e per million US dollars of revenue) and for government securities as CO₂e emissions in relation to economic value added (tonnes of CO₂e per million US dollars of gross domestic product).

Key figures and targets for the investment business

Financed emissions according to PCAF

For more climate transparency, Zürcher Kantonalbank joined the Partnership for Carbon Accounting Financials (PCAF) in May 2022. We base our calculation of financed greenhouse gas emissions on the PCAF approach. This also includes the data quality categorisation (1 high to 5 low).

	Financial exposure (in CHF million)	Absolute emissions (in Mt. CO ₂ e) Scope 1 and 2	Absolute emissions (in Mt. CO ₂ e) Scope 3	Emission intensity (t CO ₂ e/ CHF million invested) Scope 1, 2 and 3	Coverage (%)	Data quality score ¹⁶ Scope 1 and 2 (1 high, 5 low)	Data quality score Scope 3 (1 high, 5 low)
Listed equity and corporate bonds	235,521	5.72	63.2	292.6	100	1.78	2.64

	Financial exposure (in CHF million)	Emission intensity (t CO ₂ e/CHF million GDP)	Coverage (%)	Data quality score (1 high, 5 low)
Sovereign debt	34,962	239.84	100	1.06

The PCAF standard is compatible with globally recognised frameworks such as the TCFD recommendations.

We are disclosing the financed emissions for our Asset Management for equities and bonds for the first time in this report. The calculation is based on data with a cut-off date of 31 December 2024.

Our implementation measures in the investment business

Below we describe the measures that are being taken with regard to the individual products and services and which processes they will follow in order to achieve the defined climate targets:

Supporting our clients with products and services

The investment business is one of our core businesses where we can build on our long-standing expertise in sustainability and offer our clients a wide range of sustainable products and services. Under “Responsible Investing”, we explain which products and services we use to support our clients on their journey towards a more sustainable future.

5.3.3 Climate targets and key figures in independent research

Our sell-side research integrates ESG, is geared towards the net-zero 2050 target and is based on the sustainability exclusion criteria that apply to the financing business as part of the sustainability policy.

Zürcher Kantonalbank’s research covers 191 public companies, real estate funds and investment foundations nationwide, as well as 184 bond issuers, and is therefore the leading provider of research on Swiss companies.

We again published a substantial number of comprehensive reports in 2024 that comprised 127 studies and 83 “ESG Insights” reports. With the “ESG Compass Credit” and the “ESG Compass Real Estate” reports, we evaluated 157 domestic bond issuers as well as 14 listed real estate companies, 30 listed real estate funds and 12 unlisted real estate investment foundations for the first time according to our ESG approach with regard to their sustainability and awarded them an ESG star rating.¹⁷

The research of Zürcher Kantonalbank thus covers 98 percent of the market capitalisation of the Swiss Performance Index, 76 percent of the domestic borrowers present on the market and almost 100 percent of the outstanding bond volume, as well as almost 100 percent of the market capitalisation of the listed Swiss real estate segment.

¹⁶ The data quality score assesses the quality and reliability of the data used to calculate greenhouse gas emissions. Score 1 corresponds to the highest data quality and is based on directly reported and verified emissions data. Score 5 corresponds to the lowest data quality and is based on assumptions and estimates. ZKB endeavours to continuously improve data quality.

¹⁷ More on our methodology can be found in our [ESG Compass](#).

5.3.4 Climate targets and key figures for the bank's own financial investments

The CO₂e intensity of the financial investments within the remit of the Treasury department, consisting of a high-quality bond portfolio, is periodically determined on the basis of publicly available information and compared with a benchmark from the investment universe available for financial investments for regulatory purposes.

Financial assets within the remit of the Treasury department have also been subject to requirements on limiting climate-related financial risks since the start of 2022. Firstly, issuers from industries that are excluded from the financing business in accordance with the bank's sustainability policy are also excluded. Secondly, the average revenue-weighted CO₂e emissions of the portfolio must be at least 35 percent lower than in the reference portfolio of the investment universe limited by the internal investment rules.

Compliance with the requirements for limiting the CO₂e intensity of the financial investment portfolio is monitored and reported on by Risk Controlling.

5.3.5 Climate targets and key figures for the bank's own operations

The following figures and information relate to the group-wide commercial properties of Zürcher Kantonalbank in Switzerland. These comprise the properties of the parent company and Swisscanto Holding Ltd. CO₂ emissions of Zürcher Kantonalbank Österreich AG, Zürcher Kantonalbank Finance (Guernsey) Ltd., ZKB Securities (UK) Ltd., Complementa AG and the representative offices are not available at group level.

Climate targets in the bank's own operations

Area of application

Scope 1, 2 and partially Scope 3 of the GHG Protocol are taken into account when setting climate targets. The following categories of the GHG Protocol are relevant within Scope 3: paper (category 1), fuel and energy-related emissions (not included in Scope 1 or 2) (category 3), waste (category 5) and business travel (category 6). We are currently evaluating how we can expand the coverage of the operational emissions of Scope 3 categories.

Methodology

We use the [VfU key figures calculation tool](#) (version 1.1, update 2022) to calculate operational greenhouse gas emissions and key figures. The "VfU key figures" and the associated calculation tool are recognised as the globally accepted standard for accounting for environmental indicators at financial institutions. The key figures and the calculation tool are revised at regular

intervals to take account of international initiatives such as GRI or the GHG Protocol.

Target and progress

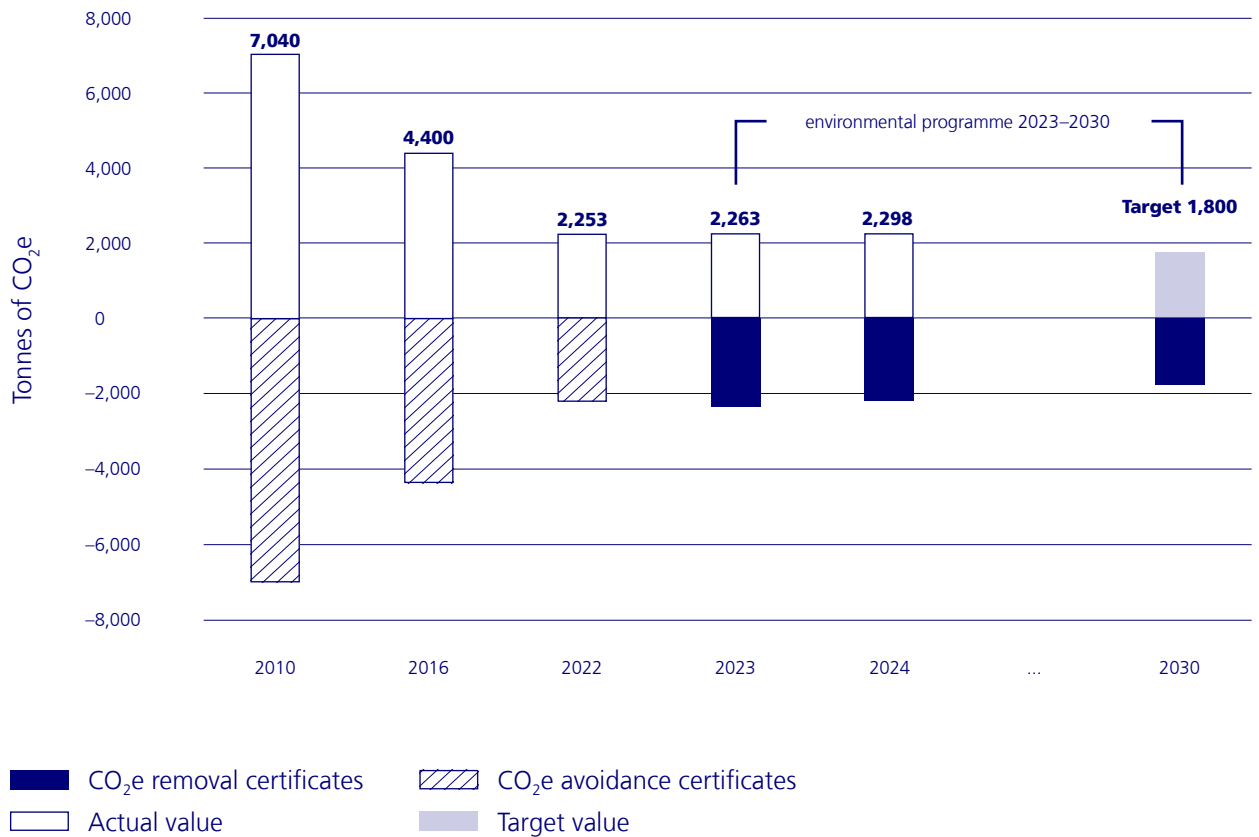
The corporate environmental programme defines the climate targets related to our operations. The aim is to continuously reduce operational greenhouse gas emissions. The operational environmental programme 2023–2030 builds on the operational environmental programme 2018–2022 and aims to reduce our operational emissions to 1,800 CO₂e tonnes. The annual residual emissions are completely neutralised with natural and technical negative emission technologies (removal portfolio).

Since 2010, we have been able to reduce operational CO₂e emissions by 67 percent from 7,040 CO₂e tonnes to 2,298 CO₂e tonnes in 2024. In 2024, operational CO₂e emissions increased slightly compared to the previous year. While emissions in the heat, business travel and paper categories were reduced compared to the previous year, emissions in the refrigerant loss, electricity and waste categories increased. From 2025, an internal CO₂e price will be introduced for business travel based on the average costs of the removal portfolio of the operational environmental programme 2023–2030.

