



Sustainability Report 2024

This sustainability report is a translation of the German Annual and Sustainability Report 2024 of Aargauische Kantonalbank. In the event of any discrepancies, the German version shall take precedence over the English translation. The complete German Annual and Sustainability Report 2024 of AKB can be found at report.akb.ch.

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Foreword

DEAR READER

Sustainability is more than simply a trend – it is one of the three pillars of the vision underpinning our overall bank strategy and a responsibility that we take seriously. We see sustainable action not only as an ethical or regulatory obligation, but also as a strategic opportunity to drive innovation and regional economic growth in a sustainable fashion.

This Sustainability Report, which was prepared for the first time in accordance with the GRI Standards 2021, provides a comprehensive overview of the progress and activities we have made this past year and throughout the strategy period 2021–2024, which has now come to an end, in order to exert a positive impact on society and the environment.

One of the highlights of 2024 was the operation for the third time of the AKB support programme, in conjunction with the FHNW University of Applied Sciences and Arts Northwestern Switzerland, which enabled us to support SMEs in the region in their sustainability efforts. The CAS “Sustainability as the key to success” was also carried out for the first time, also in partnership with the FHNW, and was a resounding success.

Our employees make a significant contribution to shaping sustainably at AKB from the inside out. Accordingly, information events on sustainability topics were held on a regular

basis, at which they were able to accumulate knowledge. Sustainable offers are also consistently raised with our clients within our investment and mortgage advice.

In July 2024, AKB also introduced the engagement on sustainability topics in the investment business. This is operated in partnership with the Ethos Foundation. In doing so, AKB is thus fulfilling its responsibility as an active investor. The aim of the engagement is to improve how companies deal with key sustainability topics.

We recently published our Climate Strategy. We provide information in it about our three strategic priorities, objectives and areas of action. In parallel with this Sustainability Report, a Climate Report for the 2024 financial year is also being published for the first time. We provide transparent information in it concerning climate-related issues and publish climate-related key figures, such as our financed emissions for the first time.

In the 2025 financial year, we will work on implementing our targets under the Climate Strategy and thus contribute to achieving a climate-friendly economy. Sustainability is a shared goal – and we look forward to travelling along this path together with you.

Dieter Widmer, CEO



The AKB Sustainability Strategy

As part of its overall banking strategy for 2021–2024, AKB has set itself the goal of becoming the most sustainable bank in the Canton. During this time, managers in all relevant departments at the Bank successfully defined and developed a number of processes and guidelines and implemented targeted measures. The following milestones can be cited as examples:

- The investment business was systematically focused on sustainability, supplemented by new offers and complemented by a systematic dialogue with companies in partnership with Ethos. When providing investment advice, AKB systematically takes account of its clients' ESG preferences (E for Environment, S for Social, and G for Governance).
- Within the financing business, the Bank launched sustainable lending offers in both the mortgage and corporate client business. In the corporate client business, it established sustainability criteria for lending and introduced comprehensive advisory services in the area of energy efficiency for mortgage clients.
- Green bonds and green time deposits were issued to refinance the sustainable financing business.
- The Bank significantly enhanced employee training and development.
- AKB's operational environmental management was certified according to ISO 14001:2015.
- AKB published a holistic CO₂ balance sheet for its own operations and the greenhouse gas emissions financed through its core business and drew up a Climate Strategy for the coming years.
- The proportion of women in middle and senior management has increased noticeably from 30% to 35%.
- AKB launched a support programme for the local economy in its market area in order to support companies in achieving their sustainability targets.
- It set up the foundation LEBENSRAUM AARGAU in order to support charitable projects.
- AKB's sustainability reporting has gradually become more comprehensive and transparent over the years. In 2024, the Bank will report for the first time in accordance with the GRI Standards 2021.

The MSCI ESG rating "A" and the WWF climate rating for Swiss retail banks show that the progress made by AKB is being acknowledged, but also that there is still further room for improvement.

At the start of 2025, AKB published its new overall banking strategy for the period from 2025–2028. Sustainability remains a key strategic priority with a focus on the Agenda 2040 mentioned below as well as the sustainability strategy derived from it.

