



*TKB Sustainability Policy*



The statements in this policy include persons of any gender identity. In the event of questions of interpretation between versions of this policy in different languages, the German version shall prevail.

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## 1 Initial situation

Thurgauer Kantonalbank (hereinafter referred to as TKB) is a financial institute under public law with a state guarantee. The Canton of Thurgau is the main owner and has sole voting rights. Twenty percent of the capital is publicly placed in the form of participation certificates without voting rights. The Canton of Thurgau imposes requirements on the bank within the scope of the legally stipulated public service mandate. The purpose of TKB is to promote economic development in the Canton of Thurgau in a socially responsible manner and to make a major contribution to Thurgau's economy. It is a dependable partner for private individuals, industry, companies and the public sector. TKB offers financial services in the areas of financing, investing and pension provision that offer long-term benefits and contribute to a sustainable financial system. In doing so, the range of products and services is expanded in a targeted way to include offerings that meet ESG criteria (environmental, social and governance).

## 2 About the TKB Sustainability Policy

Sustainability forms part of TKB's corporate strategy and sustainability principles are incorporated into our business and risk policy. In its capacity as a strategic management body, the Board of Directors approves the sustainability strategy and assigns responsibility for its implementation – including any measures needed to reach the climate targets set – to the Executive Board. Furthermore, the Board of Directors approves the enterprise-wide Risk Management Framework, which includes sustainability risks.

### Purpose and content

The Sustainability Policy specifies TKB's principles of sustainability more precisely. It provides more detailed descriptions of the targeted sustainability impact of services provided within the scope of the bank's business operations and includes the Guideline on Environmental, Social and Corporate Governance Controversy Topics. It is implemented using the respective exclusion approach to ESG topics. More detailed explanations can be found in the bank's internal directives and explanations as well as in other tools.

### Scope of application

The sustainability policy and its principles apply to TKB and its entire business operations, especially to the financing business, the bank's own financial investments, the investment and pension provision business, sustainability in bank operations, the procurement of goods and services as well as the bank's commitment to the region.

### Approval and revision

TKB's sustainability policy was approved by the Executive Board on 30 September 2024 and is reviewed on a regular basis.

## 3 Principles of sustainability

TKB focuses on making a positive contribution to both society and the environment and preventing or reducing any negative impacts along the entire value chain. The bank's multifaceted commitment is based on a comprehensive understanding of sustainability. That means it pays equal attention to economic, environmental and social challenges and aligns its actions with the three ESG dimensions.

### Sustainability ambition

Important guiding frameworks include the UN Sustainable Development Goals, the Paris Agreement as well as TKB's overarching goal of achieving net zero greenhouse gas emissions by 2050 – both in the bank's own operations as well as through its financing and investment activities. To reach this goal, the bank joined the Science Based Targets initiative (SBTi) and has formulated appropriate reduction pathways for its short-term climate targets.

### Sustainability-related opportunities and risks

Sustainability harbors both opportunities and risks for TKB. The bank's opportunity-oriented perspective and measures it rolls out result in adjustments to the range of products and services, improvements in energy efficiency, the use of renewable sources of energy and cost savings. The bank has professional structures, responsibilities and instruments on the risk side. The enterprise-wide Risk Management Framework is one of those key instruments, part of which is the bank's approach to sustainability risks, including climate-related risks.



### Mission

The bank is aware of the financial sector's prominent role in efforts to promote sustainable development and transformation around the globe. It accepts its responsibility to contribute to economic development, promote the well-being of people and protect natural resources. This transition can only succeed, however, if the political framework is set up such that the formulated ambitions are attainable and if customers and the other stakeholder groups make an adequate contribution.

### Sustainability reporting

TKB reports transparently and comprehensively about its commitment to sustainability. It implements the legal requirements regarding sustainability reporting in its [annual and sustainability report](#). When reporting on climate-related opportunities and risks, TKB follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and publishes a [climate report](#). In the pension and investment business, its reporting is guided by the six [Principles for Responsible Investment \(PRI\)](#). The comprehensive sustainability reporting is aligned with the [Global Reporting Initiative \(GRI\)](#) standard. The bank publishes an annual [GRI Sustainability Report](#).