Operational target by 2030: VfU key figures (in tonnes of CO₂e)

	Actual value 2024	Base year 2022	% change in actual value compared to the base year	Target 2030
› Total emissions (t CO₂e)	2,298	2,253	+2 %	1,800
Building electricity consumption (t CO ₂ e)	75	64	+17 %	
Building heat consumption (t CO ₂ e)	749	974	-23 %	
Water consumption (t CO ₂ e)	31	29	+7 %	
Cooling and extinguishing agents (t CO ₂ e)	375	101	+271 %	
Waste (t CO ₂ e)	115	98	+17 %	
Business travel (t CO ₂ e)	583	486	+20 %	
Paper (t CO ₂ e)	370	501	-26 %	

Climate target in own operations



Environmental figures

		GRI	2024	2023	2022
› Category					
Building energy	Total building energy consumption (MWh)	302	24,989	25,759	26,919
	Electricity consumption (MWh)		17,496	17,709	17,978
	Heat consumption (MWh)		7,493	8,051	8,941
	Total consumption of fossil fuels (MWh)		849	957	1,260
	Consumption of district heating (MWh)		3,994	4,377	4,602
	Renewable building energy consumption (MWh)		2,650	2,716	3,080
Business travel	Total business trips (10 ³ km)	302	4,214	5,034	3,284
	Air traffic (10 ³ km)		2,506	3,515	1,896
Paper	Total paper consumption (t)	301	472	525	641
	Recycled paper (t)		436	486	597
	Fresh fibre paper (ECF and TCF) (t)		36	39	44
Water	Water consumption (10 ³ m ³)	303	50	51	46
Waste	Total waste produced (t)	306	427	402	403
	Waste for recycling (t)		205	202	214
	Waste for incineration (t)		222	200	189
Cooling and extinguishing agents	Coolant and extinguishing agent losses (kg)		252	231	111
Greenhouse gas emissions	Direct and indirect emissions (t CO ₂ e)	305	2,298	2,263	2,253
	Direct Scope 1 emissions (t CO ₂ e)		648	512	487
	Indirect emissions Scope 2 (market-based)		431	457	515
	Indirect Scope 3 emissions (t CO ₂ e)		1,219	1,294	1,251

		Unit	2024	2023	2022
› Environmental indicators per FTE					
Total building energy consumption (MWh)		kWh/FTE	4,553	4,857	5,083
Business travel		km/FTE	768	949	651
Paper consumption		kg/FTE	86	99	127
Waste		kg/FTE	78	76	80
Water consumption		litres/FTE	9,070	9,546	9,169
Greenhouse gas emissions (CO ₂ e)		kg/FTE	419	427	447

	GRI	Actual value 2024	Base year 2022	% change in actual value compared to the base year	2023	2022
› Environmental indicators according to GRI						
Total greenhouse gas emissions (t CO ₂ e)	305	2,298	2,253	+2 %	2,263	2,253
Scope 1 and 2 emissions (t CO ₂ e)	305	1,079	1,002	+8 %	969	1,002
Indirect Scope 3 CO ₂ e emissions (t CO ₂ e)	305	1,219	1,251	-3 %	1,294	1,251
Total building energy consumption (MWh)	302	24,989	26,919	-7 %	25,759	26,919
Share of green electricity from naturemade star or equivalent quality (%)		100	100	0 %	100	100
Paper consumption (kg per FTE)	301	86	127	-32 %	99	127
Proportion of recycled paper (%)	301	92	93	-1 %	93	93
Waste in kg per FTE	306	78	80	-3 %	76	80
Waste to landfill (%)	306	0	0	0 %	0	0
Waste for recycling (%)	306	48	53	-9 %	50	53
Water consumption (10 ³ m ³)	303	50	46	+9 %	51	46

Key figures for own operations

The four most important drivers of CO₂e emissions in the operations of Zürcher Kantonalbank are electricity and heating energy, transport, particularly road and air transport, and our paper consumption. We have defined specific measures for these categories in order to achieve a continuous reduction.

Our implementation measures for own operations

Environmental management system

Our environmental management system focuses on banking operations, our properties, procurement and the downstream impact of products and services. The environmental management system has been certified according to ISO 14001 since 2002. In this way we aim to achieve a continuous improvement in our use of resources and ensure environmental sustainability in our banking operations. Reports on the results and any measures arising from the audits are submitted to the Executive Board.

Development of a removal portfolio for the neutralisation of residual operational emissions

To achieve net zero in its operations, the bank takes additional emission reduction measures and also neutralises the residual emissions it creates by means of negative emission technology certificates (NET).

Negative emission technologies include technological and nature-based approaches that remove CO₂ directly from the atmosphere and store it permanently. This results in so-called negative emissions.

Our partners for the removal of operationally generated residual emissions are neustark AG, climeworks AG and Bioenergie Frauenfeld AG. In building up our removal portfolio, we rely on regional projects from local providers that were developed in Switzerland and on a combination of natural and technical technologies and sinks.

Biodiversity

Climate change is accelerating the loss of biodiversity worldwide. The decreasing capacity of natural carbon sinks is in turn fuelling climate change. Biodiversity loss and climate change are now considered “twin crises”. Over half of global GDP is dependent on natural capital.

With regard to the topic of nature and biodiversity, Zürcher Kantonalbank has defined the following exclusion criteria in its sustainability policy for the financing business:

- non-certified agriculture and forestry abroad that involves deforestation of tropical forests and/or damage to areas of high conservation value
- mining projects with particularly destructive mining methods, such as mountaintop removal
- illegal, intentional water/groundwater pollution
- damage to areas of high conservation value abroad, namely primeval forests (illegal slash-and-burn and/or deforestation), endangered animal and plant species, wetlands and biotopes, cultural assets and world heritage sites

Biodiverse greening at branches: We have created over 20 natural and biodiverse gardens since 2019 at our company-owned properties with a total area of more than 8,000m². Scientific monitoring shows that species diversity has increased by almost 300 percent compared to previous studies. The design approaches are now an integral part of our property strategy. Measures to promote biodiversity and minimise heat are generally examined at our sites and in all future construction projects and, where appropriate, are implemented.

Through targeted sponsorship commitments, we promote nature conservation, advocate the protection of natural resources and are committed to sustainable agriculture in the interests of sustainable consumption and food security. It is also important to us to make the beauty and diversity of nature tangible for the population and, above all, to raise awareness among children/young people about the importance of protecting nature and the environment.

Promotion of valuable natural areas in the Canton of Zurich: In addition to redesigning the areas around our branches, Zürcher Kantonalbank is also involved in a wide range of renaturalisation projects and the preservation of valuable natural areas in the Canton of Zurich. It has financially supported numerous renaturation projects for the Canton of Zurich and has been running the Grüningen Botanical Garden since 1977. The educational and recreational offerings of the Grüningen Botanical Garden promote the quality of life in our canton and thus support the fulfilment of our public service mandate.

Social issues and human rights

We fulfil our social responsibility primarily by providing financial services. In particular, we take into account the concerns of the target groups mentioned in our public service mandate. As part of our business activities we take social and human rights issues into account. We also make a positive contribution to the Canton of Zurich through our community and social commitment, we impart financial knowledge to the population and integrate the topic of human rights and social issues into procurement.



General conditions

Within our sphere of influence, we respect and support the international human rights provisions of the United Nations that are binding in Switzerland, including the right to life, liberty, security, fair working conditions, equal opportunities and children's rights.

Under our public service mandate, we are committed to contributing to the canton's fulfilment of its economic, social and ecological tasks while supporting sustainable development. We are also tasked with meeting the investment and financing needs of the population and the economy through a business policy geared towards continuity. Our operational framework is specified by the Guidelines for the Fulfilment of the Public Service Mandate.

Guidelines for our business activities in the areas of human rights and equal opportunities, commitment to health and commitment to financial security are defined and further specified in the publicly available sustainability policy (zkb.ch/sustainability).

In combating money laundering, terrorist financing and corruption, we are guided by legal and regulatory requirements and specify these in internal directives and processes.

Our approach to social risks

Zürcher Kantonalbank defines social risks (a subset of reputational risks) as the risk of reputational damage or financial losses that may result from transactions, products or services in which a party is involved in socially sensitive activities. Social risks are assessed as part of the assessment of individual transactions in the lending, trading and investment business.

In the lending business, a creditworthiness analysis is carried out for individual transactions, which covers both the applicant's creditworthiness and credit standing. Aspects of sustainability, such as social risks, are an important part of the risk assessment performed when reviewing financing for companies with global operations. Our internal regulations exclude the financing of certain commodities (see section Responsible financing). In the trading business, human rights issues in the raw materials sector are discussed with clients based on internationally recognised industry standards within the scope of special due diligence reviews. In the investment business, social risks are taken into account as part of ESG integration, the avoidance of controversies and our stewardship.

Our implementation measures with regard to social responsibility

Zürcher Kantonalbank provides the people and the economy in the Canton of Zurich with the services of a universal bank. These include, in particular, payment transactions, saving, investing, financing, retirement planning, financial planning, succession planning and advice on selected tax issues. We ensure comprehensive access to financial services, especially for the target groups with specific needs mentioned in our public service mandate. Hence, when rendering these services, we pay attention to the concerns of small and medium-sized enterprises, employees, agriculture and public-sector entities. We also promote home ownership and affordable housing construction.

In the context of financing decisions, human rights issues form part of our reputational risk assessment for companies with international operations.

In our dealings with our clients, employees and in public engagements, we are committed to equal rights for all people, regardless of origin, race, gender, age, language, social status, income, religion, political conviction or physical, cognitive or mental disability.

We also fulfil our social responsibility with our strong and, in particular, locally rooted social commitment. Our commitment therefore benefits the canton, the municipalities, companies and the population in the Canton of Zurich. In 2024, the annual expenses for items not purely profit-oriented or cost-covering, according to the strategic metrics for the public service mandate, amounted to around CHF 140 million (2023: CHF 161 million).

6.1 Social issues and human rights in our financial services

Access to financial services and financial literacy

Zürcher Kantonalbank was founded in 1870 to address the existing gap in affordable loans to agricultural and commercial businesses and to meet the savings and investment needs of broad segments of the population (service mandate).

In accordance with our public service mandate, we pay particular attention to the concerns of small and medium-sized enterprises, employees, agriculture and public-sector entities in our activities. We also promote home ownership and affordable housing construction. Our strong roots in the Canton of Zurich are reflected in our high market penetration among small and medium-sized companies and private clients in the Canton of Zurich.

We cover the basic needs of our clients by offering a comprehensive range of products and services. We provide them with access to our financial services both physically and digitally. Our promise is that we have the densest branch network in the Canton of Zurich and guarantee the supply of cash in all branches.

Access to financial services

Dense branch network: We have the largest branch network in the Canton of Zurich to be close to our clients.

Low-cost offers: As of 1 January 2024, Zürcher Kantonalbank eliminated annual fees for private accounts in CHF and debit cards for retail clients. With this free everyday banking service (ZKB Banking), we are sending out a signal in line with our public service mandate. This benefits all existing and future retail clients, regardless of their assets or digital affinity.

We offer various other services, such as pension advice, free of charge. We additionally have low-cost offers for students, provide financial incentives to promote the purchase of a first home and offer lifetime mortgages for clients in the third phase of life.