As a regional and responsible financial services provider, AKB seeks to use its influence to ensure that financial flows are directed towards meaningful uses and to reduce negative effects on sustainable development. With this aim in mind, it has derived the Agenda 2040 focused on sustainability:

- AKB offers sustainable products and services.
- It directs financial flows over the long term in an environmentally-friendly, climate-aware and socially responsible manner, acting in accordance with good

governance processes but also earning a profit.

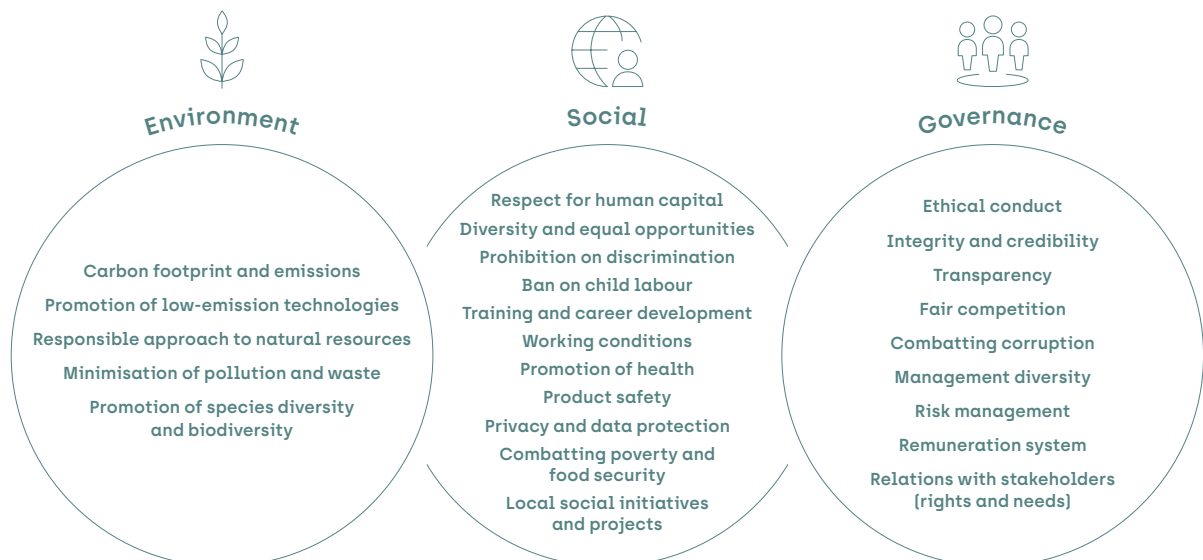
- It offers its employees an inspiring environment with which they can identify and acts as an attractive, trustworthy and reliable employer.
- It contributes to the sustainable transformation of the economy and society.
- It is committed to achieving a socially and economically strong, attractive and resilient Canton of Aargau.
- It acts sustainably in line with its owner strategy, aligns its actions with the three ESG target dimensions and maintains active dialogue with its owner.
- It acts in a credible manner.

AKB's Sustainability Strategy is based on this agenda for the future. Plans and targets are adopted annually. In doing so, the Bank focuses primarily on its core business and the associated advisory services, as this is where it can have the greatest impact. As a result, products and services need to be consistently developed further. AKB is systematically expanding the comprehensive, expert advice on sustainability topics provided by its client advisors.

Since, as a service-oriented company, the Bank is dependent on qualified specialists, it also focuses on succession and personnel planning. This is because a significant number of employees will retire over the medium term.

AKB wants to shoulder its own share of our collective responsibility to limit climate change and its effects, and for this reason has drawn up a Climate Strategy, which was published in November 2024. The objective is – in line with the Federal Government's Climate Strategy – to achieve net zero emissions across the Bank as a whole by 2050. A brief overview of this can be found in the chapter "Climate responsibility", page 39. Comprehensive information can be found in the Climate Report, page 61.

AKB promotes sustainable economic development in the market area and the transformation of companies with specific products intended for SMEs as well as through targeted activities. The Bank is committed to society through balanced sponsorship activities and the support provided to the foundation LEBENSRAUM AARGAU.



