

# **Extract from the Sustainability Report on climate issues**

# 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.

In order to combine successful business activity with responsibility for the environment and society on a long-term basis, Zürcher Kantonalbank sets itself sustainability ambitions. These are guided by the Sustainable Development Goals (SDGs) of the United Nations, the Paris Climate Agreement and the goal to achieve greenhouse gas neutrality by 2050.



## **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 updated annually, is approved by the Executive Board and applies to all business areas and business activities both domestically and abroad, as well as to our own operations ([zkb.ch/sustainabilitypolicy](https://zkb.ch/sustainabilitypolicy)).

The sustainability policy addresses the issue of the climate as one of its major components, 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.

The key stakeholder groups named in the sustainability policy are our clients, our employees, the Canton of Zurich as the owner, the relevant supervisory authorities, suppliers and partners, and the general public.

# Sustainability ambitions in the group strategy

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

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## **Accompanying our clients on the path to a more sustainable future**

We accompany our clients with products and services on the path to a more sustainable future. We make an active contribution to achieving greenhouse gas neutrality by supporting the transition in the real economy.

We do this primarily in the financing and investment business: to this end we set climate targets that are anchored in the sustainability mandate as management metrics for the Public Service Mandate 2030 initiative. We go into more detail on our measures in Section 5 Environment and Section 6 Social issues and human rights.

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## **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, scale-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.

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## **Training courses for employees**

To support our clients towards a more sustainable future, employees at Zürcher Kantonalbank receive regular training on various ESG topics.

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## **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.

## We actively shape sustainability issues.

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

Corporate citizenship refers to the whole range of things we do in the economy, society and the environment beyond our core business activities. We fulfil our social responsibility by contributing to the economic strength and quality of life in the Canton of Zurich. These two areas of activity are enshrined in the Public Service Mandate 2030 initiative.

We promote industry initiatives and join targeted membership and partnership programmes for this purpose. Here are some of our memberships and partnerships related to sustainability:

#### Memberships:

- Energy Model Zurich
- Swiss Sustainable Finance (SSF)
- swisscleantech
- Sustainable Investment Forum (SIF)
- EUROSIF
- UNEP Finance Initiative (UNEP FI)
- Principles for Responsible Investment (PRI)
- UN Principles for Responsible Banking (PRB)
- Center for Corporate Reporting (CCR)
- ÖBU
- Association for Environmental Management (VfU)

#### Partnerships:

- Fairtrade Max Havelaar
- Mobility Business Car Sharing
- naturemade star!
- Minergie Association
- Network for Sustainable Building Switzerland (NNBS)
- starte! Energy-efficient modernisation
- ZKB Sustainability Award for vocational trainees
- Revitalisation of Jonen Rifferswil
- Check Your Chance – against youth unemployment

We are also part of the following climate-related initiatives:

- Net Zero Asset Managers Initiative (NZAM)<sup>1</sup>
- Net-Zero Banking Alliance (NZBA)<sup>2</sup>
- Partnership for Carbon Accounting Financials (PCAF)
- Carbon Disclosure Project (CDP Disclosure)
- Climate Bond Initiative (CBI)

### Operational sustainability

In operational sustainability, we focus on the topics of employee satisfaction, equal pay and diversity, equity and inclusion, and climate targets in our own operations. In addition, we are one of the largest providers of vocational training in the Canton of Zurich.

As part of the sustainability mandate in the Public Service Mandate 2030 initiative, Zürcher Kantonalbank has set itself targets for operational sustainability, specifically the commitment targets for employee satisfaction, the independent review of equal pay and DEI targets (see Employees section), as well as climate targets in our own operations (see Environment section).

<sup>1</sup> The Net-Zero Asset Manager Initiative is currently on pause.

<sup>2</sup> Member until the member-based alliance was dissolved and transferred to a reference framework with effect from 3 October 2025.

# Corporate governance

Zürcher Kantonalbank pursues an integrated approach to corporate governance when it comes to dealing with sustainability issues.

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Our corporate governance is described in the annual report on pages 65 to 88. 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 structure of Zürcher Kantonalbank follows the requirements of federal law (e.g. the circular of the Swiss Financial Market Supervisory Authority FINMA), the Cantonal Banking Act on Zürcher Kantonalbank and the organisational regulations for the group and the parent company of Zürcher Kantonalbank issued by the Board of Directors and approved by the Swiss Financial Market Supervisory Authority FINMA, as well as other regulations ([zkb.ch/governance](https://www.zkb.ch/governance)).

With regard to the public service mandate, the following legal and strategic requirements and instruments are of particular importance:

<b>Cantonal Banking Act on Zürcher Kantonalbank (Zürcher Kantonalbank Act)</b>	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. Among other things, this regulates the legal form, purpose (with the public service mandate), capitalisation, state guarantee, scope of business, organisation and distribution of profit.
<b>Organisational regulations</b>	<p>The organisational regulations issued by the Board of Directors for the group and the parent company of Zürcher Kantonalbank 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.</p> <p>They also contain the main guidelines, responsibilities and competences in connection with the identification, evaluation, control, management, monitoring and reporting of risks. In addition, they regulate the organisation of the Compliance function and the basic principles for compliance within the group.</p>
<b>Regulations on preparing the elections for the members of the Board of Directors and the Chairperson's Committee</b>	These regulations set out the requirements concerning the job profile as well as the preliminary examination and nomination to the Board of Directors and the Chairperson's Committee.
<b>Guidelines for the Fulfilment of the Public Service Mandate</b>	The publicly available Guidelines for the Fulfilment of the Public Service Mandate, issued by the Board of Directors and approved by the Cantonal Parliament, set out the details of the public service mandate of Zürcher Kantonalbank as laid down in § 2 of the Zürcher Kantonalbank Act. Among other things, they set out the implementation in the operational business (§ 7), the bodies for monitoring the public service mandate (§ 9 to § 11) and the instruments for monitoring (§ 12).
<b>The most important instruments for managing and controlling the public service mandate</b>	<ul style="list-style-type: none"> <li>– group mission statement as a guiding framework</li> <li>– the 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</li> <li>– group strategy (including sustainability ambitions) and strategies of the business units (business unit strategies)</li> <li>– annual planning and objective setting in the business units at all levels</li> <li>– linking long-term deferred compensation to the achievement of the performance indicators from the public service mandate</li> </ul>
<b>Sustainability policy</b>	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 (see section Sustainability in the group strategy).

## 3.1 Sustainability as an integral part of corporate governance

The purpose article of the Cantonal Banking Act on Zürcher Kantonalbank and the guidelines for the public service mandate form the basis of our sustainability governance. These set out the tasks, competencies and responsibilities concerning the public service mandate. Sustainability issues are not dealt with separately, rather as an integral part of our business policy within the framework of corporate governance at Zürcher Kantonalbank. Corresponding guidelines, committees, responsibilities and competences have been set out in a framework concept approved by the Executive Board.

### Cantonal Parliament

Zürcher Kantonalbank is subject to the overall supervision of the Cantonal Parliament. The Cantonal Parliament is responsible, among other things, for approving the Guidelines for the Fulfilment of the Public Service Mandate, which specify Zürcher Kantonalbank's public service mandate as set out in § 2 of the Cantonal Banking 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 in the German annual report (see Annual report in German, pages 27 to 44).

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 2025 on 1 June 2026.

### 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, which is responsible for monitoring and refining the public service mandate.

In addition to the above tools 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.

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.

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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 by providing preliminary advice and issuing recommendations on these matters. Among other things, it assesses the bank's compensation system, in particular to ensure it is in line with the market, sustainable and avoids false incentives which could, among other things, lead to inappropriate risks being taken.

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. This assessment is based on the risk categories used in the bank. In addition, every year the Risk Committee of the Board of Directors takes 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. 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, Conflicts and Compliance 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 compliance risks. From 2026 there will also be a Compliance Committee that will assume these tasks for compliance risks.

The committees make decisions within the scope of the competences delegated by the Executive Board. The Risk Committee of the Executive Board 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.

## **Sales Committee**

The Executive Board is responsible for dealing with sales, brand and marketing issues. It is supported in this respect by the Sales Committee.

## **Public Service Mandate Steering Committee (SALA)**

The Public Service Mandate Steering Committee (SALA) is anchored in § 11 of the Guidelines for the Fulfilment of 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.

It consists of representatives from all business units. The CEO is the Chairperson of the SALA, and the CFO is the Deputy Chairperson. The Chairperson is in close contact with the Head of the Public Service Mandate

unit, who is responsible for planning and coordinating the meetings in consultation with the Chairperson of the SALA. The SALA manages the public service mandate by:

- initiating and developing adjustments to the sustainability policy;
- promoting the integration of sustainability into business unit strategies;
- advising on the implementation of regulatory requirements on sustainability issues (together with other specialist functions);
- analysing important national and international frameworks, initiatives and alliances in the area of sustainability;
- serving 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;
- handling cross-sector orders and initiatives in connection with the public service mandate;
- advising on the metrics provided to the Chairperson's Committee and the Board of Directors for the public service mandate and the annual report on the public service mandate.

## **Diversity Steering Committee (DSA) (from 1 January 2026: People & Culture Steering Committee)**

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

The committee was dissolved on 31 December 2025, and the issues were transferred to the People & Culture Steering Committee in line with our integral sustainability approach. The topic of gender is now discussed twice a year in the Executive Board.