## 4 Business operations

### Financing business

The following lending principles form part of TKB's lending policy. Based on the Law on TKB, the bank has a social responsibility to promote economic development in the Canton of Thurgau. It is tasked with meeting the need for loans, both among private individuals and public entities. The bank therefore offers its loan products to customers primarily from the Canton of Thurgau, secondly from adjacent economic areas and, in individual cases, from outside the adjacent economic areas and from foreign countries. The bank also collaborates with other banks to grant syndicated loans if permitted by the bank's own credit check. In addition, TKB grants loans to public-law entities in the Canton of Thurgau.

TKB seeks long-term business relationships with customers that are built on trust and also supports them in tough economic circumstances. It complies with regulatory requirements, avoids conflicts of interest and adheres to moral and ethical values and attitudes. TKB refrains from granting loans unless it has a comprehensive understanding of the borrower's financial circumstances (borrowing capacity), sufficient knowledge of the borrower's personal circumstances (creditworthiness) and the purpose of the loan has been disclosed.

When assessing loan transactions – particularly in the case of financing backed by residential real estate – ecological risks (environmental risks) are taken into consideration. This involves, among other things, assessing whether there are any pollution risks (contaminated sites). Affected sites may be contaminated with pollutants due to deposits, operational activities, use and influence of critical substances or accidents. In the case of real estate, this may affect the soil, the air or the building fabric, which results in additional costs and reduces the value of the mortgage.

For companies, it systematically assesses the sustainability of the business model; an assessment of sustainability-related transition risks forms part of the lending process. TKB has defined criteria for environmental, social and corporate governance controversy topics that exclude customers from receiving a loan.



### Approach to promoting mortgages

With respect to efforts to decarbonize its mortgage portfolio, the bank primarily pursues an offer-based approach. That means active steps are being taken to raise customer awareness, advise them and provide financial support. In the mortgage business, the bank collaborates with cantonal advice centers to offer energy consultations, useful services like the renovation cost calculator and also covers some of the cost of obtaining a Cantonal Energy Certificate for Buildings (CECB). In addition, TKB offers special financing products that promote climate-friendly behavior and reward it with preferential terms and conditions – like the energy mortgage. Both private and business customers can benefit from these offers.

### Approach to promoting business loans

With respect to efforts to decarbonize its business loan portfolio, TKB's approach is to support companies during their transformation to a sustainable business model. For this, the bank conducts in-depth discussions on the topic of sustainable corporate governance as well as the climate-related risks and opportunities associated with it. Additional financing opportunities arise for TKB as a result, including investments in new technologies and innovative sustainability solutions such as photovoltaic systems on third-party roofs and district heating. The bank also offers energy consultations and other useful services in cooperation with advice centers.

### Proprietary financial investments

TKB has defined exclusion criteria for environmental, social and corporate governance controversy topics that also apply to the bank's own financial investments. The bank's own financial investments and assets are reviewed regularly based on MSCI ESG ratings to check for violations of the defined exclusion criteria. When selecting the bank's financial investments, TKB applies a sustainability approach based in part on ZKB's sustainability research: If ZKB rates a security as sustainable (at least three of five stars according to ZKB's ESG rating), TKB rates the security as sustainable. If the security is not covered by ZKB's sustainability research, the assessment provided in MSCI's ESG tool is used. If the security has an ESG rating of at least "BB", the bank rates it as "linked to ESG criteria". If a security is not covered by MSCI either, the Swiss Bond Index (SBI) ESG Domestic AAA-BBB is checked. If a security meets

none of these criteria, it is not purchased. The procedure for selecting proprietary financial investments is regulated by internal documents.

### Stewardship (engagement)

The sustainability approach is supplemented by TKB's participation in the Responsible Shareholder Group, an engagement pool organized by Inrate. As part of these stewardship activities, the bank influences the Swiss companies in which it has invested with the goal of helping companies improve their sustainable impact and creating long-term value as a result.