CORPORATE GOVERNANCE – SUSTAINABLE CORPORATE GOVERNANCE

Sustainability is one of AKB’s strategic priorities and is firmly rooted in the Bank’s corporate culture and organisation. The public service mandate of promoting economic and social development in the Canton of Aargau, which is enshrined in the Aargauische Kanton-albank Act (AKBG), provides the basis for this. Furthermore, the owner strategy adopted on 24 January 2024 sets as a strategic objective the requirement for AKB to act sustainably and to align its actions with the three ESG target dimensions. The Bank has identified material topics for this purpose and sets itself annual targets in this respect, which are assessed by the Board of Directors, AKB’s supreme governance body. The owner strategy also states that AKB must promote economic, social and social development in the Canton (further details can be found in chapter 7, page 43 and chapter 8, page 47). AKB reports on the achievement of this target in the Annual Report and Sustainability Report, in the Report on Operations of the foundation LEBENSRAUM AARGAU and within discussions with the owner.

AKB adopted the Sustainability Regulations and the Sustainability Guidelines in November 2024. This sets out tasks, competences and responsibilities with regard to sustainability at the level of the Bank as a whole for the executive bodies, specifically the Board of Directors, the Executive Board, the Sustainability Committee, the Specialist Sustainability Unit as well as for other departments including Sales.

The Board of Directors

The Board of Directors is responsible for overall management, supervision and control in the area of sustainability and adopts the Sustainability and Climate Strategy as well as relevant position papers as part of the Bank’s overall strategy. The Board of Directors makes strategic decisions concerning the various sustainability topics and sets and monitors strategic metrics for the Executive Board within the context of annual targets. It is also responsible for external reporting on sustainability topics and adopts statements of principle such as the Sustainability Regulations. The Board of Directors is represented on the Sustainability Committee by the Chair of the Audit and Risk Committee.

The Executive Board

The Executive Board implements sustainability considerations at the level of the Bank as a whole within everyday operations. It adopts and implements the sustainability sub-strategy. It is represented on the Sustainability Committee by the CEO.

The Sustainability Committee

As a specialist committee, the Committee pursues the development of sustainability topics in accordance with the overall banking strategy as well as the sustainability sub-strategy based on it. This includes the designation of priority areas for action, the preparation of decisions for the Executive Board and the pre-emption of trends and developments. The Sustainability Committee currently has eleven members. Further information is available at akb.ch/nachhaltigkeit.

Sustainability Sounding Board

The Sustainability Sounding Board is comprised of employees working in various areas and at various hierarchical levels within the Bank. It is intended as a reflection group for the Sustainability Committee, the Specialist Sustainability Unit as well as the relevant departments and as a source of input, especially in response to concerns and issues raised by client advisors.

The Specialist Sustainability Unit

The Specialist Sustainability Unit coordinates and promotes efforts relating to sustainability throughout the Bank. It acts as an interface for sustainability topics with all stakeholders and reports regularly



to the Sustainability Committee, the Executive Board and the Board of Directors. It implements the short-term, medium-term and long-term sustainability targets of AKB, acting in conjunction with departments. The specialist unit directs the Sustainability Committee and draws up a sustainability report each year. It is comprised of the Head of Sustainability and a sustainability specialist.

Departments

In the following areas, responsibility for implementing the sustainability topics and targets mentioned is defined as follows:

- Lending: The Head of Credit Management and the credit specialist are responsible for incorporating ESG targets into lending business (mortgage and corporate credit), with the aim of structuring financial flows in an environmentally friendly and socially responsible manner.
- Investment: Two sustainability investment specialists are responsible for incorporating ESG targets into investment business, and create appropriate structures and processes in relation to asset management and investment advice.
- Human Resources: The remit of the Joint Heads of Human Resources Management covers the socially responsible and economically expedient recruitment, development and loyalty of employees, adopting a long-term focus. When doing so they mould the strategic goals of the company, develop and design the HR strategy, accompany processes of change, foster a corporate culture and take responsibility for the necessary tools and processes.
- Operational Ecology: The Head of Infrastructure and Security is responsible along with his department for implementing the ISO 14001:2015 environmental management system. This provides for optimisations in terms of electricity and heating demand, travel and other environmental issues such as separate waste collection, proper recycling etc. at all AKB buildings and branches.
- Risk: The Risk Sector is responsible for risk analysis and the control of transition and physical risks associated with natural or climate phenomena, which it

takes into account accordingly within the risk management process (further details can be found in the Climate Report).