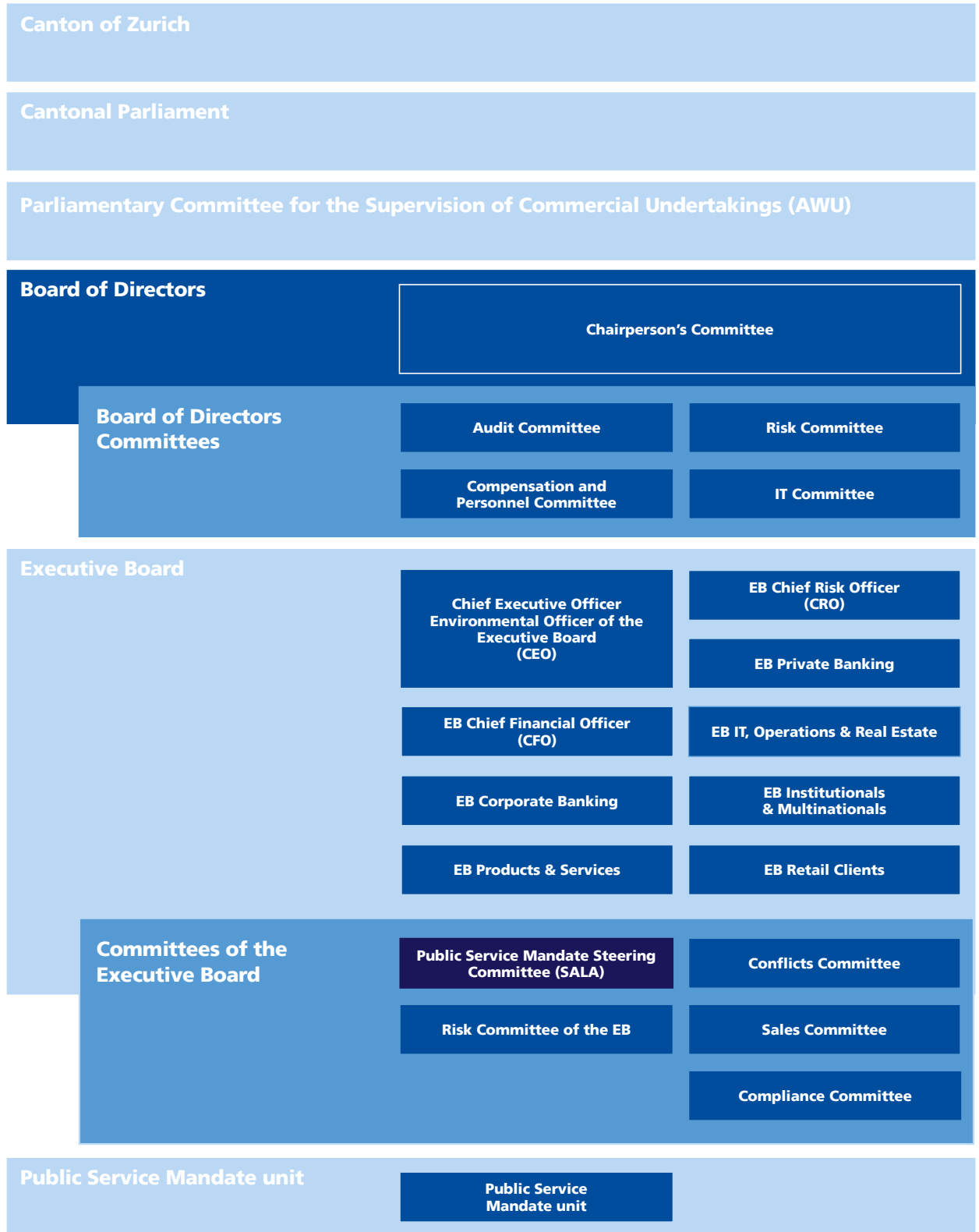
## **Specialist committees**

There are specialist committees for individual business areas to deal with sustainability issues (e.g. the ESG Committee for Asset Management (ESGC) and the Sustainability Committee for Structured Products).

## **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.

# Sustainability within existing corporate governance



Focus on sustainability
  Committees
  Responsibility for sustainability

## 3.2 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, the effectiveness of which are reviewed regularly. It also handles conflicts of interest responsibly, emphasises transparency and establishes confidential channels and processes for whistleblowing.

### General conditions

With regard to responsible management, the following requirements and instruments are of particular importance:

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#### Swiss Federal Act on Banks and Savings Banks (Banking Act) and Supervision of the Swiss Federal Financial Market Supervisory Authority FINMA

Zürcher Kantonalbank conducts its business under a licence from 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.

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.

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#### Regulations on the Code of Conduct and Ethics (Code of Conduct)

The Code of Conduct and Ethics for the Zürcher Kantonalbank group serves 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.

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#### Regulations on the group's Legal & Compliance function

The regulations set out the organisation, responsibilities and competencies of the group's Legal & Compliance function and define the guidelines and basic principles of compliance within the group. 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 members of governing bodies, which also includes adherence to organisational measures and processes.

It is also noted that Legal & Compliance performs the "Compliance function" in accordance with the FINMA circular "Corporate governance – banks".

### Measures Legal & Compliance

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.

### 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. Furthermore, corruption or bribery did not play any significant role as a predicate offence in the money laundering reports submitted.

### Dealing with conflicts of interest

Zürcher Kantonalbank attaches great importance to acting honestly, professionally and with integrity. Wherever possible, it avoids situations that could lead to conflicts of interest. 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. 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 conflicts of interest. In the event of a conflict of interest, measures must be taken. 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](https://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 installed a 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. Reports can be submitted through various channels and in particular via a 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 ([zkb.ch/en/legal/whistleblowing](https://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 purpose of the business relationship 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 such as contracts, register extracts and Form A.
- 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. 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.

### General conditions

With regard to responsible sales practices, the following requirements and instruments are of particular importance:

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#### Self-regulatory arrangements of industry associations

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.

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#### Internal regulations and processes

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. Training courses are held on an ongoing basis to raise awareness among employees who are involved in creating external communications.

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## **Responsibilities of the Executive Board and the Sales Committee**

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 consists of the CEO, the Head of Products & Services 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.

## **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.

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](https://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.

### **Responsible sales practices in the financing business**

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.

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, the Executive Board or the Chairperson's Committee in writing, by telephone, by e-mail or via the contact form at [zkb.ch](https://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. Where appropriate, we make our offering available digitally.

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

With regard to digitalisation, cyber security and data protection, the following requirements and instruments are of particular importance:

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#### Guiding frameworks for data protection and cyber security

The following guiding frameworks are relevant for data protection and cyber security:

- the Federal Act on Data Protection (FADP)
- FINMA circulars (“Corporate governance – banks”, “Outsourcing”, “Operational risks and resilience – banks”)
- FINMA guidance (“Duty to report cyber attacks”)
- the ISO 27000 series of standards

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.

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#### Checking security requirements

Every three years at the most, the security requirements are also reviewed by independent security experts with regard to good practice and completeness.

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#### Coordination with the group, IT and risk strategy

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.

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#### Risk Committee of the Board of Directors and Risk Committee of the Executive Board

Reports are submitted to Executive Board and the Board of Directors with its risk committees quarterly and annually as part of the OpRisk profile of Zürcher Kantonalbank.

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#### IT Committee of the Board of Directors

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.

Among other things, it assesses the effectiveness of the management of IT risks with an impact on IT-related investment risks.

## Measures

### Cyber security

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/digitales-banking](https://zkb.ch/digitales-banking).

### Protecting privacy and data protection

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 and 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](https://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.

# Environment

As a part of the Swiss financial centre, we fulfil our responsibility in the efforts to achieve sustainable development worldwide and the transformation to net-zero greenhouse gas emissions 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. We are guided by the Paris Climate Agreement and the goal of achieving net-zero greenhouse gas emissions by 2050. We take into account the principle of double materiality, i. e. we analyse 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 environmental and climate-related issues

With regard to environmental and climate-related issues, the following requirements are of particular importance:

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### Zürcher Kantonalbank Act

Since 1 January 2024, supporting sustainable development and promoting the achievement of greenhouse gas neutrality have been enshrined in the purpose article (Art. 2) of the Zürcher Kantonalbank Act. Under Article 7, the bank is also required to actively contribute to achieving the cantonal climate targets, in particular regarding energy-efficient building renovation.

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### Federal law

The Ordinance on Climate Disclosures, which has been in force since 1 January 2024 and specifies the requirements for transparency on non-financial matters in accordance with the Swiss Code of Obligations (CO 964) with regard to climate matters, serves as a binding guideline for us. The ordinance calls for a transition plan comparable to the Swiss climate targets, with climate targets and measures and transparency regarding the reporting of greenhouse gas emissions. Our climate ambition is based on the climate target of net-zero greenhouse gas emissions by 2050, as set out in the Climate Protection Targets, Innovation and Strengthening Energy Security Act (CIA), which came into force on 1 January 2025.

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### FINMA requirements on disclosing climate-related financial risks

In addition, the FINMA disclosure requirements on disclosing climate-related financial risks apply to us; these are met with our annually updated disclosure report ([zkb.ch/disclosure](https://zkb.ch/disclosure)).

### 5.1.1 Climate-related opportunities Accompanying and supporting our clients in their transition to net-zero 2050 with products and services

Switzerland has set itself the goal of further expanding its financial centre as one of the world's leading locations for sustainable finance.

Based on our public service mandate and our sustainability ambition in the group strategy, we see promoting the net-zero transition as an opportunity to accompany our clients towards net-zero 2050. This enables us to add value for our clients with our products and services and contribute to the sustainability of the Swiss financial centre.

In the financing business, we accompany our clients on the path to a more sustainable future in the areas of buildings, energy and mobility. 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 solutions for energy-efficient renovations and energy-efficient new buildings.

We want to play a leading role in the investment business with sustainable offerings. To this end, we apply the ZKB sustainability standard for our active investment solutions and for the sustainable variants of ZKB Portfolio Consulting in which CO<sub>2</sub> 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 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

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 provide our clients with solutions for financing energy-efficient renovations and energy-efficient new buildings.

To reduce CO<sub>2</sub> emissions in our own operations, 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 CO<sub>2</sub>e emissions.

### 5.1.2 Sustainability risk management and climate-related financial risks

Sustainability and climate-related financial risks are defined as the short, medium and long-term potential for direct or indirect negative financial impacts on the institution resulting from its exposure to ESG and climate issues.

