

THINKING ABOUT TOMORROW TODAY



2022 GRI Sustainability Report

2022 GRI Sustainability Report – Contents

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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

Sustainability strategy

Since 2013, TKB has engaged in systematic sustainability management based on a comprehensive commitment to responsible business conduct. It aligns with the vision: “Thinking about tomorrow today. We add sustainable value for our customers, our employees, society and the environment through our commitment. We embrace a gentle approach to the use of natural resources and make an active contribution toward a climate-neutral Switzerland.” Sustainability is an integral component of the TKB corporate strategy. Stakeholder expectations as well as national and international initiatives and standards were taken into account when formulating the current sustainability strategy for 2021 to 2025.

Cornerstones of the sustainability strategy

TKB bundles its sustainable commitment into four strategic thrusts:

- Committed to customers
- Responsible towards employees
- Embedded in society and the region
- Gentle on the environment

There are 13 material topics allocated to the strategic thrusts and TKB has formulated an ambition for each strategic thrust, which serves as a compass for the bank’s development up to 2030. Detailed information on the material topics, targets by 2025, the strategy, measures and performance indicators is contained in the dedicated chapters of this report.

An overview of the TKB sustainability strategy



Background

The actions of TKB are guided by its corporate values—grounded, solid, customer-oriented, agile, uncomplicated and empathetic—as well as by overarching international and national standards. These include the UN Sustainable Development Goals (SDGs), the Paris Agreement, the Task Force on Climate-related Financial Disclosures (TCFD) as regards disclosure of climate-related opportunities and risks, the Partnership for Carbon Accounting Financials (PCAF) for measuring and disclosing GHG emissions, the UN Principles for Responsible Investment (UN PRI), Circular 2016/1 “Disclosure—banks” of the Swiss Financial Market Supervisory Authority (FINMA) on the transparency of climate risks as well as the recommendations of the association Swiss Sustainable Finance (SSF).

Dealing with negative impacts of business operations

TKB focuses in particular on avoiding negative impacts along its value chain. The specific measures for avoiding and dealing with negative impacts are outlined at the level of the material topics and in the respective chapters.

Approval and monitoring

The sustainability strategy was approved by the Board of Directors. The Executive Board is responsible for meeting the targets defined based on the strategy. Both bodies are informed biannually on target achievement.



STRATEGIC THRUST

COMMITTED TO CUSTOMERS

TKB is the bank of the people and economy in the Canton of Thurgau. We are a reliable partner for private individuals, companies, industry and the public sector. We are working to develop our comprehensive range of financing, investment, pension and payment products and services in line with customer needs. We are expanding our range of products and services in a targeted way with sustainable offers. We provide holistic advice to our customers and are at their side throughout their lives.

MATERIAL TOPICS

[GRI 3-2]

- Responsible advisory services
- Customer orientation
- Sustainable products and services
- Sustainable finance

AMBITION UNTIL 2030

Our commitment is based on the Paris Agreement that aims to limit the global temperature increase to 1.5 degrees. We take this into account when designing products and processes and we raise customer awareness of sustainability. We disclose the impact of investment products on the environment and society. We incorporate ESG criteria into financing offers (ESG: environment, social, governance).

RESPONSIBLE TOWARDS EMPLOYEES

TKB is an attractive employer and training provider. We embrace equal opportunity and promote a work-life balance at all levels. We train young talent and give targeted support to employees in their career development. Everyone can assume responsibility, contribute ideas and actively shape their working environment. The bank is convinced: it can achieve more as a team.

[GRI 3-2]

- Responsibility as an employer
- Diversity and equal opportunity

We want to offer our employees a contemporary and attractive working environment, both now and in the future. Employees recommend us as an employer. The share of women in management positions is markedly higher than in 2021.

UN SUSTAINABLE DEVELOPMENT GOALS (SDG)



The individual Sustainable Development Goals (SDG) are outlined on page 110.



STRATEGIC THRUST

EMBEDDED IN SOCIETY AND THE REGION

TKB is committed to the economy and society in the Canton of Thurgau. We support culture and popular sports and are particularly active in promoting young talent. We take suppliers in our region into consideration and prioritize sustainable products and services. We value responsible and contemporary corporate governance.

MATERIAL TOPICS

- [GRI 3-2]
- Economic performance
 - Commitment to the region
 - Corporate governance
 - Procurement

AMBITION UNTIL 2030

We stay true to our sustainable business model. We contribute to the economic stability and development of the canton through profit distribution. Sustainable criteria apply to bank events and all sponsorship partners observe sustainability standards. We apply defined sustainability principles to procurement. TKB employees perform many charitable activities every year.

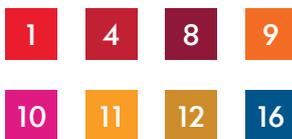
GENTLE ON THE ENVIRONMENT

TKB embraces a gentle approach to the use of resources and aspires to achieve climate-neutral operations. In environmental management, we measure energy and resource consumption and reduce it continually. We want our operations to impact the environment as little as possible and we develop suitable measures to that end.

- [GRI 3-2]
- Climate and GHG emissions
 - Energy consumption
 - Waste and resource management

Our operations are climate-neutral and we are reducing our greenhouse gas emissions (GHG reduction pathway). We aim to reduce GHG emissions by 35 percent relative to 2019 and decrease energy consumption from non-renewable sources by 38 percent. We will offset the remaining GHG emissions. Our commitment is based on the Paris Agreement, which aims to limit the global temperature increase to 1.5 degrees, as well as the Swiss guiding concept of the 2,000-Watt Society.

UN SUSTAINABLE DEVELOPMENT GOALS (SDG)



The individual Sustainable Development Goals (SDG) are outlined on page 110.

Sustainability management

TKB aims to integrate sustainability into all the bank’s activities. To achieve that, the bank bases its sustainability management on the broad-based participation of various committees, departments, teams and specialist units.

Sustainability Office

The Sustainability Office is the nerve center of the sustainability topic. It is part of the “Strategy, Innovation, Sustainability” department and embedded in the bank management division, which reports to the Chief Executive Officer. The Sustainability Office steers the sustainability strategy process, coordinates the implementation of measures, actively structures the development of the bank’s sustainable commitment, annually monitors progress and ensures transparent reporting.

It is also the first point of contact for internal and external stakeholders to ask questions about sustainability.

Annual sustainability program

TKB develops an annual sustainability program to implement its sustainability strategy via a range of measures.

Responsibility is clearly defined for each material topic and takes one of two forms: if the topic can be processed independently by an existing organizational unit, a subject matter expert is selected from that organizational unit. The bank has set up working groups for interdisciplinary topics, which are managed by one designated person. Both the subject matter experts and working group heads are responsible for target achievement in the relevant material topic. They coordinate measures and provide ideas

Material topic	Responsible organizational unit
Responsible advisory services	Advisory Services and Sales
Customer orientation	Market Communication
Sustainable products and services	Product Management and Digital Channels
Sustainable finance (ESG integration)	Strategy, Innovation, Sustainability; Treasury
Diversity & equal opportunity	Human Resources
Responsibility as an employer	Human Resources
Economic performance	Treasury
Commitment to the region	Marketing
Corporate governance	Strategy, Innovation, Sustainability
Procurement	Marketing
Climate / GHG emissions	Strategy, Innovation, Sustainability
Energy consumption	Logistics
Waste and resource management	Logistics

for the bank's sustainable development. They are in continual exchange with the Sustainability Office, which ensures the flow of information among the different working group leaders and subject matter experts.

Role of the Board of Directors

As the supreme strategic management body of TKB, the Board of Directors approves the sustainability strategy. Sustainability is an integral component of the corporate strategy. The Board of Directors formulates ambitions and targets for sustainability topics that break new ground in terms of TKB's sustainability strategy and the Board of Directors is also expected to approve the sustainability report from the 2023 reporting year onward. The Board of Directors delegates the implementation of the sustainability strategy to the Executive Board, which has the support of experts from the business areas and different working groups. The Board of Directors evaluates its performance in the area of sustainability as part of its annual self-assessment, which is documented in writing. The members of the Board of Directors are compensated for their work with a flat-rate fee, which has no direct connection to the sustainability targets. When setting the Executive Board compensation, the Board of Directors considers all dimensions that are important for balanced and sustainable bank management. The sustainability targets are among the criteria applied. One of the five strategic targets of the 2023 to 2027 corporate strategy relates to sustainability: improving the MSCI ESG and Inrate ESG ratings by one rating category for each index.

All Board of Directors' committees have touch points with sustainability topics. For example, the Strategy Committee manages the sustainability strategy and its progress, the Risk and Audit Committee is responsible for addressing climate-relevant opportunities and risks and the Personnel Committee is in charge of the basic principles underlying the HR policy.

The Board of Directors is informed at regular intervals about the status of sustainability strategy implementation as part of the company-wide strategy monitoring. This is done by the Chief Executive Officer with the support of the Sustainability Office. The Board of Directors also regularly addresses strategic issues related to sustainability.

All members of the Board of Directors complete sustainability training developed in cooperation with the ZHAW School of Management and Law (see "Knowledge building" section on page 28). New members of the Board of Directors also complete the training. Ongoing monitoring is carried out to review which additional sustainability-related competencies are or are becoming relevant for the members of the Board of Directors and must therefore be addressed at meetings. This was the case last year, for example, regarding the disclosure of and approach to climate-related risks and opportunities as per the TCFD recommendations. These dedicated agenda items help inform the members of the Board of Directors about specific topics so they can make qualified decisions and fulfill their responsibility as a governing body.

The Board of Directors is also involved in dialog with stakeholder groups, either through the annual meetings with Thurgau's Governing Council, which is responsible for the bank's oversight, or at different bank events. If stakeholder groups raise critical concerns, they are brought to the attention of the Board of Directors via the institutionalized information channels. Moreover, attendance by a Board of Directors member at meetings of the Sustainability Advisory Council enables regular communication with proven experts.

Integration of climate risks into risk management

The bank is also impacted by climate change. Heightened credit or reputational risks, for example, could trigger higher value adjustments or result in higher costs. Societal expectations including new climate-related legal requirements can also impact the bank's business model. Against this backdrop, TKB is expanding its institution-wide framework concept for risk management in 2023 to include the requirements of the Board of Directors in the area of climate risks as well as to add information on the methods and instruments used to measure these risks. Further information on risk management is included in the TKB Annual Report in the Annex to the Financial Statements.

Sustainability Advisory Council

In 2021, the bank initiated the Sustainability Advisory Council. The committee comprises five external experts and monitors the implementation of the sustainability strategy. The Sustainability Advisory Council is first and foremost a dialog partner for the Sustainability Office. The committee meets three times per year. A representative of the Board of Directors, the Chief Executive Officer and head of the Sustainability Office are always present at the meetings.

The mandate of the Sustainability Advisory Council is to critically review the bank's commitment and provide new ideas. The Sustainability Advisory Council also promotes an exchange of experiences and contributes to the sustainability strategy development.

Membership associations

TKB is a member of various associations and participates in various initiatives in the area of sustainability. The sustainability strategy and its measures are based on the commitments arising from these memberships and initiatives. All memberships in associations and participation in initiatives are displayed on the TKB website and on the intranet for the staff. Membership and participation in associations and initiatives of greater relevance to business operations is announced through the media.

In 2022, TKB pledged to implement the recommendations of the Partnership for Carbon Accounting Financials (PCAF). TKB applied the 2022 PCAF framework to measure GHG emissions caused by the granting of loans. This was used as a basis for evaluating the climate-related risks and opportunities for implementing the TCFD requirements. Furthermore, TKB is a new member of the federal energy saving alliance. The federal initiative unites organizations that support efforts to ensure a secure supply in the winter of 2022/2023 by voluntarily taking measures to use energy both more efficiently and sparingly.

The decision whether to participate in national or international initiatives or memberships that lay a foundation for developing the sustainability strategy is made based on the approval of the strategy. This applies in particular to the Sustainable Development Goals (SDGs), the Paris Agreement and the guiding concept of EnergieSchweiz for the 2,000-Watt Society. The implementation of the requirements is delegated to the Executive Board, as is implementation of the strategy. The Board is thus supported by the relevant experts from the business areas and working groups.

Any other national or international initiatives or memberships in associations deemed necessary are approved by the Executive Board. For this, the Executive Board specifies in each instance who is responsible for integrating the requirements into the opera-

tional business and how progress is monitored. The relevant experts responsible for the operational implementation decide on the formal assignment of duties (process integration, directives). In those instances where implementation takes place via policies, they are approved by the Executive Board. If the duties entail any implications for business partnerships, these partnerships are made contingent on requirements and regulated contractually where necessary. That is how procurement is handled, for example. Details on integrating the different requirements are contained in the relevant chapters on material topics.

Obligation to observe human rights

TKB pledges to respect human rights and structures its business operations in compliance with international human rights law. The bank thus observes human rights, including the prevention of child labor, in connection with the procurement of goods and services as well as when making investment decisions. TKB refers to the United Nations Guiding Principles on Business and Human Rights as well as the international human rights provisions binding on Switzerland (core labor standards of the International Labour Organization (ILO)). It does this via a risk-based approach: the bank identifies and defines the risks of human rights violations and makes an active effort to prevent, end and, where applicable, also mitigate the impact of such violations. As with other compliance or integrity violations, complaints can be sent through TKB's communication channels. The expectations of TKB's suppliers in terms of upholding human rights, including the elimination of child labor, are set out in the sustainable procurement principles. This obligation is stipulated in the Code of Conduct (Code of Ethics), which will be passed in 2023. The obligations are, however, already being implemented on an operational level. For further details, see in particular the chapter on sustainable products and services and procurement on page 34.

Important partners in sustainability management

TKB works with many partners to manage the relevant sustainability topics. The partners and type of partnership are defined situationally and by topic. Relevant partnerships with regard to sustainability include those with Zurich University of Applied Sciences (ZHAW) for sustainability training, with myclimate for implementing climate protection projects and with MSCI ESG for the fundamental data used to determine GHG emissions from investments. Other partners with the potential for offering attractive financing products and services are the "Energieberatungsstelle des Kantons Thurgau" (Canton Thurgau energy advice center), the "Verein Kompetenz-Zentrum Erneuerbare Energie-Systeme Thurgau" (competence center for renewable energy systems Thurgau), Maschinenring Ostschweiz AG (an agricultural organization) and Solarwert Thurgau. Details on the partnerships are outlined in the respective chapters on the material topics.

Initiatives and associations	Description
<u>2,000-Watt Society</u>	The guiding principle of EnergieSchweiz centers on climate neutrality, energy efficiency and the use of 100 percent renewable energy. The aim is a primary energy requirement per person of 2,000 watts per annum. TKB's environmental management system conforms to this guiding principle.
<u>Energy Agency of the Swiss Private Sector (EnAW)</u>	Founded by Swiss business organizations, this association helps participating companies establish energy consumption reduction targets as well as reach corresponding agreements with the Confederation, report on their energy consumption and achieve the agreed targets. TKB is a participant.
<u>The Confederation's energy saving alliance</u>	The federal initiative unites organizations that support efforts to ensure a secure supply in the winter of 2022/2023 by voluntarily taking measures to use energy both more efficiently and sparingly. TKB is one of more than 300 members.
<u>Greenhouse Gas Protocol</u>	This is an internationally accepted accounting standard for calculating GHG emissions. TKB has been recognizing its emissions in accordance with this standard since 2015.
<u>GRI Standards</u>	The Global Reporting Initiative (GRI) Standards are the most common global interdisciplinary standards for sustainability reporting. TKB has applied the GRI reporting standards since 2014.
<u>Paris Agreement</u>	The 2015 Paris Agreement aims to limit average global warming to well below 2 degrees Celsius above pre-industrial levels. Switzerland ratified the agreement in 2017; TKB has aligned its sustainability strategy accordingly.
<u>öbu – Swiss Business Council for Sustainable Development</u>	öbu is committed to a prosperous economy in compliance with ecological and social principles. Since 2014, TKB has valued inter-sectoral exchange as a member of öbu.
<u>Paris Agreement Capital Transition Assessment (PACTA)</u>	Financial service providers assess whether their investments and financing align with the Paris Agreement through PACTA-based climate goal alignment tests. In 2022, TKB analyzed its investment and financing portfolio in addition to the bank's own financial investment portfolio.
<u>Partnership for Carbon Accounting Financials (PCAF)</u>	An international financial industry initiative to measure and disclose GHG emissions caused by granting loans and arranging investments. TKB joined the initiative in 2022.

Initiatives and associations	Description
<u>Principles for Responsible Investment (UN PRI)</u>	The six Principles for Responsible Investment (PRI) comprise an investment initiative supported by the United Nations (UN). TKB signed the UN PRI in 2021.
<u>Swiss Bankers Association</u>	The Swiss Bankers Association (SBA) is the umbrella association of banks in Switzerland with about 260 member institutions from the various banking groups and other financial service providers. It represents the interests of the Swiss financial center vis-à-vis politicians, the authorities and the general public. TKB is a member.
<u>Science Based Targets Initiative (SBTi)</u>	This initiative is committed to science-based and effective reduction targets for GHG emissions that limit global warming to 1.5 degrees Celsius. TKB used this initiative as a guide when defining its climate strategy in 2021.
<u>Sustainable Development Goals (SDG)</u>	The 2030 Agenda of the United Nations (UN) contains 17 Sustainable Development Goals. With 169 targets, they cover the economic, social and environmental dimensions. TKB factored in this goal-based system when formulating its current sustainability strategy.
<u>Swiss Sustainable Finance</u>	The Swiss Sustainable Finance Association aims to establish Switzerland as a leading sustainable financial services center. TKB has been on board since 2014—as a founding member.
<u>swisscleantech</u>	This business association lobbies for a political framework that promotes efficient technologies and climate-friendly business models. The members are committed to achieving a CO ₂ neutral Switzerland by 2050. TKB has been a member since 2020.
<u>Task Force on Climate-related Financial Disclosures (TCFD)</u>	This is a global initiative to report climate risks and climate opportunities that is spearheaded by the financial industry. TKB used the Task Force recommendations as guidance for the disclosure of its climate risks and will report on them for the first time in 2023.
<u>Association of Swiss Cantonal Banks</u>	The cantonal banks joined forces in 1907 when they formed the Association of Swiss Cantonal Banks (ASCB). The ASCB represents the joint interests of its members, promotes cooperation among its members and helps strengthen the position of cantonal banks in Switzerland.

Disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Approach to climate-relevant opportunities and risks

Thurgauer Kantonalbank (TKB) is obliged to implement the requirements under Code of Obligations Article 964b as well as the associated Ordinance on Climate Disclosures from 2025 (for the 2024 financial year). The bank follows the global disclosure standard, the Task Force on Climate-related Financial Disclosures (TCFD), when reporting its climate-related opportunities and risks. As TKB has worked intensively on implementing the requirements since the start of 2022, this report includes, on a voluntary basis, an initial, qualitative disclosure in compliance with the TCFD on the current implementation status and an outlook.

Governance: Integration of climate-related opportunities and risks in the organization

Role of the Board of Directors

Sustainability – and especially climate change as a material element thereof – is of material strategic importance from the Board of Directors' and Executive Board's perspective. The Board of Directors approves TKB's sustainability strategy, which is implemented by the Executive Board with the support of internal and external experts. The approach to climate change is a major part of sustainability. In 2023, the Board of Directors will address, inter alia, the reduction pathways for Scope 3 emissions.

Embedding at the operational level

Current corporate governance at TKB ensures that the implications of climate change are incorporated into the business strategy and risk management. The Executive Board regularly examines strategic issues relating to sustainability and the associated opportunities and risks and monitors the bank's progress. A number of sustainability-related positions have been created and working groups set up within the organi-

zation. For example, TKB has a Sustainability Office that reports to the Chief Executive Officer as part of corporate development ("Strategy, Innovation, Sustainability"). The Sustainability Office creates and heads up the sustainability strategy process, coordinates its implementation, provides ideas and acts as a contact point for operational ESG-related issues. A Sustainable Real Estate Office has also been established to ensure that sustainability-related topics are integrated into advisory services, valuations, etc. at the operational level of the real estate financing segment. The sales units receive sustainability training, so they can take account of the opportunities and risks that arise from this in the advisory process. Moreover, professional risk monitoring skills were established with regard to climate change and the associated capacity expanded. TKB also has working groups and subject matter experts charged with implementing the measures defined in the sustainability strategy. When implementing its sustainability strategy, TKB also has the support of the Sustainability Advisory Council, which is made up of external experts and offers innovative ideas.

Outlook

Efforts are currently underway to embed the Board of Directors' and Executive Board's standards for dealing with climate-related opportunities and risks, with implementation scheduled to be completed in 2023. Moreover, further steps are being implemented – from the advisory process to reporting – in relation to embedding at the operational level.

Strategy: the impact of climate-related opportunities and risks on the risk situation and business model

In its corporate strategy, TKB has adopted a clear position on the topic of sustainability, especially with regard to climate change, which is set out in more detail in the sustainability strategy. The bank is moving ahead with implementation in a way that favors opportunity while remaining aware of the risks, both within the bank's own operations as well as in its role as financial intermediary.

TKB is strategically impacted by the potential implications of climate change in two ways: there is potential for increased risk, which can lead to increased value adjustments or higher operational costs via various transmission channels. In addition, TKB's business development can be impacted by new legal requirements or general societal changes.

Impacts on risk

When evaluating the risk, TKB performed a systematic risk assessment of climate-relevant events and their impact on specific risk types. Overall, on the basis of this analysis, the bank identified individual risks where approaches must still be established for both ongoing monitoring as well as the further development of the methodology and fundamental data. As TKB is heavily involved in mortgage as well as commercial and corporate business, the greatest relative impact—with regard to financial risks—lies with credit risk. Based on the risk analysis, TKB generally rates itself as robust regarding climate scenarios. Moreover, no substantive grounds were found for performing a thorough review of the business alignment.