- Core Services: The Head of Product Management is responsible for the development of sustainable basic products for clients.
- Sponsorships and Events: The Sponsorships and Events Department ensures the sustainable focus of sponsorship activity and events at AKB and ensures that they make a positive contribution to social development.
- Private and corporate clients: The heads of the two areas "Private Clients and Private Banking" and "Corporate Clients and Institutional Banking", along with the respective teams, are responsible for the distribution of sustainable products and services and for providing expedient advice to clients.

The general principles of the Bank's organisation and the composition of its executive bodies are set out in the Corporate Governance Report from page 76 of the Annual Report*. The main features of the Bank's salary system as well as the rules for setting and disclosing the remuneration of the members of the Board of Directors and the Executive Board are presented in the Remuneration Report from page 84 of the Annual Report*.

Governance with regard to natural and climate-related opportunities and risks as well as other climate-related issues is described in the "Governance" section of the Climate Report.

DIALOGUE WITH STAKEHOLDERS

A lasting and successful relationship with stakeholders must be grounded on fair and respectful dealings with one another as well as transparent dialogue. Active dialogue is important for AKB for discussing the key aspects of sustainability, taking stock of current developments, reflecting on the efficacy of measures and identifying further measures. The Bank incorporates input obtained through dialogue with its stakeholder groups into processes and decision making. These stakeholder groups are of key importance:

* 2024 Annual Report available for download at report.akb.ch, only available in German.

Employees

The expertise and know-how of all employees constitute the most important capital for the success and long-term continuing existence of AKB. Employees are trained and informed on an ongoing basis concerning the issue of sustainability. This occurs through information events, the "Sustainability" midday series, training on specific topics, written notices on the Intranet and within the employee magazine "Mosaik" as well as direct messages to line managers. In addition, employees' views are canvassed several times each year in the form of questionnaires on various issues. Further details can be found in chapter 2, page 16 and chapter 5, page 32.

Private clients

Private clients, each with their own individual needs, are at the heart of AKB's business activities. As a reliable and fair business partner, the Bank tailors its services rigorously and professionally in line with their needs. It regularly surveys its private clients concerning particular sustainability issues. In addition, it specifically cultivates additional fora for dialogue such as the AKB think tank [Denkfabrik] [akb.ch/denkfabrik].

Companies [corporate clients]

Companies are confronted with similar social, economic and global challenges as AKB. Traditionally, the Bank provides very close support to its corporate clients in various areas, raises decision makers' awareness concerning forthcoming developments and supports them in relation to various aspects of sustainability. In particular, the experience gained in the AKB support programme is incorporated into the advice provided. Further details can be found in chapter 7, page 43.

Institutional clients

AKB aims to act as an expert point of contact for institutional clients. It engages with these clients on strategic, analytical, operational and sustainability topics.

Owner [Canton of Aargau]

AKB is resolutely committed to a sustainable business model, mindful of its responsibility for the economic development in the market area as well as its social engagement within the region. The Canton of Aargau benefits from this in the form of profit distributions, the payment of the state guarantee and an

increase in corporate value. Discussions with the owner are held several times each year with representatives of the Executive Council, at which sustainability issues are addressed.

Politics/parties

AKB pursues active dialogue with politicians and parties. It frequently exchanges views directly with the Executive Council of the Canton of Aargau in its capacity as the cantonal supervisory body, the Grand Council of the Canton of Aargau, which exercises overall supervision, as well as the Grand Council Committee for the Economy and Tax. The annual accounts are approved, the amount to be distributed is determined and the Board of Directors is granted discharge according to this procedure. A regular exchange of views occurs with the parties in Aargau and their officials. In addition, the Bank regularly surveys the views of all representatives serving on the Grand Council in a sustainability survey in order to determine how they assess the effect of the Bank on the sustainable development of society, the environment and the economy in the Canton of Aargau.