### Investment and pension provision business

In the investment and pension provision business, TKB's approach and reporting are guided by the six Principles for Responsible Investment (PRI). It also follows the recommendations of SwissBanking concerning sustainable investments, the exclusion criteria applied by the Swiss Association for Responsible Investments (SVVK-ASIR) and the exclusion criteria of TKB.

### Advisory process

TKB has a systematic advisory process enabling it to cover as many of its customers' individual needs as possible and do so over the long term. ESG advice is embedded in this advisory process. In the investment and pension provision business, customers' ESG preferences are surveyed and the ESG characteristics and risks of the investment solutions are communicated.

### Asset management mandates, the bank's own strategy fund, recommendation list

All asset management mandates for private customers, the bank's own strategy fund and TKB's recommendation list are based on the ESG Plus approach. This approach is outlined in the bank's binding investment guidelines. A strategy deviating from this approach is only possible at the customer's express request and in isolated cases. That means, wherever possible, that TKB only considers investments that meet certain criteria with respect to environment, social and governance metrics. Additionally, the only providers considered are those of collective investment schemes that have made a commitment to the Principles for Responsible Investment and are therefore interested in making a positive contribution to a sustainable financial system. Investment Controlling monitors compliance with these



requirements. TKB additionally offers various thematic funds on its recommendation list to meet demand for impact investment products. The thematic funds and active equity funds must all demonstrate a sustainability approach that TKB can transparently appraise based on MSCI ESG data and include a stewardship process. In addition, the respective investment company must also have committed to the Principles for Responsible Investment. The funds on the recommendation list are favored in accordance with Art. 8 of the European Sustainable Finance Disclosure Regulation (SFDR) or, if an impact approach is used, even classified in accordance with Art. 9 SFDR.

Sustainability factsheets based on MSCI ESG data are periodically created for the funds used in asset management for private customers or for the funds on the recommendation list. Those factsheets transparently list the most important ESG key indicators as well as the sustainability approaches applied. This information includes the portfolio rating, the overall score, the individual ESG scores as well as climate-related data, both in absolute terms and relative to a benchmark. An asset report prepared for all investment customers transparently shows the MSCI ESG rating and the implied temperature rise (ITR) for their individual portfolios. A portfolio's ITR or global warming potential indicates whether the portfolio has already achieved the targets of the Paris Agreement in terms of limiting global warming to less than 2 degrees Celsius.

#### **Stewardship (engagement, exercising voting rights)**

The ESG Plus approach is supplemented by the Investment Center's direct engagement with third-party investment companies. This is done for the target funds in the asset management mandates and the bank's own strategy funds as an integral part of the selection process. Direct dialog with the companies, involvement in investor initiatives and voting all occur indirectly via the external investment companies.

#### **Self-managed fund with individual securities [TKB Fonds Aktien Schweiz ESG (CHF)]**

The fund invests in a diversified portfolio containing around 50–70 Swiss stocks that mainly comprise securities from innovative, high-income companies. Its focus is on companies considered to be among the best in their industry and that have

interesting potential for profit growth. Investment decisions are based on comprehensive quantitative and qualitative analyses. Analyses performed by TKB's Portfolio Management take both conventional key financial figures as well as ESG criteria into consideration. The defined exclusion criteria for controversial business areas are supplemented by the exclusion criteria applied by SVVK-ASIR. At the fund level, particular emphasis is also placed on carbon intensity and the implied temperature rise caused by the investee companies. The fund additionally intends to support ecological and social aspects in accordance with the UN Sustainable Development Goals (SDGs).

#### **Stewardship (engagement, exercising voting rights)**

The approach is supplemented by TKB's participation in the Responsible Shareholder Group, an engagement pool organized by Inrate. As part of these stewardship activities, the bank influences the Swiss companies in which it has invested with the goal of helping companies improve their sustainable impact and creating long-term value as a result. Voting rights are exercised actively by the fund management company with a focus on ESG risks in particular.

#### **Sustainability in bank operations**

The bank uses an environmental management system to document its energy consumption and operational greenhouse gas emissions, which it inventories in accordance with the Greenhouse Gas Protocol. It defines and implements measures for optimizing and reducing emissions as well as energy and resource consumption. TKB also encourages its employees and customers to learn about climate protection and make a contribution. The bank's support for high-quality climate protection projects rounds out its engagement.