Credit risk

The evaluation must always be based on a specific timeframe and distinguish between physical and transitional developments:

- TKB currently sees no material increase in risk over the short to medium term for physical events such as floods, droughts, storms, etc. This is partly because the events are mainly limited to specific regions or only impact certain sectors. In addition, the TKB loan portfolio has a very high share of real estate financing (whereby building-related claims are covered by natural hazards insurance), as well as sectors that have not shown any particular susceptibility to physical risks to date.
- Over the long term, TKB sees potential for an increase in physical events, as the containment of climate change requires the cooperation of the entire international community, which does not yet seem certain. Borrowers can be increasingly exposed to disruptive liabilities, such as rising insurance premiums or increased losses, through the increase in events and/or their severity as well as through chronic climate change.
- Regarding transitional risks in the context of higher CO₂ prices, legal restrictions or general changes in demand, TKB sees the strongest relative potential impact on the loan portfolio, especially over the medium term. Against the backdrop of the Paris Agreement and the climate strategy of Switzerland and the Canton of Thurgau, TKB believes it likely that other steering measures will be taken in order to achieve the demanding emission reduction targets by the next global interim target in 2030. These could include borrowers' capital ratios in both the real estate and corporate loan portfolios and result in increased defaults. Initial internal scenario calculations were made applying significantly higher CO₂ prices. TKB will publish more detailed disclosures on this at the next opportunity.

Impacts on the business model

TKB considers meeting the target of net zero by 2050 set by Switzerland and the Canton of Thurgau to be a major social and macroeconomic challenge.

TKB mainly has residential and commercial real estate financing in its loan portfolio and relatively few CO₂-intensive sectors in its corporate customer business. The climate strategy of Switzerland and the Canton of Thurgau mainly identifies buildings and traffic as offering significant GHG-emission reduction potential.

TKB has performed an initial analysis of the Scope 3 value of the financed emissions. The bank will publish more detailed disclosures on this at the next opportunity.

- The TKB loan portfolio is materially impacted by the reduction requirements in the real estate sector – albeit no more than other banks with a high proportion of mortgage financing.
- The Confederation and cantons have initiated measures and initiatives to achieve the emission reduction targets through promotional programs or legal requirements, for example. TKB thus considers it increasingly important to inform customers about energy efficiency as well as sustainable investments. It maintains partnerships in the energy sector and offers sustainable financing and investment products.
- The political, regulatory and social operating conditions for reducing GHG emissions in Switzerland are basically in place. TKB is working on the assumption that the demand for energy-efficient construction and the associated financing will rise sharply, both with respect to new buildings as well as renovation projects.

- As a cantonal bank, TKB also finances public sector buildings that serve socio-political purposes. It has been found that CO₂ emissions are not entirely avoidable in the area of sewage and waste management. Nonetheless, TKB works to ensure that these constructions are as low-emission as possible through its advisory services.

Outlook

TKB is currently working on improving its fundamental data and methods for future quantitative disclosures. This relates both to the further development of risk analyses as well as the Scope 3 calculation and the definition of a science-based target pathway. On that basis, the risk assessments for different climate scenarios as well as the impacts on the business model will be defined in greater detail.

Risk management: integration of climate-related risks into risk management

TKB has a framework concept for institution-wide risk management, which satisfies the requirements of the Swiss Financial Market Supervisory Authority (FINMA) for risk management under Pillar 2 and with regard to double proportionality (scope and impact). The formal and explicit embedding of the Board of Directors' and Executive Board's provisions regarding ESG risks (sustainability risks) is currently undergoing implementation and will be completed in 2023. The following risk management instruments will be expanded in the sustainability context:

- **Risk inventory:** examining the relevance and materiality of climate change for the individual risk types at TKB, in order to identify the risk types requiring implementation of ongoing risk monitoring and more in-depth analysis, including scenario calculations. An initial risk inventory was performed in 2022.
- **Risk strategy:** identification of necessary measures and potential courses of action based on the findings from the risk inventory.
- **Risk governance:** addition of extra duties and responsibilities for monitoring risks and developing methods in the sustainability context.
- **Risk measurement:** conception and implementation of scenario calculations for credit risk to quantify potential risks related to climate change and identify development potential. An initial scenario calculation was performed in 2022.
- **Risk reporting:** inclusion of ESG-specific key risk indicators (KRI) in regular risk reporting to ensure that the Executive Board and Board of Directors are involved in risk monitoring.

Besides regular reviews of the risk inventory and ongoing monitoring, TKB intends to incrementally develop the applied methods and fundamental data over the next few years.

Metrics: measurable criteria and targets for climate-related opportunities and risks

In 2022, TKB focused on the primary qualitative implementation of the TCFD disclosure requirements. In this context, the bank relies on the recommendations and aids of the Partnership for Carbon Accounting Financials (PCAF) initiative, which it joined in 2022. In this connection and for the purpose of an internal status assessment, initial risk scenarios were calculated and a first Scope 3 analysis was performed, which delivered information for the next steps of implementation. TKB aims to incrementally develop the methods applied and fundamental data used over the next few years.

This includes planning a science-based target pathway as well as defining and implementing further key risk indicators (KRI).

Dialog with stakeholders

In its stakeholder relations, TKB fosters an active, collaborative and candid approach. Particularly important to the bank are exchanges with those stakeholders that are closely affiliated with it or else either materially impacted by or in a position to influence the bank's business operations. TKB engages in ongoing dialog with its stakeholders to find out what they expect of the bank and which topics are of interest to them. Whether it's an evaluation of the bank's material topics, the demands on the bank or awareness of future trends – TKB would like to understand its stakeholders' specific perspective in order to be able to address it effectively. The extent and nature of the dialog varies according to the stakeholder group. Different communication channels are used for this dialog. Events organized by the bank are also an important format for the bank to come into contact with its stakeholder groups and encourage communication.

TKB contributes as an active member of associations and a participant in initiatives (see the table starting on page 13) in order to cluster common interests – whether within the sector or across sectors. Corporate sustainability is the overarching topic of this regular exchange with other companies and social actors.

Stakeholders can follow the progress of TKB's sustainability commitment through various channels. Relevant information is accessible, for example, in the GRI sustainability report or on the bank's website. Stakeholder groups can also contact the Sustainability Office directly; its contact details can be found on the website. TKB also regularly organizes events on sustainability-related topics, especially for employees and customers.

Relevant stakeholders and their concerns

Stakeholder group	Dialog formats and concerns
Owners	<p>The Canton of Thurgau is the majority shareholder of TKB. Responsibilities for political oversight are split between the Governing Council and cantonal parliament, Thurgau Grand Council (Grosser Rat). Preliminary discussions regarding the bank's annual report by a Grand Council committee represents an important opportunity for cultivating dialog. The resulting message from the Governing Council to the Grand Council shows that financial stability and comprehensive and contemporary risk management at TKB are important to the government and parliament. There are also annual meetings between the Board of Directors, the Executive Board and cantonal government to discuss the general course of business and strategy. The Governing Council also approves the remuneration policy for the Board of Directors and is informed about the remuneration policy for the Executive Board members.</p> <p>TKB has been listed on the Swiss Exchange with participation certificates (PC) since 2014. The owners of the PCs, many of whom are from the canton, are another of the bank's important stakeholder groups. TKB holds a participants' meeting for them every year on a voluntary basis, at which the bank's management reports on the course of business and current developments at the bank.</p>

Stakeholder group	Dialog formats and concerns
Employees	<p>As an employer, TKB favors straightforward communication with staff—across all hierarchical levels. Open doors, being on a first-name basis and the decision to refrain from the use of ranks all contribute greatly to ensuring that communication takes place on an equal footing. The bank welcomes employees contributing ideas via a suggestion system or making individual contributions to the implementation of corporate goals and to personal development through regular dialog with their supervisors. Moreover, TKB sporadically conducts employee surveys to measure employee satisfaction and commitment and provide information to help it consistently develop the company and its leadership culture along team-based lines. Employees are particularly interested in working conditions, work-life balance, equal opportunities in the workplace and performance-based compensation. The bank enables the staff to learn more about the role of the bank as a sustainable company and contribute relevant ideas through the annual sustainability event for employees.</p>
Customers	<p>TKB engages customer dialog through different channels. The first point is personal contact, mainly in the form of advisory sessions. Bank events also provide a popular platform for exchanging information on a variety of topics including investing and pension provision, for example. Other customer contact channels include the electronic customer portal “Olivia”, the bank’s website and the customer service center, which can be contacted via telephone, e-mail or chat. TKB is also active on social media, where it cultivates dialog with interested persons. Customers’ top priorities include transparent and understandable product information, professional advisory services aligned with personal requirements, investment security, customer privacy and the availability of sustainable products and services.</p>
Analysts and media	<p>TKB cultivates an active information policy based on continuity and openness. An important part of that is personal contact with analysts and media. The bank provides transparent and comprehensive information on its business operations, including its commitment to sustainability, through its annual report and sustainability report. It answers individual inquiries promptly and appropriately. Analysts and media value the bank’s readiness to provide information as well as the consistent availability of information for corporate decision-making—including on the topic of sustainability.</p>

Stakeholder group	Dialog formats and concerns
Suppliers and business partners	TKB maintains personal contact with its business partners and suppliers. As part of this, it raises awareness of its sustainable procurement principles and integrates sustainability aspects into its procurement contracts. It conducts surveys to find out more about the concerns of its suppliers. The bank's business partners and suppliers are interested in long-term and collaborative relationships, whereby selection criteria, order security and punctual payment are important factors.
Sponsorship partners	TKB is in personal contact with sponsorship partners to liaise about the causes it supports. This includes addressing sustainability-related considerations and their inclusion in contracts. Long-term and trust-based relationships matter to the sponsorship partners and to the bank. The partners value the bank's financial support as well as the exchange of knowledge and experience.
Associations and initiatives	TKB is a member of several associations, including organizations specializing in sustainability-related topics. The bank is also guided in its actions by national and international initiatives, which address socio-political and environmental issues. All engagements revolve around an exchange of knowledge and experience as well as cooperation within the sector and beyond.

Communication of critical concerns

Critical concerns can be conveyed to TKB via different channels. Employees can report suspected violations of internal directives and regulations or of laws and regulatory requirements either to supervisors, to Compliance or to the external Whistleblowing Hotline. The Whistleblowing Hotline is at a Swiss law firm located outside the Canton of Thurgau in order to minimize the potential for conflicts of interest. The Office is to be contacted if a report to the supervisor would be inappropriate or if no action is taken following a report to an internal office. Reports to the Whistleblowing Hotline can be anonymous. Even if the communication is not anonymous, the person in question is not revealed by the external reporting office. If the external reporting office considers the matter relevant, the requisite information is relayed to the Head of Compliance at TKB who will open an internal investigation. The Whistleblowing Hotline is informed about the opening of the investigation.

In the event of sexual harassment, bullying, discrimination or transgressions, the persons affected or who are aware of such behavior and also persons accused of this conduct can contact supervisors, HR consultants or the external employee counseling service MOVIS AG. Prior to initiating any formal complaint procedure, employees are advised to meet with the HR consultants to discuss the possibility of a complaint procedure and the process involved. There are no repercussions for any persons who seek such a consultation or raise any issues. The complaint procedure is subsequently launched by the Head of HR who appoints an external office to conduct the process.

Customers can contact their advisor if they have questions, complaints or critical concerns, either in person or by mail, e-mail or telephone. Alternatively, they can use e-banking or the contact form on the bank's website. TKB systematically enters this customer feedback into a database with a note on how the issue was dealt with. There is a set process for

which customer reactions must be submitted to other competent parties. The Executive Board receives an evaluation of all complaints and concerns every month and follows up on any outliers. The Chief Executive Officer informs the competent Board of Directors committee about complaints and concerns when necessary and, in agreement with the committee, possibly the entire Board of Directors.

The customer is also free to contact other offices, such as the Banking Ombudsman or FINMA.

The public communication channels to the bank available to customers in Switzerland are also accessible to all stakeholders. Complaints brought via the Banking Ombudsman or FINMA to the bank are treated on a case-by-case basis.

Material topics

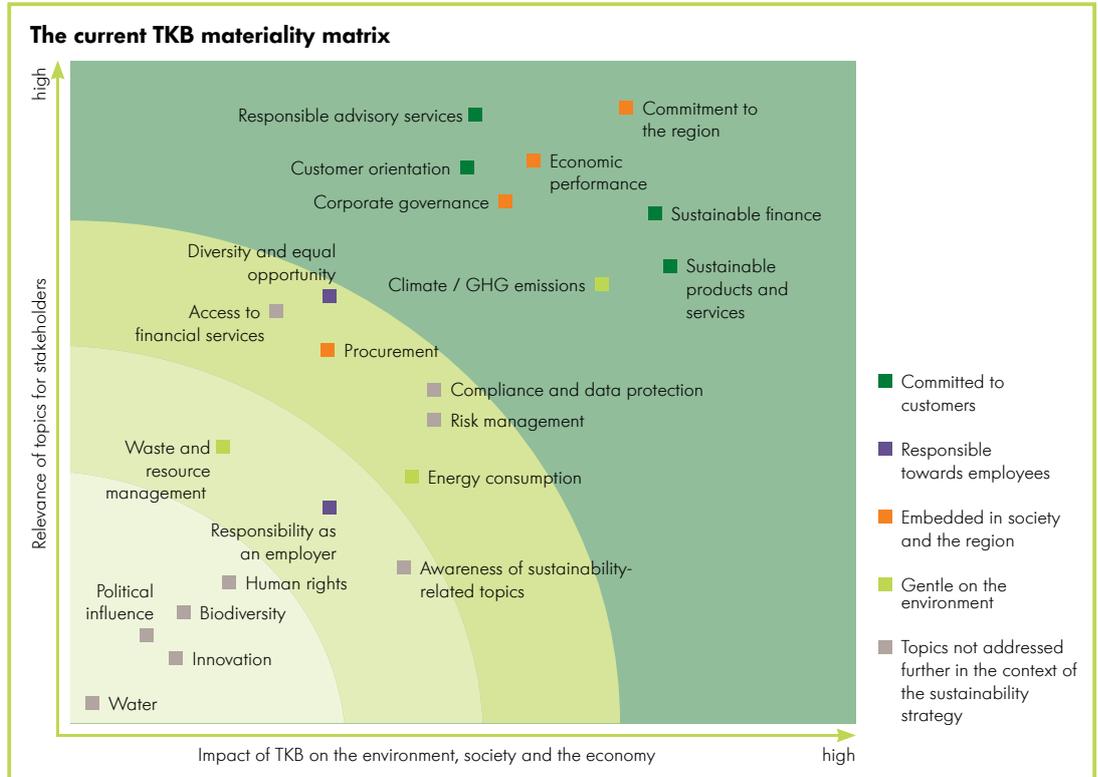
[GRI 3-1] TKB would like to set the right priorities through its sustainable actions. The bank reviewed and redefined the material topics as a basis for revising the sustainability strategy in 2020. There was no review of material topics in 2022. Thirteen topics have been selected for sustainable commitments in the current strategy period, whereby TKB's operations have the greatest impact on the environment, society, the economy and human rights. Each material topic is assigned to a strategic thrust. The bank has also formulated specific targets for each material topic and defined suitable measures for those targets. The bank reports externally on the implementation of the measures and progress regarding target achievement in its Sustainability Report and internally through a biannual strategy update.

The impact of the bank's business operations was assessed along the entire value chain: first to be evaluated were processes involving the procurement of goods, such as cooperation with financial services providers and suppliers. Within the bank, the processes analyzed include real estate management and the operation of branch offices. The focus subsequently moved to the impact of the bank on borrowers and investors, its sponsorship partners and their commitments as well as social life in the canton. Current sustainability standards, international and national targets as well as benchmarking against top-performing companies were used to measure the qualitative analysis. The selected topics were assessed with regard to their significance for 15 stakeholder groups, from employees through suppliers, non-governmental organizations and sponsorship partners to customers and owners. The bank discussed and validated the main topics emerging from this process with over 30 internal and external attendees at its sustainability forum in the fall of 2020. TKB has a specialized consulting firm that helps it defining the bank's material topics, particularly regarding the qualitative assessment of the impacts and the stakeholder group perspective.

Sustainable Development Goals (SDGs)

TKB is aware of the current global challenges facing sustainable development. The bank accepts its responsibility to contribute to economic development, promote the wellbeing of people and protect natural resources and orients its conduct towards the SDGs—17 global goals with 169 targets covering the economic, social and environmental dimensions.

In order to identify the SDGs on which the TKB's business activities in general as well as its sustainability-related activities in particular have a particularly strong impact, it designated the SDGs as material topics when formulating the strategy. Eleven SDGs stood out as goals toward which the bank can and wants to make a specific contribution through its current sustainability strategy (see Overview on page 110 in the Annex).



TKB's sustainable commitment focuses on 13 material topics. They are the topics that are particularly important to the stakeholder groups (vertical axis) and for which the bank's operations have the greatest impact on the environment, the economy and society (horizontal axis). Each material topic is allocated to a strategic thrust and categorized by color in the materiality matrix. Other topics are important to TKB besides the material topics. However, they will not specially be addressed with measures in the current strategy period, which is why they are shown in gray in the materiality matrix.



Strategic thrust

"Committed to customers"

TKB is the bank of the people and economy in the Canton of Thurgau and accompanies its customers throughout their lives. It is a reliable partner for private individuals, industry, companies and the public sector. It offers customers a comprehensive range of products and services in the area of finance, investing and pension provision and develops these offerings in line with its customers' needs. The range of products and services is expanded in a targeted way through the addition of sustainable offers. With its dense branch network and a steadily broader digital offering, the bank meets its customers' need for proximity and professionalism. The bank provides holistic, personal and competent advice and offers services that provide long-term benefits and help ensure that the financial system is sustainable.

Impact of business operations

As a locally based financial institution that is close to its customers and offers a comprehensive range of products and services in the areas of finance, investing and pension provision, TKB is in a position to contribute toward a sustainable financial system, economy and society. At the same time, as a financial services provider, the bank makes the biggest impact through its products and services. In that knowledge, the bank includes environmental and social aspects (including human rights) in its investment policy and credit checks, rewards environmentally friendly behavior through its products, such as the energy mortgage, and promotes the financing of socially and environmentally friendly projects by offering preferential conditions. The bank can also influence its customers' decision-making by pointing out socially and environmentally friendly solutions as part of sound, personal and customer-oriented ESG advice. The inclusion of ESG (sustainability) risks in the financing process also reduces the risk of TKB's assets losing value through physical or transitional risks. Climate-friendly products, for example, reduce

the risk of unrenovated properties being in the loan portfolio over the long term. Finally, the bank cultivates ties with its customers by meeting their needs, thus laying the foundations for a long-term customer relationship.

Expectations of the bank

Generally speaking, there is a growing expectation among different stakeholder groups that the financial sector will contribute to sustainable development by steering flows of capital towards sustainable, forward-looking solutions. Investors and customers are not the only ones looking for sustainable investment opportunities or financing for a sustainable project, such as energy-efficient home renovations. Political organizations and social initiatives are also calling on the financial sector to reduce GHG emissions and uphold human rights in connection with their portfolios. TKB is also expected to offer competent advisory services on sustainable products and services to meet customers' current needs. Compliance with regulatory developments is also worth mentioning: one of the measures decided on by the Federal Coun-



to achieve a sustainable Swiss financial market is obligatory reporting on climate risks. At cantonal level, Thurgau's climate strategy involves issuing specific requirements for institutions closely connected to the canton. SwissBanking also has two new self-regulation regimes in the areas of customer advisory services and the incorporation of sustainability criteria.



The individual SDGs are outlined on page 110.

Material topic

Responsible advisory services

Advisor training and customer education represent important building blocks in efforts to develop sustainability awareness in society. Financial institutions like TKB play a major role in economic growth and prosperity that benefits everyone by enabling discrimination-free access to financial services. The bank supports the development of sustainable communities and infrastructure and enables future-oriented entrepreneurship by granting mortgages and loans.

TKB accompanies its customers throughout their lives—with comprehensive and transparent advice on products and services. The bank enables its advisors to provide ESG advice and raises awareness of sustainability issues among its customers, thereby strengthening demand for sustainable financial products and promoting a sustainable economy. By providing responsible advisory services, TKB helps prevent poverty through over-indebtedness or excessive risk-taking.

Main targets up to 2025

- The bank advises its private customers systematically and according to their needs. It does so by taking ESG criteria into consideration—especially in the areas of building, renovation and investing.
- TKB systematically addresses ESG topics with its business customers in order to sensitize them to the subject and define their needs.
- TKB has empowered its advisors to deliver ESG advice.

Target achievement status at the end of 2022

- All employees have been trained on sustainability basics

Next steps (2023)

- Development of the digital advisory tool “Omnium” to improve how ESG aspects are displayed and included in the advisory process
- Continuation of sustainability training
- Start of cooperation with Pro Senectute Thurgau

Management approach

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 and, as a result, the topic of sustainability are embedded in this advisory process. To this end, TKB implements SwissBanking’s self-regulation guidelines, “Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into investment advice and portfolio management” and the “Guidelines for mortgage providers on the promotion of energy efficiency”. These guidelines come

into force on 1 January 2023 with a one-year transition period. The implementation of these guidelines, mainly through adapting internal directives, will further strengthen the current focus on sustainability issues in customer advisory services. In 2022, TKB invested a great deal in training all employees—all the way up to the Board of Directors level—in order to systematically familiarize them with the topic of sustainability (see details in this chapter). The bank also actively advises institutional investors on sustainability and ESG products.



ISO certification

All advisors are certified – regardless of whether they advise companies and commercial enterprises or private individuals. As a certified Client Advisor Bank as per ISO Standard 17024 under the Swiss Association for Quality (SAQ) certification system, the bank ensures that its advisors' professional knowledge is up to date and of high quality.

Knowledge building

TKB focuses on ongoing knowledge building to ensure advisors can advise their customers in line with ESG criteria, including in the areas of building, renovation and investing. The bank applies a three-level training concept to systematically and progressively build employee knowledge in the area of sustainability. All employees complete the basic training. The two more advanced levels must be completed by employees who regularly deal with the subject of sustainable finance in their everyday work, for example through advising private or business customers or for departments closely connected to sales. The training is conceived so that the knowledge is delivered in different learning formats to suit the function in question. Sustainability training is also part of the onboarding process for new employees. The adaptation and expansion of the training is reviewed at regular intervals. The School of Management and Law at Zurich University of Applied Sciences (ZHAW) assists TKB with the preparation and monitoring of this training.