Climate-related financial risks influence the risk profile of Zürcher Kantonalbank, but are not among the top risks. They are low overall. Transition risks are of greater significance than physical risks.

Sustainability risks are treated as a driver 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 from the effects of climate change and the associated damage done to ecosystems. Transition risks arise from the transition to an environmentally friendly economy, in particular decarbonisation, for example due to changes in climate and environmental policy, technological developments, further developments in case law or changes in the behaviour of market participants.

For transition risks, the key drivers for the bank are climate legislation, changing client preferences, public perception and climate change itself. Particularly relevant are compliance and reputational risks from business areas where the various stakeholders have high or at least very different expectations regarding how the bank should contribute to achieving the climate targets. In terms of physical climate risks with climate change as a risk driver, there are low risks relating to the mortgage business and the commercial lending business. At portfolio level, the bank does not expect any significant financial losses from physical risks caused by climate change, even in the longer term.

### Risk management process

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



The management of climate risks as part of the sustainability risks forms an integral part of risk management processes. Sustainability aspects are taken into account in the identification and assessment of the respective risk categories and – where material – in controlling, managing, monitoring and reporting them. A more detailed description of risk management can be found in the disclosure on climate-related financial risks as at the end of the year ([zkb.ch/disclosure](http://zkb.ch/disclosure)).

Various possible future developments (scenarios) were analysed to identify and evaluate climate-related financial risks. The scenarios in the scenario framework of the NGFS (Network for Greening the Financial System) and the climate scenarios of the Federal Office for the Environment FOEN were used for this purpose. The following presentation of climate-related financial risks by risk category shows a “worst-of” view. This means transition risks are assessed under scenarios with a disorderly transition to a low-carbon economy (“disorderly transformation”), while the physical risks are assessed under “hot-house-world” scenarios with a sharp rise in temperature. In a scenario with a moderate rise in temperature and an orderly transition to a low-carbon economy, the risks are therefore lower overall than in the “worst-of” view presented below.

Compliance risks were assessed as part of the transition risks in all business areas. Further information on the procedure for identifying and assessing risks can be found in the appendix.

#### a) Credit risks

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 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. Enabling meaningful reports for risk management depends on the availability and quality of public data on greenhouse gas emissions, especially for unlisted companies.

#### b) Market risks (trading and financial investments)

Trading has a business model centred on client transactions. The trading book is highly diversified, the positions generally have short maturities and the trading business is geared towards rapidly changing market situations.

Own financial investments are dealt with in section 5.2.7 Climate targets, measures and key figures for own financial investments.

#### c) Liquidity risks

The bank has not identified any transmission paths from climate risks to liquidity risks. Consequently, there are no liquidity risks from the climate risk factor.

#### d) 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 CO<sub>2</sub>e 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 CO<sub>2</sub>e 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.

#### e) Business risks (investment business of Asset Management and Investment Solutions)

Risk identification and assessment in the investment advisory 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. Changes in the legal framework for the investment business are analysed by specialised units on an ongoing basis, and the relevant changes are subsequently adopted in the products and services offered.

In the standardised asset management and investment advisory mandates of Investment Solutions, graduated combinations of the ZKB sustainability approaches are used, depending on the variant.

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 customised 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 CO<sub>2</sub>e reduction target achievement is monitored by Risk Management as well as by Investment and Portfolio Controlling. The degree of CO<sub>2</sub>e target achievement is also a component of the publicly available sustainability reporting for sustainably managed products.

### Overview from the qualitative assessment of climate-related financial risks

	Physical risks		Transition risks		Materiality	
	short to medium term	long term	short to medium term	long term	yes/no	Comments
<b>Credit risk</b>						
Mortgage lending	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	no	Low physical risks for the bank, defined reduction paths for residential and office properties.
Commercial lending business	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	no	Risks low. Industry exclusions, conditions and, above all, short maturities of financing in exposed industries.
<b>Market risk</b>						
Trading	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	no	Very low risks due to client focus of trading, continuously managed positions with short maturities.
Financial investments (Treasury)	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	no	Very low risks due to top credit ratings of the bonds in the investment portfolio and exclusion of industry-intensive CO <sub>2</sub> issuers.
<b>Operational risk</b>						
Banking operations	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	no	Very low risks. Business continuity management for natural hazards already in place, operational environmental programme with CO <sub>2</sub> reduction target.
<b>Business risk</b>						
Asset Management	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	yes transit.	Physical risks very low, moderate transition risks from dynamics of the legal framework for investment products and potential failure to hit climate targets.
Investment Solutions business	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■	no	Physical risks very low, low transition risks from complexity in investor protection.



short term: up to 1 year  
 medium term: up to 5 years  
 long term: up to 50 years

### Assessment of materiality

As part of the annual assessment of climate-related financial risks, the Risk Committee of the Executive Board also assessed materiality, as required by FINMA Circular 2026/1.

As far as business risks are concerned, the financial risk arising from longer-term transition risks for Asset Management was categorised as “moderate” and therefore material within the meaning of FINMA Circular 2026/1 “Nature-related financial risks”. The risk of fluctuations in the value of investment assets is generally borne by the investors. The legal framework for asset management in the area of sustainability is developing dynamically, which increases complexity and costs for the bank. Violations of applicable legal provisions, publicly communicated climate targets, contractually agreed climate aspects for individual portfolios or the high-profile cancellation of memberships in initiatives may entail compliance or reputational risks (including accusations of greenwashing), which could materialise for the bank in a reduction in income. The regulatory trend is difficult to assess in the longer term and beyond the bank’s control. In the short to medium term (up to five years), developments are easier to predict and the risks are considered to be low.

### 5.1.3 Resilience of the banking strategy to 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 integrate ESG risks and opportunities in our business activity.

When introducing or reviewing products and services, compatibility with the bank-wide sustainability policy is required. Further requirements are set out in business-unit-specific internal guidelines, for example in the credit manual.

## 5.2 Climate targets and measures

Our transition plan, which is based on the Swiss climate targets in accordance with the Ordinance on Climate Disclosures, includes climate targets and measures as well as the disclosure of greenhouse gas emissions. To this end, we are guided by the CIA, which has enshrined the 2050 net-zero target in law since 1 January 2025 and requires financial flows to be aligned in a climate-friendly manner, and the recommendations of the UNEP FI Guidance for Climate Target Setting for Banks.

An overview of the transition plan can be found in the appendix on pages 69–70.

The relevant key figures for the financing and investment business, as well as the bank's own operations, are listed on pages 71–77 in the appendix.

### 5.2.1 Climate targets for the financing business

The percentage composition of the credit portfolio can be found in the risk report from page 155 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 161 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 almost 40 percent of energy consumption and around a quarter of CO<sub>2</sub>e 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 mortgage sector's particularly high level of CO<sub>2</sub>e emissions.

### Climate target for residential mortgage business

The target calculation for our climate target in the residential property sector includes all mortgage financing with a sufficient data basis for single-family homes (SFH), multi-family homes (MFH) and condominiums (CNDO). This corresponds to 95 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 (zero basis) scenario of EP 2050+. This can be used to calculate the development of CO<sub>2</sub>e emissions per energy reference area (ERA) for residential properties up to 2050. The climate target metric is therefore kg CO<sub>2</sub>e/m<sup>2</sup> per ERA.

Zürcher Kantonalbank's climate target envisages exceeding the federal government's reduction pathway from 2030. We want to reduce our CO<sub>2</sub>e intensity in the residential mortgage business by 44 percent by 2030.

Detailed information on the methodology can be found in the appendix in the section on climate targets and key figures.

In 2025, we are on track with our ZKB residential property reduction path. The progress made in decarbonising our residential property portfolio is the result of a combination of two factors. Firstly, the policy effect, i.e. national legislation and in particular the Cantonal Energy Act. Secondly, by supporting our clients in their individual transition with our products and services. We can achieve decarbonisation in the building sector only together with our clients. No clients are excluded because of their fossil fuel heating system.

## Area of application – residential mortgage business

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 91,041 million**

## Methodology

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

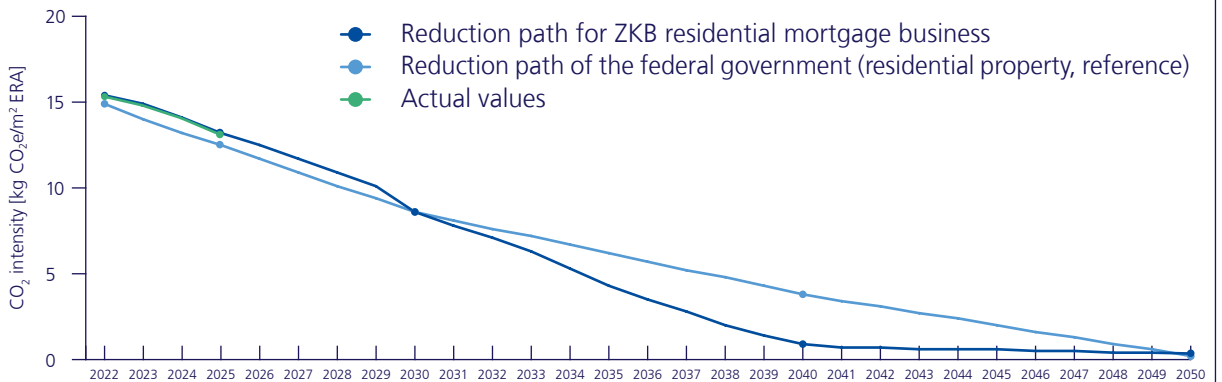
Metric: kg CO<sub>2</sub>e/m<sup>2</sup> energy reference area

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

## Target and progress

Metric: kg CO <sub>2</sub> e/m <sup>2</sup> ERA	Base value (2022)	Actual value (2023)	Actual value (2024)	Actual value (2025)	Target value (2030)	Target value (2040)	Target value (2050)
Zürcher Kantonalbank	15.4	14.8	14.1	13	8.7	0.9	0.3
Reference scenario	14.9	14.0	13.2	12.5	8.6	3.8	0.2