Suppliers and business partners

As a buyer of goods and services, AKB maintains a large network of relations with suppliers and business partners, which it regularly canvasses with sustainability surveys. When engaging with all suppliers and business partners, it ensures that they comply with environmental, labour and human rights standards. Further details can be found in the chapter on "Sustainable procurement", page 49.

Associations

Thanks to its engagement within various associations, AKB makes an important contribution to the social and economic stability of the region and its economy, promoting independent opinion formation. These efforts are described in the chapter on "Memberships and initiatives" on page 50. The Bank also regularly exchanges views with economic associations within the Canton of Aargau and their representatives.

Organisations/NGOs

AKB pursues active dialogue with various organisations and NGOs, for example with the WWF. This means that it is possible to respond quickly to global and social

developments and demands that have an impact on the Bank's business operations. AKB incorporates this knowledge into processes and decision making.

Ratings agencies

AKB uses externally computed sustainability ratings in order to inform its stakeholders regarding its sustainability efforts. The information needed by ratings agencies is made publicly available within sustainability reports or on the website.

MATERIAL TOPICS

AKB regularly reviews material topics that involve significant opportunities and risks for the Bank or where the Bank has a significant impact on the environment and society. Strategic priorities take into account the materiality of topics as well as transparent reporting. The stakeholder groups were last questioned in the 2022 annual sustainability survey concerning the significance of various issues.

During the reporting year, representatives from the departments and an external advisor reassessed the prioritisation of topics and consolidated them. The previous nine topics were reduced to eight in 2024 by bringing together "Attractive financing of sustainable real estate" and "Application of environmental and social criteria in relation to lending" to form "Sustainable financing". This was done for editorial reasons and to avoid duplications within reporting. The previous topic "AKB Climate Strategy and climate-related opportunities and risks" was also renamed. In addition to the summary reporting on this topic in the Sustainability Report (chapter 6, page 39), AKB published an integrated Climate Report for the first time on 27 March 2025. The Climate Report is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

AKB reports comprehensively on its material topics in accordance with the requirements set forth in the 2021 GRI Standards. Key figures are collected on an ongoing basis and published transparently. The eight material topics are:

1. Engaging with digital responsibility
2. Compliance with legal requirements
3. Sustainable financing

4. Offer of sustainable investment products
5. Attractiveness as an employer
6. Climate responsibility
7. Economic development in the Canton of Aargau
8. Social engagement in the Canton of Aargau

Further issues have been discussed, although were not classified as significant. They are discussed in the final concluding chapter on "Other issues" from page 49.

TARGETS

AKB sets itself annual targets in relation to all eight material topics and reports transparently on the achievement of targets as well as measures and developments during the reporting year.

Achievement of 2024 sustainability targets

AKB set itself eleven sustainability targets for 2024. The focus was on the targeted development of products and services. Ten were achieved [in green] and three only partially [in orange].

Formulation of targets

Achievement of targets

Engaging with digital responsibility

All AKB employees complete a training and awareness raising programme on how to use equipment and data responsibly and securely in their work.

Various measures were taken to raise awareness among employees (further details can be found in chapter 1, page 13).

Economic development in the Canton of Aargau

AKB makes targeted investments in innovative start-ups, the business purpose, products or services of which contribute to sustainable development.

Six investments were made in start-ups in the form of convertible loans or capital increases (further details can be found in chapter 7, page 43).

Compliance with legal requirements

Employees are familiar with AKB's whistleblowing contact and know how to proceed in the event of any suspected or established irregularities, or any illegal or immoral conduct within the working environment.

A survey of employees showed that the vast majority are aware of the whistleblowing contact (see section 2, page 16 for more details).

Attractive financing of sustainable real estate

The gross amount of new AKB green mortgages created totals at least CHF 100 million.

The total volume of AKB green mortgages paid out in 2024 as at 31 December 2024 was: CHF 106.1 million (further details can be found in chapter 3, page 20).