Promoting the responsible management of financial resources

Prevention of over-indebtedness: To prevent over-indebtedness among private individuals, especially children and young people, we work with partners to run awareness-raising campaigns and provide information on general financial literacy. We do not offer consumer loans. When issuing credit cards and setting credit card limits, we take our clients' creditworthiness into account. In the financing business, we analyse the

financial circumstances of our clients and assess their acceptability on this basis. Our client advisors receive regular training on the criteria and assessment processes. We seek an individual solution with clients who are unable to fulfil their obligations to us, taking into account the circumstances of each case.

Promoting the responsible management of financial resources by our clients: We are committed to ensuring that our clients manage their financial resources responsibly. With our savings, investment and pension products, we contribute to the long-term financial security and independence of our clients. We encourage our clients to analyse their personal pension situation and offer advisory services and specific financial products to support them.

Commitment to families and children:

Financial tips for parents and families: We show what parents should consider from a financial point of view. We explain the costs that families face and give tips on how to save money and advice on topics such as retirement planning, debt traps, inheritance and home financing. The cantonal banks also support the umbrella association Budgetberatung Schweiz (DBBCH) in the further development and operation of the BudgetCH app. The app allows users to easily and digitally create a personal budget and record their current income and expenses at the push of a button. It also offers clear templates for different life situations, practical tips and useful information on the topic of budgeting.

Education about money: We provide assistance with key questions relating to financial education (financial literacy). For example, we support "FinanceMission" and "FinanceMission Heroes" as well as jugendbudget.ch. "FinanceMission" is a commitment by the Association of Swiss Cantonal Banks (ASCB), the Swiss Teachers' Association (LCH) and the Syndicat des Enseignants Romands (SER) to improve the financial literacy of young people. "FinanceMission Heroes" is a free educational game that enables young people to practise handling money. Greater financial literacy also means lower youth indebtedness. Our common goal is to teach young people how important it is to manage money responsibly through "FinanceMission". Jugendbudget.ch is an online magazine for parents. With a wealth of advice articles, the website addresses issues relating to children and money. jugendbudget.ch is a joint initiative of all 24 cantonal banks. This year, we also piloted a low-threshold offer directly at our branches for the first time with the Experience Savings Week, offering children an opportunity to experience money in various tactile forms.

Sponsorship commitment: Families benefit from our sponsorship commitment in the areas of the environment and society. Our clients can experience various excursions and programmes at a lower price.

Promotion of financial literacy

We support a range of initiatives to promote financial literacy. We are also actively involved in further education and efforts to raise awareness among employees and our clients. As part of the induction of new employees and through further training for existing staff and various awareness-raising measures, we ensure that our employees are able to advise our clients competently, according to their needs and in compliance with regulations.

We offer advisory services and financial products to help our clients build up their retirement provision. For an initial analysis of where they stand in terms of retirement planning, Zürcher Kantonalbank offers extensive information and self-service tools at zkb.ch. This way, they can easily and comprehensively determine what their own retirement planning looks like as well as which pension topics are particularly relevant and should be actively addressed as a result. These digital tools offer our clients an easy introduction to the complex topic of retirement planning.

We also offer free basic advice on the topics of retirement, inheritance and bequests. Specific questions can be addressed in more detail in a consultation with an expert if required.

Our bank's financial advisory team launched a new TV format with TeleZüri in 2023: The topics of money and pensions are presented in a simple and easily understandable way by four of our bank's experts in around 80 programmes. Our experts from the financial advisory team give viewers practical tips for everyday life on the topics of money and retirement planning.

Initiatives for accessibility

We promote accessibility for people with disabilities or impairments. Accordingly, we organise the content on our website in such a way that all users can easily find and use the information they require. We also promote accessibility in our branches and at our ATMs by providing wheelchair-accessible entrances.

Physical proximity is and remains an important driver of our success. We are committed to having the largest branch network in the Canton of Zurich and will modernise our branches by 2030. The bank can also be reached by phone, via the eBanking and eBanking Mobile channels.

We offer new clients the opportunity to open a client relationship digitally.

For clients of Zürcher Kantonalbank domiciled in Switzerland who would like to have their cash in the desired currency sent directly to their home by post, we offer cash delivery to their home. In addition to Swiss francs, we offer around 60 different currencies for delivery.

Female finance

Due to various social factors, women in Switzerland are less often financially independent and are more at risk of poverty in old age than men. What's more, in many partnerships in Switzerland, the man is responsible for managing the finances and making long-term financial decisions.

In order to raise awareness among women about financial topics and promote financial literacy and financial independence among women in the long term, our bank offers various event formats such as physical events with experts on site or via webcast. In this way, we can motivate our female clients and interested female parties to engage with financial topics, impart financial knowledge and thus empower them to deal with their own finances.

- In the past, we organised several webcasts on the topics of "Women and pensions" and "Investing", which dealt with various life situations (part-time work, marriage, divorce, cohabitation) as well as the 3-pillar system, pension fund statements and the basics of investing. Between 1,800 and 2,500 women streamed the programmes live or watched the replay afterwards.
- In addition, exclusive "ZKB Academy – Female Finance" events were once again held this year, where ZKB experts shared their financial knowledge with female clients on two basic seminar days and in three in-depth modules.
- The digital format "Die Anlegerin" (The Female Investor) was trialled as a pilot. Female clients and other interested parties were given the opportunity to enhance their financial literacy through social media in the form of white papers on relevant financial topics.

Small and medium-sized enterprises (SMEs)

With a view to strengthening the local economy, we are focussing on SMEs at all stages of the business life cycle: from start-up support through ZKB microloans aimed at promoting entrepreneurship in cooperation with the "GO! Mikrokredite" association (a microloan provider), to the ongoing support provided to SMEs, up to and including support on matters related to business succession planning. Over 90 percent of our corporate clients are SMEs.

In the year under review, Zürcher Kantonalbank provided more than 3,200 non-cost-covering microloans of less than CHF 200,000 for SMEs.

ZKB business succession planning

Every year, around 4,000 companies in the Canton of Zurich address the topic of business succession planning. This often results in the company being taken over by a member of the family or somebody from inside

the company, although a sale of the company to a third party is happening with growing frequency. Without a succession solution, the only option for a company is to close or liquidate in as orderly a manner as possible. Successful succession planning is of significant economic importance as it can help secure jobs and preserve entrepreneurial expertise.

The succession process in SMEs usually takes several years, and many entrepreneurs delay addressing the issue for too long. We offer an online succession check on our homepage, which can be used free of charge. We support SMEs in the Canton of Zurich with presentations at internal and external events to raise awareness of this important topic so that entrepreneurs can actively utilise their creative freedom.

Responsible financing – social issues and human rights

The publicly available sustainability policy and the implementing internal guidelines describe the consideration of social issues and human rights in the financing business and define exclusions.

Exclusions for the financing business concerning social issues and human rights

We do not provide financing for clients whose business activities involve the following:

- child labour¹⁸ and forced labour¹⁹ in violation of the human rights of the United Nations
- violations of the rights of indigenous people
- gambling abroad and unlicensed gambling in Switzerland
- production of and trade in controversial weapons²⁰ such as cluster bombs/munitions, anti-personnel and land mines, biological and chemical weapons, nuclear weapons, enriched uranium as well as blinding laser weapons and incendiary weapons

Contribution to strengthening social and economic cohesion

We offer a wide range of financing products in line with our service mandate. First-time buyers of residential property benefit from the ZKB starter mortgage. Housing cooperatives benefit from the ZKB WohnPlus mortgage. We support SMEs and innovative start-ups by providing financing and specific support measures. We run a pawnbroking agency and take on non-cost-covering microloans.

18 International Labour Organisation (ILO) Conventions 138 (minimum age) and 182 (worst forms)
19 ILO Convention 29 (forced labour)
20 Federal Act on War Material

ZKB starter mortgage

In accordance with our public service mandate, Zürcher Kantonalbank is committed to promoting home ownership. Zürcher Kantonalbank introduced the 3-phase mortgage back in 1985. It was renamed ZKB starter mortgage and restructured in 2005. First-time buyers of a residential property benefit from a reduced interest rate on a ZKB fixed-rate mortgage for a period up to 15 years. The ZKB starter mortgage portfolio amounted to around CHF 7.7 billion in 2024.

Lifetime mortgage

Many homeowners who are about to retire fear that their bank will no longer continue their mortgage after retirement. We remain a reliable partner for our clients in the third phase of their life and work with them to find a suitable financing solution – whether it's for the continuation of a mortgage, the purchase of an age-appropriate home or an increase in the mortgage as part of a renovation. Clients who have always met their mortgage obligations and whose mortgage does not exceed two-thirds of the value of their property will also receive this promise in writing.

ZKB WohnPlus mortgage

In addition to promoting home ownership, the promotion of affordable housing is one of our tasks anchored in the public service mandate. Zürcher Kantonalbank is valued as a long-standing and reliable partner in the industry. Since 2022, the bank has been offering ZKB WohnPlus mortgages to housing cooperatives that provide special social benefits. While the ZKB environmental loan promotes and supports ecological sustainability, the ZKB WohnPlus mortgage focuses on social aspects.

Non-profit housing developers can benefit from an interest rate reduction of up to 0.5 percent on their fixed-rate mortgages. To qualify for a ZKB WohnPlus mortgage, a housing development must be at least 15 percent below the market rent. The evaluation model also includes 28 qualification criteria that are applicable to non-profit housing developers and their housing developments. Examples include the social mix in the housing development itself or neighbourhood integration. The granting criteria and the evaluation model are based on established standards (including the United Nations Sustainable Development Goals, the Swiss Sustainable Building Standard and the 10 guidelines for non-profit housing in Switzerland). If a cooperative meets the defined requirements, Zürcher Kantonalbank supports this commitment by offering financing at discounted conditions. The interest rate reduction is granted during the first five years of the term. The ZKB WohnPlus mortgage has two discount levels, which are applied depending on the degree to which the criteria are met (maximum of 0.3 percent at level 1 and maximum of 0.5 percent

at level 2). If level 1 is initially achieved at the beginning of the term, the housing developer has the option of providing evidence of the fulfilment of further criteria and having them checked during the term. If sufficient criteria are then met for level 2, the interest rate is reduced again by a maximum of 0.2 percent until the end of the fifth year. This creates an incentive to achieve further improvements in social services during the term of the mortgage.