## Climate target for residential mortgage business



## Area of application – commercial mortgage business

Emissions taken into account:  
Scope 1 emissions (heating)



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

Financial exposure:  
**CHF 12,003 million**

## Methodology

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

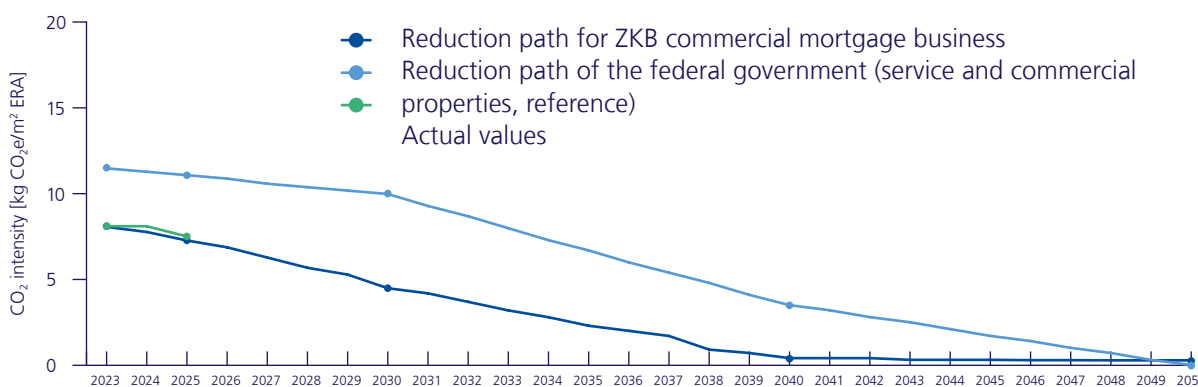
Metric: kg CO<sub>2</sub>e/m<sup>2</sup> energy reference area

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

## Target and progress

Metric: kg CO <sub>2</sub> e/m <sup>2</sup> ERA	Base value (2023)	Actual value (2024)	Actual value (2025)	Target value (2030)	Target value (2040)	Target value (2050)
Zürcher Kantonalbank	8.1	8.1	7.6	4.5	0.4	0.3
Reference scenario	11.5	11.3	11.1	10	3.5	0.0

## Climate target for commercial mortgage business



## Quantitative climate target for commercial mortgage business

For the quantitative climate target in the commercial property sector, all mortgage financing for non-manufacturing service buildings (predominantly office properties) are included. The target calculation covers 91 percent of the relevant 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 commercial 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 CO<sub>2</sub>e/m<sup>2</sup> ERA.

As a starting point for the target with 2023 as the base year, we assume a value of 8.1 kg CO<sub>2</sub>e/m<sup>2</sup> ERA and are therefore below the federal path. We also want to reduce our CO<sub>2</sub>e intensity in the commercial mortgage business by 44 percent by 2030.

Detailed information on the methodology can be found in the appendix in the section on climate targets and key figures.

In 2025 we are still well below the federal government's reduction path with our ZKB commercial property reduction path. The progress made in decarbonising our commercial property portfolio is the result of a combination of two factors. Firstly, the policy effect, i.e. national legislation and in particular the Cantonal Energy Act. Secondly, by supporting our clients in their individual transition with our products and services.

## Policy-based climate targets in other climate-intensive sectors

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 pro-

duction and cement ("comply" approach). We currently do not set any climate targets ("explain" approach) for the metals industry and automotive industry sectors due to our limited financial exposure in these industries and based on our analysis.<sup>7</sup>

Sector	Climate targets at sustainability policy level	Measures
Fossil fuels: Coal, oil and gas	<p>Project financing:</p> <ul style="list-style-type: none"> <li>– 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).</li> <li>– Fossil fuel power plants: We do not finance power plants fuelled by coal or oil.</li> </ul> <p>Commercial loans to commodity companies: 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 in OECD countries 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.</p>	<ul style="list-style-type: none"> <li>– "Client Engagement Dialogue" with sector-specific questionnaire, which is an integral part of the credit process (credit applications and reviews).</li> </ul>
Energy production	<p>Commercial loans to energy producers:</p> <ul style="list-style-type: none"> <li>– As a bank which is strongly rooted in its local area, Zürcher Kantonalbank generally finances Swiss energy producers – which mainly produce renewable energy.</li> <li>– 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.</li> </ul>	<ul style="list-style-type: none"> <li>– "Client Engagement Dialogue" (annual)</li> <li>– Sustainability-linked loans (bilateral and syndicated) and support for ESG-labelled bonds</li> <li>– Dedicated Key Account Management with ESG training</li> </ul>
Cement	<p>Commercial loans to cement companies: Cement companies must demonstrate that they are aligning their business model with the scientifically required net-zero target for 2050.</p>	<ul style="list-style-type: none"> <li>– "Client Engagement Dialogue" with sector-specific questionnaire, which is an integral part of the credit process (credit applications and reviews).</li> <li>– Sustainability-linked loans (bilateral and syndicated) and support for ESG-labelled bonds</li> </ul>
Sector	Analysis	Measures
Metal industry	<p>Our analysis shows that the majority of our corporate clients in the metals industry sector have taken binding climate measures (participation in Swiss emissions trading; target agreements with the "Energy Agency for Industry (EnAW)" or the "act Cleantech Agency Switzerland").</p>	<ul style="list-style-type: none"> <li>– Sustainability-linked loans (bilateral and syndicated) and support for ESG-labelled bonds</li> <li>– Reffnet sustainability consulting for SMEs</li> </ul>
Automotive industry	<p>Our corporate clients in the automotive industry sector are not automotive manufacturers as defined by the UNEP FI Climate Target Setting for Automotive Sector Financing, rather they are active in the supplier industry or the automotive trade.</p>	<ul style="list-style-type: none"> <li>– Sustainability-linked loans (bilateral and syndicated) and support for ESG-labelled bonds</li> <li>– Reffnet sustainability consulting for SMEs</li> </ul>

<sup>7</sup> Climate sensitive sectors as defined in the, "UNEP FI, Climate Target Setting Guidance for Banks"

## 5.2.2 Measures for the financing business

In line with the sustainability ambition in the group strategy, we focus on supporting our clients on the path to a more sustainable future and are constantly expanding and refining our range of products and services to this end. Net-zero 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. Our climate measures in the financing business are described in detail below.

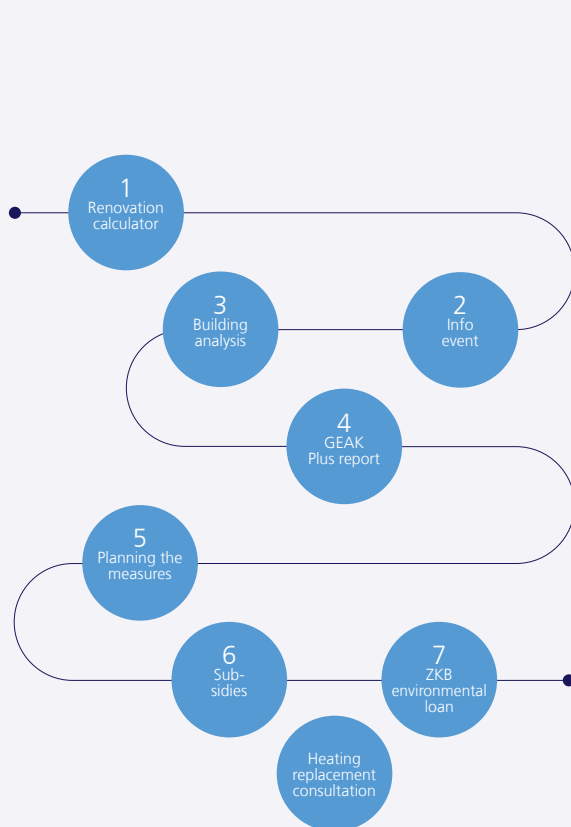
For mortgage clients we provide incentives for clients to build, modernise and operate their properties and infrastructure in the most environmentally friendly and energy-efficient way possible. We provide our clients

with solutions for financing energy-efficient renovations and energy-efficient new buildings. We are achieving the decarbonisation of the building sector together with our clients and through national and cantonal policy measures. No clients are excluded because of their fossil fuel heating system.

### ZKB environmental loans (for private individuals and companies)

The ZKB environmental loan was introduced in 1992 and is constantly being refined; it is designed as a fixed-rate mortgage with an 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


## Support in the building sector



- 1 Renovation calculator: The renovation calculator uses a model-based calculation to show our clients when which parts of the property are likely to need renovating and what the estimated costs will be.
- 2 Info event: 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 homeowners in all aspects of energy-efficient building modernisation. At the heart of the programme is a free public information event. Since launch we have organised over 100 events.
- 3 Building analysis: 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 experts analyse the property on site and identify weak points and energy savings potential.
- 4 GEAK Plus report: In the comprehensive GEAK Plus report, the proposed energy-related building measures, including costs and benefits, are shown transparently. This makes it possible to stage the measures sensibly. If the building achieves at least a higher efficiency class and at least a class C for overall energy efficiency after the refurbishment, it is possible to take out a ZKB environmental loan. The costs for the advisory report and the Minergie certification are covered by the bank when the client takes out a ZKB environmental loan. Alternatively, ZKB clients can also benefit from free advice on replacing their heating system.
- 5 Planning the measures: The GEAK experts, who have experience in refurbishment planning and construction management, can subsequently implement the measures directly on request.
- 6 Subsidies: The overview of the federal and cantonal subsidies can be found at [energiefranken.ch](http://energiefranken.ch).
- 7 ZKB environmental loan: The ZKB environmental loan promotes energy-efficient construction and modernisation with a reduction in the interest rate of up to 0.8 percent per year for a maximum of five years.