Attractiveness as an employer

The specialist, managerial and interpersonal skills of AKB employees are rigorously supported and developed.

The proportion of women in newly created positions, including internal promotions to middle management level, is at least 45%.

Leadership development has been strengthened with new formats (further details can be found in chapter 5, page 32).

The figure on 31 December 2024 was 35% (further details can be found in chapter 5, page 32).

Offer of sustainable investment products

AKB's Sustainable Investment Policy will be expanded to the investment category "real estate".

Sustainable investment approaches have been developed for AKB Real Estate Funds (further details can be found in chapter 4, page 27).

AKB Climate Strategy and climate-related opportunities and risks

AKB will devise a Climate Strategy in 2024 in consultation with the relevant stakeholders, which it will publicly announce.

The AKB Climate Strategy was published on the AKB website on 11 November 2024 (further details can be found in chapter 6, page 39).

Application of environmental and social criteria in relation to lending

AKB will establish the AKB sustainability-linked loan and the AKB sustainability loan within the Bank and on the market (large corporate clients).

The two products were successfully established within the Bank and on the market (further details can be found in chapter 3, page 20).

Social engagement in the Canton of Aargau

10% of AKB employees make a positive contribution to society and the environment in the Canton of Aargau within the ambit of the voluntary corporate volunteering day.

Around 10% of all employees volunteered (further details can be found in chapter 8, page 47).

The proportion of female participants in AKB events with more than 250 people will be increased to at least 25%.

The average was around 35% (further details can be found in chapter 8, page 47).

Sustainability targets for 2025 and 2028

AKB has set itself the following eight targets for 2025. For each material topic, one target that has a positive social and/or environmental impact has been formulated. Furthermore, long-term objectives were defined for the first time as part of the overall banking strategy for 2025–2028 in relation to sustainability within core business as well as for

Human Resources. Each target is associated internally with corresponding measures, metrics and an indication of the responsible body. The sustainability targets have been approved by the Board of Directors and incorporated into strategic metrics. They are accordingly relevant for the variable remuneration of the AKB Executive Board in accordance with the Bonus Regulations.

	Material topics	Formulation of targets for 2025	Formulation of targets by 2028
1	Engaging with digital responsibility	AKB employees are continuously improving how they handle data responsibly.	
2	Compliance with legal requirements	The overall bank project on the AMLA defence system will be successfully implemented by 31 December 2025.	
3	Sustainable financing	AKB promotes renovation projects with AKB green mortgages amounting to at least CHF 10 million.	<ul style="list-style-type: none"> — The topic of sustainability, in particular the climate issue with a focus on the net zero target by 2050 according to the Federal Government's Climate Strategy, is addressed in discussions with all clients. — The energy efficiency of properties and potential refurbishment options are discussed in relation to all new property financing (including industrial and commercial properties).
4	Offer of sustainable investment products	The list of recommendations now only includes sustainable real estate funds.	<p>AKB's investment business has an ambitious climate policy:</p> <ul style="list-style-type: none"> — >50% share of Paris-compatible securities in all asset management mandates for private clients and AKB portfolio funds. — Client advisors only have access to AKB investment universes containing >50% of Paris-compatible securities. <p>At least 30% of institutional asset management mandates are managed in accordance with AKB's Sustainable Investment Policy, including the Climate Policy.</p>
5	Attractiveness as an employer	Managers play their key role in fostering a culture of learning, dealing with a continuously changing environment and shaping change.	The 2025 annual target also applies to the 2025–2028 strategy period. The specialist, managerial and interpersonal skills of AKB employees are rigorously supported and developed.
6	Climate responsibility	All AKB employees are familiar with AKB's Climate Strategy.	AKB is devising science-based reduction targets for its investment and mortgage business, corporate credit, its own operations as well as its own financial investments.
7	Economic development in the Canton of Aargau	AKB makes targeted investments in innovative start-ups, the business purpose, products or services of which contribute to sustainable development.	
8	Social engagement in the Canton of Aargau	10% of AKB employees make a positive contribution to society and the environment in the Canton of Aargau within the ambit of the voluntary one-day corporate volunteering programme.	