At the end of 2024, the ZKB WohnPlus mortgage portfolio totalled around CHF 150 million.

Promoting start-ups

Zürcher Kantonalbank is one of the largest and most active venture capitalists in Switzerland. We have been supporting Swiss start-ups through the provision of equity or convertible loans since 2005 and, in doing so, have made a significant contribution to the development of the local start-up ecosystem. To this end, we finance innovative start-ups, particularly in the early stages of the business life cycle. Start-ups need additional capital in order to gain market share as quickly as possible after a successful market entry and to stand on their own two feet. Procuring funds in this phase is a major challenge for innovative young Swiss companies. We have expanded our offering as a result and, since 2021, have been making further investments aimed at providing support to companies in the scale-up phase.

Zürcher Kantonalbank's Asset Management division launched a private equity growth fund in 2018 that invests in promising young companies in the next phase of their growth; working together with that fund, we offer solutions with equity capital at every stage – from start-up and development through to scaling and growth. With the expertise of a universal bank, Zürcher Kantonalbank thus provides start-ups with a comprehensive range of financing and services along the entire life cycle.

As one of the largest and most active start-up investors in Switzerland, we provided young companies with a total of CHF 19.7 million in risk capital in 2024.

We also comprehensively promote the start-up ecosystem in the Zurich economic area. As part of the Technopark Zurich Foundation, for example, we award an annual prize to a technical project just about to enter the market. This award, the "ZKB Pionierpreis Technopark", is worth CHF 100,000 and is one of the most important innovation prizes for start-ups in Switzerland. We also support numerous start-up initiatives in the Canton of Zurich such as Technopark Winterthur, Bio-Technopark Schlieren, GROW Wädenswil, Bluelion Foundation, Digital Health Centre Bülach, USZ Health Innovation Hub and Z-Kubator.

Founding a company

We help our clients set up their companies and actively assist young entrepreneurs as they build their business. Once the company has been founded, we identify optimisation potential in the area of liquidity and retirement planning at an early stage and offer suitable financing options.

Pawnbroking agency

The pawnbroking agency was established in 1872. It grants loans in return for the depositing of valuables. Today, it is mainly jewellery and Swiss brand-name watches that are pledged. We examine the pledged items and determine the amount of the potential loan. A pledge can be redeemed at any time upon presentation of the original pawn ticket and payment of the outstanding amount (loan, interest and fees). The interest rate has been 1 percent per month for more than a hundred years.

Responsible investing – social issues and human rights

Zürcher Kantonalbank has a strong tradition of responsible investing. Since 2009, we have been guided by the United Nations' six Principles for Responsible Investment (UN PRI), and we report on them on a regular basis.

The publicly available sustainability policy sets out how social issues and human rights are taken into account in our investment business as part of the ZKB sustainability standard.

In addition to the environmental aspects (see sections Responsible investing and Climate targets and key figures for the investment business), we avoid, as part of our ZKB sustainability standard under the sustainability approach avoidance of controversies, investments in companies that are involved in the manufacture and/or sale of conventional and/or controversial weapons or that violate the UN Global Compact. In addition, the topic of "social issues and human rights" is taken into account in the sustainability approaches ESG integration and Stewardship: Voting & engagement.

In our sustainable active and passive investment solutions in Asset Management, we avoid investments in defence companies that produce weapons prohibited under international treaties and/or violate Swiss sanctions regulations. This includes manufacturers of cluster bombs/munitions, anti-personnel and land mines, biological and chemical weapons, nuclear weapons, enriched uranium²¹ as well as blinding laser weapons and incendiary weapons. In addition, our Asset Management avoids weapons and ammunition manufacturers as well as manufacturers of military equipment in active investment solutions in the traditional asset classes.

Together with the other cantonal banks, Zürcher Kantonalbank is actively committed to providing access to education for children and young people in areas affected by conflicts and crises. The “Education Initiative Swiss Cantonal Banks” unit class of the “Swisscanto (LU) Portfolio Fund Sustainable Balance (CHF)” investment fund was launched on 24 June 2024. It distributes an annual donation to “Education Cannot Wait”, the United Nations fund for education in emergency situations. The unit class distributes two percent of the fund volume annually in favour of ECW, regardless of performance. Zürcher Kantonalbank had the unit class launched by Swisscanto Asset Management International S. A., which acts as the fund management company.

6.2 Responsibility in our own operations

The consideration of social issues and human rights in our own operations goes hand in hand with the consideration of these issues in the context of our procurement system and the promotion of social cohesion through our community and social commitment.

General conditions

ZKB’s procurement system is governed by Art. 964j–964l of the Swiss Code of Obligations, which stipulate due diligence obligations and transparency with regard to minerals and metals from conflict-affected areas and child labour. The implementing decree is the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO). Companies based in Switzerland must comply with due diligence obligations in the supply chain and report if they offer products or services for which there is a justified suspicion that they have been manufactured or provided using child labour. In the DDTrO, the Federal Council specifies the conditions under which a company falls within the scope of the due diligence and reporting obligations (Art. 3 and 4) and the conditions under which a company is exempt from these obligations (Art. 9).

In accordance with our sustainability policy, during procurement we ensure that products are manufactured, used and disposed of in the most resource-efficient, environmentally friendly and socially responsible way possible. As part of our procurement policy, we expect our suppliers to comply with the applicable national laws and regulations, the minimum standards of the industry as well as the conventions of both the International Labour Organization (ILO) and the United Nations with regard to human and employee rights.

The fact that ZKB is “Close to you” is also reflected in the procurement system: By prioritising regional suppliers, we aim to strengthen added value in the Zurich economic area and keep transport routes as short as possible. We also have “Guidelines for environmentally and socially responsible event planning” which contain measures and instructions for organising events in an environmentally and socially responsible manner.

Application of the DDTrO for ZKB

Zürcher Kantonalbank has a review process in place to ensure compliance with DDTrO requirements and to ensure that the required reports and documentation are up to date. The cut-off date for this review is 31 August of the current financial year.

21 Only in the case of dissemination that violates the Treaty on the Non-Proliferation of Nuclear Weapons (Non-Proliferation Treaty; “NPT”).

Child labour: Central purchasing of Zürcher Kantonalbank procures its products and services mainly from companies from countries whose due diligence is classified as “Basic” by the UNICEF Children’s Rights in the Workplace Index, therefore indicating a low risk of child labour. In addition, Zürcher Kantonalbank purchases products and services from companies that comply with ILO Conventions No. 138 and 182 and the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015, as well as the OECD Due Diligence Guidance for Responsible Business of 30 May 2018 or the UN Guiding Principles on Business and Human Rights. Consequently, the central purchasing department of Zürcher Kantonalbank falls under the exceptions of Art. 7 or 9 of the DDTro, which exempts it from the due diligence and reporting obligations.

Zürcher Kantonalbank also has processes in place to ensure that no precious metals (gold, silver, platinum or palladium) are offered if they are suspected of being linked to child labour.

Minerals and metals from conflict-affected and high-risk areas: Zürcher Kantonalbank is subject to the provisions of DDTro on minerals and metals from conflict-affected and high-risk areas with regard to the import of gold. Zürcher Kantonalbank only imports gold into Switzerland that complies with the ‘Good Delivery Rules’ of the London Bullion Market Association (LBMA). These represent the authoritative market standard and are based on the requirements of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of April 2016. Based on this, Zürcher Kantonalbank is exempt from the due diligence and reporting obligations pursuant to the DDTro.

Community and social commitment:

Zürcher Kantonalbank is primarily active in the Zurich economic area. As the bank that’s “Close to you”, we are in direct and close contact with the population. The people of Zurich benefit from the success of Zürcher Kantonalbank in several ways.

For example, we support the canton and the municipalities with our profit distribution. As part of the 2030 public service mandate, we are committed to a dividend policy geared towards continuity.

The total participation of the canton and its municipalities in the profit of Zürcher Kantonalbank amounted to CHF 562 million in 2024 (previous year CHF 558 million). This includes dividends to the canton and its municipalities totalling CHF 375 million, compensation for the state guarantee in the amount of CHF 31 million and, for the first time, the OECD minimum tax (2024: CHF 156 million).

In order to fulfil our service and support mandate, we had expenses for the public service mandate of around CHF 140 million.

On the basis of our support mandate, we are strengthening the Canton of Zurich’s competitiveness and quality of life. We support the canton’s competitive strength

- by serving as a training centre for around 430 apprentices, trainees and interns
- through our efforts to promote innovation and education to support numerous innovation and education institutes in the Canton of Zurich
- by promoting entrepreneurship with our start-up financing initiative
- by our commitment to financial education activities in cooperation with the Association of Swiss Cantonal Banks and Pro Juventute.

We support the life quality in the Canton of Zurich through our corporate sponsorships and the ZKB Philanthropy Foundation as well as our corporate volunteering.

- We protect the natural environment in the Canton of Zurich with sponsorship projects in the areas of sustainable mobility, experience of nature/nature conservation and environmental protection and strengthen social cohesion with a comprehensive commitment to culture and popular sport. With over 400 sponsorship partnerships in the areas of the environment, society and the economy, we support the development of communal life in the Canton of Zurich. Information on our commitments can be found at zkb.ch/sponsoring (available only in German) and is continuously updated.
- The ZKB Philanthropy Foundation, which was established at the beginning of 2024, stands for social responsibility and for projects on key issues and challenges of our time that have an impact on the Canton of Zurich. As an umbrella foundation, the foundation also has a client offering for the realisation of individual charitable ideas and projects. The five sub-foundations are focussed on the topics of health and sport, nature and ecology, social affairs, art and culture, as well as education and research.
- ZKB introduced a corporate volunteering programme at the beginning of 2024. Employees can spend up to two days per year volunteering for the benefit of society in the focus areas of the environment, social affairs, sport and education. The target of at least 365 days of deployment was achieved.

Based on the public service mandate, the group mission statement, the group strategy and our sales strategy, the handling of sponsorships, awards and memberships of the parent company is set forth in the parent company's internal guidelines, and responsibilities in this context are defined. Sponsorship partnerships are only entered into with partners whose objectives, culture and philosophy are compatible with the statutory public service mandate and our values.