We also assist clients with commercial property on their way to a more sustainable future by assisting them with energy modernisation and supporting them with various offers (e.g. covering GEAK costs, support with planning measures, discounted financing).

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 financing volume of the ZKB environmental loan has increased by around 10 percent in the last year. In 2025 the total volume of ZKB environmental loans taken out stood at CHF 1.6 billion. In 2025 our income was around CHF 12 million lower due to the interest subsidy we have granted.

### Heating replacement advice

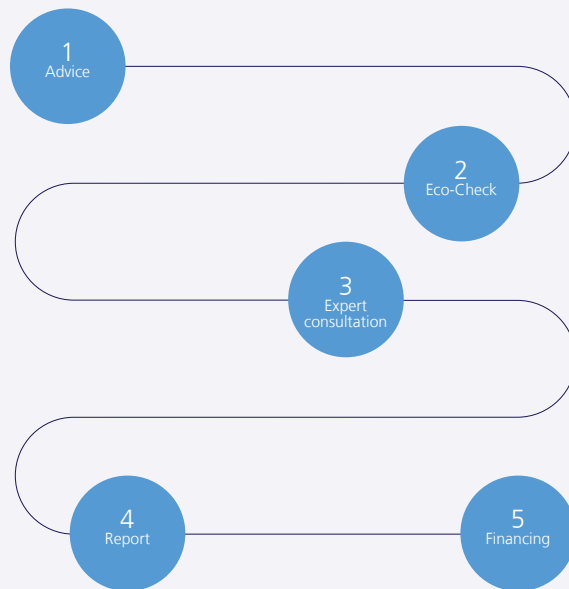
We launched the offer for heating replacement advice back in 2020. In cooperation with EKZ and the cities of Zurich and Winterthur, we offer free and independent heating replacement advice to our clients in the Canton of Zurich who own a single-family house, multi-family house or a condominium with an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

 Since launch, over 2,200 clients have already benefited from the heating advice offer.

### Support in the SME sector

We help companies tackle challenges to do with sustainability topics and actively support them on their way to a sustainably successful future with a new integral range of advisory services we launched in February 2024.

Our offering combines engineering and financing expertise and provides our corporate clients with recognised experts from the Reffnet.ch association – Swiss Resource Efficiency Network.



- 1 Personalised advice: We discuss the topic of sustainability with clients in personal consultations.
- 2 Eco-Check: 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 contains recommendations for more in-depth consultations.
- 3 Expert advice: Based on the Eco-Check, the areas of energy, resources or climate can be analysed in greater depth. Proven experts from Reffnet.ch analyse companies for far-reaching potential for improvement directly on site.
- 4 Detailed report: The detailed report covers
  - possible improvement measures;
  - estimated investment costs;
  - expected cost savings;
  - information on possible subsidies; and
  - resulting sustainability impacts.
- 5 Financing: ZKB promotes the implementation of sustainable measures with suitable financing solutions, e.g. environmental loans or environmental leasing.

 In the year under review, our client advisors arranged just under 56 Eco-Check consultations.

### Environmental leasing (for all companies)

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 network of the Reffnet.ch association – Swiss Resource Efficiency Network.

 In the 2025 financial year, ZKB environmental leasing financed objects and projects totalling approximately CHF 18 million.

### Sustainability-linked loans for large companies

For large companies, we offer a sustainability component for bilateral and syndicated loans. In the case of financing with a sustainability component, the interest rate depends on the borrower's sustainability 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. 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 targets. In addition, these targets are set with the involvement of an independent external party with proven expertise ("Sustainability Coordinator").

 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 1.6 billion.

### Sustainable bonds (ESG-labelled bonds)

Zürcher Kantonalbank is currently one of the leading banks in the structuring and placement of sustainable bonds on the Swiss capital market. 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.

 ZKB acted as lead manager in 15 transactions in 2025, placing sustainable bonds totalling around CHF 1.1 billion.

### 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 variant (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).

### 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 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.

### 5.2.3 Climate targets for the investment business

As part of the ZKB sustainability standard, we pursue the target of a reduction in CO<sub>2</sub>e intensity in the portfolios of our active investment solutions<sup>8</sup>. These investment solutions pursue either a CO<sub>2</sub>e reduction compared to a benchmark or a quantitative climate reduction path; the CO<sub>2</sub>e 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).

#### Climate targets for Asset Management

The Net Zero Asset Managers (NZAM) initiative is geared towards the requirements of the Paris Agreement and calls on asset managers to actively contribute to achieving the climate targets. The Asset Management division at Zürcher Kantonalbank joined the Net Zero Asset Managers initiative in July 2021. By joining, Asset Management 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. Net-zero by 2050 is a global challenge and can be achieved only through collaboration among all stakeholders, i.e. policymakers, the real economy, the financial sector and individuals.

For 45 percent of the assets managed by our Asset Management division, a <2°C target reduction pathway is being pursued, which requires an annual reduction in CO<sub>2</sub>e intensities of at least 4 percent. However, the Net Zero Asset Management initiative counts only assets with which the 1.5°C target is to be achieved. The Asset Management division has committed to the 1.5°C climate target, which calls for an annual reduction in CO<sub>2</sub>e intensities of at least 7.5 percent, for around 25 percent of assets under management.

The majority of the sustainable collective investment schemes in Swisscanto's Sustainable product line aim to achieve a CO<sub>2</sub>e 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. These Sustainable products therefore fulfil the requirements of the Net Zero Asset Managers initiative. The thematic Swisscanto funds in Asset Management and the passively managed funds in the Sustainable product line are an exception to this. Because the greenhouse gas emissions benchmark defined in the prospectus is not representative of the investment universe for these thematic products, only a <2°C reduction path can be implemented.

The direct real estate investment products managed by ZKB Asset Management are also based on targets that are aligned with the Paris Agreement. More information on this can be found in the appendix under Notes on climate targets and key figures.

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.

#### Investment solutions from the Investment Solutions division

In standardised wealth management, around 33 percent of assets (mandates of the Sustainable (ESG) variant) are based on the maximum 1.5°C climate target. 62 percent of the assets are based on the <2°C climate target (Basic variant). No CO<sub>2</sub>e 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 sustainable variants; the investment decision lies with our clients.

### 5.2.4 Measures for the investment business

We also focus on supporting our clients with products and services in the investment business.

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 section 4 Responsible Investing, we explain which products and services we use to support our clients on their journey towards a more sustainable future.

8 Definition of "active investment solutions" as per glossary

### 5.2.5 Climate targets in our own operations

The following, targets, key 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. CO<sub>2</sub> emissions of Zürcher Kantonalbank Finance (Guernsey) Ltd, ZKB Securities (UK) Ltd, Complementa AG and the representative offices are not available at group level.

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.

We use the VfU key figures calculation tool (version 1.1) to calculate operational greenhouse gas emissions and key figures.

The aim of the operational environmental programme 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 CO<sub>2</sub>e tonnes. We purchase negative emissions certificates to the extent of residual operational emissions recorded each year as a voluntary contribution.

Negative emission technologies include technological and nature-based approaches that remove CO<sub>2</sub> directly from the atmosphere and store it permanently. This results in so-called negative emissions.

Since 2010, we have been able to reduce operational CO<sub>2</sub>e emissions by 72 percent from 7,040 CO<sub>2</sub>e tonnes to 1,992 CO<sub>2</sub>e tonnes in 2025. In 2025, operational CO<sub>2</sub>e emissions fell compared to the previous year.

### Operational target by 2030

	2025	2024	2023	Base year 2022	% change compared to the base year	Target 2030
<b>Total emissions (t CO<sub>2</sub>e)</b>	<b>1,992</b>	2,298	2,262	2,253	-12 %	<b>1,800</b>
Building electricity consumption (t CO <sub>2</sub> e)	<b>75</b>	75	63	64	17 %	
Building heat consumption (t CO <sub>2</sub> e)	<b>820</b>	749	811	974	-16 %	
Water consumption (t CO <sub>2</sub> e)	<b>37</b>	31	31	29	28 %	
Cooling and extinguishing agents (t CO <sub>2</sub> e)	<b>21</b>	375	214	101	-79 %	
Waste (t CO <sub>2</sub> e)	<b>117</b>	115	104	98	19 %	
Business travel (t CO <sub>2</sub> e)	<b>622</b>	583	629	486	28 %	
Paper (t CO <sub>2</sub> e)	<b>299</b>	370	410	501	-40 %	

### 5.2.6 Measures in our own operations

#### Environmental management system

Our operational environmental management system has been certified according to ISO 14001 since 2002. In this way we aim to achieve a continuous im-

provement 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.

› Categories	Measures
Electricity consumption	<ul style="list-style-type: none"> <li>– 100 percent green electricity from run-of-river power plants (naturemade star! certification)</li> <li>– Converted to 100 percent LED with simultaneous optimisation of operating times and control, for example at our largest commercial building Neue Hard in 2025</li> </ul>
Heat consumption	<ul style="list-style-type: none"> <li>– Phased energy-efficient refurbishment of the building shells of our branches</li> <li>– Phased replacement of fossil heating systems with renewable energies</li> <li>– District heating from the City of Zurich network used The city of Zurich is pursuing the goal of completely decarbonising district heating by 2040<sup>9</sup></li> <li>– A modern lakewater heat pump powered by green electricity is used to heat our headquarters</li> <li>– 100 percent biogas used in gas heating systems (naturemade star! certification)</li> </ul>
Waste	57 percent of waste is recycled, 43 percent is incinerated
Business travel	In 2025, an internal CO <sub>2</sub> e price of currently CHF 440 / tonne CO <sub>2</sub> e was introduced for business trips
Paper	<ul style="list-style-type: none"> <li>– Ongoing reduction in paper consumption via digitalisation</li> <li>– 95 percent of current paper consumption is recycled paper</li> </ul>

9 Interim values 2025: 70 %, 2030: 95 %, 2035: 98 %;  
Climate Protection Plan of the City of Zurich Version 2024, p. 19

### Projects in own operations

As a way of improving the urban climate and enhancing quality of life, two projects were realised as part of nature-friendly environmental design.