Cooperation

The Canton of Thurgau and TKB are both committed to increasing energy efficiency and using renewable energies. Homeowners receive advice on energy consumption and the potential for renovation as part of the cooperation with public energy advice centers. The offer is free of charge for everyone (customers and non-customers of the bank). There is also a similar offer for business customers through the cooperation with the competence center for renewable energy systems Thurgau (KEEST). This cooperation will be used to promote SMEs' installation of proprietary photovoltaic production plants. KEEST produces feasibility studies for SMEs with potential for the installation of these systems and refers them to TKB to review financing possibilities and make them an offer to finance the projects. There will be further cooperation with Maschinenring Ostschweiz and Solarwert Thurgau in 2023 (see "Measures and activities" on page 28 for further details).

[Further information on energy advisory services can be found on TKB's website.](#)

Organization

Responsibility for the material topic "Responsible advisory services" lies with the Advisory Services and Sales department in the Market Services business area. It is responsible for content-related development, designing processes and coordinating working steps. Managers and their teams are responsible for implementing measures and compliance with processes. The Sustainability Office in cooperation with the HR department is responsible for building up employees' knowledge of sustainability and applying ESG criteria to its advisory services.

Measures and activities

TKB has started preparing for the implementation of SwissBanking's self-regulation regimes. Following analysis of the impacts of these self-regulation regimes on TKB, working groups have been established to implement the specifications and a preliminary study was initiated. An extensive survey was conducted among private customers in order to ensure



that we are meeting up to their expectations on the topic of sustainability. More additions will be made to the “Omnium” advisory tool at the end of 2023 as a result.

The sustainability training courses started in August 2022. All employees will complete the initial training by June 2023, corresponding to a grand total of more than 1,900 days of training. TKB is on track to meet its target of having at least 95 percent of its advisors qualified to provide ESG advice and expects to reach this milestone in mid-June 2023.

The bank created the conditions needed to collect information regarding private customers’ sustainability preferences, with the core banking system offering an option to enter those preferences since November 2022. This expansion will also be made in the advisory tool in May 2023. Customers are contacted systematically at the start of the third and last level of the training courses mentioned above. The advisory tool and core banking system are being enhanced on an ongoing basis; adjustments to the financing-related features are scheduled in spring 2023, with investment-related features to be upgraded in autumn 2023.

The Sustainable Real Estate Office commenced operations during the reporting period (see “Sustainable products and services” on page 34 for further information). The Office has already initiated new cooperative ventures in energy: from 2023 onward, TKB customers with a farm benefit from a voucher redeemable at Maschinenring Ostschweiz.

Maschinenring will determine the potential for reducing both GHG emissions and energy consumption and prepare a report that points out optimization potential in their farming operations. TKB wants to promote the construction of solar panels on buildings with large flat roofs in cooperation with Solarwert Thurgau. The bank supports projects of this nature as a potential financing partner by checking the financial cost and creditworthiness or by granting loans.

Target achievement status at the end of 2022

- *All employees have been trained on sustainability basics*

The bank is using continuous communication and training to drive its transformation as a provider of sustainable customer advisory services that are aligned with ESG criteria. In doing so, it will empower its employees to provide competent advisory services for ESG products while also equipping its advisors with the tools they need to inform customers seeking conventional products and services and, ideally convince them to rethink their approach. TKB addressed the topics of sustainability and ESG in advisory sessions with institutional investors during the reporting period. The next step will be to systematically integrate these topics into investment and mortgage discussions with private customers. This comprehensive sustainability training enables all advisors to address sustainability during their advisory sessions and evaluate the corresponding needs.

Next steps

TKB will implement SwissBanking’s two self-regulation guidelines – the “Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into investment advice and portfolio management” and the “Guidelines for mortgage providers on the promotion of energy efficiency” – in 2023 and adjust the relevant internal guidelines and directives to the extent necessary. The bank will also develop and optimize its advisory tool on an ongoing basis. Systematic ESG advisory services will be extended to private and business customers (integrated into regular business discussions). At the same time, the question of how to measure the effectiveness of this advice is being investigated.

The bank’s sustainability training initiative with the ZHAW School of Management and Law runs until June 2023. After that, it will be assessed which content to include in the future.

A competence center on age and aging is being set up in cooperation with Pro Senectute Thurgau, a politically and denominationally neutral professional and



service organization committed to the needs of the older residents of the canton. The aim is to offer needs-based advice to the older customer segment and mutual support beyond the respective area of expertise, with some examples of this including supplementary benefits, pension provision and estate-related issues. The focus of this is on mutual mediation and customer support. It will also help people take that tough first step when facing difficult economic or social situations and provide information about social welfare options.

Accompanied customer visits took place in the autumn of 2022 to ensure the quality of the advice. The results of this review are expected in spring 2023. TKB will base any subsequent measures on the outcome of the review.



The individual SDGs are outlined on page 110.

Material topic

Customer orientation

At TKB, customer proximity includes personal advisory services, a high level of visibility in the canton, accommodating services and the reliable and fast processing of orders. All this is based on the value proposition “For a lifetime”. TKB aims to achieve high customer satisfaction through this customer orientation.

Low-threshold access to sustainable financial services is a prerequisite for a sustainable economic system. TKB contributes to that. Another important aspect is conveying information on complex sustainability-related topics—for example in the context of lending—so customers can consciously make environmentally friendly decisions when building a house or renovating their home.

With its dense branch network and a strong digital offering, TKB wants to make a convincing impression as a consulting and retail bank. Personal contact and the comprehensive self-service offering play an important part in that. The bank regularly checks customer satisfaction.

Main targets up to 2025

- TKB is the canton’s customer-oriented and reliable financial services provider.
- Customer satisfaction is at least 8.5 (scale of 1 to 10).
- Customer loyalty—measured by their willingness to recommend the bank—is at least 8 (scale of 1 to 10).

Target achievement status at the end of 2022

- Customer satisfaction: 9 out of 10 points
- Recommendation rate: 7.2 out of 10 points

Next steps (2023)

- Preliminary study on measuring customer satisfaction (Net Promoter Score (NPS))

Management approach

In accordance with the guiding principle “For a lifetime”, TKB actively strives for customer relationships that put the customer’s life situation and needs first. Regular and personal contact strengthens the customer relationship. Customer feedback provides the bank with valuable information on how to develop the quality of its advisory services and improve customer satisfaction. This enables the bank to launch customer-centric innovation processes. TKB follows different approaches to achieve active and successful customer orientation.

Needs-oriented advice

TKB assigns all customers to a segment in order to work with them according to their needs. Moreover,

the advice given by a suitable customer advisor helps create an optimal customer experience.

Physical and digital contact

TKB is close to its customers. The dense branch network with 29 locations throughout the canton represents the bank’s physical proximity to its customers. The customer portal “Olivia” offers a comprehensive digital self-service offering. The digital consulting tool “Omnium” has been available since 2021. It supports holistic, customer-centric advisory services. TKB would like to offer easy-to-use and barrier-free services through its digital channels. The bank therefore applies ISO standard 9241, covering the ergonomics of human-computer interaction.



Customer reactions

TKB systematically gathers the reactions of its customers and responds to them according to a defined process. This is outlined in more detail in “Communication of critical concerns” on page 22.

Opinion surveys

TKB measures customer satisfaction and the external perception of the bank by conducting public surveys at regular intervals. The bank participates every two years in a survey carried out by the Association of Swiss Cantonal Banks (ASCB) on customer satisfaction and the bank’s image and thereby stays informed of how it is perceived by private and business customers. The bank also conducts its own survey every three years to find out about the external perception of its brand in the Canton of Thurgau. Since November 2021, the bank has invited its customers to its digital idea laboratory to take part in surveys, interviews and workshops. The idea laboratory is in “Olivia”, the customer portal, and is used to evaluate customer needs. The customer journeys (customer experiences and decision-making paths) are also analyzed, new applications and advertising campaigns tested and concepts validated.

Enabling employees

TKB creates the necessary conditions for its employees to be able to swap notes across departments on customer concerns and satisfaction. All advisors are equipped with the skills necessary for personal and customer-centric advice through annual training courses in compliance with ISO Standard 17024 (SAQ certification as a Client Advisor Bank) (see “Responsible advisory services” on page 27). Advisors use an in-house blog to occasionally tell about particularly gratifying meetings with customers or explain innovative ideas that arise during customer contact.

Organization

The “Customer orientation” material topic is coordinated by the bank’s Market Communication and Marketing departments. Their mandate is to create a good customer experience – both at the real and virtual levels.

Measures and activities

The last survey on the external perception of TKB was in spring 2022. With the help of a third party, the bank conducted over 150 interviews throughout the canton, including among opinion leaders from the realms of politics, the economy and society, private and business customers as well as non-customers. The results form the basis of the recommendations incorporated into the formulation of the bank strategy for the years 2023 to 2027.

The customer centricity score was measured again in 2022. The results were discussed with the Executive Board at the start of 2023 to extrapolate suitable measures.

In 2022, TKB customers were involved in over 20 customer experience activities via the idea laboratory, including online surveys, interviews and online tests. Among other things, these efforts were aimed at revamping the service packages, the self-onboarding process and the crypto offering.

Since June 2022, customers have had the option of booking appointments online, making it easier to book appointments with the bank.

Target achievement status at the end of 2022

- *Customer satisfaction: 9 out of 10 points*
(2021: 9 out of 10 points, survey is conducted twice a year)
- *Recommendation rate: 7.2 out of 10 points*
(2021: 7.2 points, survey is conducted twice a year)

TKB invests on an ongoing basis in maintaining proximity to its customers, both in the provision of personal and holistic advisory services as well as in digital tools. That is how the bank aims to meet its targets – despite competition and margin pressure. Earning a score of 9.0 (on a scale of 1 to 10), TKB was able to clearly outperform its target customer satis-



faction score of 8.5 in the 2021 Association of Swiss Cantonal Banks (ASCB) private customer survey. That is the highest customer satisfaction rating for a bank in the Canton of Thurgau. Loyalty—measured as the willingness to recommend the bank—also increased over 2019 and came in at 7.2 on a scale of 1 to 10. TKB is working to close the gap and achieve its target score of 8.0. The best bank in this category scored 7.6. The next survey is in 2023.

Next steps

TKB will conduct a preliminary study on measuring customer satisfaction in 2023. If this results in an adjustment in the way customer satisfaction is measured and a corresponding change in the key performance indicators, relevant measures will be extrapolated from that.

The bank will continue its intensive exchange with customers, whether through advisory sessions, by getting customers involved in efforts to further develop the bank's range of products and services or at events where the bank comes into contact with the public.



The individual SDGs are outlined on page 110.

Material topic

Sustainable products and services

TKB offers products and services that provide an environmental or social benefit, for example in the field of renewable energies.

Flows of capital can be steered to sustainable activities and risks for people and the environment can be avoided by designing products and services in the areas of financing, pension provision and investing accordingly. This places TKB in a position to contribute to many SDGs: combating poverty, building sustainable and resilient infrastructures, promoting renewable energies and sustainable consumption patterns, combating climate change and creating a strong economy in the canton.

TKB offers products and services that bring long-term benefits to the environment, society and the economy. The share of sustainable investment solutions was increased further in 2022 and will be expanded significantly by the end of 2023. TKB will look into introducing more sustainable banking products in the area of financing. The bank's commitment is well received – not just among customers, but also in the professional world: According to a study by the Institute of Financial Services at Lucerne University of Applied Sciences and Arts, TKB was among the 15 largest sustainable fund providers in Switzerland at the end of June 2022.

Main targets up to 2025

- All standard asset management solutions for private individuals as well as all lists of recommendations on which investment advice solutions are based are linked to ESG criteria (all asset management mandates are converted to ESG Plus).
- TKB has launched an initial basic product linked to ESG criteria.
- The volume of mortgages linked to ESG criteria is five times higher than in 2019.
- TKB has strengthened its cooperation with energy advice centers.
- TKB has reviewed and signed the UN Principles for Responsible Investment (UN PRI).
- The ESG score is displayed and addressed for all advisory mandates.
- The ESG scores are displayed on all statements of assets.
- The ESG offering for private and business customers is continually reviewed and expanded.

Target achievement status at the end of 2022

- Share of investment products covering ESG criteria: 24.8 percent
- Volume of energy mortgages: CHF 41 million
- Number of consultations carried out in the context of the cooperation with energy advice centers: 29

Next steps (2023)

- Preliminary study to survey customers' ESG preferences
- Integration of renovation cost calculators into the advisory process
- Further progress in establishing the Sustainable Real Estate Office



Management approach

TKB would like to offer its customers a comprehensive product range offering long-term benefits in the areas of financing, pension provision and investing. By signing the UN Principles for Responsible Investment (UN PRI), the bank made a commitment in 2021 that it would help shape a sustainable financial system (see “Sustainable finance” on page 38).

Granting loans

In its loan business, TKB not only takes an applicant’s creditworthiness and borrowing capacity into account, but also factors in environmental risks, such as contamination identified on plots of land during real estate appraisals. The bank avoids sweeping exclusion criteria that exclude entire sectors, for example, from gaining access to loans.

Sustainability-linked loans (SLLs)

SLLs are growing in popularity, especially among larger corporate customers. Corporate financing is being increasingly structured around sustainability components, to the extent that the borrower is in a position to provide the required sustainability information. TKB offered two credit commitments in 2022 that include SLL components.

Energy mortgages

TKB offers financing products that promote and reward sustainable conduct and does so at preferential terms and conditions. Energy mortgages, for example, offer an attractive financing opportunity for sustainable construction and renovation in compliance with the Minergie or CECB standard or for implementing sustainable individual measures under the promotional program currently being offered by the Canton of Thurgau.

Asset management mandates and funds

With regard to investing, TKB follows the recommendations of the Swiss Bankers Association concerning sustainable investments as well as the exclusion criteria applied by the Swiss Association for Responsible Investments (SVKASIR). Since

January 2021, all the bank’s asset management mandates and the bank’s own strategy fund (a good CHF 2.6 billion in assets) have been based on the “ESG Plus” approach. This approach is outlined in the bank’s binding investment guidelines. Compliance with these guidelines is reviewed by the Risk Control department and Internal Audit. A strategy deviating from this approach is only possible at the customer’s express request and in isolated cases.

That means, wherever possible, TKB only considers investments that show a positive performance in terms of ESG criteria. By signing the UN PRI, TKB has committed to making a positive contribution to a more sustainable financial system. As a result, only collective investment providers that have already signed up to these principles are considered eligible. TKB publishes a sustainability report on its sustainable funds based on MSCI ESG data. It provides transparency regarding the portfolio score, benchmark, carbon risk and peer products. ESG Plus training is held annually for those employees who advise customers. [Further information on the ESG Plus approach \(sustainable investment approach\) can be found on the TKB website.](#)

Individual securities and list of recommendations

TKB has been using a green leaf to indicate sustainable individual securities (equities and bonds) on its list of recommendations since 2010. The label is based on sustainability research performed by Zürcher Kantonalbank, which analyzes and evaluates financial instruments based on ESG criteria in a two-stage filtering process. TKB’s list of recommendations includes a number of investments that track an index in a sustained manner as well as specific funds for renewable energies or explicit climate funds. By 2025, the bank only wants investment products on its list of recommendations that comply with the ESG Plus approach.



Cooperation

TKB relies on cooperation with partners to develop its offering. In cooperation with the energy advice centers of the Canton of Thurgau, interested parties (both customers and non-customers of the bank) receive on request a voucher for a free energy efficiency assessment of their property. On the basis of the report provided by the energy advice center, TKB's advisors give the homeowners the best possible financing opportunities for the pending energy efficiency renovation. Tax considerations are included in the advice. TKB is cultivating a similar venture with the competence center for renewable energy systems Thurgau (KEEST). The bank is the exclusive partner for financing photovoltaic facilities for own use for SMEs. TKB provides a financing review free of charge based on the results of the feasibility study issued by the competence center.

Organization

Responsibility for the "Sustainable products and services" material topic lies primarily with the Product Management and Digital Channels department at TKB. It ensures target achievement, among other things.

The bank's Investment Center is responsible for compliance with ESG Plus guidelines in asset management, for cultivating the list of recommendations for sustainable investments plus meeting the UN PRI standards and associated disclosure obligations. An ESG manager in the Investment Center also monitors regulatory developments. Product Management is responsible for initiating and implementing products in the categories of investing, pension provision and sustainable financing.

It is supported by the Sustainable Finance working group, the Sustainability Office, the Sustainable Real Estate Office, Credit Management and Real Estate Appraisal. The new products and services are approved by the Executive Board within strategic parameters defined by the Board of Directors. The Board of Directors is informed by the Executive Board about amendments to the range of products and services offered.

A Sustainable Real Estate Office was set up in 2022 as part of the bank's real estate appraisal services. Its mandate is to develop sustainability in the mortgage business. Further information is provided in "Measures and activities" on page 36.

Measures and activities

A number of measures were initiated or implemented in 2022 to develop TKB's range of sustainable products and services. For example, work was started on a basic product with an ESG aspect based on ideas from a workshop with WWF. The first Sustainability Report was also issued for institutional investors and thematic funds are continually checked for compliance with ESG criteria.

In the area of corporate financing with sustainability components, TKB concluded the first two credit commitments including SLL components in 2022. TKB made significant progress in the area of mortgages. The energy mortgage was revamped: sustainable individual components (heating system replacement, installation of solar panels) can now be financed using an energy mortgage in accordance with the promotional program currently being offered by the Canton of Thurgau. Moreover, the mortgage is not just for owner-occupied properties. Business customers can now profit from the energy mortgage as well. The interest rate reduction is now available for a period of two to ten years (previously five years). TKB also conducted a pilot test for the introduction of a renovation cost calculator, which yielded important insights for the tool's regionwide introduction in 2023.

The bank also created a Sustainable Real Estate Office, which forms part of the Real Estate Valuation



department. The Office helps promote knowledge within TKB about sustainable real estate, embed it in the customer advisory process and sensitize the public to the issue. The Office cultivates and intensifies TKB's partnerships in this area (see "Responsible advisory services" on page 27). In 2022, the Executive Board approved the Sustainability Office's target vision, initial actions were implemented and events held.

Target achievement status at the end of 2022

- *Share of investment products covering ESG criteria: 24.8 percent (2021: 23.8 percent)*
- *Volume of energy mortgages: CHF 41 million (2021: CHF 44 million)*
- *Number of consultations carried out in the context of the cooperation with energy advice centers: 29 (2021: 30)*

Private standard asset management mandates were fully converted to the ESG Plus approach. The lists of recommendations mainly contain securities from particularly sustainable companies and funds. There is also a special list of recommendations with sustainable investment opportunities.

The bank has signed the UN PRI and is currently working on extrapolating and implementing measures – also for reporting. The review and expansion of the ESG offering for private and business customers is an ongoing process.

Next steps

There will be a preliminary study in 2023 to identify which ESG preferences customers will express going forward, how the customer grouping and reports should look and which data is to be used. Implementation is planned for the second half of the year. Besides SwissBanking's self-regulation framework (see "Responsible advisory service" on page 27), TKB will follow developments on the topic of greenwashing and implement the self-regulation on transparency and disclosure for sustainability-related collective assets of Asset Management Association Switzerland (AMAS).

TKB is monitoring the latest developments with respect to Swiss climate scores and considering integrating the scores into its own products and services. The new renovation cost calculator will be integrated into the advisory process and customer advisors will be trained to use the tool.

The Sustainable Real Estate Office will push ahead with projects in the four strategic thrusts "Generate knowledge", "Intensify cooperation", "Enable sales" and "Inform customers and the public". The new cooperative ventures starting in 2023 are presented in "Responsible advisory service" on page 27.



The individual SDGs are outlined on page 110.

Material topic

Sustainable finance

TKB incorporates ESG criteria into business and investment decisions when designing products and services and in risk management. That refers to environmental and social aspects as well as ensuring a balanced distribution of skills and responsibility in corporate governance.

TKB's engagement in sustainable finance has a broad impact in terms of the achievement of the Sustainable Development Goals (SDGs): reliable financing opportunities are the foundation for developing and operating a resilient infrastructure and promoting sustainable industrialization. Taking social criteria and principles of good corporate governance into account in an investment policy promotes a fair economic system and corresponding employment opportunities. TKB can contribute to containing climate change by analyzing and integrating climate risks into its business policy.

The bank wants to contribute to achieving the Paris climate targets. Besides reducing operational GHG emissions, that mainly means integrating ESG criteria into business operations and creating transparency with respect to climate risks in its investment and loan portfolio. TKB would like to reduce GHG emissions in the portfolio to net zero in the long term.

Main targets up to 2025

- The bank's approach to ESG risks is integrated in its business model and the associated responsibilities are clearly defined.
- ESG risks are identified and dealt with in line with the corresponding standards. The standards are mainly used to identify the integration of ESG risks into the bank's investment and financing portfolio and to identify the bank's GHG target pathway.
- Institutional customers are systematically sensitized to ESG risks and advised on those topics.
- The bank's financial investments are fully linked to ESG criteria.

Target achievement status at the end of 2022

- Proprietary financial investments linked to ESG criteria: 100 percent
- Assets having undergone an environmental or social audit: 100 percent
- GHG emissions (Scope 1 and 2) per CHF million invested in the financing and investment portfolio: 106 tons

Next steps (2023)

- Lay the groundwork for structured ESG data collection and evaluation.
- Establish a GHG emission target pathway.
- Develop the ESG Plus approach in asset management.

Management approach

TKB is convinced that long-term value creation can only happen in a sustainably designed financial system, i.e., one that rewards responsible investment while benefiting society and the environment at the same time. In order to help shape this kind of finan-

cial system, the bank signed up to the UN PRI in 2021. Furthermore, as of this year, climate-related opportunities and risks will be disclosed in accordance with the TCFD requirements. With regard to its own investment portfolio, the bank places a great deal of importance on diversification. It bypasses



wherever possible those companies in violation of the UN Global Compact principles – the world’s most important initiative for sustainable and responsible corporate governance. It comprises ten principles on human rights, labor, environment and anti-corruption.

Switch to sustainable financing

As a founding member of Swiss Sustainable Finance, TKB has been involved since 2014 in discussions regarding various aspects of sustainable finance in Switzerland. The association promotes the development of sustainable financial products and offers its members a discussion platform. Moreover, the bank actively discusses with other cantonal banks the question of which ESG approaches to apply when selecting securities. TKB also seeks dialog with organizations and movements in civil society that call on financial sector actors to reduce the GHG emissions in their portfolios.