Employees

Zürcher Kantonalbank is a popular and attractive employer. Its culture is characterised by its focus on performance, fairness and respect. Employees are offered a great deal of creative freedom in a dynamic and digital environment. As one of the canton's largest training centres, Zürcher Kantonalbank also makes it possible for numerous young adults to enter a wide range of professions. Zürcher Kantonalbank takes its corporate responsibility seriously by encouraging its employees to take responsibility for their own actions, paying fair market compensation and offering flexible working arrangements to help employees strike a healthy work-life balance.

This section about employees supplements the section with the same name on pages 52 to 56 of the annual report. All information on employer commitment in the areas of equal opportunity (diversity, equity & inclusion) as well as performance and development is explained in detail there. The compensation report on page 87 ff. in the annual report provides a comprehensive description of our compensation practices and system.



General conditions

The Board of Directors issues internal requirements regarding personnel and compensation at Zürcher Kantonalbank (personnel regulations for group and parent company). It also appoints a Compensation and Personnel Committee (CPC), whose duties are set out in the organisational regulations. The Compensation and Personnel Committee assists the Board of Directors on decisions related to personnel, the human resources strategy, as well as the personnel and compensation policy.

Throughout the Group, employees are offered fair and sustainable solutions that go beyond the statutory requirements. This relates in particular to topics such as progressive working models (e.g. sabbaticals, annual working hours), holidays, notice periods, personnel development, training and further education, diversity and inclusion, family friendliness, retirement planning, health protection and retirement regulations. Salaries are based on gender-independent job profiles. We have

equal pay audited externally every two years and make adjustments where necessary.

Employment relationships between Zürcher Kantonalbank and its employees are governed by individual employment contracts and the General Terms and Conditions of Employment (GTCE). The application of mandatory provisions, in particular the 10th title of the Swiss Code of Obligations (CO), the Federal Act on Employment in Business, Trade and Industry (Employment Act) and the social partnership agreements, remains reserved at all times.

Labour market-related risks

Topics such as the sector-specific shortage of skilled labour, the attractiveness of Zürcher Kantonalbank as an employer, compensation models, talent management, equal opportunities, flexible working and work-life balance are constantly changing and require sustained attention from Zürcher Kantonalbank as a major regional employer. Employees are therefore an important stakeholder group for the bank.

Overview of employee key figures

› Employment (parent company)	GRI	2024	2023	2022
Number of employees		6,291	6,086	5,790
Number of employees (full-time equivalent)	GRI 2-7	5,489	5,304	5,037
Turnover rate in %	GRI 2-7 GRI 401-1	5.5	6.1	6.4
Change in the number of jobs	GRI 401-1	↑ 185	↑ 267	↑ 99.4
› Health and occupational safety (parent company)				
Lost days per employees as a result of sickness or occupational and non-occupational accidents (days/employee)		7.1	6.4	8.1
– of which due to illness		6.5	5.9	7.5
– of which accident-related (occupational and non-occupational accidents)		0.6	0.5	0.6

Personnel structure

	GRI	2024		2023	
		Number	Share as %	Number	Share as %
› Board of Directors and Chairperson's committee	GRI 405-1	13		13	100
– Women	GRI 405-1	3	23	3	23
– Men	GRI 405-1	10	77	10	77
› Executive Board	GRI 405-1	8		8	100
– Women	GRI 405-1	1	12.5	1	12.5
– Men	GRI 405-1	7	87.5	7	87.5
› Board level (member of senior management and vice management)	GRI 405-1	1,250		1,178	–
– Women	GRI 405-1	238	19	211	17.9
– Men	GRI 405-1	1,012	81	967	82.1
› Member of middle management	GRI 405-1	2,165		2,051	–
– Women	GRI 405-1	826	38.2	775	37.8
– Men	GRI 405-1	1,339	61.8	1,276	62.2
› Bank employees	GRI 405-1	2,378		2,346	–
– Women	GRI 405-1	1,045	43.9	1,067	45.5
– Men	GRI 405-1	1,333	56.1	1,279	54.5

Our implementation measures

Fair and sustainable employee policy

Employees are offered fair and sustainable working conditions that go beyond the statutory requirements. This relates in particular to topics such as progressive working models (e.g. sabbaticals, annual working hours), holidays, notice periods, personnel development, training and further education, diversity and inclusion, family friendliness, health protection, retirement planning and retirement regulations.

We support employees in balancing their professional commitment with their personal life plans and respective stage of life. That is why we promote flexible working time models, management and part-time work as well as co-leadership.

We promote the use of local public transport by our employees and support offers from SBB and ZVV as well as Mobility Car Sharing.

Training and further education

We are actively involved in the training and further education of our employees on specialist and management topics, as well as on corporate responsibility and sustainability. As part of the induction of new employees and through further training for existing staff and various awareness-raising measures, we ensure that our employees are able to advise our clients competently, according to their needs and in compliance with regulations.

We also organise various internal training courses and themed days and weeks, for example on the subject of waste, to raise awareness among our employees.

We consider it extremely important that our employees continually expand their technical, methodological and social skills. We provide a wide range of internal classes, workshops, podcasts and videos, among other things, as well as the opportunity to attend external training and development courses.

In the year under review, CHF 12.2 million was invested in Zürcher Kantonalbank (parent company) in training and further education (CHF 2,238 per employee). Each employee spent an average of 14 hours on internal training and further education. 914 employees (16.7 percent) are currently taking part in a training course. We are continuously expanding our proven learning portal geared toward self-study to ensure that it continues to provide a needs-based range of courses to

promote our employees' development and make them fit for the future.

Headcount and relevant key figures

The group's headcount rose by 240 in 2024, from 5,539 to 5,779 full-time positions (FTE). 10 full-time positions were filled by temporary employees. The group employs a total of 6,607 people. The changes in headcount at Zürcher Kantonalbank (parent company) are shown in the table below. In addition, 341 employees were at the parent company on a banking or IT apprenticeship or high school internship.

Almost all employees at the parent company work in the Zurich economic area.

Unless indicated otherwise, the tables, figures and information below relate to the parent company. Employee data is collected by the HR department and is valid as at the reporting date of 31 December 2024.

Compensation model

Our compensation policy is aligned with the business strategy, takes into account the long-term interests of the bank and supports sound risk management. We apply a deferred payment model for part of the variable compensation for our Executive Board and other key management personnel. Furthermore, one component of this long-term deferred compensation is linked to the achievement of the public service mandate and thus to the sustainability commitments of the bank such as the Net-Zero Banking Alliance and the Net-Zero Asset Managers Initiative. Our salaries are based on gender-independent job profiles. We have equal pay audited externally every two years and make adjustments where necessary.

In 2023, Zürcher Kantonalbank had its compensation system comprehensively reviewed with the involvement of HCM International, a recognised external expert, and adapted it. The resulting findings were implemented as at 1 January 2024 and are now visible for the first time in this 2024 Compensation Report. The changes included the following aspects, among others:

- total compensation in line with the market
- calculation model for variable compensation
- reorganisation of long-term deferred compensation
- increased transparency

Basic training and further education (parent company)

	GRI	2024	2023	2022
Internal training and further education per employee (hours/employee)	GRI 404-1	14	18.6	16.1
Share of employees on external courses (in %)	GRI 404-1	16.7	15.6	16.9
Expenditure on further education (in CHF/employee)	GRI 404	2,238	2,091	2,161

- total compensation for the CEO and Executive Board capped until further notice

Further information can be found in the annual report under compensation report p. 87 ff.

Diversity, equity & inclusion

Zürcher Kantonalbank is convinced that practising diversity offers real advantages, that mixed teams achieve more and that this increases its attractiveness as an employer. Zürcher Kantonalbank has been focussing on diversity, equity & inclusion for over ten years. In 2023, the topic was integrated into the 2030 public service mandate and is therefore part of the balanced scorecard, the bank's strategic management tool.

In 2021, the Executive Board decided to launch measures to increase the proportion of women in management and set an example by signing the "Advance Diversity Charter". In 2023, the Executive Board decided to sharpen the focus once again. Zürcher Kantonalbank has set itself gender diversity targets and aims to increase the proportion of women at the second most senior level of management to 20 percent and to 30 percent at the third most senior management level by the end of 2026. In order to strengthen the long-term potential of women within the company, the aim is also to achieve a 50:50 gender ratio in junior management.

To achieve these goals, the Executive Board established the Diversity Steering Committee (DSA) in 2023. This committee defines measures for achieving the targets, which apply throughout the bank. The committee meets three times a year. The committee is chaired by the Executive Board's Diversity & Inclusion Officer, Head of IT, Operations & Real Estate.

The bank not only focuses on gender diversity, but is also committed to people with disabilities and attaches great importance to the equal treatment of people with different sexual orientations. Accordingly, it is also important for our bank to be active in other diversity, equity and inclusion issues:

- Since 2022, Zürcher Kantonalbank has been maintaining a new network: Mensch*. Employees with a disability are at the centre here, but the network is open to everyone. The aim of this network is to create an exchange of ideas and to make other interested employees aware of and educate them about issues relating to disabilities.
- An employee structure with a good balance of ages is also an important requirement for diversity. Lifelong learning, generation management, ensuring employability – this is how the advantages of older employees can be combined with those of younger employees. For this reason, we are not only committed to the serious promotion

of young talent, but also offer all employees the best possible support and development opportunities.

- We also attach great importance to the equal treatment of people with different sexual orientations. As a modern and open-minded employer, we carry the LGBTI label in order to send a strong signal regarding inclusion and appreciation of all employees. We also support our LGBTI network Queers & Peers and thus promote dialogue with one another.
- Cultural diversity is seen as a great opportunity for each individual at Zürcher Kantonalbank and is promoted accordingly. It forms the basis for effective and exciting collaboration between people from different backgrounds and ethnicities, enabling them to utilise their diverse and individual skills. A total of 42 nationalities are represented in our company.