#### **Procurement of goods and services**

TKB values sustainability in its procurement practices. It places economic, social, ecological and ethical requirements on goods, services and suppliers. The bank prioritizes regional suppliers whenever possible. The "Sustainable Procurement Principles" apply for all procurement processes. The bank also implements a "Sustainability Declaration for Suppliers of TKB", which requires suppliers to adhere to generally valid sustainability requirements. The bank has defined specific sustainability requirements for at-risk product groups.



These measures help TKB create a commitment to sustainability in the supply chain and systematically raise awareness of environmental friendliness and social compatibility among its suppliers.

#### **Commitment to the region**

Being a cantonal bank, TKB has a special responsibility toward the region, its people and the economy. In keeping with that responsibility, it sponsors events and offers in the areas of sports, culture, social and business. TKB considers the promotion of young talent and sustainability to be particularly important causes. Its sponsorship activities take into consideration sustainability criteria that are based on the UN Sustainable Development Goals. In connection with the legally independent Anniversary Foundation of TKB, the bank supports in particular cultural, academic and charitable projects that are local in nature. Many employees also have commitments with associations and institutions in the region. TKB enables its employees to participate in a charitable project once a year that benefits people and nature. The bank additionally offers free seminars that provide the people of Thurgau with relevant knowledge on a variety of topics including taxes, investments, pension planning and sustainable building and renovations.

## **5 Guideline on Environmental, Social and Corporate Governance Controversy Topics**

As a provider of banking services, TKB is aware of the fact that its business operations can have consequences that are deemed to be critical to society or run counter to the principles of sustainable development. As a result, TKB issued guidelines that describe how to deal with controversially discussed topics (Guideline on Environmental, Social and Corporate Governance Controversy Topics). It is implemented using the respective exclusion approach to ESG topics.

#### **Validity of exclusion criteria**

The exclusion criteria were approved by the Executive Board on 29 April 2024. They are not retroactively applicable to existing business dealings. The guideline shall apply to the financing business from 1 July 2025 onward.

#### **Scope of application of exclusion criteria**

The scope of application of the Guideline on Environmental, Social and Corporate Governance Controversy Topics comprises all of TKB's business operations, in particular the financing business, the bank's own financial investments and the investment and pension provision business (self-managed fund with individual securities, active recommendations to buy). Precisely how this is implemented and expressed in the bank's business operations differs with respect to threshold values, escalation processes and operationalization, with these specifics governed in internal directives and documents.

#### **Definition of exclusion criteria (monitoring process)**

The bank's approach to dealing with environmental, social and corporate governance controversy topics is managed using an iterative and systematic monitoring process. Exclusion criteria are identified based in part on research as well as in compliance with regulatory requirements, social requirements and data from third-party providers. Potential exclusion criteria are analyzed in terms of their relevance with respect to TKB's business operations and are aligned with both best practices and scientific principles. Threshold values were defined for certain controversial ESG topics in the investment and pension provision business. Companies are excluded if they generate revenue in





excess of the threshold value that applies for the relevant exclusion category. This is determined based on data provided by MSCI ESG. The goal is to identify the controversial topics that are most relevant to TKB. If the analysis reveals any need for adjustments, the Executive Board makes a landmark decision and an adjustment is made to the Guideline on Environmental, Social and Corporate Governance Controversy Topics. Operational implementation takes place in the respective departments and regular reviews are conducted to check the effectiveness of the guidelines in terms of the sustainability goals. TKB's Sustainability Office coordinates the annual monitoring process with the help of the Credit Management, Investment Center and Risk Control departments.

#### Data quality of external providers

When implementing these measures, TKB uses data and information provided by external, specialist providers of data, one of which being MSCI ESG. When excluding listed companies and defining thresholds, the bank relies on the quality and completeness of this data.

The defined exclusion criteria and principles of TKB are implemented for all ESG topics.