Proprietary financial investments

Since December 2019, TKB has referred to the sustainability research conducted by Zürcher Kantonalbank (ZKB) when selecting its proprietary financial investments: if a security is considered sustainable by ZKB, TKB also rates it as sustainable. If it is not, the bank refers to the evaluation provided by the ESG tool developed by financial service provider MSCI. If the security has an ESG rating of at least “BB”, the bank rates it as “linked to ESG criteria”. The bank’s own financial investments and assets are also regularly measured against ecological and social criteria using the MSCI ESG tool. The procedure for selecting proprietary financial investments is regulated by internal documentation.

Raising awareness

TKB would like to raise awareness of sustainable investment among its institutional customers. That is why the bank has been systematically addressing sustainability since 2021. Staff also need to learn more about the subject to drive sustainable finance within TKB. As a result, all employees have been

receiving comprehensive sustainability training since August 2022 (see “Responsible advisory service” on page 27).

Determining GHG emissions

TKB has been using the ESG tool from financial services provider MSCI since 2020 to determine the GHG emissions related to asset management mandates. This serves to evaluate investment products’ level of sustainability. The GHG emissions in the loan portfolio were also measured for the first time in 2022. Based on this information, TKB would like to define a science-based target pathway for its loan portfolio in 2023. It will align its efforts with the Science Based Targets Initiative (SBTi).

Organization

A dedicated working group has been working on the subject of Sustainable Finance since 2021 with representatives of different departments, such as Credit Management, Product Management, the Investment Center, Institutional Investors as well as different teams from the Finance and Risk business area. The working group meets quarterly to assess the current status of the bank’s internal projects, which the members of the working group implement with their departments and teams, as well as provide new ideas for sustainable financing. The activities have been monitored by the Sustainability Advisory Council since 2021. The Sustainability Office communicates with the working group, coordinates it and relays relevant developments from ESG standards to the group.

Measures and activities

Banks are required to be transparent about the financial impact of climate change from the 2024 financial year onward. The new legal standards and the associated Ordinance on Climate Disclosures are based on the TCFD recommendations. TKB, working together with external specialists, performed a lot of preliminary work in the reporting year prior to their implementation. Climate risk scenarios were defined in 2022 and, for the first time, the GHG emissions



caused along the bank's entire value chain were measured for the loan portfolio. This was calculated using the PCAF method. TKB has joined the PCAF initiative and will also apply this method going forward. The results are currently being reviewed in order to set the foundation and optimize data quality. This report contains an initial qualitative TCFD disclosure (see "Disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" on page 15). That makes TKB well prepared for future requirements regarding the reporting of climate-related issues. Members of the Board of Directors have also received training on climate risks and TCFD within the scope of this project.

In 2022, TKB took part in the climate goal alignment test of the Federal Office for the Environment for the second time. This test is conducted using the PACTA method, a standardized process that checks whether investments and financing are in line with the goal of the Paris Agreement to limit global warming to well below 2 degrees Celsius. TKB had the strategy funds and asset management mandates, its proprietary financial investment portfolio and the mortgage portfolios as at 31 December 2021 analyzed for the test. The focus for mortgages was on owner-occupied property. The results show that a low proportion of the investment portfolios is invested in bonds and equities in the carbon-intensive sectors. For mortgages, the CO₂ intensities of the financed buildings are taken as an average across all participants.

In 2022, the Sustainable Finance working group focused mainly on planning measures to more clearly define the strategic targets and success indicators approved as part of the sustainability strategy in 2021. Detailed measures were set for each strategic target incl. a roadmap with a timetable. Since January 2021, all the bank's asset management mandates (delegation solution) have been based on the ESG Plus approach. That means TKB only considers investments that perform positively in terms of ESG criteria. TKB publishes a sustainability report on its sustainable funds based on MSCI ESG data in order

to create transparency regarding the portfolio score, benchmark, carbon risk and peer products.

The advisors from the "Institutional Investors & Occupational Pension Provision" department have been systematically talking to institutional investors since 2021 about the topic of sustainability and raising their awareness of it. This is intended to encourage customers to discuss the subject in the corresponding decision-making bodies. In September 2022, TKB conducted its second exchange of experiences with selected institutional investors on the topic of sustainability. The aim of the event was to compare notes about their activities. Political, social and regulatory developments were discussed.

Target achievement status at the end of 2022

- *Bank's own financial investments linked to ESG criteria: 100 percent (2021: 100 percent)*
- *Assets having undergone an environmental or social audit: 100 percent (2021: 100 percent)*
- *GHG emissions (Scope 1 and 2) per CHF million invested in the financing and investment portfolio: 106 tons (2021: 168 tons)*

TKB is pressing ahead with its work on sustainable finance to achieve the set goals. The sustainability strategy's focus on the core business, the linking of the different departments through a working group and the Sustainability Advisory Council's monitoring of these activities all contribute toward goal achievement.

Climate goal alignment testing by the Federal Office for the Environment in 2022 certified that TKB was only 13 percent invested in bonds allocated to the carbon-intensive sectors. They are responsible for 78 percent of the portfolio's total emissions.

An overview of detailed information on the "Sustainable finance" material topic is provided under "Performance indicators" starting on page 86.



Next steps

In the area of financing, the bank will lay the professional and technical groundwork for collecting ESG data in a structured manner and for standardized evaluations of this data in the core application. Structured data collection will also be implemented in the loan and advisory process. With an eye to fulfilling the implementation requirements of SwissBanking's "Guidelines for mortgage providers on the promotion of energy efficiency", the renovation cost calculator will be implemented and introduced in the advisory process and self-service functions.

The next step in implementing the TCFD is to define a science-based short and long-term target pathway for GHG emissions. The GHG emission calculations will be checked again to consolidate the fundamentals and optimize the data quality, so the quantitative targets can be disclosed. Another major step in 2023 is the expansion of TKB's framework for institution-wide risk management. It will be adjusted to incorporate input from the Board of Directors in the area of climate risks and information on the methods and instruments used to measure these risks. The Risk Control department will work closely with the Board of Directors to implement the new requirements in 2023. Going forward, reporting will include regular updates – both quantitative and qualitative in nature – on ESG risks.

As part of a strategic project, TKB will also lay the groundwork for assessing the loan portfolio in accordance with ESG criteria in the future. The results will then be included in the real estate evaluations and financing process.

With regard to investing, the plan for 2023 is to further develop the ESG Plus approach for asset management. Transparency will also be enhanced through the disclosure of various ESG factors.

Strategic thrust

“Responsible towards employees”

TKB is responsible about its role as an attractive employer and provider of vocational training. It offers attractive jobs to around 850 employees and has been training apprentices and interns for many years. The bank values a flexible working environment that promotes work-life balance and equal opportunity. TKB offers fair remuneration to all employees, a modern leadership culture and development opportunities at all levels. The progressive HR policy enables staff to assume responsibility, incorporate ideas and act in an entrepreneurial way. The bank is convinced: it can achieve more as a team.

Impact of business operations

TKB is a major employer in the region with about 850 employees. It strengthens Thurgau as a business location by offering attractive employment and committing to the training and education of its employees. By embracing fair and progressive employment conditions, TKB is able to retain employees while simultaneously attracting qualified and committed staff in a competitive labor market. Employee satisfaction with regard to professional development prospects and equal opportunities positions the bank as a good employer vis-à-vis potential recruits. The diversity of cultural perspectives, backgrounds, life experiences and skills among the staff promotes innovative thinking and a positive culture of debate that culminate in sustainable solutions to challenges. The staff's diversity is a reflection of society and helps TKB better understand the varied needs of its customers.

Expectations of the bank

There is strong competition for committed employees and the needs of current and potential employees are changing. In view of ongoing digitalization, employees expect their employer to provide them with learning and development opportunities that will enable them to keep pace with this transformation. They also value scope for individual responsibility, flexibility of time and location, a work-life balance and attractive fringe benefits.

TKB customers trust that the bank is just as committed to its staff as it is to them. And they welcome the feeling that the bank and its staff understand their cultural background, life experience and life plan. The canton expects TKB to comply with its public service mandate, act impeccably towards its staff and ensure high quality training for young people in Thurgau.

Management approach

TKB is prudent and judicious in its dealings with staff. Its HR policy has two pillars. Firstly, TKB promotes its employees' personal development and calls on them to take individual responsibility. It discusses skills and assesses performance holistically. Secondly, the bank shapes change systematically. It establishes strong management and performance-enhancing organizational structures and assumes social responsibility. Both pillars contribute to the bank's lasting appeal as an employer among engaged employees. TKB adopts different approaches to live up to its responsibility as an employer and the expectation of diversity and equal opportunities. They are outlined below.

Employee management

Six management principles form the basis of TKB's modern work and leadership culture. Supervisors are instructed to base their employee management on feedback, individual responsibility and an entrepreneurial mindset. As role models, managers must also first and foremost impart an awareness of overarching topics and actively support and strengthen their employees as experts in their role. That is the purpose of the continual performance and development dialog cultivated since 2017: at least three times a year, managers discuss personal commitment and propensity for active involvement with all permanent staff. To encourage entrepreneurial thinking, TKB launched a participation process called "24'n'Go" in 2021, which lets employees help shape their working environment.

Work-life balance

TKB offers its staff flexible working hours and a working environment compatible with that. Managers and employees determine together whether and, if so, to what extent working from home or on the move is allowed. The bank allows part-time contracts for every role, including at management level. Employees also have the option of applying for job openings with a job sharing arrangement. For that, they can access the relevant information on the intranet, including a matching platform where they can search for a suitable job sharing partner. Mothers receive 16 weeks of maternity leave, fathers two weeks of paternity leave. This may be extended on an unpaid basis subject to agreement. Employees from the age of 40 can take six weeks of paid time off, regardless of how long they have worked at the bank or their functional level. All employees can also buy an extra week of vacation per year.

Training and education

All employees, whether part-time or full-time, benefit from internal and external training opportunities. This is an important part of systematic employee development. TKB cooperates here with different external partners, including in the areas of sustainability (see details in "Responsible advisory services" on page 27), leadership development, sales development and digital advisory services. TKB also supports individual training measures to improve personal skills and generally covers all the associated costs. The bank enables lateral career entrants without basic banking training to work in the customer service center or to assume an administrative role in a TKB branch office. In addition to offering apprenticeships in basic business management every year, the bank also offers apprenticeships in IT as well as culinary apprenticeships in the employee restaurant.

Talent management

TKB has a clearly defined process for promoting talent and ensuring succession planning for managers. Every year, HR conducts personnel planning and development meetings with all supervisors, which includes discussing employees' performance and potential. In the case of high-potential employees, the supervisor – with HR support – works together with the employee in question to develop an individual development plan. This can comprise further training, in-house placements or external development centers. There is a structured succession planning process for the second management level, conducted twice a year by HR in cooperation with the Executive Board. This involves discussing internal and external candidates for second level management positions where changes are expected to take place in the near term. It is decided who will remain in contact with the external candidates (Executive Board member or HR). HR works together with internal candidates to develop individual measures to foster their development and as preparation for the management position. This ensures TKB's sound leadership in the future and that it is positioned for success over the long term.

Corporate culture

The bank values a climate of personal respect and mutual trust. Every employee is entitled to the protection of their personal integrity and must be able to perform their tasks free from discrimination. The bank does not tolerate discrimination. The directive "Sexuelle Belästigung und Mobbing am Arbeitsplatz" (Sexual harassment and bullying in the workplace) regulates non-discriminatory cooperation.

Equal pay

Equal opportunities are an integral part of TKB's self-image and values. All functions are open to all genders and the compensation system is structured to be gender-neutral. This was confirmed by the equal pay analysis carried out by the Competence Center for Diversity and Inclusion at the University of St. Gallen in 2020. The analysis was performed on

behalf of the bank using the webtool provided by the Confederation for such analyses. Based on the low pay gap of 3.3 percent in favor of men, TKB was awarded the "We pay fair" label from the University of St. Gallen and – as the first cantonal bank – the seal of approval from the Social Partnership Centre for Equal Pay in the Banking Industry. The equal pay analysis will be repeated in 2025.

Information and raising awareness

Employees will find an information platform on the intranet on the topics of "Equal opportunity and work-life balance". It contains useful pointers on things like striking a work-life balance, parenthood, finances and returning to work as well as contact persons for individual concerns. The annual sustainability event for employees also offers information on equal opportunity and work-life balance.

Occupational health management

TKB maintains an occupational health management system based on three pillars: work culture, prevention and case management. The bank fosters a positive work culture of appreciation. This is based on the guiding principles for good cooperation and leadership. Potential problems and crises must be identified early. This happens during the regular performance and development meetings or by monitoring working hours and absences. Employees can also contact the employee counseling service MOVIS AG. Employees receive close guidance and support in the event of a crisis. Whether through an in-house HR advisor, case management by health insurer Helsana or the employee counseling services offered by MOVIS AG. Finally, TKB offers modern working conditions that enable individual flexibility as well as ergonomic workplaces.

Organization

Responsibility for the material topics "Responsibility as an employer" and "Diversity and equal opportunity" lies with HR. It defines and initiates corresponding measures and tracks goal achievement.

Measurement of goal achievement

TKB regularly checks its standing as an employer among current and potential employees. Every three to four years, the bank conducts a survey on employee satisfaction and commitment. The next survey will be in 2024. It conducts an annual benchmarking exercise with other cantonal banks that looks at the number of employees and number of absence days.



4

The individual SDGs are outlined on page 110.

Material topic

Responsibility as an employer

TKB promotes the development of its employees. It creates career opportunities and supports their work-life balance. TKB also promotes employee health and safety at work.

High-quality training must be available to everyone. Lifelong learning is also indispensable to employability, particularly in view of the perpetual change in the nature of work. As a major employer in the canton and a committed training provider with attractive training opportunities, TKB plays its part by providing non-discriminatory training and education opportunities.

As a progressive employer, TKB values a work and leadership culture built on individual responsibility and an entrepreneurial mindset. Employees can actively shape their working environment—thanks to the many opportunities for participation and a broad range of training opportunities. Flexible working models help the employees achieve a good work-life balance.

Main targets up to 2025

- Employee commitment is 4 (on a scale of 1 to 5).
- The number of absence days is below the average for cantonal banks.
- Absences exceeding four weeks due to overwork and burnout remain isolated cases and account for under 0.5 percent of staff.

Target achievement status at the end of 2022

- Employee commitment: 4.2
- Number of absence days per employee: 6.1 days
- Absences exceeding four weeks due to overwork: isolated cases

Next steps (2023)

- Continue efforts to gain lateral entrants and returners to the workforce

Measures and activities

Since July 2022, all employees have had access to an external contact point (MOVIS AG social counseling services) round the clock as well as to HR advisors. This is an important, easy-access offering for employees experiencing a crisis or conflict as well as in cases where their personal integrity has been violated (bullying, sexual harassment), especially regarding matters of a personal nature or if someone would like to talk to an external party in confidence. The bank has revised the internal guidelines regarding integrity violations with an expert on the subject and notified all employees and contact points that it is a zero tolerance issue.

The bank created opportunities in 2022 for lateral entrants and people returning to work to start in

suitable positions and acquire the necessary knowledge through an external basic banking course. The IT Academy now enables entry at application manager or manager level. Responses to the IT Academy were very positive and TKB gained three suitable and motivated persons for the launch of the initiative in spring 2023.

In 2022, TKB again participated in the nationwide bike campaign “Bike to Work Challenge”: for two months, a total of 35 employees cycled to work or kept fit with regular bike rides while working from home. In the end, a total of 14,355 kilometers were biked, which corresponds to savings of 2.1 tons of CO₂ compared to commuting by car.

After the “24’n’Go” participation process was introduced in 2021 (see Employee management above),



TKB opened the first open space workplace in its operations center in 2022 based on an initiative that arose through this process. 24'n'Go allows employees to get together and contribute their ideas on how to shape their working environment. To make the input as broad-based as possible, a minimum of 24 employees have to be involved: six women over the age of 40, six women under the age of 40, six men over the age of 40 and six men under the age of 40. Once the idea has taken shape, the employees present it to the Executive Board, which decides whether to proceed with implementation.

Target achievement status at the end of 2022

- *Employee commitment: 4.2 (2021: 4.2)*
- *Number of absence days per employee: 6.1 days (2021: 4.8 days)*
- *Absences exceeding four weeks due to overwork: isolated cases (2021: isolated cases)*

With employee commitment at 4.2 on a scale of 1 to 5, TKB is in the target range. This value is from an employee survey from 2021, which is conducted every three to four years. Average absence per employee due to illness and accident in 2022 was 6.1 workdays (2021: 4.8 workdays). The average absence at the other cantonal banks for 2022 is still unknown (2021: 5.7 workdays).

There were only isolated cases of absences exceeding four weeks due to overwork during the reporting period.

The detailed key performance indicators on the “Responsibility as an employer” material topic are succinctly presented in the “Performance indicators” chapter starting on page 86.

Next steps

Work on facilitating lateral entrants and re-entry to the workforce will continue in 2023. At the start of 2024, the bank is planning a second training course at the IT Academy and will integrate persons with no prior banking knowledge and re-entrants to suitable positions. These persons will participate in a structured introductory process and basic banking training with an external partner.



The individual SDGs are outlined on page 110.

Material topic

Diversity and equal opportunity

TKB is committed to ensuring equal opportunities for all persons regardless of gender, sexual orientation, religion or heritage. The bank applies a non-discriminatory organizational culture at all levels.

Ensuring balanced gender representation at all management levels, equal pay for equal work and the involvement of everyone in the labor market, including young people or people with impairments, is included in the SDGs. As a major and responsible employer in Thurgau, TKB plays an important role that it fulfills in part through the continual promotion of women and fair remuneration.

TKB values a diverse workforce and fair corporate culture offering equal opportunities to everyone. It encourages the promotion and development of women in management positions and enables mothers and fathers to keep working following the birth of their children by giving them a flexible workload and choice of hours. All positions including those with managerial responsibility can be filled on a part-time basis.

Main targets up to 2025

- 18 percent of managers are women.
- 30 percent of employees at functional level 5 are women.
- 9 out of 10 mothers or fathers work following the birth of their child. Of this number, 80 percent resume work at the same position or a position at the same functional level.
- All roles—including those at management level—can be performed on a part-time basis.
- The gender pay gap is below 5 percent.

Target achievement status at the end of 2022

- Share of female managers: 17.9 percent
- Share of women at functional level 5: 28.7 percent
- Share of parents who continue to work at TKB following the birth of their child: 95.5 percent. Share of people returning to work at the same functional level: 100 percent
- Possibility to work part time: in all functions
- Gender pay gap: 3.3 percent

Next steps (2023)

- Revision of employer branding

Measures and activities

An internal equal opportunity campaign was launched in 2020 in order to raise awareness of the issue and its significance. The aim of the campaign is for employees to examine their own role models, take a critical look at them and dismantle preconceptions. The campaign, which continued in 2021 and 2022, also included an information stand at the sustainability event for employees, an information page on the intranet, videos on role clichés, reports on work-life balance in the in-house employee magazine and social media posts.

In 2022, TKB expanded the range of information offered on the intranet regarding the topic of “Diversity and equal opportunity” by adding a job sharing platform. It is open to all employees and enables them to find a suitable job sharing partner. Anyone interested in the arrangement can enter their criteria anonymously, including their preferred role, maximum degree of employment, region where they work and preferred workdays. Once two interested parties are matched, both employees can discuss the details in person and jointly submit a job sharing application to the bank.



Target achievement status at the end of 2022

- *Share of female managers relative to the total workforce: 17.9 percent (2021: 14.5 percent)*
- *Share of women at functional level 5¹: 28.7 percent (2021: 24.1 percent)*
- *Share of parents who continue to work at TKB following the birth of their child: 95.5 percent (2021: 89.5 percent). Share of people returning to work at the same functional level: 100 percent (2021: 93.8 percent)*
- *Possibility to work part time: all functions (2021: all functions)*
- *Gender pay gap: 3.3 percent (2021: 3.3 percent)*

TKB is well on the way to achieving its targets for more diversity and equal opportunity.

The analysis of salaries paid by the bank to its employees and conducted by the Competence Center for Diversity and Inclusion at the University of St. Gallen revealed a pay gap of 3.3 percent in favor of the men. The pay equity analysis was performed on behalf of the bank in 2020 and is expected to be repeated in 2025.

The detailed key performance indicators on the “Diversity and equal opportunity” material topic are succinctly presented in the “Performance indicators” chapter starting on page 86.

Next steps

A revision of the employer branding is scheduled for 2023. This is linked with communication measures that, from 2024 onward, should enable TKB to call attention in a more targeted way to its profile as an attractive employer that is committed to diversity and equal opportunity.

¹ Functional level 5 comprises experts. It is thus the highest level of a career as a specialist.



Strategic thrust

“Embedded in society and region”

TKB is committed to the economy and society in the Canton of Thurgau. Through its economic performance, TKB is a mainstay of the canton, its economy and society. The bank is a strong believer in modern corporate governance, which includes compliance with guidelines, regular dialog with stakeholder groups and transparent reporting. Products and services are procured in the region whenever possible and selected according to social and ecological considerations. As a major sponsor, the bank has many commitments aimed at promoting social life in the canton. This support centers on promoting up-and-coming talent in sports and culture.

Impact of business operations

Strong economic performance based on modern and responsible corporate governance underpins the trust that customers, business partners and employees have in TKB. Compliance with laws and regulations, transparent reporting and open dialog with stakeholder groups serve sustainable value creation and ensure long-term customer relationships. Selected sponsorship commitments throughout the canton as well as orders placed with local suppliers not only strengthen customer proximity and customer confidence but also the local economy. By factoring in sustainability criteria when purchasing products and services, the bank can positively influence their impact on the environment and on people. Through its positioning as a regional financial company with roots in Thurgau, the bank enjoys a competitive advantage in terms of attracting customers as well as qualified staff. TKB contributes to the financial stability of the Canton of Thurgau through its profit distribution and taxes. This enables the canton to be proactive regarding future challenges, such as population aging, the need for sustainable mobility or securing natural resources.

Expectations of the bank

The population and canton expect TKB to engage in good corporate governance that embraces integrity, transparency and exchange and contributes to economic stability and good economic and social development in the canton. The bank lives up to the many demands made upon it as a valuable part of society by, for example, distributing profit, paying cantonal and municipal tax, other donations in the form of sponsorships or unpaid, charitable work as well as placing orders with local providers. Investors are increasingly expecting clear guidelines on procurement management to ensure there are no adverse impacts for people and the environment. Guest satisfaction in the employee restaurant increases when products from local or regional suppliers are used.