Equal opportunities (parent company) 2024

	GRI	2024	2023	2022
Share of women in the workforce as %	GRI 2-7	36.9	37.6	37.0
– Share of women at the second most senior level of management (in %)		16.7	18.5	–
– Share of women at the third most senior level of management (in %)		26.6	25.2	–
Apprenticeships (apprentices, interns, trainees)	GRI 2-7	430	423	409
– of which women (in %)	GRI 2-7	39.5	37.6	–
– of which men (in %)	GRI 2-7	60.5	62.4	–

Key personnel figures

› Personnel structure by employment relationship (Executive Board, Board of Directors and Head of Audit not included)

	GRI	2024		2023	
		Number	Share as %	Number	Share as %
Full-time employees (FTE) (share as a % of the total workforce)	GRI 2-7	4,163	70.2	4,026	70.4
– Women (ratio as a % of positions held by women)	GRI 2-7	1,049	48.1	1,014	46.2
– Men (ratio as a % of positions held by men)	GRI 2-7	3,114	83.1	3,012	83.9
Part-time permanent employees (ratio as a % of all positions)	GRI 2-7	1,764	29.8	1,695	29.5
– Women in part-time employment (ratio as a % of positions held by women)	GRI 2-7	1,131	51.9	1,105	53.2
– Men in part-time employment (ratio as a % of positions held by men)	GRI 2-7	633	16.9	590	15.6

positions = number of employees

› Number of employees who have taken maternity/paternity leave

	GRI	Unit	2024	2023
Number of women	GRI 401-3	Number	98	77
Number of men	GRI 401-3	Number	111	92
Retention rate at the workplace 12 months after birth (% of women who were still employed 12 months later)	GRI 401-3	%	83.9	76.6

› Number of employees outside the parent company by region

	GRI	Unit	2024	2023
Swisscanto Fund Management Company Ltd. (Switzerland)	GRI 401-3	Number	105	103
Swisscanto Asset Management International S. A. (abroad)	GRI 401-3	Number	16	17
Austria	GRI 401-3	Number	116	115
United Kingdom	GRI 401-3	Number	7	8
Guernsey	GRI 401-3	Number	4	4
São Paolo	GRI 401-3	Number	2	2
Beijing	GRI 401-3	Number	2	2
Mumbai	GRI 401-3	Number	2	2
Singapore	GRI 401-3	Number	2	2

Appendix

Procedure for determining the material topics

The basis for updating the material topics is the materiality matrix from 2017, which was developed in collaboration with various representatives of our stakeholder groups. Topics in the context of sustainability were evaluated in terms of their relevance for our stakeholders and the materiality of their impact on sustainable development.

The material topics were revised in 2023 with the update of the GRI Standards 2021, the legal requirements for the report on non-financial matters in accordance with the Swiss Code of Obligations, the amendment of the Zürcher Kantonalbank Act and the further development of the 2030 public service mandate.

To this end, the 2022 Board of Directors seminar served as a workshop to further develop the 2030 public service mandate and the material topics. Various relevant sustainability topics were prepared in advance by the Public Service Mandate unit and presented at a preparatory meeting. The potentially negative and positive effects on sustainable development were taken into account. To this end, the framework conditions were broken down from an international perspective to a national perspective and finally to a cantonal perspective. In addition, we also took into account the industry and product-related topics that are important to us. In particular, we took into account the national and cantonal efforts to promote sustainable development: Switzerland's 2030 sustainability agenda, Switzerland's climate strategy, the climate strategy of the Canton of Zurich and the Zürcher Kantonalbank Act.

The outcome of the workshops was the Board of Directors' assessment of the business activities (impact) of Zürcher Kantonalbank. This enabled us to consider how we impact sustainable development and how it influences our business activities (double materiality). The results were consolidated by the Public Service Mandate unit and adopted at the 2023 Board of Directors seminar.

The following topics were identified as potentially negative impacts and influences:

- Climate: Climate risks, i. e. physical risks from climate change and transition risks on the way to a low-carbon economy, are important for the financial sector. Of particular relevance to Swiss banks is the Financial Market Supervisory Authority's (FINMA) specification of disclosure requirements for climate-related financial risks,

which came into force on 1 July 2021. In view of climate change, the risk of a disorderly transition to a low-carbon economy is increasing and the issue of climate risks is becoming even more important. At the same time, the transition to a climate-friendly economy also opens up business and investment opportunities. In view of climate change, the loss of nature poses an ever-increasing risk to the global economy.

- Social cohesion and human rights: Based on the reporting obligations on non-financial matters in accordance with the Swiss Code of Obligations, the topic of human rights has become even more important. In addition, the Swiss Confederation's 2030 Agenda for Sustainable Development has identified "equal opportunities and social cohesion" as a key topic for Switzerland.

We want to avoid the potentially negative effects of the above-mentioned topics by taking appropriate implementation measures for each topic.

We identify the following areas as potentially positive impacts and influences:

- Sustainable finance: Switzerland has set itself the goal of being a leading sustainable financial centre. According to the SBA, a sustainable financial centre is a financial market that contributes in its entirety to sustainable development and added value in economic, environmental and social terms. In other words, a financial centre that ensures and improves economic efficiency, prosperity and economic competitiveness both today and in the long term, while contributing to the protection and restoration of ecological systems as well as the promotion of cultural diversity and social prosperity. As the sustainable bank that's "Close to you", Zürcher Kantonalbank aims to have a positive impact on sustainable development. In accordance with the purpose article of Zürcher Kantonalbank, our public service mandate obliges us to contribute to the canton's fulfilment of its economic, social and ecological tasks and thus to support sustainable development.
- Social cohesion and human rights: With our public service mandate, we contribute to the canton's fulfilment of its economic and social tasks and provide the population, and in particular SMEs,

with basic necessities. In particular, we address specific target groups in accordance with the purpose paragraph (SMEs, employees, agriculture, public corporations, promotion of home ownership and low-cost housing construction). We are committed to human rights and refrain from financing activities, for example, that violate the United Nations' human rights standards, including the prohibition of child labour and forced labour. We want to serve as a role model on employee issues and promote integration, diversity and health among our employees.

We see both topics as areas of impact in which we can exert a positive influence.

We used our public service mandate (§ 2 of the Cantonal Banking Act on Zürcher Kantonalbank) and the legal requirements for non-financial reporting (Art. 964b of the Swiss Code of Obligations) to assess the materiality of the impact and prioritise the topics. The assessment was also based on a qualitative estimate of the probability and extent of the (potentially) negative and positive effects.

Stakeholder groups

Zürcher Kantonalbank and the Board of Directors maintain an open and transparent dialogue with their stakeholders. The dialogue takes place as part of a systematic exchange or in response to ad hoc enquiries. Stakeholder groups are identified and selected as part of the periodic validation of the sustainability policy by the Executive Board. The following explains how we are in contact with individual stakeholder groups:

- Clients: We create proximity to our clients every day by providing personalised advice and support. We also conduct a client satisfaction survey every two years. The aim of the surveys is to analyse the needs of clients at business unit level and derive suitable measures. The results and measures are integrated into the reporting to the Board of Directors.
- Employees: We regularly exchange information with our employees and conduct an employee satisfaction survey every two years. The aim of the surveys is to analyse the various areas in order to identify the needs of employees and take appropriate measures. The results and measures are presented to the Executive Board. Furthermore, the results are also discussed in the teams from all areas, and any necessary measures are taken. In addition, the internal employee representation committee is committed to the concerns of employees.

- Owner (Canton of Zurich): Several times a year, we engage in a personal dialogue with the Cantonal Parliament of Zurich, in particular with the Parliamentary Committee for the Supervision of Commercial Undertakings (AWU) of the Canton of Zurich.
- Suppliers: We are in regular dialogue with our suppliers. Regular dialogue is ensured through internal guidelines that govern the process.
- Partners: Our partners represent the most important business relationships for us. The relevant relationships are listed and explained on our homepage under "Collaborative partnerships": zkb.ch/en/home/our-company/company-structure
- The public: We are in constant dialogue with representatives from the realms of business, the environment and society, as well as media and culture. Through our diverse sponsorship commitments in particular, we engage in regular dialogue with interest groups, associations, clubs, and other organisations on economic, environmental and social issues.
- Supervisory authority: In its capacity as an independent authority with sovereign powers, FINMA works to protect creditors, investors and policyholders, as well as to protect the effectiveness of the financial markets. We are in regular dialogue with FINMA.

Appendix on climate-related financial risks and opportunities (TCFD)

Assessment of climate risks

The following sections explain in detail the identified risks and the qualitative assessment along the risk description and classification summarised in the Environment section.

Operational risks: Banking operations

We consider the climate-related financial risks from banking operations to be low in the short to long term, both in terms of physical risks and transition risks.

With respect to physical risks, extreme weather events could impact bank operations in a very adverse scenario. The probability of the bank's operations being adversely impacted by environmental factors, which would primarily include flooding, is considered to be very low. Most of the bank premises are located in the Canton of Zurich, while the buildings critical to operations are located in the city of Zurich. For systems that are critical to operations, there are fallback solutions that are regularly tested as part of business continuity management. Environmental and accident risks are an integral part of operational risk management.

Transition risks from banking operations are considered to be low. Compared to other sectors, the operational business of a bank (operation of buildings and other infrastructure) causes direct CO₂e emissions that are clearly lower than average. As a bank with primarily local operations, travelling also plays a subordinate role at Zürcher Kantonalbank. Zürcher Kantonalbank is continuously reducing its CO₂e emissions from banking operations as part of its environmental programme. Target achievement is reviewed annually. The remaining CO₂ emissions have been completely neutralised with qualitative negative emission technologies since 2024.

Credit risks: Financing business

We consider the climate-related financial risks to be low in terms of physical risks, while the transition risks are also low in the short term but slightly higher in the medium and long term.

Physical risks can arise, for example, from the negative impact of climate change on the value of collateral for collateralised loans. Our mortgage business is central. The properties could be damaged by extreme weather events and lose value as a result. The mortgage business is extremely important to Zürcher Kantonalbank. It is strongly focussed on the Greater Zurich area, while the mortgage portfolio is very highly diversified within

the economic area. The financed properties are located in Switzerland. Here too, the most serious natural disasters are flooding, although the impact of flooding is generally limited to small areas due to geographical conditions. Additionally, in the event of damage caused by natural hazards, a mortgage loan is only at risk of default if the damage is not adequately covered by the building insurance and the uncovered damage exceeds the unencumbered portion of the value of the property. In the short term, the risk of material credit losses due to climate risks is therefore very low. It can be assumed that extreme weather events will become more frequent due to ongoing global warming. At the same time, however, it can be assumed that preventive measures to protect against damage caused by natural hazards will also improve. In the long term, physical risks in the mortgage business will therefore remain at a low level.

In the remaining lending business, physical risks are relevant for unsecured commercial financing to the extent that the borrowing companies themselves may be affected by physical climate risks. The portfolio is focussed on Switzerland and well-diversified. The financed companies may have production facilities in regions that are more exposed to physical risks. The increase in extreme weather events could lead to greater price fluctuations for production resources or temporarily have a negative impact on supply chains. In addition, climatic conditions will become even more important when choosing a location for production capacities. The significance of physical risks varies greatly depending on the sector and industry. In view of the credit portfolio's broad diversification in terms of sectors and the adaptability of the financed companies, physical risks do exist, but are low overall.