- In the inner courtyard of our head office in the city centre, areas were opened up and green islands and façade greenery created to reduce heat and promote biodiversity. In addition, newly created seating areas and a fountain invite people to linger in the green surroundings and enjoy nature.
- A biodiverse oasis was created at our Steinfels office building by greening a concrete surface and ecologically upgrading a retention basin. Native plants, deadwood and CO<sub>2</sub>-binding vegetable charcoal help improve the microclimate and create sustainable recreational areas.

### Promoting 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. We have provided financial support to numerous renaturalisation projects for the Canton of Zurich (e. g. the revitalisation of Jonen Rifferswil, Limmatauen Werdhölzli, Wässerwiesen Hundig) and have operated the Grüningen Botanical Garden since 1977. We have also been the main sponsor of the Zurich Wilderness Park Foundation since 2009. The educational and recreational offerings of the Grüningen Botanical Garden and the Zurich Wilderness Park promote the quality of life in our canton and thus support the fulfilment of our public service mandate.

### Supporting nature and the environment through targeted sponsorship

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 nature tangible for the population and, above all, to raise awareness among children / young people about the importance of protecting nature and the environment.

We also expect our sponsorship partners to actively reduce their greenhouse gas emissions over the next 25 years. Since 2024 we have therefore included a contractual clause on reducing greenhouse gas emissions in operations or at events in all contract extensions or new contracts with our sponsorship partners at overall bank level. The sponsorship partners undertake to report annually to ZKB in writing on their activities towards the net-zero greenhouse gas emissions 2050 target. They must transparently present the specific activities and measures they have realised or can realise directly on their own.

In 2025, 43 reports were received; 60 percent of these partnerships have a net zero target.

### **5.2.7 Climate targets, measures and key figures for the bank's own financial investments**

The CO<sub>2</sub>e 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 are also subject to requirements on limiting climate-related financial risks. Issuers from industries that are excluded from the financing business in accordance with the bank's sustainability policy are also excluded. In addition, the average revenue-weighted CO<sub>2</sub>e 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 CO<sub>2</sub>e intensity of the financial investment portfolio is monitored and reported on by Risk Controlling.

### **5.2.8 Climate targets, measures and key figures in independent research**

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

It covers 188 public companies, real estate funds and investment foundations nationwide, as well as 179 bond issuers, and is therefore the leading provider of research on Swiss companies. 187 of the 188 public companies, real estate funds and investment foundations covered and 161 of the 179 bond issuers covered are assessed in terms of their sustainability according to our ESG approach and given an ESG star rating.

Zürcher Kantonalbank's research team issues ratings that cover 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.

# Appendix

## 8.1 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.

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.

The topics of "Climate" and "Social cohesion and human rights" were identified as having potentially negative impacts and effects: We aim to avoid potentially negative effects by taking steps to implement suitable measures for each topic (see the sections entitled Environment and Social issues and human rights).

We identified the topics of "sustainable finance" and "social cohesion and human rights" as having potentially positive impacts and effects. We see both topics as areas of impact in which we can exert a positive influence.

### Topics with potentially negative effects

**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 are the existing disclosure requirements relating to climate-related financial risks and the new circular on nature-related financial risks issued by the Financial Market Supervisory Authority (FINMA), which came into force on 1 January 2026. In view of climate change, there is a risk of a disorderly transition to a low-carbon economy. 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.

### Topics with potentially positive effects

**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 article (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.

## 8.2 Stakeholders

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:

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<b>Clients</b>	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.
<b>Employees</b>	We regularly exchange information with our employees and conduct a 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 Board of Directors and 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.
<b>Owner (Canton of Zurich)</b>	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.
<b>Suppliers</b>	We are in regular dialogue with our suppliers. Regular dialogue is ensured through internal guidelines that govern the process.
<b>Partners</b>	Our partners represent the most important business relationships for us. The relevant relationships are listed and explained on our German homepage under "Kooperationen": <a href="http://zkb.ch/de/ueber-uns/unsere-unternehmen/unternehmensstruktur.html">zkb.ch/de/ueber-uns/unsere-unternehmen/unternehmensstruktur.html</a>
<b>The public</b>	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.
<b>Supervisory authority</b>	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.

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## 8.3 Methodological principles for risk identification and materiality categorisation

The risk description and categorisation presented in the report are based on the following methodological principles: The first step was an analytical segmentation of the relevant business areas along the established risk categories. Compliance risks were assessed as part of the transition risks in all business areas. The climate risk factors and transfer mechanisms 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. Existing countermeasures and circumstances that reduce the risk were also included in the risk assessment.

The risk assessment is based on scenario considerations. These, in turn, are aligned with the scenario framework of the NGFS (“Network for Greening the Financial System”) and the climate scenarios of the Federal Office for the Environment FOEN. The table presents a prudent assessment of the risks, with transition risks assessed under scenarios with a disorderly transition to a low-carbon economy (“disorderly transformation”), and physical risks assessed under “hot-house-world” scenarios with a sharp rise in temperature.

A more detailed description can be found in the disclosure on climate-related financial risks as at the end of the year ([zkb.ch/disclosure](https://www.zkb.ch/disclosure)), which is published at the end of April each year.

## 8.4 Appendix on climate targets and key figures

### Overview climate targets and measures (Transition plan)

Area	Base year	Targets	Target methodology and metrics	Scenario	Measures
<b>› Financing business</b>					
<b>Residential mortgage business<sup>10</sup></b> Climate target enshrined in the Public Service Mandate 2030 initiative	2022	2030: 8.7 kg CO <sub>2</sub> e/m <sup>2</sup> energy reference area (ERA) (44 % reduction) 2040: 0.9 kg CO <sub>2</sub> e/m <sup>2</sup> ERA (94 % reduction) 2050: 0.3 kg CO <sub>2</sub> e/m <sup>2</sup> ERA (98 % reduction)	Sectoral decarbonisation approach Paris Agreement Capital Transition Assessment (PACTA methodology)  Metric, intensity: kg CO <sub>2</sub> e/m <sup>2</sup> energy reference area (Scope 1)	Energy Perspectives 2050+ (EP 2050+), ZERO Basis scenario residential property (or service and commercial property) 1.5 °C compatible	<ul style="list-style-type: none"> <li>– “Support in the building sector” client journey</li> <li>– Personal advisory consultation for a long-term building strategy</li> <li>– Heating system replacement advice</li> <li>– ZKB environmental loan</li> <li>– Renovation calculator</li> <li>– Information event (starte!)</li> </ul>
<b>Commercial mortgage business<sup>11</sup></b> Climate target enshrined in the Public Service Mandate 2030 initiative	2023	2030: 4.5 kg CO <sub>2</sub> e/m <sup>2</sup> ERA (44 % reduction) 2040: 0.4 kg CO <sub>2</sub> e/m <sup>2</sup> ERA (95 % reduction) 2050: 0.3 kg CO <sub>2</sub> e/m <sup>2</sup> ERA (97 % reduction)			<ul style="list-style-type: none"> <li>– “Support in the building sector” client journey</li> <li>– Personal advisory consultation for a long-term building strategy</li> <li>– ZKB environmental loan</li> </ul>
<b>Corporate lending business</b> Conditions and exclusion criteria in the sustainability policy for commercial loans <sup>12</sup>	2024	<b>Raw materials industry:</b> Alignment with the 2050 net-zero target and phaseout of thermal coal by 2030 in OECD and 2040 in non-OECD countries  <b>Energy production:</b> Alignment with the net-zero 2050 target  <b>Cement:</b> Alignment with the net-zero 2050 target	Policy-based approach <sup>13</sup>	Sector-specific net-zero targets of the International Energy Agency <sup>14</sup>	<ul style="list-style-type: none"> <li>– “Client Engagement Dialogue” (annual) with sector-specific questionnaire, which is an integral part of the credit process (credit applications and reviews).</li> <li>– ESG training of client advisors in the Key Account Management segment</li> <li>– “Client Engagement Dialogue” (annual)</li> <li>– Sustainability linked loans (bilateral and syndicated) and support for ESG-labelled bonds</li> <li>– ESG training of client advisors in the Key Account Management segment</li> <li>– “Client Engagement Dialogue” (annual) with sector-specific questionnaire, which is an integral part of the credit process</li> <li>– Sustainability linked loans (bilateral and syndicated) and support for ESG-labelled bonds</li> <li>– ESG training of client advisors in the Key Account Management segment</li> </ul>

## › Investment business

As part of our sustainability standard for active investment solutions<sup>15</sup>, we pursue a CO<sub>2</sub>e reduction in our investments in traditional asset classes.