The individual SDGs are outlined on page 110.

Material topic

Economic performance

TKB aims to achieve financial stability. The entire region benefits from the bank’s business success. In addition to cantonal and municipal taxes, TKB distributes part of its profit to the canton and those municipalities entitled to a share.

The bank supports the local economy through a wide range of commitments—for example through its active participation in knowledge exchange, granting loans to companies of all sizes and by considering local suppliers.

Through its sponsorships—of the Thurgau energy prize, for example—it also promotes the development of environmentally friendly technologies as well as research and innovation in the interests of integrative and sustainable industrialization. All things considered, the bank’s activities contribute to the appeal of Thurgau as a business location.

Main targets up to 2025

- The bank ensures a stable equity base (capital ratio) of at least 16 percent as well as a dividend conforming to the capital market.
- The return on the average required equity is 8 to 11 percent.
- The distribution ratio is 40 to 60 percent of net profit.

Target achievement status at the end of 2022

- Capital ratio: 18.5 percent
- Return on average required equity: 11.6 percent
- Distribution ratio: 41.2 percent

Next steps (2023)

- Implementation of the 2023 to 2027 bank strategy

Management approach

Cantonal public service mandate

The public service mandate formulated in the Law on Thurgauer Kantonalbank requires the bank to promote the canton’s economic development as part of its social responsibility. The steering of risks, costs and returns is thus guided by financial industry best practice. A prudent approach to risk is a prominent part of the bank’s sustainable business conduct. The “Rahmenkonzept für das institutsweite Risikomanagement” (Enterprise-wide Risk Management Framework) approved by the Board of Directors sets the foundation for that, with the finer details regulated through various Executive Board directives (see “Erläuterungen zum Risikomanagement” (Explanations on risk management) in the TKB 2022 Annual Report starting on page 80).

The steering of risks, costs and earnings is included in the mid-term planning, where the internal key figures are defined and used as an operational target for employees. Deviations between planned and actual values are measured and analyzed regularly as well as being reported to the Executive Board and Board of Directors. Where necessary, proposals are submitted for measures to reconcile the planned and actual values. The bank’s annual and half-year results are published and also presented to Thurgau cantonal government and the Grand Council.

Strengthening the economic area

Thurgau benefits as an economic area in many ways from TKB’s economic success. The bank distributes up to 60 percent of its net profit to its shareholders—the Canton of Thurgau and the holders of par-



ticipation certificates – and to municipalities entitled to a share. Locally or regionally procured products and services are preferred. TKB is also a reliable partner of the cantonal Chamber of Industry and Commerce, Thurgau Trade Association, Thurgau Agricultural Association and Thurgau Tourism. Moreover, it supports the recognition of business performance as a sponsor of various prizes.

Organization

The Board of Directors has formal responsibility for the business performance of TKB through its approval of the bank strategy as well as the Executive Board, which is responsible for implementing the strategy. The Finance & Risk business area analyzes whether and, if so, to what extent the actual figures deviate from the target figures. The Board of Directors decides on the amount of the profit distribution.

Measures and activities

In 2022, the bank again provided financial support to local trade associations and rewarded business performance. Supported projects include the award of the “Thurgauer Apfel” (a business incentive prize) and Thurgau tourism prize, Thurgau job fair and Thurgau network for start-ups (Startnetzwerk Thurgau) as well as the tourism campaign “Öpfel meets Rüepli” (a reference to the canton’s agricultural nature).

In 2022, the new strategy for the 2023 to 2027 period was also formulated. TKB will report its key content in the first quarter of 2023. Sustainability aspects remain central to the strategy. The sustainability targets (see “Sustainability strategy” on page 5) are part of that.

Target achievement status at the end of 2022

- *Capital ratio: 18.5 percent (2021: 18.4 percent)*
- *Return on equity: 11.6 percent (2021: 11.8 percent)*
- *Distribution ratio: 41.2 percent (2021: 41.8 percent)*

The third year of the current 2020 to 2022 strategy period came to an end in 2022. The strategic targets were achieved for the most part. TKB thus made a major economic contribution to the region. The bank achieved its goals and fulfilled its obligations in the reporting period.

The detailed key performance indicators on the bank’s economic performance are succinctly presented in the “Key performance indicators” chapter starting on page 86.

Next steps

The challenges with regard to the bank’s future business performance lie in making effective and efficient use of human and financial resources. The new 2023 to 2027 corporate strategy will address these demands.



The individual SDGs are outlined on page 110.

Material topic

Corporate governance

TKB lays the foundation for business success in compliance with ethical principles through responsible and fair corporate governance. The bank attaches great importance to responsible and modern corporate governance. The bank views integrity, clear management structures and balanced responsibilities and skills as being among the conditions necessary for sustainable value creation. TKB also considers it important to have a leadership culture that enables economic success in compliance with ethical principles.

Main targets up to 2025

- TKB reviews the creation and establishment of a company-wide Code of Conduct (Code of Ethics).
- TKB conducts transparent sustainability reporting in line with the GRI standards.
- TKB establishes a regular and transparent exchange of information with its internal and external stakeholder groups.
- TKB is guided by the “Swiss Code of Best Practice for Corporate Governance” of the economic umbrella organization *économiesuisse* and the corporate governance guidelines of SIX Swiss Exchange.

Target achievement status at the end of 2022

- The 2022 Sustainability Report was issued in line with the current GRI Standards
- Work began on a Code of Conduct (Code of Ethics)

Next steps (2023)

- Code of Conduct (Code of Ethics) will be approved by the Board of Directors and established in the bank
- Concept will be defined and approved for non-financial reporting as per Art. 964b of the Swiss Code of Obligations (CO)

Management approach

The corporate governance approach of TKB meets the relevant provisions in the “Directive on Information Relating to Corporate Governance” of SIX Swiss Exchange and FINMA Circular “Corporate governance – banks”. The bank also follows the “Swiss Code of Best Practice for Corporate Governance” of the economic umbrella organization *économiesuisse*. Responsible corporate governance has top priority for TKB, together with a clear division of responsibilities at the operational and strategic management level. It ensures this with a transparent organizational culture as outlined and portrayed in the bank’s Annual Report and on the website.

Compliance management system (incl. directives)

TKB applies a professional compliance management system to ensure compliance with legal, supervisory and competition law, as well as standard industry and company-specific regulations. Every year, a monitoring and operational plan is created for the coming year and approved by the Executive Board as well as being duly noted by the Risk and Audit Committee of the Board of Directors. The plan is based on the bank’s own experiences, new legal and supervisory requirements and a risk survey. The corporate governance requirements are implemented by an extensive body of directives. They regulate the approach to risks and compliance with legal requirements. A Code of Conduct (Code of Ethics) is currently being



created to regulate standards of conduct across the bank. The business and organizational regulations apply to the competencies and responsibilities of the different committees and functions. In addition, there are directives on anti-corruption, anti-money laundering and tax offenses, dealing with cross-border operations and data protection. There is also a market conduct directive to prevent insider trading. The directives are updated regularly. Breaches of these rules are examined according to a standardized process. This is part of an established system of sanctions. Moreover, compliance with the corporate governance requirements and directives is monitored through risk management processes and an internal control system (ICS) as well as by an in-house office (Internal Audit) and an external office (auditor, FINMA). An independent, external auditor certified TKB as having a compliance management system of the highest standard following its 2020 audit. Certification has not been renewed since.

Data protection, information security and cyber security organization

TKB attaches great importance to data protection, information security and cyber security. The Executive Board implements the data protection, information security and cyber security management system and issues directives covering, for example, data protection, data classification, basic IT protection and dealing with customer data. The Compliance department supports the Executive Board in implementing the management system. The relevant controls in the internal control system (ICS) (including controls of suppliers and business partners in the IT area) are geared toward regulatory requirements and ISO 27001. As part of the quarterly compliance report, the Board of Directors and Executive Board are informed on a quarterly basis about issues relating to data protection, information security and cyber security. The management system is regularly audited by an internal and external auditor. All employees receive regular training on data protection, information security and cyber security. Information on these topics is continually prepared and communicated within the company and externally.

The relevant provisions on processing personal data are regulated in the Privacy Policy and the Data Protection directive. The Privacy Policy covers the entire company. It is published on the [bank's website](#) and is available at every branch. It already conforms to the Federal Act on Data Protection that comes into force on 1 September 2023. TKB grants individuals all due rights including free information, correction, blocking and deleting of data, restriction of processing and objection to the processing of data. As data subjects, individuals can also revoke their consent to the processing of personal data at any time, whereby the revocation only applies to the future. The processing of personal data can take place via TKB itself or via a third party on behalf of TKB. The Outsourcing and Contract Administration directives regulate the awarding of contracts to third parties. The bank ensures compliance with data protection through suitable measures.

The protection of personal data is also ensured through a restrictive access management system. Moreover, there is a concept for the deletion of all digital data based on legal and regulatory retention periods.

The data protection officer in the Compliance department is responsible for all internal and external matters relating to data protection. Reports of data protection breaches are also received by the data protection officer. The Privacy Policy has contact details for customers and external offices. Contact details for internal offices are also accessible on the intranet and in the Data Protection directive.

TKB has contingency plans in place for security incidents (data breaches, data incidents). The duties, competencies and responsibilities are regulated in the directive “Verhalten bei Sicherheitsvorfällen” (procedure in the event of security incidents). A data leakage tool (DLP) monitors the databases and outgoing e-mail traffic. In the event of a leakage, the employees involved, their supervisors and the Information Security team receive an e-mail. The Information Security team investigates each case. The employee involved must also give their account of what happened. The security incidents are recorded, gathered and reported to the internal Cyberrisk Board.

Anti-money laundering

TKB has implemented all relevant legal and regulatory provisions relating to the prevention of money laundering. The new Anti-Money Laundering Act was implemented in January 2023. TKB also has an IT-based system to monitor payment traffic. It monitors all incoming and outgoing payments. All current customers are also monitored daily via an external database, for example to check whether they are on a sanctions list. TKB applies the same procedure to new customers. The risk of money-laundering from business relationships is also monitored through a points system. Business relationships involving more acute risks are subject to a separate approval process.

Employee training

All new employees who join the bank complete an induction course in compliance. In addition, the bank organizes regular mandatory additional training on key compliance issues for staff in need of such training. That includes training in data protection, anti-money laundering, market conduct, due diligence obligations incumbent on banks, cross-border banking, information security and cyber security as well as the automatic exchange of information. Employees at all levels are sensitized through information campaigns to the importance of acting within the rules. Moreover, compliance issues are discussed between managers and employees as part of ongoing performance and development dialog. The Head of Compliance also attends meetings of business area heads, private customers and commercial customers with their department heads, to provide updates on current compliance issues.

Whistleblowing Hotline

TKB has maintained an external, independent Whistleblowing Hotline since 2018. In addition to the internal options, such as contacting the supervisor or Head of the Compliance department, employees can also report their suspicions to an independent law firm through the hotline. It forwards the anonymous information to the Head of Compliance, who examines the issue in depth (see “Communication of critical concerns” in the “Dialog with stakeholders” chapter on page 22).



Reporting

TKB has provided transparent reporting on its sustainability progress since 2014. The GRI Sustainability Report will be published annually from 2023. It complements the bank's annual report, which contains an annual review – an editorial overview of the past financial year – the financial statements and detailed information on corporate governance. Besides publishing the GRI Sustainability Report and annual report on the bank's website, TKB communicates its sustainability performance in various formats via different channels including the employee magazine and social media posts. It thus meets the various information requirements of its stakeholder groups.

Organization

The Board of Directors is responsible for corporate governance at a strategic level and the Executive Board at the operational level. Various departments and professionals within the bank support the Executive Board with the implementation.

The Corporate Governance working group monitors and reviews regulatory developments. It includes employees from the General Secretariat, Corporate Development (strategy, innovation, sustainability), the Sustainability Office and the Compliance and Risk Control departments. It meets quarterly.

The Compliance department supports the Executive Board and employees by giving information, advice and training on compliance issues. It also ensures compliance with the rules and policies. The department reports regularly to the Executive Board and quarterly to the Board of Directors.

The Operational Data Protection Officer is part of the Compliance department, raises employee awareness and ensures compliance with legal data protection requirements. The bank has also set up permanent working groups for the topics of "Regulations", "Data protection" and "Prevention of internal fraud", which comprise, among others, the heads of HR, Internal Audit, Legal and Compliance. Other working groups are formed when necessary and to implement specific corporate governance initiatives.

Measures and activities

Different working groups addressed significant corporate governance topics during the reporting period. For example, "Code of Conduct (Code of Ethics)" was initiated, which supports the creation of the Code of Conduct (Code of Ethics). An initial draft of the code has been completed, the work will be finalized in 2023 and the Code of Conduct (Code of Ethics) approved by the Board of Directors.

New provisions in the Swiss Code of Obligations (Art. 964 CO, counterproposal to the corporate responsibility initiative) oblige large companies of public interest to report non-financial content, for example on compliance with human rights or their approach to climate risks. These new requirements also apply to TKB. A new working group "Reporting" has been set up to implement the new non-financial reporting requirements. The working group has intensely examined the legal requirements and associated ordinances as they relate to child labor and conflict materials as well as climate reporting. Various workshops provide the platform for creating an overall concept for implementing the standards. Another working group deals with the role of the Board of Directors with regard to sustainability reporting.



Target achievement status at the end of 2022

- *The Sustainability Report conforms to GRI Standards*
- *Work began on a Code of Conduct (Code of Ethics)*

Target achievement in the “Corporate governance” material topic is the result of an ongoing process.

The bank is guided by the corporate governance guidelines of the economic umbrella organization *economiesuisse* and SIX Swiss Exchange.

TKB is not aware of any justified complaints concerning 2022 regarding breaches of customer privacy or loss of customer data.

The bank was not involved in any fines, non-monetary sanctions or disputes arising from failure to comply with laws or regulations during the reporting period. There were no reports to the Whistleblowing Hotline.

In 2022, bank employees completed 288 training days in compliance and data protection (2021: 114 days).

Next steps

The Board of Directors will approve the Code of Conduct (Code of Ethics). Employees will be informed about the content and implementation of the Code of Conduct (Code of Ethics) via various communication measures.

A non-financial reporting concept will be established as per Art. 964 of the Swiss Code of Obligations (CO); initial milestones (e.g., determination of current situation) have already been implemented. On that basis, TKB derived the relevant measures to build up the required structures and created the first report on non-financial issues.

Clarification of the duties and responsibility of the Board of Directors in connection with sustainability will be completed and approved by the Board of Directors.



The individual SDGs are outlined on page 110.

Material topic

Procurement

The bank orients its procurement policy along sustainable lines and strives for local or regional supply chains. By taking account of sustainability requirements in procuring products and services, TKB indirectly supports environmentally friendly and fair production and contributes to strengthening awareness of sustainable consumption.

As a company of Thurgau with a cantonal public service mandate, TKB is committed to fostering a flourishing economy compatible with society and the environment. The bank therefore does not just select products and services according to economic but also to ecological and social criteria and buys from regional suppliers whenever possible.

Main targets up to 2025

- All buyers and suppliers consider the general procurement principles of the bank fully and in depth. They also meet the product-specific sustainability requirements.
- TKB addresses the procurement principles with all new suppliers and current suppliers for new orders.
- TKB strengthens Thurgau's economy by awarding orders to local suppliers. It considers Swiss suppliers for at least 90 percent of orders.

Target achievement status at the end of 2022

- Share of procurement of products and services in Switzerland: 99 percent

Next steps (2023)

- Implementation of the "Ordinance on due diligence and transparency in relation to minerals and metals from conflict-affected areas and child labour" (DDTrO) in operational processes

Management approach

TKB has principles for the procurement of goods and services that were updated in 2022. They provide a guideline for those departments involved in purchasing, including IT, Logistics and the Marketing department plus the staff restaurant.

Sustainable procurement principles

There are six overarching principles applicable to all the bank's procurement procedures: efficiency, social compatibility (incl. compliance with human rights), environmental compatibility, considering local business partners, transparency and partnership-based cooperation as well as product-specific requirements. The principles give the procurement manager specific criteria and key questions, general tips and pro-

cess descriptions. They stipulate that the procuring party maintains a competitive cost/benefit ratio over the entire operating cycle. Moreover, the goods and services must be produced or supplied under socially acceptable conditions and have the minimum possible negative impact on the environment and people throughout their entire life cycle. The procurement managers check, for example, whether the suppliers and their suppliers observe occupational health and safety guidelines as well as human and labor rights. The determining factor is the applicable laws, collective employment contracts or other collective agreements, industry standards and the guidelines of the UN International Labour Organization (ILO). TKB addresses the sustainability requirements in discussions with all new suppliers as well as current

suppliers in contract renewal negotiations. Furthermore, the general procurement principles can be found on the [TKB website](#). TKB ensures that all employees charged with procurement know and follow the principles through internal communication via the intranet or at the employee sustainability event. The Executive Board is also kept informed via biannual reporting.

Specific requirements

TKB has defined specific sustainability requirements for nine product groups considered to be at risk, which go beyond the general principles. These product declaration sheets are completed by the suppliers. The requirements are integrated in the tender documents and are thus a fixed contractual component in the IT area. The product-specific sustainability requirements apply to advertising material, IT products, furnishings, logistics and the staff restaurant. The requirements apply to purchases from a value of CHF 10,000 per procurement process or cumulated over the entire year. TKB also applies these requirements to a lower procurement volume for particularly sensitive products, such as marketing items for children. A second exception applies to those providers with which the bank regularly places larger orders, in which case they apply regardless of the order volume. When appropriate, TKB refers to the product-specific sustainability requirements of recognized labels and certifications, such as “Blue Angel”, “amfori BSCI” or “FSC”. External procurement experts regularly review whether the relevant requirements have changed.

Organization

The procurement heads of the different departments are responsible for implementing the general procurement principles and fulfilling the product-specific sustainability requirements. The Sustainability Office is the contact point for questions or concerns from outside the bank.

The procurement managers from Marketing, IT, Real Estate, technical services and the staff restaurant discuss the ongoing updating of sustainability requirements in the “Procurement” exchange group. They also identify the need for training and process optimization. External procurement experts support the exchange if necessary.

Measures and activities

TKB engaged in a number of activities during the reporting period to draw the attention of internal and external stakeholders to the importance of sustainable procurement. The bank also used the annual sustainability event in 2022 to keep its employees informed. In addition, the bank used sustainability blog posts and intranet articles to increase awareness among the staff.

The updated general procurement guidelines were implemented following the 2021 review and the employees involved were informed. TKB developed a monitoring system in order to measure compliance with the procurement principles. The test phase to implement the system starts in 2023.

The bank produced product-specific sustainability requirements in the form of declaration sheets for the staff restaurant, Logistics and procurement of furnishings. Suppliers were included in the feasibility study. Sustainable customer gifts were also added to the selection.

Target achievement status at the end of 2022

- *Share of products and services procured in Switzerland: 99 percent (2021: 98 percent)*

TKB aligns the procurement of goods and services with its targets, which it achieved during the reporting period.

Since 2014, TKB has reported the proportion of spending for local-based in the Canton of Thurgau – as well as regional-based elsewhere in Switzerland – suppliers. The detailed information on expenditure for local suppliers is succinctly presented in “Key performance indicators” starting on page 86.



Next steps

TKB reviewed the requirements of the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO) in 2022. On this basis, an annual review process will be initialized in 2023, the necessary review process will be embedded at the operational level, and, if necessary, procurement tools will be updated. TKB will report on this in more detail in 2024 as part of its non-financial reporting.

The measurability of the effectiveness of the procurement guidelines will be optimized in 2023. Besides introducing the monitoring system, this includes a solution for straightforward documentation, controlling and data gathering.

In cooperation with HR, the general procurement principles will be integrated in the induction process for all new employees.



The individual SDGs are outlined on page 110.

Material topic

Commitment to the region

TKB is a significant sponsor and provides over one million Swiss francs every year in support of life in the community. The bank is committed to promoting both culture as well as popular sports and acts as a patron. It is particularly active in supporting up-and-coming talent. Many employees also have commitments with associations and institutions in the region. TKB supports this charitable engagement. It also organizes seminars to inform the people of Thurgau about different financial topics, including taxes, investments and pension provision. The legally independent Anniversary Foundation of TKB is engaged mainly in cultural, artistic, academic and charitable projects with a local character.

With extensive sponsorships, the incorporation of sustainability criteria in those sponsorships and the charitable commitments of its staff, TKB is committed to promoting a rich community life in the canton. TKB also aligns its sustainable sponsorship criteria with the SDGs: about 30 of 179 subordinate goals must be met in order for TKB to deem a sponsorship agreement sustainable.

Main targets up to 2025

- TKB has sponsorship commitments in all districts of the canton. It takes account of sustainability criteria in doing so.
- All the bank's contracts for sponsorship commitments contain sustainability criteria and are stored digitally.
- TKB raises awareness among branch employees for compliance with sustainability criteria for decentralized sponsorship activities.
- Sustainability criteria apply to all bank events. The closing reports address the fulfillment of the sustainability criteria.
- Bank employees engage in a total of 150 charitable acts per year. The bank reports regularly on the charitable engagement of its employees.
- TKB's sustainable commitment is known throughout the canton.

Target achievement status at the end of 2022

- Share of sponsorship contracts with sustainability criteria: 95.6 percent
- Number of charitable acts by employees in 2022: 85

Next steps (2023)

- Roadshow in branch offices on sustainability-related guidelines and checklists for events, exhibitions and sponsorships
- Implementation of refined sponsorship goals for even closer alignment with the sustainability strategy
- Sustainability-themed trade shows



Management approach

The SDGs are translated into easy-to-understand sustainability criteria at TKB and set out in a sponsorship concept. There is also a catalog of criteria for sponsored events addressing waste, procurement, mobility and security.

Sustainability criteria

The bank initially assesses sponsorship applications against the conditions set out in the sponsorship concept as shown on the TKB website. If the conditions are met and no exclusion criteria apply, the application is reviewed via a set process. The bank has integrated a sustainability clause and compatible sustainability criteria in all sponsorship agreements since 2021. The clause emphasizes the value of sustainability and obliges the sponsorship partners to transparently present their efforts to meet the sustainability criteria.