Transition risks stemming from the process of adapting to the shift to a low-carbon economy play a greater role for the financing business of Zürcher Kantonalbank than physical risks. Lending by the bank, borrowers' creditworthiness and the value of collateral can all be affected by transition risks: Firstly, as a result of changes in legislation (amended regulations for heating and cooling systems, higher taxes, etc.); secondly, as a result of technological innovations in the area of climate technology that limit the value of existing products or production processes; thirdly, as a result of client preferences shifting toward sustainable products and services; and fourthly, as a result of changes in the demands of the various stakeholders regarding how Zürcher Kantonalbank deals with the climate-related topics (reputational risks).

In the area of mortgage loans, amendments to the law can have a negative impact on property values. By virtue of the political processes in Switzerland and the fact that everyone is directly or indirectly affected by the changes, sudden legislative amendments without

extended transition periods and with strong, negative impacts on the value of residential property are rather unlikely. Fossil fuel heating systems are among the major sources of CO₂, making it obvious that legal regulations governing these systems will change and become more stringent. In addition to risks, the bank also has opportunities here in that it can provide advice on switching to more climate-friendly heating systems and finance the corresponding investments. In the area of investment properties, it is likely that investor preferences will shift towards “green” properties in the medium to long term and that pressure on the prices of properties with a poor carbon footprint will increase in the medium to long term.

In the area of corporate financing, the impact of climate-related transition risks on borrowers’ creditworthiness will increase. Not only the risks arising as a result of changes in the legal framework (taxes, bans, etc.), but also risks related to technological breakthroughs must be taken into account. Innovations in the field of climate technology offer great opportunities, but they can also endanger existing business models. In the long term, some companies and sectors will have to adapt their products and services. Reputational risks are another aspect of transition risks in corporate financing. Different stakeholders have different expectations as to how climate issues should be factored into the bank’s lending policy are diverse and sometimes even contradictory. Stakeholders’ expectations of climate-compliant lending have changed and will also continue to change in the future. As a result, the reputational risk that arises for the bank if it fails to adequately adjust its sustainability and lending policies increases over time. The fact that contractual obligations in the lending business can extend over several years harbours the risk of long-term contracts that no longer meet current requirements. Lending in carbon-intensive sectors where transition is not possible or difficult is particularly important in terms of transition risks. For this reason, Zürcher Kantonalbank’s lending policy excludes, for example, direct financing of coal mining, oil and gas extraction, fossil fuel-fired power plants or commodity trade financing with coal for electricity production (thermal coal) or with crude oil and heavy oil.

Market risks: Trading business and financial investments

We consider the climate-related financial risks from the trading business to be low in the short to long term, both in terms of physical risks and transition risks.

In the case of physical risks, there is only a very low probability of financially significant losses from extreme weather events on the trading positions. The ongoing management of the trading portfolio leads to a low risk of stranded assets in both the short and long term.

In terms of transition risks, it cannot be ruled out that legislation, client preferences or public pressure could restrict the universe of tradeable financial instruments in the medium to long term. The majority of trading transactions have short terms and hedging options are generally available. This makes it possible to adjust the exposure and therefore the risk profile quite quickly. The trading business of Zürcher Kantonalbank focuses on client trading and the trading book is highly diversified at issuer level, which also has a risk-reducing effect. Zürcher Kantonalbank does not trade in emission certificates. Due to the dynamic nature of the trading business, there is a fairly high level of uncertainty involved when assessing risks in the long-term perspective.

The financial investments in the liquidity portfolio, a portfolio of high-quality bonds, are intended to be held until maturity. The factor of primary relevance with respect to climate-related financial risks is the selection of issuers. There are diversification requirements for the portfolio. Securities of issuers from sectors with a particularly high-carbon risk exposure are excluded from the investment universe, which reduces the risk of transition risks. Stricter legal or regulatory criteria could further restrict the investment universe in the medium to long term. The probability of defaults due to physical risks is classified as low.

Business risks: Investment and pension business

We consider the climate-related financial risks to be low in terms of physical risks, while the transition risks are also low in the short term but slightly higher in the medium and long term.

The investment and pension business form part of Zürcher Kantonalbank’s core business and is enormously important for the success of the commission business and services. On the one hand, this relates to investment advice and wealth management services and, on the other, to the bank as a producer of investment products (e.g. Swisscanto investment funds). The bank’s fiduciary responsibility in the investment and pension business gives rise to fiduciary risks. A fiduciary risk may arise if Zürcher Kantonalbank does not act in the client’s best interests when providing advice or managing client assets. Fiduciary risks are made up of business and strategic risks, operational risks and compliance risks, all of which are also influenced by climate risks and other factors. The systematic investment process with integrated risk management in the Investment Solutions organisational unit ensures that investment decisions are made within the risk ranges defined during investor profiling. Clients are informed in advance of the investment risks corresponding to the risk ranges. In Asset Management, our sustainability strategy is an integral part of the active investment process and risk management. The systematic

integration of climate-related aspects makes it possible to recognise risks at an early stage. An understanding of ESG data and a robust information platform integrated into the portfolio management system are key elements of our implementation.

Physical climate risks: Defaults or sharp decreases in the value of individual issuers' securities as a result of extreme weather events cannot be ruled out. However, diversification in the investment portfolios and ongoing adjustments to asset allocation reduce the risk of major losses from individual events. We therefore consider the physical risks to be very low overall in the short term and low in the long term.

Transition risks: In the context of investment advisory and wealth management, changes in ESG preferences or ESG investment solutions that do not meet requirements can lead to a loss of income. There is also a risk of greenwashing, meaning that clients are consciously or unconsciously misled about the sustainable characteristics of financial products or services. According to the guidelines of the Swiss Bankers Association, three levels are relevant with regard to greenwashing: financial service provider, financial service and financial instrument.

Zürcher Kantonalbank reduces these risks as follows:

a) at financial service provider level through careful, comprehensive training of the employees concerned in accordance with their specific function and a structured, digitally supported advisory process,

b) at financial service level through the systematic consideration of ESG preferences in the advisory and investment process as well as transparent information,

c) at financial instrument level, through both a consistent sustainability-based approach in the area of CIO investment solutions as well as through the sustainable product lines – "Responsible" and "Sustainable" – of Swisscanto investment funds and pension products, the criteria of which are transparently disclosed to investors.

Appendix on climate targets and key figures

Climate targets and key figures for the financing business

Methodology Residential mortgage business and Commercial mortgage business

The climate targets were determined according to the modelling described below. For the modelling, the due dates for refurbishments and heating system replacements were extrapolated for the future according to the assumed service life of the components, taking into account the estimated proportions of fossil fuel heating systems being replaced by climate-friendly systems as shown in the table (below). For the calculation, the necessary heating data was supplemented from the Register of Buildings and Dwellings (RBD, 93 percent of the financed residential properties and 96 percent of the financed office buildings) or from data from the Minergie association (7 percent of the financed residential properties and 4 percent of the financed office properties). Because it has more up-to-date information, priority was given to the heating information provided by the Minergie association. Full data on the energy efficiency of the financed buildings, i.e. on the refurbishment of façades, windows, roofs and basement ceilings, is still unavailable. Excluding refurbishments (worst-case scenario), the CO₂ intensity of the residential financing portfolio is 34.3 kg CO₂e/ERA or 18.2 kg CO₂e/ERA for office buildings. These values were calculated using the PACTA Calculator 2022 as at 31 December 2022 (residential mortgage business) and 31 December 2023 (commercial mortgage business), based on participation in the federal government's climate compatibility test (Paris Agreement Capital Transition Assessment, PACTA).

To arrive at an estimate of the CO₂ intensity with more practical relevance, Zürcher Kantonalbank assumes that the refurbishments were carried out after the end of the average service life of the building components (façade 40 years, windows 35 years, roof 50 years, basement ceiling 50 years). This assumption results in a value of 17.8 kg CO₂e/ERA for residential property and 9.5 kg CO₂e/ERA for office buildings. According to documents provided by the federal government, the information on heating systems in the RBD is still subject to major uncertainties. At the time of calculation, almost 60 percent of the heating system data in the Canton of Zurich still came from the 2000 census. As an oil or gas heating system only has an average service life of around 20 years, many property owners are likely to have already replaced their fossil fuel heating system with a climate-friendly one. Finally, the new Energy Act of the Canton of Zurich, which came into force on 1 September 2022, requires fossil fuel heating systems to be replaced with climate-friendly

Estimated proportion and number of fossil fuel heating systems substituted by climate-friendly ones by year in which the heating system is due to be replaced

Year	2017	2018	2019	2020	2021	2022–2029	2030–2034	2035–2039	2040–2050
› Residential property									
Max. proportion of climate friendly substitution	10 %	20 %	40 %	60 %	80 %	94 %	96 %	98 %	99 %
Number of climate friendly substitutions	298	691	1,126	2,433	1,986	20,811	16,111	12,069	3,525
› Office property									
Max. proportion of climate friendly substitution	10 %	20 %	40 %	60 %	80 %	94 %	96 %	98 %	99 %
Number of climate friendly substitutions	8	28	45	123	46	794	702	445	143

heating systems (see the section “Climate target of the Canton of Zurich”). Exceptions are only possible in cases of financial hardship and exceptional circumstances. This strict regulation has been in the pipeline for several years. According to the Fachvereinigung Wärmepumpen Schweiz (Swiss Heat Pump Association), sales of heat pumps in Switzerland increased significantly from 2017 onwards. When determining the status quo and the future reduction pathway, we therefore assume that a certain percentage of financing (see table above) which, according to the RBD, has a fossil fuel heating system that has been due for replacement since 2017 (based on an assumed service life of 20 years), has actually already been or will be replaced by climate-friendly heating systems. Assuming that the building components have been refurbished and that a portion of the heating systems were replaced at the end of their service life, the starting point for the reduction pathway for residential mortgage business is an intensity of 15.4 kg CO₂e/ERA or 8.1 kg CO₂e/ERA for commercial mortgage business.