#### Environment: Climate and energy

Limiting climate change is strategically significant to TKB and both climate protection and the reduction of greenhouse gas emissions are material topics. TKB's overarching target is to achieve "net zero" greenhouse gas emissions by 2050 – both through its own bank operations as well as through its financing and investment activities. To reach this goal, the bank joined the Science Based Targets initiative (SBTi) and has formulated appropriate reduction pathways for its short-term climate targets. To reach those targets, TKB implements measures in four fields of action. First: TKB optimizes operating procedures, focuses on climate-friendly alternatives and motivates its employees to embrace climate-friendly behaviors. Second: TKB offers products and services to its customers that offer long-term benefits. Third: TKB engages in dialog with Swiss companies (engagement). And fourth: TKB supports high-quality climate protection projects in the region.

#### Exclusion approach

TKB has defined four controversy topics for exclusion in the climate and energy dimension. The overview below provides insights into what these involve and the thresholds.

**Extraction of crude oil and natural gas**

<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers and projects that produce and/or extract fossil fuels such as crude oil or natural gas.	No purchases for the bank's own financial investments from companies that produce and/or extract fossil fuels such as crude oil or natural gas.	The purchase of securities from companies that produce and/or extract fossil fuels such as crude oil or natural gas is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No more than 5% of revenue (MSCI)

**Coal mining**

<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers and projects that mine and/or extract coal (hard coal and lignite) for thermal coal power generation.	No purchases for the bank's own financial investments from companies that mine and/or extract coal (hard coal and lignite) for thermal coal power generation.	The purchase of securities from companies that mine and/or extract coal (hard coal and lignite) for thermal coal power generation is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No more than 5% of revenue (MSCI)



<b>Fossil-fuel power plants (incl. coal-fired power plants)</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business (self-managed fund with individual securities)</b>
<b>Exclusion approach</b>	<p>No financing for plants that generate energy using crude oil, coal or natural gas.</p> <p>No financing for customers that own and/or operate plants that generate energy using crude oil, coal or natural gas.</p>	No purchases for the bank's own financial investments from companies that own and/or operate plants that generate energy using crude oil, coal or natural gas.	The purchase of securities from companies that own and/or operate plants that generate energy using crude oil, coal or natural gas is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No more than 5% of revenue (MSCI)

<b>Nuclear power plants, nuclear power, uranium mining</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business (self-managed fund with individual securities)</b>
<b>Exclusion approach</b>	<p>No financing for nuclear power plants.</p> <p>No financing for customers that own or operate uranium mining facilities.</p> <p>No financing for uranium mining.</p> <p>No financing for customers that produce and trade in nuclear power.</p>	No purchases for the bank's own financial investments from companies that own or operate nuclear power plants or uranium mining facilities, engage in uranium mining and/or produce and trade in nuclear power.	The purchase of securities from companies that own or operate nuclear power plants or uranium mining facilities, engage in uranium mining and/or produce and trade in nuclear power is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No more than 5% of revenue (MSCI ESG)

**Environment: Precious metals**

TKB does not process any minerals or metals from conflict-affected areas and does not import these into Switzerland. TKB offers its customers the opportunity to purchase Fairtrade gold (bars weighing between 1 and 10 grams) and traceable gold and silver bars. The precise origin of each individual bar of traceable gold and silver is known and this traceability is ensured. Gold and silver are mined and produced in accordance with the current internationally recognized standards. These sets of regulations ensure that human rights violations are outlawed, money laundering and corruption are combated, and terrorist financing is prevented. The strict selection of mines is guided by known risk criteria. Indicators related to negative environmental impacts are also taken into consideration.

**Environment: Nature/biodiversity**

TKB does not manage any proprietary products in the commodities sector. All third-party funds on TKB's recommendation list are based on the [ESG Plus approach](#). If the securities are not consistent

with the approach, they are excluded from the investment universe. Natural capital consists of environmental assets. A trade-off exists between climate change and biodiversity. Climate change is intricately linked with the status of biodiversity and is a major driver of biodiversity loss. The status of biodiversity, on the other hand, impacts climate change because the ecosystems that depend on biodiversity store carbon emissions. TKB considers it important to contribute to efforts to preserve various habitats (at the ecosystem level, such as forests or bodies of water), living species (animals, plants, fungi, microorganisms) and genetic diversity within the species (individual diversity within a single species) wherever possible.