Sponsorship tool

Since 2022, a digital sponsorship tool has optimized and systematized the process for entering and evaluating sponsorship commitments. All relevant data is called up online and only complete sponsorship applications can be submitted. The conditions that determine whether cooperation is approved can be seen online. Questions on certain sustainability aspects have to be answered when completing the online form. They cover the waste and mobility concept, taking local suppliers into consideration and the environmental performance assessment. Sponsorship applications for events with over 1,000 attendees require the organizers to describe transparently and in detail which measures they will take in the areas of waste, procurement, mobility and security to ensure the event is held in a sustainable way.

Bank events

The sustainability criteria also apply to the bank's own events. TKB values seasonal products for catering and encourages people to use public transport or form carpools. After the event, the project management produces a closing report showing possibilities for improvement, including with regard to sustainability.

Charitable engagement

TKB gives all its staff one working day to engage in charitable work. There is a range of projects with Thurgau-based organizations available for volunteering, which all meet the bank's sustainability criteria. Bank employees also have the option of taking paid holiday for a voluntary commitment outside the scope of TKB's own offering.

Ongoing exchange

TKB strives for stable sponsorship partnerships based on proximity, reliability and trust. That is why it cultivates regular exchange with its sponsorship partners. At least once per year, the bank seeks direct dialog or contacts its partners in the context of a charitable commitment or at its own networking events.

Organization

The Executive Board has overarching responsibility for social engagement. The Marketing department, in particular the Events & Sponsorships team, is responsible for implementation. It manages the sponsorship concept, supports the sponsorship commitments and organizes bank events.

If a sponsorship application meets the fundamental conditions and if a canton-wide project is involved, the sponsorship project management prepares an application to the Executive Board, which will decide on the application. If the sponsorship request relates to a local project, the relevant branch office decides whether to approve it.



Since 2021, the sponsorship project management has led the exchange group “Committed to the region”. The group has project managers from Events, Exhibitions and Sponsorships as well as representatives of select branches. External sustainability experts are included where necessary. The group meets twice a year to advance the bank’s engagement in line with the targets outlined in its sustainability strategy.

Measures and activities

There were three bank events with a sustainability theme in 2022: about 600 business and political leaders learned about nutrition and the climate at the “Early Morning Talk”. The investor forum showed about 1,000 guests the challenges of the human-influenced climate crisis. Sustainability-related opportunities, challenges, solutions and progress were discussed at the bank’s annual meeting with institutional customers.

TKB also cultivates financial knowledge in the region. It organized 42 compact seminars on various financial issues for private and retail customers.

The bank supports the “Schuldenmodul Thurgau” (Thurgau Debt Module) in cooperation with the association “Finance Mission” to help foster general financial literacy among young people. This course involves employees of the debt collection and bankruptcy offices and Caritas counseling center visiting classes at schools to teach financial literacy in a double lesson.

The legally independent Anniversary Foundation donated about CHF 400,000 to support 240 local projects during the reporting period.

Since 2021, TKB has donated CHF 6,000 a year to WWF Ostschweiz for its “NaturSchule” (Nature School) project. WWF made around 90 visits to schools in Thurgau last year as part of this project. During these visits, the children learn about endangered species of animals and how to protect their natural habitat. They are also taught environmentally friendly behavior in a playful and child-appropriate way.

The footgolf course financed by TKB opened in April 2022. Over 15,000 people visited the course in the first six months after opening. Two outdoor fitness parks were opened in Frauenfeld and Arbon, after three such parks became operational in the prior year.

Finally, the Thurgau real estate exhibition “Immozionale” featured the special topic “Renovate buildings – cut energy costs in half” at the initiative of TKB, a partner in the exhibition. The bank also renewed its support for the information events with the same topic, which were held at five locations in the canton.

Target achievement status at the end of 2022

- *Share of sponsorship agreements with sustainability criteria: 95.6 percent (2021: 92.5 percent)*
- *Number of charitable acts by employees in 2022: 85 (2021: 130)*

TKB progressed as planned with its share of sponsorship agreements containing sustainability criteria in 2022. The number of charitable interventions by employees decreased, mainly due to illness-induced absences.

The detailed information on TKB expenditure in the context of its sponsorships and the expenditure of the legally independent TKB Anniversary Foundation is succinctly presented in “Key performance indicators” starting on page 86.

**Next steps**

In spring 2023 the current guidelines and compiled checklists in the areas of Events, Exhibitions and Sponsorship are being presented to the offices as part of a roadshow and displayed on the intranet. In addition, TKB will implement the refined sponsorship goals that are aligned with the sustainability strategy in 2023. This will enable the bank to be more targeted with its sponsorships in the future by applying standard goals and criteria.

The bank is focusing on sustainability for all its exhibition appearances in 2023. TKB is therefore positioning itself as the sustainable bank in Thurgau and raising awareness among the general population.

The compact seminars for private and retail customers are being continued and the theme of “Sustainable renovation” is being revisited. The commitment through “Finance Mission” will also be continued.

Strategic thrust

"Gentle on the environment"

TKB embraces a gentle approach to the use of resources and aspires to achieve climate-neutral operations. Even if its direct environmental impact as a provider of services tends to be moderate, the bank's operations must impact the environment as little as possible. TKB has an environmental management system to record and analyze its GHG emissions as well as its consumption of energy and natural resources. It derives measures to optimize and reduce consumption so its operations have the most minimal environmental impact possible. The bank motivates its employees to make a personal contribution to climate protection and promotes the exchange of knowledge about energy efficiency in the canton.

Impact of business operations

The bank's main environmental impact stems from its banking services, for example energy consumption by IT infrastructure and building technology, employee commuting and business trips as well as from the use and disposal of various materials in the offices. TKB also has a major lever for influencing its environmental impact through the construction of new offices and renovation of existing ones. Most of the bank's environmental impact is, however, indirect, as it influences the flow of capital through its investment and financing business. These subjects are addressed in the material topics "Sustainable finance" and "Sustainable products and services".

Expectations of the bank

The employees, the Canton of Thurgau as the owner, customers and investors consider efficient management of direct environmental impacts as a given and acknowledge the bank's efforts. Good environmental management is an industry standard and neglectful behavior is reputationally harmful, which can make it harder to recruit new staff or gain customers, investors or business partners. Financial institutions are also being increasingly called upon to actively address and reduce their indirect environmental impact through their financing and loan business. TKB aims to respond even more to this demand.

Management approach

TKB does not want to earn at the expense of future generations. It seeks to have a positive influence on its direct environmental impact and thus contribute to Switzerland's achieving net-zero by 2050. When defining a science-based emissions reduction pathway for operational GHG emissions, the bank uses the "Science Based Targets Initiative" (SBTi), which applies reduction targets based on scientific findings that effectively limit global warming to well below two degrees. The guiding concept of the 2,000-Watt Society is another cornerstone of the bank's engage-



ment. It centers on energy efficiency, climate neutrality and the use of 100 percent renewable energy. The bank bases its climate reporting on the TCFD recommendations. TKB is publishing for the first time on a voluntary basis a qualitative TCFD disclosure in the "Disclosure in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" chapter on page 15.

Environmental management system

The bank has had an environmental management system since 2014. It was updated in 2022 to include the requirements of the Greenhouse Gas Protocol. It uses the system to record consumption of energy, water and paper, waste and GHG emissions and the environmental footprint from travel. Greenhouse gas emissions and energy consumption are counted at the bank's own premises as well as in its external data centers and online service providers. TKB uses the results to monitor the effectiveness of its measures annually and optimizes them when necessary. The avoidance of adverse environmental consequences is the overriding priority. If such consequences are entirely or partly unavoidable, the bank will implement improvement or substitute measures, such as the use of renewable energies.

Electricity

Since 2012, TKB has relied exclusively on natural electricity generated in Thurgau entirely from renewable sources for its proprietary and rented buildings. The power requirements of the external data centers is 100 percent covered by renewable energy. TKB's fleet of company vehicles, comprising nine vehicles, was switched to electric vehicles (incl. a plug-in hybrid) in 2022. The bank also sets up charging stations available to the public at selected locations.

Real estate

When building and renovating its own buildings, the bank applies sustainability criteria that are set out in its real estate strategy as approved in 2021. They complement the guideline for ecological construction approved in 2014. Whenever possible, TKB avoids fossil fuels and relies on its self-produced electricity for construction and operational activities.

Mobility

Business and commuter traffic accounts for over 30 percent of the bank's direct GHG emissions. Given the rural nature of the Canton of Thurgau, employees mainly use their own cars to go to work. The bank holds a regular employee mobility survey to improve the data basis and to garner feedback as to how employees can be supported in their mobility behavior. Progressive working from home policies and the expansion of virtual meetings to avoid business travel are the first action points.

Procurement and resource management

The environment section of the general principles for the procurement of goods and services focuses on recognized sustainability labels and certifications (see details in "Procurement" on page 59). The bank also mainly uses recycled paper and is progressively digitalizing its processes to reduce operational paper use. The annual sustainability program supports the bank in prioritizing its measures to manage resources and in planning – for example by optimizing food consumption in the staff restaurant or continually reducing the number of printers.



Raising employee awareness

Ultimately, the personal behavior of employees regarding energy use, resource consumption and waste disposal are key to the success of the bank's "Gentle on the environment" theme. TKB motivates its staff to behave in an environmentally friendly way when at work and in general through various awareness-raising measures, such as articles in the employee magazine, the sustainability blog and events. It also promotes knowledge exchange in the canton. The bank regularly broaches environmental themes with the public via its external communication channels, including social media.

Organization

The Sustainability Office is responsible for environmental management. The Logistics department implements the measures. TKB has the support of an external partner for managing the environmental management system, particularly for data gathering and analysis.



The individual SDGs are outlined on page 110.

Material topic

Climate and GHG emissions

Containing climate change and adapting to the impacts of climate change are among the most pressing global challenges. TKB is accordingly reducing greenhouse gas emissions. In doing so, it also factors in indirect emissions in upstream and downstream processes in addition to the direct GHG emissions at the company's locations. The promotion of renewable energies, reshaping of consumption and sustainable economic growth are fundamental in this regard. The bank can contribute by shaping its own investment decisions and operational processes in a climate-friendly way and by acting as a role model in the canton.

TKB uses an environmental management system to measure its environmental impact. It derives measures to reduce its GHG emissions from the system's data. The bank also continually reduces its environmental impact through a variety of measures, including raising employee awareness. The aim is to achieve operational climate neutrality by 2025. On the basis of its remaining emissions, TKB has supported a high-quality climate protection project by the Swiss foundation myclimate since 2021. The bank will add more measures in the coming years in alignment with the reduction pathway.

Main targets up to 2025

- GHG emissions are 19 percent below their 2019 value.
- TKB is operationally climate neutral—remaining GHG emissions are offset.

Target achievement status at the end of 2022

- GHG emissions down 13 percent (base year: 2019)
- Support for a climate protection project in a scope equivalent to the unavoidable GHG emissions of 2022

Next steps (2023)

- Increase the data quality of the environmental management system
- Conduct the biannual mobility survey

Measures and activities

TKB redesigned the environmental data capture tool during the reporting period. This mainly involved updating the underlying emission factors. Considering all factors, the emissions being accounted for are on the rise. In order to ensure comparability with previous years, the years 2019–2021 have been recalculated with the updated conversion factors. As the environmental data reporting period was adjusted in 2022, it was only possible to cover ten months (January to October) and consumption for the two missing months was extrapolated. This extrapolation is linear, except for heat consumption (see key performance indicators starting on page 86 for further details). Swiss Climate also conducted an external audit of the GHG footprint. As part of this exercise, it reviewed the accuracy of how the GHG footprint was

prepared as well as the requisite calculations and processes involved. A summary of the resulting Assurance Statement is in the Annex on page 108.

Target achievement status at the end of 2022

- GHG emissions down 13 percent (base year: 2019)
- Support for a climate protection project in a scope equivalent to the unavoidable GHG emissions of 2022

TKB is well on the way to achieving its environmental targets. Since 2021, it has supported CO₂ reductions in climate protection projects in a scope equivalent to the remaining operational GHG emissions. Based on its unavoidable operational GHG emissions of 2,170 tons, the bank supported a high-quality climate protection project by the Swiss foundation myclimate for 2022. TKB was able to reduce its



direct GHG emissions (Scope 1) by 35 percent in 2022 relative to 2019; that was due to the conversion of several oil heating installations to more environmentally friendly heating systems. Indirect GHG emissions (Scope 2), however, rose by 13 percent relative to the 2019 base year. This increase stems from the adaptation of the distribution formula and installation of heating pumps, among other things. Two thirds of the bank's overall GHG emissions are from business travel, employee commuting, paper and water consumption and operating external data centers. These other indirect emissions (Scope 3) were reduced by 13 percent in 2022, relative to the 2019 base year. That mainly results from the reduced business travel and commuting, both of which are attributable to the increase in working from home since the coronavirus pandemic.

The detailed key figures are summarized in "Key performance indicators" starting on page 86.

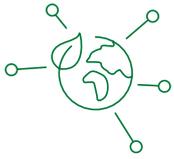
Next steps

The data quality of the environmental management system needs to be improved further. This will refine the GHG footprint, which will enable more targeted implementation of reduction measures.

In addition, TKB will conduct an employee mobility survey in 2023. This will provide the bank with a more accurate picture of its employees' mobility behavior, so it can introduce corresponding measures. An external consulting firm will assist TKB with the survey. The mobility survey will be conducted every two years.

TKB is continuing the ongoing decarbonization of its building portfolio. The GHG emissions are being reduced further through construction measures.

Finally, TKB is continuing its image campaign in 2023 to present the bank's sustainable achievements, including in relation to the environment, to a broad public.



The individual SDGs are outlined on page 110.

Material topic

Energy consumption

TKB is reducing energy consumption at all locations as well as in upstream and downstream parts of the value chain. It prioritizes the use of renewable energies, energy efficiency and the purchase of products and services that meet the “energy intensity” or “energy type” criteria.

With the reduction of its energy consumption and promotion of renewable energy carriers, TKB supports the necessary conversion of its energy systems. In so doing it assumes a pioneering role for employees and other enterprises in the canton. The bank thus creates something positive beyond its own operational decisions.

Almost two-thirds of the energy used by TKB is for its buildings; the rest is for mobility. The bank is continually reducing its energy consumption by modernizing its real estate and acquiring environmentally friendly vehicles.

Main targets up to 2025

- The consumption of non-renewable primary energy is 22 percent lower than in 2019.
- The consumption of non-renewable primary energy in the area of mobility—including business and commuter traffic—is down 15 percent from 2019.
- The consumption of non-renewable primary energy is 38 percent lower than in 2019 for the bank’s own buildings.

Target achievement status at the end of 2022

- Non-renewable primary energy down by 14 percent (base year: 2019)
- Non-renewable primary energy for mobility down by 10 percent (base year: 2019)
- Non-renewable primary energy at TKB’s own buildings down 22 percent (base year: 2019)

Next steps (2023)

- Continuation of real estate strategy

Measures and activities

In 2021, TKB defined a real estate strategy with a detailed modernization plan for the bank’s properties. The basis for the modernization plan was the evaluation of a comprehensive analysis of all of TKB’s properties with regard to the condition of the building’s structure, technical installations, energy and security.

The conversion of the Diessenhofen site (installation of a photovoltaic system and replacement of the heating system) was completed in 2022. The sites at Aadorf (full renovation, replacement of the heating system, installation of a photovoltaic system, completion by the end of 2024) and Bischofszell (facade renovation and replacement of the heating system, completion in 2023) are undergoing conversion.

Moreover, bank-owned electricity meters were installed at some locations in order to measure electricity consumption independently of the suppliers. This measure helps improve data quality.

TKB implemented additional energy saving measures during the reporting period to help combat energy scarcity. It lowered the temperature by one degree in all rooms and reduced the lighting at its locations.



Target achievement status at the end of 2022

- *Non-renewable primary energy down by 14 percent (base year: 2019)*
- *Non-renewable primary energy for mobility down by 10 percent (base year: 2019)*
- *Non-renewable primary energy at TKB's own buildings down by 22 percent (base year: 2019)*

The key figures for the reporting period show that TKB is making good progress towards achieving its stated aims for 2025.

Overall energy consumption fell by 6 percent in 2022 compared to the base year 2019. Energy consumption per employee (full-time equivalent) was down 12 percent compared to the base year 2019. This stems from the replacement of oil-based heating systems by more environmentally friendly systems. These reductions, however, contain an element of uncertainty due to the extrapolation (see “Climate and GHG emissions” on page 68).

The detailed key figures are summarized in “Key performance indicators” starting on page 86.

Next steps

The real estate strategy will continue to be pursued with more properties being renovated and converted. Moreover, there is a pilot project at the Frauenfeld site where advisors visit their customers by e-bike instead of by car.



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The individual SDGs are outlined on page 110.

Material topic

Waste and resource management

TKB takes a gentle approach to consumables and avoids unnecessary waste, in spite of not having a material-intensive business model as a financial services provider. The bank is prudent in its consumption of resources when buying products and services. Product recyclability and selecting less resource-intensive products are part of that. When procuring paper, TKB values a high recycled component and FSC certification. The bank also reduces its operational paper consumption through continual process digitalization. TKB sells leftovers from the staff restaurant at reduced prices.

Main targets up to 2025

- Paper consumption is 40 percent lower than in 2013.
- 90 percent of paper used is recycled paper.
- TKB embraces a gentle approach to resources. To achieve that, the bank will develop a disposal concept and infrastructure strategy as well as action proposals for the staff restaurant.

Target achievement status at the end of 2022

- Paper consumption down 49 percent (base year: 2013)
- Share of recycled paper: 89 percent
- Action proposals have been identified for reducing the ecological footprint in the staff restaurant.
- The infrastructure strategy has been defined and the initial steps implemented.

Next steps (2023)

- Implementation of disposal concept
- Creation of a new concept for the staff restaurant

Measures and activities

TKB takes steps to prevent food waste. That is why the bank has been cooperating with “Too Good To Go” since spring 2020. Any leftovers from the staff restaurant can be passed on to consumers through this cooperation.

The Logistics department finalized a disposal concept in 2022. The concept aims to further improve the separation and recycling of waste generated in everyday business. One way to achieve this is by raising employee awareness.

Moreover, the monthly volume of refuse generated was measured for the first time in September 2022. This will enable TKB to more accurately estimate the volume of accumulated refuse.

TKB held three culinary weeks in the staff restaurant, during which sustainable meals were on the menu.

Target achievement status at the end of 2022

- Paper consumption down 49 percent (base year: 2013)
- Share of recycled paper: 89 percent
- Action proposals have been identified for reducing the ecological footprint in the staff restaurant
- The infrastructure strategy has been defined and the initial steps implemented

In 2022, TKB developed a disposal concept scheduled for implementation in the next reporting period. The IT department formulated an infrastructure strategy in 2021. It envisages a longer service life, deliberate replacement and the reduction of unnecessary devices. The bank also implemented action proposals for reducing the ecological footprint of the staff restaurant as a pilot project during the culinary weeks. The ensuing employee survey showed that the sustainable menus were well received.

The detailed key figures are summarized in “Key performance indicators” starting on page 86.



Next steps

The new disposal concept will be implemented. The accurate separation of recyclable material will be enabled through the installation of recycling receptacles at every location. At the same time, TKB will implement the collection and disposal processes for the recyclables.

Based on the findings from the culinary weeks, TKB will come up with a new concept for the staff restaurant. It will ensure a contemporary and sustainable offering.



GRI Index

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. The service was performed on the German version of the report.

Statement of use: Thurgauer Kantonalbank has reported in accordance with the GRI Standards for the period 1 January 2022 – 31 December 2022.

GRI 1 used: GRI 1: Foundation 2021

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
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GRI 2: General disclosures 2021

The organization and its reporting practices

[2-1]	Organizational details	AR, pgs. 39–40, 122	Name of the organization: Thurgauer Kantonalbank
[2-2]	Entities included in the organization's sustainability reporting	SR, pg. 109	
[2-3]	Reporting period, frequency and contact point	SR, pg. 109	
[2-4]	Restatement of information		<ul style="list-style-type: none"> • Fluctuation (reason: application of a standard calculation formula; impact: fluctuation rate is lower with new formula); SR, pg. 91 • Total number of staff in management positions, by gender (reason: inclusion of EB; impact: higher total number of staff in management positions); SR, pg. 94 • Proportion of staff in management positions, by gender (reason: inclusion of EB; impact: lower percentage of women in management positions); SR, pg. 95 • Total number of staff in management positions, by age group (reason: inclusion of EB; impact: higher total number of staff in management positions); SR, pg. 95

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
			<ul style="list-style-type: none"> • Proportion of staff in management positions, by age group (reason: inclusion of EB; impact: lower percentage of women in management positions); SR, pg. 95 • Non-renewable primary energy (reason: updated emission factors; impact: higher consumption of non-renewable primary energy); SR, pg. 106 • Direct GHG emissions (Scope 1) (reason: updated emission factors; impact: higher GHG emissions); SR, pg. 106 • Indirect energy-related GHG emissions (Scope 2) (reason: updated emission factors; impact: higher GHG emissions); SR, pg. 106 • Other indirect GHG emissions (Scope 3) (reason: updated emission factors; impact: higher GHG emissions); SR, pg. 107 • Intensity of GHG emissions (reason: updated emission factors; impact: higher GHG emissions); SR, pg. 107 • Reduction of GHG emissions (Scope 1–3) relative to base year 2019/2020 (reason: updated emission factors; impact: higher GHG emissions); SR, pg. 107
	[2-5] External assurance	SR, pg. 109	
Activities and workers			
	[2-6] Activities, value chain and other business relationships	AR, pg. 65 SR, pg. 12	
	[2-7] Employees	SR, pgs. 88–89	No breakdown by region, as all workers are employed in the Canton of Thurgau.
	[2-8] Workers who are not employees	SR, pg. 89	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
Governance			
	[2-9] Governance structure and composition	AR, pgs. 40–45, 48–49 SR, pg. 10	
	[2-10] Nomination and selection of the highest governance body	AR, pg. 45	
	[2-11] Chair of the highest governance body	AR, pg. 42	
	[2-12] Role of the highest governance body in overseeing the management of impacts	SR, pgs. 10–11	
	[2-13] Delegation of responsibility for managing impacts	SR, pgs. 9–12	
	[2-14] Role of the highest governance body in sustainability reporting	SR, pg. 10	
	[2-15] Conflicts of interest	AR, pg. 45	
	[2-16] Communication of critical concerns	SR, pg. 22	There is currently no record of the number of critical concerns.
	[2-17] Collective knowledge of the highest governance body	SR, pg. 11	
	[2-18] Evaluation of the performance of the highest governance body	SR, pg. 10	
	[2-19] Remuneration policies	AR, pgs. 55–56 SR, pg. 10	
	[2-20] Process to determine remuneration	AR, pgs. 55–57	
	[2-21] Annual total compensation ratio	AR, pg. 55	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
Strategy, policies and practices			
	[2-22] Statement on sustainable development strategy	SR, pgs. 3–4	
	[2-23] Policy commitments	SR, pgs. 5–6, 11–12	
	[2-24] Embedding policy commitments	SR, pgs. 10–12	
	[2-25] Processes to remediate negative impacts	SR, pgs. 6, 22	
	[2-26] Mechanisms for seeking advice and raising concerns	SR, pgs. 22, 32, 55	
	[2-27] Compliance with laws and regulations	SR, pgs. 56–57	
	[2-28] Membership associations	SR, pgs. 11–14	
Stakeholder engagement			
	[2-29] Approach to stakeholder engagement	SR, pgs. 19–21	
	[2-30] Collective bargaining agreements		TKB is not bound by a collective bargaining agreement and has not employed any persons governed by a collective bargaining agreement. The same working conditions apply to all employees, incl. maximum working hours.