Assumptions regarding missing data reduction path residential mortgage portfolio (imputations)

Energy reference area of the building (ERA): For 81,251 (81 percent) financing agreements, the missing ERA of the building was imputed from the living space (factor 1.3, according to the PACTA method). For 8,024 (8 percent) financing agreements, the ERA was supplemented from Minergie data (1st priority), for 11,268 (11 percent) from RBD data (2nd priority).

Living space of the building (SFH/MFH) or the flat (CNDO):

The ERA can only be imputed if information about the building’s living space has been provided. For 198 (0.2 percent) financing agreements, the living space of the building had to be imputed based on RBD statistics.

Living space of condominiums: Residential living space is required for the aggregation of individual inten-

sities at portfolio level. In the case of 4,446 condominium financing agreements (11 percent of condominium financing agreements), the living space missing from the company’s own data was imputed based on RBD statistics.

Number of floors in the building:

The number of floors is required in the PACTA real estate model in order to model the heating requirement in accordance with SIA standard 360/1 (2016). For 97 (0.1 percent) financing agreements, the number of floors of the building had to be imputed based on RBD statistics.

Assumptions regarding missing data reduction path commercial mortgage portfolio (imputations)

Energy reference area of the building (ERA):

For 2,079 (65 percent) financing agreements, the missing ERA of the building was imputed from the gross floor area (factor 0.9). For 117 (3 percent) financing agreements, the ERA was supplemented from Minergie data (1st priority), for 1,018 (32 percent) from RBD data (2nd priority).

Gross floor area of the building:

The ERA can only be imputed if information about the building’s gross floor area has been provided. For 146 (7 percent) financing agreements, the number of floors had to be imputed to determine the gross floor area and for 10 properties (0.5 percent) the floor area had to be imputed from RBD statistics.

Assumed service life of the components in years

Component	Service life in years
Façade	40
Windows	35
Roof	50
Basement ceiling	50
Heating system	20

Climate targets and key figures for the investment business

Special case of direct and indirect property investments by Asset Management

The target for direct property investments is part of the 20 percent of AuM by Asset Management that is aligned with the <2 °C target.

Objective

Our CO₂e reduction target is based on target values that are compatible with the Paris Agreement (IPCC “well below” 2 °C scenario (67 percent)). To achieve these targets, CO₂e reduction pathways are created for the property portfolios, which are periodically adjusted to current circumstances (e. g. due to refurbishments, new acquisitions or disposals).

With the “Swisscanto (CH) Real Estate Fund Responsible Switzerland indirect”, the “Swisscanto (CH) IPF II Real Estate Fund Responsible International indirect” and the “Swisscanto (CH) Real Estate Fund Responsible Switzerland indirect (I)”, ZKB Asset Management focuses its investment activities on the reduction of CO₂e emissions with the aim of making a significant contribution to climate protection.

Methodology

In order to reduce the CO₂e intensity of the investments, the energy consumption and greenhouse gas emissions of the existing properties are measured on an ongoing basis. All greenhouse gases with a global warming effect are included in accordance with the international standard of the GHG Protocol (measured in CO₂e). Greenhouse gas emissions are calculated in accordance with the methodology of the Real Estate Investment Data Association (REIDA) recommended as best practice by the Asset Management Association Switzerland (AMAS) as CO₂e based on the energy consumption values.

Implementation measures for direct and indirect property investments

The specific measures for achieving the reduction pathway follow a three-pronged strategic approach consisting of OPEX, CAPEX²² and new builds. OPEX measures include, for example, systematic operational optimisation in the properties and CAPEX measures include the replacement of fossil fuels with renewable resources. Furthermore, CO₂e-intensive properties are also managed through targeted transaction activity. The remaining greenhouse gas emissions can be offset by purchasing emission reduction certificates (ERCs).

Climate targets direct and indirect property investments by Asset Management

Time frame	Targets	Base year	Methodology	Scenario
Direct property investments	2030: 8.0 kg CO ₂ e/m ² ERA (48 % reduction) 2040: 3.9 CO ₂ e/m ² ERA (75 % reduction) 2050: 1.0 kg CO ₂ e/m ² ERA (94 % reduction)	2020	REIDA ²³ Metrics: Intensity (scope 1, 2)	IPCC Well below 2 °C scenario (67 %)

22 OPEX = Operational Expenditures (operating expenses, i. e. costs for raw materials and supplies, personnel costs, energy costs and costs for sales and administration), CAPEX = Capital Expenditures (investment expenditure for longer-term assets).

23 Real Estate Investment Data Association

Glossary

CO₂ equivalents (CO₂e)

is a unit of measurement used to compare the climate impact of different greenhouse gases. This is also referred to as the global warming potential (GWP) of the various gases. The quantities of other greenhouse gases, such as methane or nitrous oxide, are converted into the quantity of CO₂ that would have the same effect on global warming.

——> Source: Climate glossary FOEN, 2020

Corporate volunteering

refers to the employer's support for charitable activities, i. e. the involvement of our employees in public offices, trade associations and expert activities. Through our corporate volunteering programme, we contribute to a liveable Canton of Zurich in line with our public service mandate.

Financial literacy

refers to the ability to understand financial information and make informed decisions when dealing with money. This includes knowledge of topics such as saving, investing, debt management, insurance and retirement planning. Thanks to financial literacy, individuals should be able to better manage their financial situation, minimise financial risks and achieve long-term financial security and prosperity.

Global warming

refers to the increase in average temperature since the beginning of industrialisation. Greenhouse gases are responsible for this. They are mainly caused by the burning of fossil fuels such as coal, oil and natural gas as well as by large-scale land use changes, such as the deforestation of tropical rainforests.

——> Source: Climate glossary FOEN, 2020

Greenhouse gas emissions Scopes 1–3

The greenhouse gas emissions of a company can be divided into Scopes 1–3. 'Scope 1' includes direct greenhouse gas emissions from sources owned or controlled by the company. 'Scope 2' refers to indirect greenhouse gas emissions associated with the production of purchased electricity, heat or steam. 'Scope 3' includes all other indirect emissions, i. e. emissions associated with the extraction and production of purchased materials, fuels and services. (Source: Annex Fifth Assessment Report, Glossary of the German IPCC Coordination Office, 2016). The so-called "financed emissions" (category 15 of the Greenhouse Gas Protocol), which encompass core activities such as the investment and financing business are particularly relevant for financial institutions.

Negative emission technologies (NET)

are biological and technical processes used to remove carbon from the atmosphere and sequester it permanently in forests, soils, wood products or other carbon stores.

——> Art. 2, Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security

Net Zero Asset Managers Initiative (NZAM)

is an international group of asset managers committed to the goal of reducing greenhouse gas emissions to zero by 2050 or earlier, in line with global efforts to limit warming to 1.5 degrees Celsius and to support investments that aim to achieve net-zero emissions by 2050 or earlier. Asset Management at Zürcher Kantonalbank joined NZAM in 2021.

Net-Zero Banking Alliance (NZBA)

is an initiative convened by the UN. The members have committed, among other things, to align their business activities with the goal of achieving net-zero emissions by 2050. This ambitious commitment requires banks to set interim targets for 2030 or earlier, following sound, science-based recommendations. The Net-Zero Banking Alliance emphasises the important role of banks in supporting the transition of the global real economy to net-zero greenhouse gas emissions. Zürcher Kantonalbank joined the NZBA in December 2022.

Net-zero emissions

means minimising greenhouse gas emissions and offsetting the impact of the remaining emissions through the use of negative emission technologies. The term greenhouse gas neutrality is often used colloquially.

——> Art. 2, Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security

Paris Agreement Capital Transition Assessment (PACTA)

The PACTA test is a Europe-wide climate compatibility test for investment and mortgage business to measure the climate compatibility of financial flows in accordance with the Paris Agreement. PACTA stands for Paris Agreement Capital Transition Assessment. All Swiss banks, asset managers, pension funds and insurance companies were invited to have their portfolios tested voluntarily and anonymously. In 2024, 146 financial institutions voluntarily took part in the PACTA climate test, including 71 pension funds, 15 insurance companies, 34 banks and 26 asset managers.

——> Source: FOEN, PACTA Climate Test 2024, 2024

Partnership for Carbon Accounting Financials (PCAF)

is an initiative by the financial sector to develop a uniform and transparent standard for the valuation and disclosure of financed and invested emissions. Zürcher Kantonalbank joined PCAF in May 2022 as a further step towards greater climate transparency. The so-called “financed emissions” (category 15 of the Greenhouse Gas Protocol), which differ from “operational emissions”, are particularly relevant for financial institutions. PCAF also specifies data quality levels; score 1 corresponds to the highest data quality and is based on directly reported and verified emissions data. Score 5 corresponds to the lowest data quality and is based solely on assumptions and estimates.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are 17 global sustainability goals that were adopted by the United Nations in 2015 and are to be achieved by 2030. Switzerland is committed to these SDGs and has specified them for Switzerland with the Agenda 2030.

Task Force on Climate-related Financial Disclosure (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) is an initiative launched by the Financial Stability Board of the G20 in 2015. The TCFD’s recommendations for reporting climate-related risks and opportunities form the basis of the Swiss Ordinance on Climate Disclosures. With the disclosure of climate-related financial risks for the 2021 financial year, Zürcher Kantonalbank has been a TCFD supporter since May 2022. The task force has since been disbanded and the TCFD recommendations have been fully integrated into international reporting standards.

UN Principles for Responsible Banking (UN PRB)

The UN PRB stands for “United Nations Principles for Responsible Banking” and was founded in September 2019 by the United Nations Environment Programme Finance Initiative (UNEP FI). These six principles serve as a conceptual framework for banks to align themselves with the Sustainable Development Goals (SDGs) and the Paris Agreement.

UN Principles for Responsible Investment (UN PRI)

The UN PRI stands for “United Nations Principles for Responsible Investment” These six principles were launched in 2006 and provide a framework for investors to integrate environmental, social and governance (ESG) factors into their investment decisions and ownership practices. Zürcher Kantonalbank joined the Principles for Responsible Investment (PRI) in 2009.

Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU) (Association for Environmental Management and Sustainability in Financial Institutions)

The Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e. V. (VfU) is an organisation that specialises in the promotion of environmental management and sustainability in the financial sector. Zürcher Kantonalbank uses the tool provided by the VfU with science-based emission factors to calculate operational emissions. The VfU tool is based on internationally recognised standards and methods such as the Greenhouse Gas Protocol.

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- 0 (0 or 0.0) Figure that is smaller than half the unit of account used
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