**Exclusion approach**

TKB has defined four controversy topics for exclusion in the nature/biodiversity dimension. It is guided by the [HCV Network](#) on matters related to high conservation value areas (HCVA). The overview below provides insights into what these involve and the thresholds.

<b>Unlawful, deliberate water/groundwater pollution</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that engage in unlawful, deliberate water/groundwater pollution.	No purchases for the bank's own financial investments from companies that engage in unlawful, deliberate water/groundwater pollution.	The purchase of securities from companies that engage in unlawful, deliberate water/groundwater pollution is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No threshold





<b>Mining using particularly destructive mining methods</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that engage in mining (extraction of hard coal and lignite) using particularly destructive mining methods such as mountaintop removal.	No purchases for the bank's own financial investments from companies that engage in mining (extraction of hard coal and lignite) using particularly destructive mining methods such as mountaintop removal.	The purchase of securities from companies that engage in mining (extraction of hard coal and lignite) using particularly destructive mining methods such as mountaintop removal is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No more than 5% of revenue (MSCI ESG)

<b>Non-certified agriculture and forestry</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that engage in non-certified land and forest management in a foreign country (i.e. without FSC or equivalent certification) involving the deforestation of tropical forests and/or damage to particularly sensitive areas with high conservation value.	No purchases for the bank's own financial investments from companies that engage in non-certified land and forest management in a foreign country (i.e. without FSC or equivalent certification) involving the deforestation of tropical forests and/or damage to particularly sensitive areas with high conservation value.	The purchase of securities from companies that engage in non-certified land and forest management in a foreign country (i.e. without FSC or equivalent certification) involving the deforestation of tropical forests and/or damage to particularly sensitive areas with high conservation value is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No threshold



<b>High conservation value areas</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that endanger high conservation value areas in a foreign country; these include animal and plant species, wetlands, biotopes, old-growth forests, cultural heritage objects and World Cultural Heritage Sites.	No purchases for the bank's own financial investments from companies that endanger high conservation value areas in a foreign country; these include animal and plant species, wetlands, biotopes, old-growth forests, cultural heritage objects and World Cultural Heritage Sites.	The purchase of securities from companies that endanger high conservation value areas in a foreign country; these include animal and plant species, wetlands, biotopes, old-growth forests, cultural heritage objects and World Cultural Heritage Sites is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No threshold

### **Social issues and society: Human rights**

Being a cantonal bank, TKB has a special responsibility toward the region, its people and the economy. TKB aligns its business operations with nationally and internationally recognized human rights standards – this is enshrined in its Code of Ethics (Code of Conduct). TKB factors observation of human rights into its investment decisions and procurement of goods and services. Efforts to this end include discussing requirements relating to occupational health and safety regulations as well as human and labor rights in talks with all new and existing suppliers during contract renegotiations. The bank structures its products and services in the areas of financing, pension provision and investments in a way that minimizes the potential risks for people and the environment.

TKB is committed to creating a motivating working environment, promoting diversity among its staff and living up to the bank's social responsibility to all employees. It accepts all people regardless of their origin, age, religion, world views, gender, sexual orientation, nationality, special needs, skin color or ethnic and social background. At TKB, people engage with one another as equals, cultivate a culture of trust and feedback, are considerate to others and treat one another with respect. Tips or reports of violations of these basic principles can be

submitted internally or through the external employee counseling service. The bank takes appropriate action to protect anybody affected. It arranges for tips to be investigated and takes steps to remedy any shortcomings.

### **Exclusion approach**

TKB has defined four controversy topics for exclusion in the social and society dimension. The overview below provides insights into what these involve and the thresholds.