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
Material topics			
GRI 3: Material topics 2021			
	[3-1] Process to determine material topics	SR, pg. 23	
	[3-2] List of material topics	SR, pgs. 7–8	
Strategic thrust “Committed to customers”			
Material topic “Responsible advisory services”			
GRI 3: Material topics 2021			
	[3-3] Management of material topics	SR, pgs. 27–30	
Material topic “Customer orientation”			
GRI 3: Material topics 2021			
	[3-3] Management of material topics	SR, pgs. 31–33	
Own disclosure			
	Customer survey on customer satisfaction and recommendation	SR, pg. 33	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
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Material topic "Sustainable products and services"

GRI 3: Material topics 2021

[3-3]	Management of material topics	SR, pgs. 34–37	
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Own disclosures

	Monetary value of products and services developed for a specific environmental benefit	SR, pg. 37	
	Share of products and services with ESG criteria	SR, pg. 37	
	Number of advisory sessions carried out by cantonal energy advice centers	SR, pg. 37	

Material topic "Sustainable finance"

GRI 3: Material topics 2021

[3-3]	Management of material topics	SR, pgs. 38–41	
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Own disclosures

	Proportion of assets audited for ecological or social aspects with a positive or negative result	SR, pg. 41	
	Percentage of financial investments linked to ESG criteria	SR, pg. 41	
	CO ₂ emission (Scope 1–2) per invested CHF million of the financing and investment portfolio	SR, pg. 41	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
Strategic thrust “Responsible towards employees”			
Material topic “Responsibility as an employer”			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 43–47	
GRI 401: Employment 2016			
[401-1]	New employee hires and employee turnover	SR, pgs. 90–91	
GRI 404: Training and education 2016			
[404-1]	Average hours of training and education per year per employee	SR, pg. 92	
[404-3]	Percentage of employees receiving regular performance and career development reviews	SR, pg. 43	
Own disclosures			
	Employee survey on satisfaction and commitment	SR, pg. 47	
	Number of absence days	SR, pgs. 47, 94	
	Number of absences longer than four weeks due to overwork and burnout	SR, pg. 47	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
Material topic "Diversity and equal opportunity"			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 43–45, 48–49	
GRI 401: Employment 2016			
[401-3]	Parental leave	SR, pgs. 93–94	
GRI 405: Diversity and equal opportunity 2016			
[405-1]	Diversity of governance bodies and employees	SR, pgs. 49, 94–96	
Own disclosures			
	Degree of employment after parenthood	SR, pg. 97	
	Gender pay gap	SR, pg. 49	
	Proportion of returnees following parenthood at the same function or level	SR, pgs. 49, 98	
	Proportion of part-time employees in management positions	SR, pgs. 49, 98–99	
Strategic thrust "Embedded in society and region"			
Material topic "Economic performance"			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 51–52	
GRI 201: Economic Performance 2016			
[201-1]	Direct economic value generated and distributed	SR, pg. 100	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
Own disclosures			
	Capital ratio	SR, pgs. 52, 101	
	Return on average required equity	SR, pgs. 52, 101	
	Dividend payout ratio	SR, pgs. 52, 101	
Material topic "Corporate governance"			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 53–57	
GRI 418: Customer privacy 2016			
[418-1]	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR, pg. 56	
Own disclosures			
	Number of training days in "Compliance and data protection"	SR, pg. 57	
Material topic "Procurement"			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 58–60	
GRI 204: Procurement Practices 2016			
[204-1]	Proportion of spending on local suppliers	SR, pgs. 60, 102	
Material topic "Commitment to the region"			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 61–64	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
GRI 201: Economic Performance 2016			
	[201-1] Direct economic value generated and distributed	SR, pg. 103	
Own disclosures			
	Proportion of contracts with integrated sustainability criteria for sponsorships and events	SR, pgs. 63, 103	
	Number of charitable acts by employees	SR, pgs. 63, 103	
Strategic thrust "Gentle on the environment"			
Material topic "Climate and GHG emissions"			
GRI 3: Material topics 2021			
	[3-3] Management of material topics	SR, pgs. 65–69	
GRI 305: Emissions 2016			
	[305-1] Direct GHG emissions (Scope 1)	SR, pgs. 69, 106	
	[305-2] Indirect energy-related GHG emissions (Scope 2)	SR, pgs. 69, 106	
	[305-3] Other indirect GHG emissions (Scope 3)	SR, pgs. 69, 107	
	[305-4] GHG emissions intensity	SR, pg. 107	
Own disclosure			
	Reduction of GHG emissions (Scope 1–3) relative to base year 2019/2020	SR, pg. 107	

GRI Standard/ other source	Disclosure	Location	Additional information and omissions
Material topic "Energy consumption"			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 65–67, 70–71	
GRI 302: Energy 2016			
[302-1]	Energy consumption within the organization	SR, pg. 105	
[302-3]	Energy consumption outside of the organization	SR, pg. 105	
[302-3]	Energy intensity	SR, pg. 105	
Own disclosures			
	Reduction of energy consumption (within and outside the organization relative to the base year 2019)	SR, pg. 105	
	Consumption of non-renewable primary energy	SR, pg. 106	
Material topic "Waste and resource management"			
GRI 3: Material topics 2021			
[3-3]	Management of material topics	SR, pgs. 65–67, 72–73	
GRI 301: Materials 2016			
[301-1]	Materials used by weight or volume	SR, pg. 104	
[301-2]	Recycled input materials used	SR, pgs. 72, 104	
Own disclosure			
	Water consumption	SR, pg. 107	

Annex

Key performance indicators

Strategic thrust

Committed to customers

Sustainable products and services

[Own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Share of products and services (Assets under Management) with ESG criteria [Own disclosure]							
Volume of total products/services (Assets under Management) ² (in million francs)	-12.7%	9,095	10,420	9,310	8,626	7,455	7,838
Number of ESG products/services ³	11.0%	38,434	34,638	25,551	-	-	-
Volume of ESG products/services ⁴ (in million francs)	-9.0%	2,256	2,478	1,820	-	-	-
Share of ESG products/services relative to total volume (in percent)	1.0%	24.8	23.8	19.5	-	-	-
Monetary value of products and services (Assets under Management) for a specific environmental benefit [Own disclosure]							
Total mortgage volume (in million francs)	-11.9%	19,154	21,740	20,575	19,662	18,757	18,162
Total volume of energy mortgages (in million francs)	-6.4%	41	44	42	41	40	42
Share of volume comprised of energy mortgages (in percent)	0.0%	0.2	0.2	0.2	0.2	0.2	0.2
Number of advisory sessions carried out by energy advice centers [Own disclosure]							
Number of advisory sessions carried out by energy advice centers ⁵	-3.3%	29	30	10	48	46	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Total investment volume (Assets under Management) (asset management, custody account, pension provision)

³ Conversion to ESG Plus approach; number of custody accounts (AuM basis, private mandates, pension funds)

⁴ Conversion to ESG Plus approach; AuM basis, private mandates, pension funds

⁵ Energy advisory services have been provided in cooperation with the energy advice centers of the Canton of Thurgau since 2018

Sustainable finance (ESG integration)

[Own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019
Proportion of assets audited for environmental or social aspects with a positive or negative result [Own disclosure]					
Value of entire assets under management at the end of the reporting period ² (in million francs)	16.0%	1,977	1,705	1,629	1,293
Value of entire assets with positive environmental and/or social screening ² (in million francs)	16.0%	1,977	1,705	1,629	1,288
Value of entire assets with negative environmental and/or social screening ² (in million francs)	0.0%	0.0	0.0	0.0	5
Value of entire assets with positive and negative environmental and/or social screening combined (in million francs)	0.0%	0.0	0.0	0.0	0.0
Proportion of assets having undergone a positive environmental or social audit relative to total assets (in percent)	0.0%	100.0	100.0	100.0	99.6
Proportion of assets having undergone a negative environmental or social audit relative to total assets (in percent)	0.0%	0.0	0.0	0.0	0.4
Proportion of assets having undergone a negative and positive environmental or social audit combined relative to total assets (in percent)	0.0%	0.0	0.0	0.0	0.0
Percentage of financial investments linked to ESG criteria [Own disclosure]					
Share of total financial investments	22.7%	162	132	135	123
Number of financial investments linked to ESG criteria ³	22.7%	162	132	135	122
Proportion of financial investments linked to ESG criteria (in percent)	0.0%	100.0	100.0	100.0	99.2
CO₂ emissions (Scope 1–2) per invested million francs of the financing and investment portfolio [Own disclosure]					
CO ₂ emissions in tons of CO ₂ equivalent (CO ₂ e) per million francs invested in the entire portfolio ⁴	–37.1%	105.7	168.0	167.4	173.4

¹ Change in 2022 relative to 2019 in percent

² The own disclosure analysis forms the basis for this evaluation: "Percentage of financial investments linked to ESG criteria"; volume in CHF m. instead of the number of securities

³ The basis for this evaluation of the "ESG criteria link" is the sustainability approach applied by TKB to the bank's proprietary financial investments since December 2019 (see "Sustainable finance").

⁴ Basis: MSCI ESG tool (please note: there was no emission data for 47.2% of securities or 25.8% of the portfolio's market value for the 2022 financial investment portfolio. Moreover, in the 2021 portfolio, 24.8% of emission data displayed relative to the number of securities and 57.0% relative to the portfolio's market value is based on MSCI estimates; emission data were effectively or fully reported for 28.0% of the number of securities or 17.3% of the portfolio's market value).

Strategic thrust

Responsible towards employees

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Employees [GRI 2-7]							
Total number of employees ²	2.1%	726.83	711.59	704.44	684.67	683.84	688.46
Total number of employees according to AR standard ³	2.5%	701	684	679	658	655	656
Full-time positions offered ⁴ (FTEs) excl. apprentices/interns	2.7%	692	674	663	632	630	636
Employees							
– Total employees (all incl. apprentices/interns and hourly wage earners)	3.2%	835	809	799	777	775	774
– of which functional level 7 (EB) ⁵	0.0%	6	6	6	-	-	-
– of which management positions (all supervisors as per staffing plan; excl. EB) ⁵	2.4%	128	125	126	-	-	-
– of which without management position (rest) ⁵	3.4%	701	678	667	-	-	-
– of which functional level 5 ^{5,6}	8.9%	317	291	272	-	-	-
– of which apprentices	-4.3%	45	47	48	48	50	51
– of which interns	0.0%	4	4	1	2	1	2
– of which hourly wage earners	0.0%	9	9	8	7	11	15
Total number of employees by employment contract ⁷ (temporary/unlimited)	3.3%	826	800	791	770	764	759
Unlimited employment contract							
– Men	1.7%	414	407	402	316	391	384
– Women	6.4%	350	329	326	389	305	313
– Other	-	-	-	-	-	-	-
Temporary employment contract⁸ (incl. apprentices and interns)							
– Men	0.0%	36	36	36	36	40	35
– Women	-7.1%	26	28	27	29	28	27
– Other	-	-	-	-	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Total staff incl. hourly wage earners, apprentices/interns calculated 100% / reference date as at 31 December 2022

³ Excl. hourly wage earners (due to AR standard), incl. apprentices and interns (calculated at 50%)

⁴ Target number, excluding apprentices/interns and temporary staff

⁵ Start of data capture due to change to functional level model in 2020

⁶ Additional information: employees at functional level 5 are part of the employees without a management position (rest). Functional level 5 comprises experts. It is thus the highest level of a career as a specialist.

⁷ Headcount incl. apprentices/interns, but excl. hourly wage earners, as they are listed separately

⁸ Apprentices/interns count as temporary employment contracts, not unlimited

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Hourly wage earners	0.0%	9	9	8	7	11	15
– Men	0.0%	3	3	2	1	2	3
– Women	0.0%	6	6	6	6	9	12
– Other	-	-	-	-	-	-	-
Total number of employees by degree of employment ² (full-time and part-time)	3.7%	786	758	750	727	724	721
Full-time (excl. apprentices/interns)	-1.5%	467	474	476	461	468	481
– Men	-0.9%	340	343	350	338	348	350
– Women	-3.1%	127	131	126	123	120	131
– Other	-	-	-	-	-	-	-
Proportion of full-time employees, by gender							
– Men	0.4%	72.8	72.4	73.5	73.3	74.4	72.8
– Women	-0.4%	27.2	27.6	26.5	26.7	25.6	27.2
– Other	-	-	-	-	-	-	-
Part-time ² (excl. apprentices/interns, incl. hourly wage earners)	12.3%	319	284	274	266	256	240
– Men	10.5%	84	76	63	59	56	44
– Women	13.0%	235	208	211	207	200	196
– Other	-	-	-	-	-	-	-
Proportion of part-time employees, by gender (in percent)							
– Men	-0.4%	26.3	26.8	23.0	22.2	21.9	18.3
– Women	0.4%	73.7	73.2	77.0	77.8	78.1	81.7
– Other							

Workers who are not employees [GRI 2-8]

Total number of workers not employed but controlled ³	9	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
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¹ Change in 2022 relative to the prior year (2021) in percent

² Headcount, excl. apprentices/interns

³ These are people employed with a third-party company, but who have worked for an extended period at a significant number of hours per week exclusively for TKB (e.g., at reception). Their number is recorded per person and at the end of the reporting period (key date).

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
New employee hires and employee turnover [GRI 401-1]							
Number of persons ² (headcount) as above in GRI 2-7	-	835	809	799	777	775	774
– of which < 30 years ³	-	186	198	190	185	184	192
– of which 30–50 years ³	-	396	364	361	353	373	367
– of which > 50 years ³	-	253	247	248	239	218	215
– of which men ³	-	453	446	440	426	433	422
– of which women ³	-	382	363	359	351	342	352
– of which other ³	-	-	-	-	-	-	-
Total number of employees hired during the reporting period, broken down by age group ²	29.5%	114	88	87	79	79	66
– < 30 years	–3.8%	50	52	54	51	41	42
– 30–50 years	83.3%	55	30	29	19	35	17
– > 50 years	50.0%	9	6	4	9	3	7
Proportion of new employees, by age group							
– < 30 years	–15.2%	43.9	59.1	62.1	64.6	51.9	63.6
– 30–50 years	14.2%	48.2	34.1	33.3	24.1	44.3	25.8
– > 50 years	1.1%	7.9	6.8	4.6	11.4	3.8	10.6
Total number of employees hired during the reporting period, broken down by gender ²	29.5%	114	88	87	79	79	66
– Men	30.4%	60	46	49	44	47	37
– Women	28.6%	54	42	38	35	32	29
– Other	-	-	-	-	-	-	-
Proportion of new employees, by gender (in percent)							
– Men	0.4%	52.6	52.3	56.3	55.7	59.5	56.1
– Women	–0.4%	47.4	47.7	43.7	44.3	40.5	43.9
– Other	-	-	-	-	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Headcount incl. apprentices/interns, incl. hourly wage earners

³ Information needed to calculate turnover

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Total number of employees who left the company during the reporting period, by age group ²	-5.8%	81	86	64	70	78	79
- < 30 years	0.0%	34	34	33	38	30	41
- 30-50 years	8.3%	26	24	15	19	24	22
- > 50 years	-25.0%	21	28	16	13	24	16
Employee turnover by age group ³ (unadjusted turnover, in percent)							
- < 30 years	0.8%	14.4	13.6	13.5	16.1	13.3	17.5
- 30-50 years	-0.3%	5.8	6.1	3.8	5.1	5.9	5.7
- > 50 years	-3.1%	8.0	11.1	6.3	5.2	10.9	7.2
Total number of employees who left the company during the reporting period, by gender	-5.8%	81	86	64	70	78	79
- Men	8.9%	49	45	35	44	41	41
- Women	-22.0%	32	41	29	26	37	38
- Other	-	-	-	-	-	-	-
Employee turnover by gender ³ (unadjusted turnover, in percent)							
- Men	0.4%	9.6	9.1	7.2	9.4	8.5	8.9
- Women	-2.8%	7.3	10.1	7.3	6.7	9.9	10.0
- Other	-	-	-	-	-	-	-
Employee turnover ³ (unadjusted turnover, in percent)							
- total	-1.1%	8.5	9.6	7.2	8.2	9.1	9.4
Employee turnover ³ (adjusted turnover, in percent)							
- total ⁴	1.8%	7.4	5.6	4.7	5.7	5.2	5.8

¹ Change in 2022 relative to the prior year (2021) in percent

² Headcount incl. apprentices/interns, incl. hourly wage earners

³ Calculated using the Schlüter formula: $[\text{Number of departures} / (\text{initial headcount} + \text{new hires})] \times 100$

⁴ adjusted = without natural departures, e.g., retirement, termination by employer, death, etc. (i.e., only termination by the employee)

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Average hours of training and education per year per employee [GRI 404-1]							
Training days ²	123.6%	2,144	959	911	1,324	1,440	1,678
Training days per employee	116.7%	2.6	1.2	1.14	1.7	1.86	2.29
– Men	130.3%	2.81	1.22	1.22	1.96	2.16	2.63
– Women	98.3%	2.34	1.18	1.03	1.38	1.42	1.89
– Other	-	-	-	-	-	-	-
Cost of training in CHF million (incl. apprentices)	75.5%	1.79	1.02	1.33	1.37	1.22	1.53
– as % of staff costs	72.1%	1.6	0.9	1.2	1.4	1.2	1.4
– per employee in CHF	70.0%	2,162	1,272	1,669	1,849	1,662	2,096
Completed apprenticeships	-6.3%	15	16	17	17	17	20
Federally recognized qualification	9.1%	36	33	19	27	29	30
Employees preparing for a federally recognized qualification	22.4%	60	49	44	48	44	45
In-house trainers	22.2%	33	27	19	27	25	47

Number of absence days (due to illness and accident) [Own disclosure]

Number of absence days (due to illness and accident)	29.0%	4,441	3,443	3,645	4,045	3,591	4,070
Average number of absence days per employee (due to illness and accident)	27.1%	6.1	4.8	5.2	5.9	5.3	5.9
Average number of absence days at cantonal banks (due to illness and accident)	9.3%	n.s. ³	5.9	5.4	6.1	5.8	5.1

¹ Change in 2022 relative to the prior year (2021) in percent

² Including self-study sustainability training 1 and 2 in 2022. However, otherwise without web-based training or further self-study.