## › Asset Management

Funds and mandates aligned with the 1.5 °C target (Net Zero Asset Managers Initiative) Climate target enshrined in the Public Service Mandate 2030 initiative		At least 25 % of assets under management (AuM) are aligned with the 1.5 °C target  Reduction of at least 7.5 percent CO <sub>2</sub> e tonnes / USD million revenue per year <sup>16</sup>  2030: 54 % reduction 2050: 90 % reduction	Portfolio decarbonisation approach (intensity-based)  Own methodology  Metric, intensity t CO <sub>2</sub> e / USD million revenue per year (Scope 1, 2)	IPCC 1.5°C scenario (50 %)	– Stewardship (Voting & engagement) – Capital allocation
Funds and mandates aligned with the well below 2 °C target	2019	Reduction of at least 4 % CO <sub>2</sub> e tonnes / USD million revenue per year <sup>17</sup>  2030: 33 % reduction 2050: 70 % reduction		IPCC below 2°C scenario (67 %)	– Stewardship (Voting & engagement) – Capital allocation
<b>› Own financial investments</b>		The weighted CO <sub>2</sub> intensity is at least 35 % below the value of the reference portfolio	Relative intensity approach t CO <sub>2</sub> e / USD million revenue per year	Reference portfolio <sup>18</sup>	– Additionally: Exclusion of issuers in accordance with the sustainability policy that applies to the financing business

## › Own operations

Bank's environmental programme Climate target enshrined in the Public Service Mandate 2030 initiative	2022	2030: Reduction of CO <sub>2</sub> e emissions to <= 1,800 tonnes of CO <sub>2</sub> e and voluntary purchase of negative emissions certificates to the extent of the residual emissions recorded each year	Absolute reduction pathway  VfU (German Association for Environmental Management) key figures calculation tool  Metric: Absolute (Scope 1, 2, 3 <sup>19</sup> )	–	– 100 % green electricity from run-of-river power plant (naturemade Star! certification) – Phased energy-efficient refurbishment of the building shells of our branches – Phased replacement of fossil heating systems with renewable energies – District heating from the City of Zurich network used – Paper reduction via digitalisation – Purchase of negative emissions certificates – Internal CO <sub>2</sub> price for business trips
Sponsorships	–	Net-zero target 2050	Integration in contractual clauses for contract extensions or new contracts	–	– "Sponsorship partner for Engagement Dialogue"

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

11 Includes service buildings (non-manufacturing), predominantly office buildings

12 The conditions and exclusion criteria are specified in the internal credit manual.

13 According to the UNEP FI Guidance for Climate Target Setting for Banks

14 International Energy Agency: "Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach"

15 Definition of "active investment solutions" as per glossary

16 Plus economic growth

17 Plus economic growth

18 General Collateral Basket of the Swiss National Bank

19 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.

## 8.4.1 Climate targets and key figures for the financing business

### Methodology for residential mortgage 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 heating 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 carbon intensity of the residential financing portfolio is 34.3 kg CO<sub>2</sub>e/ERA or 18.2 kg CO<sub>2</sub>e/ERA for office buildings. These values were calculated using the PACTA calculator for 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 carbon 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 CO<sub>2</sub>e/ERA for residential property and 9.5 CO<sub>2</sub>e/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 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 future reduction pathway, we therefore assumed 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 CO<sub>2</sub>e/ERA or 8.1 kg CO<sub>2</sub>e/ERA for commercial mortgage business.

The annual review of target achievement (actual values, calculated using the PACTA calculator for 2024 since the 2025 financial year) is based on the same restructuring assumptions as for the modelling of the reduction pathway. This is based strictly on the available

### 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
<b>› Residential property</b>									
Max. proportion of climate-friendly substitutions	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
<b>› Office buildings</b>									
Max. proportion of climate-friendly substitutions	10 %	20 %	40 %	60 %	80 %	94 %	96 %	98 %	99 %
Number of climate-friendly substitutions	8	28	45	123	46	794	702	445	143

heating information, which essentially comes from the Register of Buildings and Dwellings (RBD). The changes to climate-friendly heating systems assumed to have already taken place when the reduction pathway was created due to outdated heating information (see table) resulted in a reduction in carbon intensity of 13 percent for the residential portfolio in the base year 2022. This factor was retained for determining the actual values for the two subsequent years. As the timeliness of the data from the RBD is only slowly increasing, ZKB has been independently collecting information on heating and refurbishment measures since mid-2025 as part of the financing process for residential property. The reduction factor will be gradually adjusted in line with the expected improvement in data quality: For 2025 and 2026 it is 6 percent, for 2027 and 2028 it is 3 percent and from 2029 it will be reduced to 0 percent. For the 2025 reporting year, the refurbishment data (façade, windows, roof) collected in the client dialogue was also used for the first time instead of an assumed refurbishment based on component age.

### Assumptions regarding missing data for residential mortgage portfolio reduction pathway (imputations)

Energy reference area of the building (ERA): For 76,797 (75 percent) financing agreements, the missing ERA of the building was imputed from the living space (factor 1.3, according to the PACTA method). For 8,815 (9 percent) financing agreements, the ERA was supplemented from Minergie data (1st priority), for 17,018 (17 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 110 (0.1 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 4,982 condominium financing agreements (12 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 27 (0.03 percent) financing agreements, the number of floors of the building had to be imputed based on RBD statistics.

### Assumptions regarding missing data for office property portfolio reduction pathway (imputations)

#### Energy reference area of the building (ERA):

For 2,179 (63 percent) financing agreements, the missing ERA of the building was imputed from the gross floor area (factor 0.9). For 131 (4 percent) financing agreements, the ERA was supplemented from Minergie data (1st priority), for 1,133 (33 percent) from RBD data (2nd priority).

### 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

### 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 141 (7 percent) financing agreements, the number of floors had to be imputed to determine the gross floor area, and for 2 properties (0.1 percent) the floor area had to be imputed from RBD statistics.

## Financed emissions according to PCAF mortgage business

	Financial exposure (in CHF million)	Absolute emissions (kt CO <sub>2</sub> e) Scope 1	Emission intensity (t CO <sub>2</sub> e / CHF million)	Coverage (in %)	PCAF Data quality score <sup>a</sup> (1 high, 5 low)
<b>Mortgages (SFH/CNDO)</b>					
2025	54,678	126.98	2.3	100	4.00
2024 <sup>b</sup>	52,917	109.60	2.1	100	4.00
<b>Commercial (MFH/Office)</b>					
2025	48,366	136.71	2.8	85	4.00
2024 <sup>b</sup>	46,095	105.20	2.3	85	4.00

<sup>a</sup> 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.

<sup>b</sup> only Scope 1

## Key figures for the financing business

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. The financed emissions are recalculated annually on the basis of updated exposure and emissions data; previous years already reported are only recalculated in the event of significant changes to the methodology or portfolio delimitation in accordance with the PCAF standard.

The financed emissions according to PCAF are listed for the “mortgage business” and the “unsecured loans and advances in the corporate clients portfolio” in the corresponding tables.

## Unsecured loans and advances in the corporate clients portfolio

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 table shows the unsecured loans and advances in the corporate clients portfolio in line with this classification. In addition, Zürcher Kantonalbank is reporting the financed emissions for this sub-portfolio for the first time in this report.

In terms of the total balance sheet exposure in this portfolio, at the end of the year, climate-sensitive sectors accounted for around 5.5 percent or CHF 2.3 billion (2024: 6.1 percent or CHF 2.4 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.

## Unsecured loans and advances in the corporate clients portfolio by “climate-sensitive” and other industries

	31.12.2025		31.12.2024	31.12.2025		Data quality score (PCAF)
	Balance sheet exposure in CHF million	as % of unsecured exposure	as % of unsecured exposure	Financed emissions in t CO <sub>2</sub> e (Scope 1 and 2)	Emission intensity in t CO <sub>2</sub> e / million CHF	
<b>› Industry designation</b>						
Metal production/processing	8	0.0 %	0.0 %	2,204	279	4.7
Chemical products	59	0.1 %	1.1 %	1,988	34	3.1
Sewage and waste disposal and elimination of environmental pollution	73	0.2 %	0.1 %	18,282	252	4.3
Glass/ceramics/cement	78	0.2 %	0.2 %	43,760	563	3.2
Agriculture, hunting and related activities	83	0.2 %	0.2 %	2,651	32	4.5
Mining/crushed rock and earth	95	0.2 %	0.0 %	5,718	60	4.0
Transport (incl. mountain railways, but excluding rail passenger transport and goods trains)	274	0.7 %	0.7 %	25,368	93	4.0
Energy supply	350	0.9 %	1.1 %	63,738	182	4.1
Automotive	603	1.5 %	1.3 %	26,467	44	4.2
Commodity trade finance (CTF) <sup>a</sup>	667	1.6 %	1.3 %	n. a.	n. a.	–
<b>Total climate-sensitive sectors</b>	<b>2,289</b>	<b>5.5 %</b>	<b>6.1 %</b>	<b>190,176</b>	<b>117</b>	<b>4.1</b>
<b>Total other sectors</b>	<b>3,816</b>	<b>9.3 %</b>	<b>10.4 %</b>	<b>86,047</b>	<b>23</b>	<b>3.6</b>
<b>Total corporate clients unsecured loans and advances</b>	<b>6,105</b>	<b>14.8 %</b>	<b>16.5 %</b>	<b>276,222</b>	<b>45</b>	<b>3.8</b>
Real estate financing	34,394	83.3 %	80.8 %			
Other products	776	1.9 %	2.7 %			
<b>Total balance sheet exposure companies</b>	<b>41,275</b>	<b>100.0 %</b>	<b>100.0 %</b>			

a For the Commodity Trade Finance (CTF) sub-portfolio, no financed emissions are reported, as the positions cannot be clearly assigned to a specific sector.

## 8.4.2 Climate targets and key figures for the investment business

### Climate target for the investment business Methodology

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 of the United Nations), the earth's temperature in the period 2010–2020 was around 1.1 °C above pre-industrial levels (1850–1900)<sup>20</sup>. 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 CO<sub>2</sub>e for a 67 percent chance of limiting the temperature rise to well below 2°C and a budget of 465 Gt CO<sub>2</sub>e 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.

Greenhouse gases with a global warming effect are included in the portfolio construction of sustainable investment solutions in the traditional asset classes with a quantitative reduction pathway in accordance with the international Greenhouse Gas Protocol (GHG Protocol) standard (measured in CO<sub>2</sub>e). The CO<sub>2</sub>e intensities are defined for companies as CO<sub>2</sub>e emissions in relation to revenue (tonnes of CO<sub>2</sub>e per million US dollars of revenue) and for government securities as CO<sub>2</sub>e emissions in relation to economic value added (tonnes of CO<sub>2</sub>e per million US dollars of gross domestic product).

Data from independent third parties is used to determine the CO<sub>2</sub>e intensities. The benchmark for the average CO<sub>2</sub>e intensity of a portfolio is calculated by discounting the CO<sub>2</sub>e 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 CO<sub>2</sub>e intensities (Scope 1 and 2 emissions per revenue), additional compensation for economic growth is required.