<b>Violation of human and labor rights</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that violate labor and human rights as defined by the United Nations or the core labor standards of the International Labour Organization (ILO).	No purchases for the bank's own financial investments from companies that violate labor and human rights as defined by the United Nations or the core labor standards of the International Labour Organization (ILO).	The purchase of securities from companies that violate labor and human rights as defined by the United Nations or the core labor standards of the International Labour Organization (ILO) is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No threshold

<b>Gambling</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	<p>No financing for customers that own or operate physical or virtual gambling halls or games of chance in a foreign country.</p> <p>No financing for customers and projects in Switzerland that own or operate physical or virtual gambling halls or games of chance and are not in possession of a license from the Federal Gaming Board (ESBK; Eidgenössische Spielbankenkommission).</p>	No purchases for the bank's own financial investments from companies that own or operate physical or virtual gambling halls or games of chance.	The purchase of securities from companies that own or operate physical or virtual gambling halls or games of chance is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No more than 5% of revenue (MSCI ESG)



<b>Violation of the rights of indigenous peoples</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that violate the rights of indigenous peoples and are in violation of the UN Declaration on the Rights of Indigenous Peoples and the Indigenous and Tribal Peoples Convention (ILO Convention No. 169).	No purchases for the bank's own financial investments from companies that violate the rights of indigenous peoples and are in violation of the UN Declaration on the Rights of Indigenous Peoples and the Indigenous and Tribal Peoples Convention (ILO Convention No. 169).	The purchase of securities from companies that violate the rights of indigenous peoples and are in violation of the UN Declaration on the Rights of Indigenous Peoples and the Indigenous and Tribal Peoples Convention (ILO Convention No. 169) is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No threshold

<b>Production of and trade in controversial (banned) weapons</b>			
<b>Business operations</b>	<b>Financing business</b>	<b>Proprietary financial investments</b>	<b>Investment and pension provision business</b> (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that produce and/or trade in controversial (banned) weapons (including anti-personnel mines, chemical weapons, biological weapons, cluster munition and nuclear weapons).	No purchases for the bank's own financial investments from companies that produce and/or trade in controversial (banned) weapons (including anti-personnel mines, chemical weapons, biological weapons, cluster munition and nuclear weapons).	The purchase of securities from companies that produce and/or trade in controversial (banned) weapons (including anti-personnel mines, chemical weapons, biological weapons, cluster munition and nuclear weapons) is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No threshold





### Corporate governance

TKB is guided in its actions by high ethical and sustainable principles and values corporate governance that is both responsible and modern with authorities and responsibilities defined clearly at all levels. TKB considers it important to have a leadership culture that facilitates economic success in compliance with ethical principles.

### Tax compliance, money laundering, terrorist financing

TKB combats money laundering, tax fraud, corruption and terrorist financing within its sphere of influence. It complies with national and international regulations on embargoes and sanctions. TKB expects all its customers to be tax compliant with regard to the assets held at the bank and does not knowingly accept untaxed funds. TKB does not aid or abet tax evasion or transfers of capital from countries with legislation that limits investment. The economic background, the origin and provenance of assets received is carefully investigated. The same applies to unusual transactions.

### Combating corruption

TKB tolerates neither active nor passive bribery nor the undue acceptance or granting of an advantage. TKB has a directive governing the giving and acceptance of gifts by employees. Where gifts exceed the negligibility thresholds defined in the directive, the Executive Board decides. In cases of suspected misconduct, employees, customers and third parties have various options available to them to file a report.

### Exclusion approach

TKB has defined an exclusion topic which basically concerns the violation of minimum corporate governance standards. The overview below provides insights into what these involve and the thresholds.

Violation of minimum corporate governance standards			
Business operations	Financing business	Proprietary financial investments	Investment and pension provision business (self-managed fund with individual securities)
<b>Exclusion approach</b>	No financing for customers that violate the principles of good corporate governance (including tax compliance, combating money laundering, corruption and terrorist financing, etc.).	No purchases for the bank's own financial investments from companies that violate the principles of good corporate governance (including tax compliance, combating money laundering, corruption and terrorist financing, etc.).	The purchase of securities from companies that violate the principles of good corporate governance (including tax compliance, combating money laundering, corruption and terrorist financing, etc.) is excluded in connection with self-managed funds with individual securities.
<b>Threshold</b>	No threshold	No threshold	No threshold