³ Cantonal bank benchmark only established in March 2023

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Parental leave [401-3]							
Total number of employees entitled to parental leave, by gender	15.8%	22	19	27	29	20	34
– Men	0.0%	9	9	15	18	9	19
– Women	30.0%	13	10	12	11	11	15
– Other	-	-	-	-	-	-	-
Total number of employees having taken parental leave, by gender	15.8%	22	19	27	29	20	34
– Men	0.0%	9	9	15	18	9	19
– Women	30.0%	13	10	12	11	11	15
– Other	-	-	-	-	-	-	-
Total number of employees who returned to work after parental leave during the reporting period, by gender	23.5%	21	17	25	28	18	30
– Men	0.0%	9	9	15	18	9	19
– Women	50.0%	12	8	10	10	9	11
– Other	-	-	-	-	-	-	-
Total number of employees who returned to work following parental leave and were still employed 12 months following their return, by gender	-	n.s. ²	17	25	27	17	29
– Men	-	n.s. ²	9	15	17	8	18
– Women	-	n.s. ²	8	10	10	9	11
– Other	-	-	-	-	-	-	-
Rate of return to work	6.0%	95.5	89.5	92.6	96.6	90.0	88.2
– Men	0.0%	100.0	100.0	100.0	100.0	100.0	100.0
– Women	12.3%	92.3	80.0	83.3	90.9	81.8	73.3
– Other	-	-	-	-	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² The key figure for 2022 will only be available 12 months following the end of the reporting year, i.e., at the end of 2023

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Retention rate of employees having taken parental leave	-	n.s.	89.5	92.6	93.1	85.0	85.3
– Men	-	n.s.	100.0	100.0	94.4	88.9	94.7
– Women	-	n.s.	100.0	100.0	100.0	100.0	100.0
– Other	-	-	-	-	-	-	-

Diversity of governance bodies and employees [405-1]

Total number of persons on the Board of Directors, by gender	0.0%	9	9	9	9	9	9
– Men	-14.3%	6	7	7	7	7	7
– Women	50.0%	3	2	2	2	2	2
– Other	-	-	-	-	-	-	-
Percentage of persons on the Board of Directors, by gender							
– Men	-11.1%	66.7	77.8	77.8	77.8	77.8	77.8
– Women	11.1%	33.3	22.2	22.2	22.2	22.2	22.2
– Other	-	-	-	-	-	-	-
Total number of persons on the EB, by gender		6	6	6	5	5	5
– Men	0.0%	6	6	6	5	5	5
– Women	-	0	0	0	0	0	0
– Other	-	-	-	-	-	-	-
Percentage of persons on the EB, by gender							
– Men	0.0%	100.0	100.0	100.0	100.0	100.0	100.0
– Women	0.0%	0.0	0.0	0.0	0.0	0.0	0.0
– Other	-	-	-	-	-	-	-
Total number of staff in management positions, by gender (incl. EB) ²	2.3%	134	131	132	-	-	-
– Men	-1.8%	110	112	117	-	-	-
– Women	26.3%	24	19	15	-	-	-
– Other	-	-	-	-	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Start of data capture due to change to functional level model in 2020

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Percentage of employees in management positions, by gender ²							
– Men	–3.4%	82.1	85.5	88.6	-	-	-
– Women	3.4%	17.9	14.5	11.4	-	-	-
– Other	-	-	-	-	-	-	-
Total number of staff in management positions, by age group (incl. EB) ²							
– < 30 years	–42.9%	4	7	6	-	-	-
– 30–50 years	7.2%	74	69	73	-	-	-
– > 50 years	1.8%	56	55	53	-	-	-
Percentage of staff in management positions, by age group ²							
– < 30 years	–2.4%	3.0	5.3	4.5	-	-	-
– 30–50 years	2.6%	55.2	52.7	55.3	-	-	-
– > 50 years	–0.2%	41.8	42.0	40.2	-	-	-
Total number of other employees, by gender ^{2,3}							
– Men	2.7%	343	334	323	-	-	-
– Women	4.1%	358	344	344	-	-	-
– Other	-	-	-	-	-	-	-
Percentage of other employees, by gender ²							
– Men	0.0%	0.5	0.5	0.5	-	-	-
– Women	0.0%	0.5	0.5	0.5	-	-	-
– Other	-	-	-	-	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Start of data capture due to change to functional level model in 2020

³ All employees, incl. hourly wage earners and apprentices/interns

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Total number of other employees, by age group ²	3.4%	701	678	667	-	-	-
– < 30 years	–4.7%	182	191	184	-	-	-
– 30–50 years	9.2%	322	295	288	-	-	-
– > 50 years	2.6%	197	192	195	-	-	-
Percentage of other employees, by age group ²							
– < 30 years	–2.2%	26.0	28.2	27.6	-	-	-
– 30–50 years	2.4%	45.9	43.5	43.2	-	-	-
– > 50 years	–0.2%	28.1	28.3	29.2	-	-	-
Total number of employees at FL5, by gender ³	8.9%	317	291	272	-	-	-
– Men	2.3%	226	221	210	-	-	-
– Women	30.0%	91	70	62	-	-	-
– Other	-	-	-	-	-	-	-
Percentage of staff at FL5, by gender ^{2,3}							
– Men	–4.7%	71.3	75.9	77.2	-	-	-
– Women	4.7%	28.7	24.1	22.8	-	-	-
– Other	-	-	-	-	-	-	-
Total number of employees at FL5, by age group ³	8.9%	317	291	272	-	-	-
– < 30 years	–18.2%	9	11	8	-	-	-
– 30–50 years	7.5%	201	187	175	-	-	-
– > 50 years	15.1%	107	93	89	-	-	-
Percentage of staff at FL5, by age group ³							
– < 30 years	–0.9%	2.8	3.8	2.9	-	-	-
– 30–50 years	–0.9%	63.4	64.3	64.3	-	-	-
– > 50 years	1.8%	33.8	32.0	32.7	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Start of data capture due to change to functional level model in 2020

³ Additional information: Employees at functional level 5 are part of the employees without a management position (rest). Functional level 5 comprises experts. It is thus the highest level of a career as a specialist.

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Degree of employment after parenthood [Own disclosure]							
Total number of employees who returned to work after parental leave during the reporting period, by gender	23.5%	21	17	25	28	18	30
Proportion of employees who returned to work after parental leave	6.0%	95.5	89.5	92.6	96.6	90.0	88.2
Degree of employment of employees who returned to work after parenthood, broken down by gender							
Women	50.0%	12	8	10	10	9	11
– > 80%	-	1	0	1	4	0	3
Proportion of women returnees > 80%	-	8.3	0.0	10.0	40.0	0.0	27.3
– 61–80%	0.0%	2	2	1	0	2	0
Proportion of women returnees 61–80%	–33.3%	16.7	25.0	10.0	0.0	22.2	0.0
– 50–60%	250.0%	7	2	8	3	7	5
Proportion of women returnees 50–60%	133.3%	58.3	25.0	80.0	30.0	77.8	45.5
– < 50%	–50.0%	2	4	0	3	0	3
Proportion of women returnees < 50%	–66.7%	16.7	50.0	0.0	30.0	0.0	27.3
Men	0.0%	9	9	15	18	9	19
– > 80%	0.0%	7	7	15	18	9	19
Proportion of men returnees > 80%	0.0%	77.8	77.8	100.0	100.0	100.0	100.0
– 61–80%	0.0%	2	2	0	0	0	0
Proportion of men returnees 61–80%	0.0%	22.2	22.2	0.0	0.0	0.0	0.0
– 50–60%	0.0%	0	0	0	0	0	0
Proportion of men returnees 50–60%	0.0%	0.0	0.0	0.0	0.0	0.0	0.0
– < 50%	0.0%	0	0	0	0	0	0
Proportion of men returnees < 50%	0.0%	0.0	0.0	0.0	0.0	0.0	0.0

¹ Change in 2022 relative to the prior year (2021) in percent

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Proportion of returnees after parenthood at the same function(al level)² [Own disclosure]							
– Men	0.0%	9	9	15	-	-	-
– Women	71.4%	12	7	8	-	-	-
Proportion of men	0.0%	100.0	100.0	100.0	-	-	-
Proportion of women	12.5%	100.0	87.5	80.0	-	-	-
Overall	5.9%	100.0	94.1	92.0	-	-	-
Proportion of part-time employees in management positions [Own disclosure]							
Number of full-time employees (excl. apprentices/interns)	0.2%	467	474	476	461	468	481
Number of part-time employees (excl. apprentices/interns) < 100 percent degree of employment	0.4%	319	284	274	266	256	240
Total number of staff in management positions – incl. EB ²	0.8%	134	131	132	-	-	-
Total number of employees at FL5 ^{2,3}	0.4%	317	291	272	-	-	-
Number of women employed part-time < 100 percent degree of employment ²	0.5%	235	208	211	-	-	-
– EB	0.0%	0	0	0	-	-	-
– Management position	27.8%	10	6	4	-	-	-
– Rest	0.6%	225	202	207	-	-	-
– of which women at functional level 5 ^{2,3}	4.5%	49	33	29	-	-	-
Number of men employed part-time < 100 percent degree of employment ²	1.5%	84	76	63	-	-	-
– EB		0	0	0	-	-	-
– Management position	11.6%	14	11	10	-	-	-
– Rest	1.7%	70	65	53	-	-	-
– of which men at functional level 5 ^{2,3}	3.3%	36	33	29	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Start of data capture due to change to functional level model in 2020

³ Functional level 5 comprises experts. It is thus the highest level of a career as a specialist.

Responsible towards employees

[GRI 2-7, GRI 2-8, GRI 401-1, GRI 404-1, GRI 401-3, GRI 405-1, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Share of women employed part-time < 100 percent degree of employment ²							
– EB	0.0%	-	-	-	-	-	-
– Management position	1.4%	4.3	2.9	1.9	-	-	-
– functional level 5 ^{2,3}	5.0%	20.9	15.9	13.7	-	-	-
Proportion of men in part-time employment ²							
– EB	0.0%	-	-	-	-	-	-
– Management position	2.2%	16.7	14.5	15.9	-	-	-
– functional level 5 ^{2,3}	-0.6%	42.9	43.4	46.0	-	-	-
Proportion of all employees in management positions, part-time < 100 percent degree of employment ²	4.9%	17.9	13.0	10.6	-	-	-
Proportion of women in management positions, part-time < 100 percent degree of employment ²	10.1%	41.7	31.6	26.7	-	-	-
Proportion of men in management positions, part-time < 100 percent degree of employment ²	2.9%	12.7	9.8	8.5	-	-	-
Proportion of all employees at functional level 5, part-time < 100 percent degree of employment ²	4.1%	26.8	22.7	21.3	-	-	-
Proportion of women at functional level 5, part-time < 100 percent degree of employment ^{2,3}	6.7%	53.8	47.1	46.8	-	-	-
Proportion of men at functional level 5, part-time < 100 percent degree of employment ^{2,3}	1.0%	15.9	14.9	13.8	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Start of data capture due to change to functional level model in 2020

³ Functional level 5 comprises experts. It is thus the highest level of a career as a specialist.

Strategic thrust

Embedded in society and the region

Economic Performance

[GRI 201-1; own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Direct economic value generated and distributed (in CHF 1,000) [GRI 201-1]							
Economic value generated							
Operating income	1.8%	372,611	366,114	341,676	341,056	343,137	335,147
Operating result	3.0%	188,113	182,629	166,394	167,042	169,362	158,741
Annual profit	1.6%	147,848	145,552	139,082	135,087	134,172	129,400
Net profit	1.5%	150,574	148,291	141,855	138,031	137,053	132,387
Distributed economic value							
Material expenses	0.7%	58,931	58,518	56,602	56,710	56,920	54,478
– of which central sponsorships	27.7%	1,416	1,109	1,165	1,383	1,256	1,345
Commitment by the TKB Anniversary Foundation ²	–20.0%	400	500	600	400	400	400
Personnel expenses ³	2.3%	112,818	110,289	107,747	105,218	103,707	113,604
Dividends to PC holders	0.0%	12,400	12,400	12,000	11,200	11,200	11,000
Dividends and taxes to the canton and municipalities	0.4%	70,726	70,415	67,130	69,849	69,309	68,406
– of which profit distribution to the canton	0.0%	48,200	48,200	46,600	42,583	41,221	38,786
– of which profit distribution to municipalities entitled to payment	0.0%	3,000	3,000	3,000	3,000	3,000	3,000
– of which interest on share capital	0.0%	1,401	1,401	1,401	2,217	3,579	5,214
– of which compensation for government guarantee	4.9%	7,936	7,565	7,115	6,758	6,609	6,506
– of which taxes	–0.6%	10,190	10,249	9,014	15,291	14,900	14,900
Retained economic value							
Allocation to statutory reserves	2.7%	75,000	73,000	69,000	69,500	68,500	65,000
Allocation to reserves for general banking risks	7.4%	29,000	27,000	28,000	15,000	20,000	15,000

¹ Change in 2022 relative to the prior year (2021) in percent

² Excl. commitment to fitness parks in 2020 as well as footgolf course in 2021

³ Incl. voluntary allocation to the TKB pension fund of CHF 11.2 m.

Economic Performance

[GRI 201-1; own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Capital ratio [Own disclosure]							
Required equity (in CHF million)	15.0%	1,825	1,587	1,513	1,543	1,466	1,432
Equity (in million francs)	4.2%	2,541	2,439	2,308	2,211	2,127	2,039
Capital ratio (eligible equity available as % of risk-weighted assets)	0.5%	18.5	18.4	18.3	18.6	18.9	18.5
Return on Ø required equity [Own disclosure]							
Return ² (in percent)	-0.2%	11.6	11.8	11.3	12.0	12.0	12.0
Dividend payout ratio [Own disclosure]							
Distribution ratio ³ (in percent)	-0.6%	41.2	41.8	42.3	40.6	40.9	41.5
- taxes to the canton (in percent)	-0.6%	39.2	39.8	40.2	38.4	38.7	39.3
- Tax to municipalities entitled to a share (in percent)	0.0%	2.0	2.0	2.1	2.2	2.2	2.3

¹ Change in 2022 relative to the prior year (2021) in percent

² Without anticyclical buffer

³ Definition: Distribution ratio corresponds to dividend, interest on share capital and profit distribution to the canton as a proportion of net profit

Procurement Practices

[GRI 204-1]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Proportion of spending on local suppliers [GRI 204-1]							
Percentage of the procurement budget spent on suppliers in Switzerland (e.g., the percentage of products and services procured locally)	0.2%	78.15	78	78.5	63	59.7	70
Percentage of the procurement budget spent on suppliers in Thurgau (e.g., the percentage of products and services procured locally)	2.1%	20.42	20	19.89	35	38.7	28

¹ Change in 2022 relative to the prior year (2021) in percent

Commitment to the region

[GRI 201-1; own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2018	2017
Direct economic value generated and distributed² [GRI 201-1]							
Sponsorship commitment (in thousand francs)	27.7%	1,416	1,109	1,165	1,383	1,256	1,345
TKB Anniversary Foundation (in thousand francs)	-20%	400	500	600	400	400	400
Proportion of contracts with integrated sustainability criteria for sponsorships and events³ [Own disclosure]							
Total number of contracts for sponsorships and events	1.5%	68	67	62	58	-	-
Number of contracts with integrated sustainability criteria	4.8%	65	62	56	52	-	-
Proportion of contracts with integrated sustainability criteria (in percent)	3.3%	95.6	92.5	90.3	89.7	-	-
Number of charitable acts by employees⁴ [Own disclosure]							
Number of charitable acts by employees	-34.62%	85	130	-	-	-	-

¹ Change in 2022 relative to the prior year (2021) in percent

² Excl. commitment to fitness parks in 2020 as well as footgolf course in 2021

³ This information has only been collected since 2019

⁴ The first volunteer day was in 2021

Strategic thrust

Gentle on the environment

Gentle on the environment

[GRI 301-1, GRI 301-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019	2013
Materials used by weight or volume [GRI 301-1]						
Overall paper consumption (in kg)	-49%	85,100	83,602	109,098	115,566	167,905
Recycled input materials used [GRI 301-2]						
Proportion of recycled paper relative to total paper consumption (in percent)	88.8%	89.0	76.0	80.0	81.0	0.2
Paper consumption per employee (in kg/FTE)	-53%	117	117	153	169	249

¹ Change in 2022 relative to 2013 in percent

Gentle on the environment

[GRI 301-1, GRI 301-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019
Energy consumption within the organization² [GRI 302-1]					
Total energy consumption within TKB in megawatt hours (MWh)	1%	5,416	5,311	5,465	5,364
– of which electricity	17%	3,857	3,315	3,417	3,289
– of which heating oil	–66%	268	777	775	791
– of which natural gas	–2%	1,184	1,150	1,207	1,210
– of which diesel	–91%	3	2	19	33
– of which gasoline	–43%	4	10	10	7
– of which hybrid gasoline	0%	0	0	0	0
– of which plug-in gasoline	100%	2	1	0	1
– of which electric vehicles	700%	8	6	3	1
– of which district heating	171%	92	51	34	34
Energy consumption outside of the organization [GRI 302-2]					
Total energy consumption outside of TKB in megawatt hours (MWh)	–18%	2,478	2,461	3,111	3,015
– of which energy consumption of external data centers	–17%	228	263	271	276
– of which energy consumption from business travel and commuting	–18%	2,251	2,198	2,841	2,739
Energy intensity [GRI 302-3]					
Energy intensity per energy reference area (heating energy, electricity) (MWh/m ²)	–6%	0.17	0.17	0.19	0.18
Energy intensity per employee (MWh/FTE)	–12%	10.8	10.9	12.1	12.3
Reduction of energy consumption (inside and outside the organization) relative to base year 2019/2020 [Own disclosure]					
Total energy consumption (inside/outside the organization) (MWh)	–6%	7,894	7,772	8,576	8,379

¹ Change in 2022 relative to 2019 in percent

² TKB redesigned the environmental data capture tool during the reporting period. This mainly involved updating the underlying emission factors. In order to ensure comparability with previous years, the years 2019–2021 have been recalculated with the updated conversion factors. As the environmental data reporting period was adjusted in 2022, it was only possible to cover ten months (January to October) and consumption for the two missing months was extrapolated. This extrapolation is linear, except for heat consumption. The following formula was used: (Heat consumption January to October 2022) + ((consumption per heating degree day 2022) × (average number of heating degree days November to December 2020/2021))

Gentle on the environment

[GRI 301-1, GRI 301-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019
Non-renewable primary energy [Own disclosure]					
Total non-renewable primary energy in megajoules per year (MJ/a)	-14%	41,971,559	42,452,926	54,708,264	48,762,867
– of which consumable supplies	-22%	3,574,680	3,824,409	4,607,562	4,593,136
– of which real estate	-22%	8,061,778	8,998,848	10,102,945	10,287,079
– of which water consumption	-13%	17	17	19	20
– of which employee mobility and business travel	-10%	30,335,084	29,629,652	39,997,738	33,882,631
Direct GHG emissions (Scope 1) [GRI 305-1]					
Total direct GHG emissions in tons of CO ₂ equivalent (t CO ₂ e)	-35%	287	411	429	439
– of which heating oil	-66%	67	196	195	199
– of which natural gas	-2%	216	210	220	221
– of which diesel	-93%	1	1	9	15
– of which gasoline	-33%	2	4	5	3
– of which plug-in gasoline	0%	1	1	1	1
Indirect energy-related GHG emissions (Scope 2) [GRI 305-2]					
Total indirect GHG emissions (through district heating and electricity) in tons of CO ₂ equivalent (t CO ₂ e)	13%	760	682	701	675
– of which district heating	200%	0.3	0.2	0.1	0.1
– of which electricity	12%	757	680	701	675
– of which electric vehicles	200%	3	2	1	1
– of which plug-in gasoline	0%	1	1	1	1

¹ Change in 2022 relative to 2019 in percent

Gentle on the environment

[GRI 301-1, GRI 301-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, own disclosure]

Disclosure	Change ¹	2022	2021	2020	2019
Other indirect GHG emissions (Scope 3) [GRI 305-3]					
Total other indirect GHG emissions in tons of CO ₂ equivalent (t CO ₂ e)	-18%	1,136	1,164	1,427	1,387
– of which external data centers ²	0%	0	0	0	0
– of which business travel and commuter traffic	-18%	739	722	930	900
– of which paper	-22%	237	255	305	303
– of which water	0%	1	1	1	1
GHG emissions intensity [GRI 305-4]					
GHG emissions in tons of CO ₂ equivalent (t CO ₂ e) per employee (FTE)	-19%	3.0	3.2	3.6	3.7
Reduction of GHG emissions (Scope 1-3) from base year 2019/2020 [Own disclosure]					
Total GHG emissions (Scope 1–3, in t CO ₂ e)	-13%	2,184	2,257	2,558	2,500
Water consumption [Own disclosure]					
Water consumption in cubic meters (m ³)	-13%	6,327	6,164	6,860	7,288
Water consumption in cubic meters (m ³) per employee (FTE)	-19%	8.7	8.6	9.6	10.7

¹ Change in 2022 relative to 2019 in percent

² The external data center emissions are offset by the provider.

Carbon footprint assurance statement



Assurance Statement: CO₂ Footprint Thurgauer Kantonalbank 2022 (Summary)

SCOPE

Swiss Climate was commissioned by Thurgauer Kantonalbank AG to provide assurance on its 2022 carbon footprint data. Swiss Climate undertook the assurance in accordance with AA1000AS v3 Type 2 moderate-level assurance.

Swiss Climate has analysed:

- Standards used for carbon footprint calculation and accuracy of activity data;
- Carbon footprint methodology, including operational and organisational boundaries, data quality, conversion factors and calculations used, with an emphasis on the plausibility of the information; and
- Responsibilities, processes and systems used to gather and consolidate carbon footprint data.

CARBON FOOTPRINT

Swiss Climate has verified the following greenhouse gas emissions for the year 2022:

	t CO ₂ e
Scope 1	259
- Heating (natural gas, heating oil)	255
- Business travel	4
Scope 2	760
- Electricity	760
- District heating	0*
Scope 3	3'372
- Purchased goods and services	1'450
- Capital goods	969
- Employee commuting	610
- Other scope 3 emissions	343
Total	4'391

* below 0.5 t CO₂e

OPINION

Swiss Climate did not find evidence to insinuate that the processes and systems in place to collect the data and to calculate the carbon footprint are such that the company's carbon management performance would be erroneously described, nor that the carbon footprint would not follow the leading international standards such as ISO 14064-1 and the Greenhouse Gas Protocol, and therefore not fulfil the criteria of relevance, completeness, consistency, transparency and accuracy.

SIGNED FOR AND ON BEHALF OF SWISS CLIMATE

Leading Auditor:

Benjamin Walter, Swiss Climate AG
Bern, 13th February 2023

Second Auditor/Review:

Nora Tanner, Swiss Climate AG

About this report

Content of the report

[GRI 2-2] In this report, Thurgauer Kantonalbank (TKB) reports on its sustainability activities. The GRI Sustainability Report provides a transparent and extensive account of how the bank incorporates relevant sustainability themes in its business mindset and actions and the progress it has made as a result. The report covers TKB with its 29 branches. Holdings are not covered in the report as there are no relevant controlling interests.

Reporting period

[GRI 2-3] This GRI Sustainability Report covers the 2022 financial year. TKB now reports annually on its sustainability activities. The last report was published in August 2022 for the 2020 and 2021 financial years. This year is the first time that the GRI Sustainability Report is being published at the same time as the annual report.

Approval of the report

The report is approved by the Executive Board.

Orientation to GRI Standards

This report was prepared in accordance with the GRI Standards 2021. The light gray references in square brackets refer to the GRI Standards relevant to the information provided.

External advice

ELEVATE, an external consulting firm, worked with TKB to produce the GRI Sustainability Report in compliance with the GRI Standards. This consulting firm specializes in the management of sustainability topics, including for producing sustainability reports in compliance with GRI Standards.

Data audit

[GRI 2-5] The information published in the Sustainability Report was collated and reviewed with care. The carbon footprint was formally audited by the company Swiss Climate (see page 108). The other information was not formally audited.

Contact person for questions

[GRI 2-3] The media office (medien@tkb.ch) or Head Sustainability Petra Roth (nachhaltigkeit@tkb.ch) are available to answer questions on the GRI Sustainability Report or on TKB's commitment to sustainability.



End poverty in all its forms everywhere



Reduce inequality within and among countries



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Make cities and human settlements inclusive, safe, resilient and sustainable



Achieve gender equality and empower all women and girls



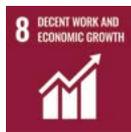
Ensure sustainable consumption and production patterns



Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Contact us.

We look forward to hearing from you.

Headquarters

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