### 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 2050+ for the Swiss building stock. Product-specific CO<sub>2</sub> reduction pathways 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 pathways at property level (e.g. heat pumps, district heating, biomass, envelope refurbishment) are integrated into the property strategies, CAPEX planning and assessments.

### 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

The CO<sub>2</sub>e reduction target for funds with direct property investments (property funds) is based on target values that are compatible with the Paris Agreement (Energy Perspectives 2050+, ZERO Basis scenario for the building sector). To achieve these targets, CO<sub>2</sub>e reduction pathways are created for the property portfolios and periodically adjusted to current circumstances (e.g. due to refurbishments, new acquisitions or disposals).

With the funds with indirect real estate investments "Swisscanto (CH) Real Estate Fund Responsible Switzerland indirect", the "Swisscanto (CH) IPF II Real Estate Fund Responsible International indirect" and "Swisscanto (CH) Real Estate Fund Responsible Switzerland indirect (I)", ZKB Asset Management also focuses its investment activities on the reduction of CO<sub>2</sub>e emissions over time.

### Measures for direct and indirect property investments

The specific measures for achieving the reduction pathway for the real estate funds follow a three-pronged strategic approach consisting of OPEX, CAPEX<sup>21</sup> and new construction. OPEX measures include, for example, systematic operational optimisation in the properties and CAPEX measures include the replacement of fossil fuels with renewable resources. Furthermore, CO<sub>2</sub>e-intensive properties are also managed through targeted transaction activity. The residual greenhouse gas emissions can be offset by purchasing emission reduction certificates (ERCs).

20 IPCC AR6 WGI Summary for Policymakers

21 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)

## Climate targets for direct and indirect property investments by Asset Management

Area	Targets	Base year	Methodology	Scenario
Direct property investments	2030: 8.0 kg CO <sub>2</sub> e/m <sup>2</sup> ERA (48 % reduction)	2020	Real Estate Investment Data Association  Metric: Intensity (Scope 1, 2)	IPCC well below 2 °C scenario (67 %)
	2040: 3.9 CO <sub>2</sub> e/m <sup>2</sup> ERA (75 % reduction)			
	2050: 1.0 kg CO <sub>2</sub> e/m <sup>2</sup> ERA (94 % reduction)			

For the funds with indirect real estate investments “Swisscanto (CH) Real Estate Fund Responsible Switzerland indirect” and “Swisscanto (CH) Real Estate Fund Responsible Switzerland indirect (I)”, the carbon emissions per m<sup>2</sup> of energy reference area of the properties on which the investments are based serve as a measure of the reduction in carbon emissions over time.

To this end, the investments’ yearly progress toward achieving the reduction target mentioned above is measured annually using qualitative and/or quantitative key figures based on a questionnaire to be answered by the companies or other data collected from the companies or third parties.

Investments for which the reduction target cannot be met without there being plausible reasons for this (e.g. newly acquired properties for which the refurbishment cycle is not yet mature) are sold within a reasonable period of time.

If the questionnaire relating to carbon intensity is not answered and the relevant information on carbon intensity cannot be obtained elsewhere, the investment will be sold within a reasonable period of time.

In the case of “Swisscanto (CH) IPF II Real Estate Fund Responsible International indirect”, the information in section 5.2.3 applies.

## Key figures related to 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).

The PCAF standard is compatible with globally recognised frameworks such as the TCFD recommendations. The financed emissions are recalculated annually on the basis of updated exposure and emissions data;

previous years already reported are only recalculated in the event of significant changes to the methodology or portfolio delimitation in accordance with the PCAF standard.

We are disclosing the financed emissions for our Asset Management for equities and bonds, for our own financial investments and in the area of asset management mandates for equities and bonds. The calculation is based on the assets under management (including double counting) and CO<sub>2</sub>e data with a cut-off date of 31 December 2025.

### Financed emissions according to PCAF Asset management<sup>a</sup>

	Financial exposure (in CHF million)		Absolute emissions (in Mt. CO <sub>2</sub> e)		Emission intensity (t CO <sub>2</sub> e / CHF million revenue)		Coverage (in %)	Data quality score <sup>b</sup> (1 high, 5 low)	
	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3		Scope 1 & 2	Scope 3
<b>Listed Equity and Corporate Bonds</b>									
2025	225,901	6.68	109.91	76	1,281	100	1.34	2.39	
2024	235,521	5.72	63.20	59	971	100	1.78	2.64	

	Financial exposure (in CHF million)		Emission intensity (t CO <sub>2</sub> e / CHF million GDP)		Coverage (in %)	Data quality score <sup>b</sup> (1 high, 5 low)	
	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3		Scope 1 & 2	Scope 3
<b>Sovereign debt</b>							
2025	34,871	–	–	260	100	1.03	
2024	34,962	–	–	240	100	1.06	

a Funds managed by our asset management are also held in portfolio asset management mandates and fund of funds structures, which can lead to double counting.  
 b 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.

### Financed emissions according to PCAF Own financial investments

	Financial exposure (in CHF million)		Absolute emissions (in Mt. CO <sub>2</sub> e)		Emission intensity (t CO <sub>2</sub> e / CHF million revenue)		Coverage (in %)	Data quality score <sup>a</sup> (1 high, 5 low)	
	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3		Scope 1 & 2	Scope 3
<b>Listed Equity and Corporate Bonds</b>									
2025	4,540	0.02	1.47	4	325	100	1.11	3.46	

	Financial exposure (in CHF million)		Emission intensity (t CO <sub>2</sub> e / CHF million GDP)		Coverage (in %)	Data quality score <sup>a</sup> (1 high, 5 low)	
	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3		Scope 1 & 2	Scope 3
<b>Sovereign debt</b>							
2025	421	–	–	171		1	

a 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.

## 8.4.3 Key figures in our own operations

The four most important drivers of CO<sub>2</sub>e 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.

### Environmental indicators

	2025	2024	2023	Base year 2022	% change compared to the base year
Total greenhouse gas emissions (t CO <sub>2</sub> e)	<b>1,992</b>	2,298	2,262	2,253	-12 %
– Direct Scope 1 emissions (t CO <sub>2</sub> e)	<b>275</b>	648	512	487	-44 %
– Scope 2 Indirect emissions (market-based)	<b>519</b>	431	457	515	1 %
– Indirect Scope 3 emissions (t CO <sub>2</sub> e)	<b>1,198</b>	1,219	1,294	1,251	-4 %

Category		2025	2024	2023	2022
<b>Building energy</b>	Total building energy consumption (MWh)	<b>25,830</b>	24,989	25,760	26,919
	Electricity consumption (MWh)	<b>17,428</b>	17,496	17,709	17,978
	Heat consumption (MWh)	<b>8,402</b>	7,493	8,051	8,941
	Total consumption of fossil fuels (MWh)	<b>787</b>	849	957	1,260
	Consumption of district heating (MWh)	<b>4,809</b>	3,994	4,377	4,602
	Renewable building energy consumption (MWh)	<b>2,806</b>	2,650	2,716	3,080
<b>Business travel</b>	Total business trips (10 <sup>3</sup> km)	<b>4,791</b>	4,214	5,034	3,284
	Air traffic (10 <sup>3</sup> km)	<b>3,166</b>	2,506	3,515	1,896
<b>Paper</b>	Total paper consumption (t)	<b>385</b>	472	525	641
	Recycled paper (t)	<b>368</b>	436	486	597
	Fresh fibre paper (ECF and TCF) (t)	<b>16</b>	36	39	44
<b>Water</b>	Water consumption (10 <sup>3</sup> m <sup>3</sup> )	<b>60</b>	50	51	46
<b>Waste</b>	Total waste produced (t)	<b>523</b>	427	402	403
	Waste for recycling (t)	<b>298</b>	205	202	214
	Waste for incineration (t)	<b>226</b>	222	200	189
<b>Cooling and extinguishing agents</b>	Coolant and extinguishing agent losses (kg)	<b>30</b>	252	231	111

### Environmental indicators per FTE

	2025	2024	2023	2022
Total building energy consumption (kWh/FTE)	<b>4,598</b>	4,553	4,857	5,083
Business travel (km/FTE)	<b>853</b>	768	949	651
Paper consumption (kg/FTE)	<b>69</b>	86	99	127
Waste (kg/FTE)	<b>93</b>	78	76	80
Water consumption (litres/FTE)	<b>10,722</b>	9,070	9,546	9,169
Greenhouse gas emissions (CO <sub>2</sub> e) (kg/FTE)	<b>355</b>	419	427	447

# Glossary

## Active investment solutions

Active investment solutions comprise portfolio management mandates and investment funds. Excluded are indexed, individualised and third-party managed investment solutions and investment funds in the area of alternative investments. The ZKB sustainability standard is also taken into account in investment advice, whereby the clients themselves make the investment decisions and thus determine the composition of the advisory portfolio.

## CO<sub>2</sub> equivalents (CO<sub>2</sub>e)

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 CO<sub>2</sub> 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.

## GHG Protocol

The GHG Protocol creates comprehensive, globally standardised frameworks for measuring and managing greenhouse gas emissions from private and public companies, value chains and climate protection measures.

## 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). "Financed emissions" (category 15 of the Greenhouse Gas Protocol, GHG 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.

——> Source: Art. 2, Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security (CIA)

## Net Zero Asset Managers Initiative (NZAM)

is an international group of asset managers committed to the goal of reducing greenhouse gas emissions to net 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)

was originally an initiative launched by the UN, which was transformed into a framework for banks following its dissolution in October 2025. This framework 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.

## 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.

——> Source: 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. “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.

### **Principles for Responsible Investment (PRI)**

PRI stands for “Principles for Responsible Investment”. These six principles were launched in 2006 with the support of the United Nations 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.

### **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 Disclosures (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. 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). The principles serve as a conceptual framework for banks to align themselves with the Sustainable Development Goals (SDGs) and the Paris Agreement.

### **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 VfU key figures tool provided by the VfU with science-based emission factors to calculate operational emissions.