

Foreword by the Executive Board



Thinking about tomorrow today. That is the guiding principle behind our sustainability efforts. We take a long-term and comprehensive view of sustainability and want to make a positive contribution to the environment and society. Through our commitment as well as the products and services we offer, we add sustainable value for our customers, our employees and for our region, Thurgau.

We are careful to adopt a gentle approach to natural resources and to act responsibly along our entire value chain. In so doing, we are guided by the UN Sustainable Development Goals, the Paris Agreement, the UN Principles for Responsible Investment (UN PRI) and the guiding concept of EnergieSchweiz for the 2,000-Watt Society. That is how we want to make an active contribution to a climate-neutral Switzerland.

Our ambition is to be among the leading cantonal banks in terms of sustainability. Sustainability is thus an integral component of our corporate strategy. Sustainability will also be a focal point of the 2023 to 2027 strategy period and will be embedded at all levels of the bank.

Strategic priorities

Thurgauer Kantonalbank (TKB) trend management has identified six megatrends, which we will actively address in the new strategy period. One of these megatrends is a growing identification with environmental responsibility, which is permeating every aspect of everyday life. This is bringing changing behaviors and perspectives to society, business and politics, thereby influencing our business activities. This trend is also growing more pronounced in numerous national and international regulatory and self-regulatory initiatives. Our mid-term sustainability focus, i.e., in the next five years, is on the following three priorities. First, we make sure to continually raise awareness and increase knowledge of sustainability among our employees. That is the foundation underpinning the second priority, the integration of sustainability both in our products and services as well as in our advisory and business processes. Third, the management of greenhouse gas (GHG) emissions must be improved, in that we define science-based emission reduction pathways and create specific recommendations for action. Over the course of this, we will monitor and report on our progress.

Impact or our business activities

We are aware that, as a bank, we impact the environment, society, the economy and human rights, especially through our mortgage, investment and lending business. We are therefore eager to direct our flows of capital towards sustainable activities. In accordance with that, we consider it important to define, quantify and derive measures from climate-related risks and opportunities to make a contribution to containing climate change.

Review of 2022

We made further progress in sustainability last year. Overall, TKB is on course in terms of the goals defined under its current sustainability strategy. We follow the global disclosure standard of the Task Force on Climate-related Financial Disclosures (TCFD) when reporting our climate-related opportunities and risks and we worked intensively on implementing its requirements last year. We evaluated our loan portfolio according to the Partnership for

Carbon Accounting Financials (PCAF) method for the first time and joined the initiative. This report includes an initial, TCFD-compliant qualitative disclosure.

I am especially pleased about our sustainability training initiative. We have developed an extensive sustainability training offering in cooperation with the School of Management and Law of the Zurich University of Applied Sciences (ZHAW). All employees, including the Executive Board as well as the members of the Board of Directors, will complete the training. TKB is thus taking a leading role regarding sustainability training in the Swiss banking community. The training initiative has been undergoing implementation since August 2022 and will last until summer 2023. Furthermore, in September 2022 we held a sustainability week for our employees with various events designed to raise awareness of the issue of sustainability. There was great interest in the courses and they were well received.

We introduced a new external offer for social advisory services in the field of occupational health management. Employees can contact MOVIS AG for independent professional advice on operational, personal and health-related issues. The dialog with our Sustainability Advisory Council was also worthwhile for us last year; we value the external perspective of the five experts and profit from the regular exchange of experiences and important ideas.

Challenges and outlook

In spite of the progress made, we still face challenges ahead. For example, we need to make progress on the topic of GHG emissions: besides improving the data collection methods, we also need to increase data quality. In addition, expectations and regulatory requirements regarding transparency in non-financial reporting and customer advisory services are on the rise.

We will focus on the following issues in particular for the coming year: embedding ESG risks (sustainability risks) in the overarching, bank-wide risk management concept, defining a science-based emissions reduction pathway for GHG emissions related to our loan portfolio, the final implementation of initial sustainability training and continued efforts to integrate sustainability into both the organization and products.

This is just a snapshot of the current situation with regard to sustainability at TKB. You will read about many other developments in this report. We are pleased at what we have achieved and look forward to what we will do next. There is a lot we can still do – support us on the journey and swap notes with us.



Thomas Koller
Chief Executive Officer of Thurgauer Kantonalbank