Further information on the objectives can be found in the individual sections on material topics.

1. Engaging with digital responsibility

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Securing the confidence of clients and business partners is the most important prerequisite for a successful business relationship and for AKB's financial success. The Bank holds particularly sensitive data concerning its clients and its own employees and is subject to Swiss bank-client confidentiality. This means that data breaches may entail reputational and regulatory risks. Engaging with digital responsibility in a conscientious and responsible manner is crucially important in this regard. AKB also fulfils its duty of care as an employer when handling its business data. Both data privacy and data security are therefore the focus of major attention at AKB. This entails both protecting against unauthorised access as well as being transparent about the reasons why data are processed.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

As regards the processing of confidential data, AKB is subject in particular to banking secrecy under Article 47 of the Swiss Banking Act [Bankengesetz, BankG], business secrecy under Article 321a(4) of the Swiss Code of Obligations [Obligationenrecht, OR], the Swiss Federal Act on Data Protection [Bundesgesetz über den Datenschutz, DSG] and the FINMA Circular on Operational Risks and Resilience.

The aim of information security is to guarantee an adequate level of protection through appropriate technical and organisational measures. A particular focus is placed on the confidentiality, integrity and availability of data and information used within business processes. Information security management is based on the minimum requirements according to ISO/IEC 27001:2022.

At AKB, both data protection and information security are an integral part of risk management. For AKB, risk management is

a process in which all relevant negative impacts on the Bank are systematically identified, assessed, limited, controlled, monitored and reported. This process is supported by appropriate organisational structures, technical measures as well as methods, tools and guidelines.

The availability and resilience of data processing systems and services is also supported within the ambit of the Operational Resilience Policy.

Governance in the field of data protection and information security (principles, processes, tools etc.) is based on the relevant statutory and regulatory provisions. These are implemented at operational level through various internal requirements and instructions concerning data protection, IT and information security, the protection of bank-client data and information classification. These requirements are binding for all employees, having regard to their tasks and responsibilities.

The AKB data protection policy applies throughout the entire company, is based on the Swiss Federal Act on Data Protection [Bundesgesetz über den Datenschutz], which entered into force on 1 September 2023 and is available at akb.ch/dataprotection. AKB only stores personal data for as long as is necessary for compliance with contractual and statutory retention obligations or where storage is required on technical grounds. If data are no longer required for compliance with contractual or statutory obligations, they are deleted during the course of the standard processes, where this is technically feasible.

Any person may exercise the following rights in accordance with the applicable data protection law: the right to be informed whether any data are being processed; the right to obtain the rectification or deletion of data; the right to withdraw consent (where processing is based on consent); and the right to object to processing.

Digital ethics at AKB

It is second nature for AKB to ensure that aspects relating to digital ethics are dealt

with in a responsible manner. These include in particular the following areas:

- processing data and protecting the privacy of clients and employees
- usage of artificial intelligence (AI)
- digitalisation, saving resources and proper handling of resources

AKB has set out various requirements regarding these matters in the Code of Conduct and Ethics (akb.ch/codeofconduct) approved by the Board of Directors [last version from January 2023].

Clear rules and competences

Functions related to the provision of advice concerning data protection and information security are operated and responsibly managed at AKB by independent risk control units. Remits and competences are clearly defined. Both the Board of Directors and the Executive Board are informed concerning data protection and information security issues within the ordinary quarterly risk reporting process. The Executive Board is responsible for implementing data protection and information security.

All employees of AKB undergo appropriate awareness raising and training at least once each year concerning the issues of data protection and information security in the form of e-learning, Intranet news items, in-person training, phishing and attack simulations, social engineering training, roadshows in the regions, golden key holders (employees with privileged user permission). Specific stakeholders such as golden key holders receive training several times each year.

Risk management

Any risks that could impair the protection or security of either data or information are systematically identified and assessed, appropriately managed and monitored on an ongoing basis. The same applies in relation to risks to the personality rights and fundamental rights of data subjects that are inherent to the processing of personal data. An internally defined incident reporting process is launched in the event of any potential data breach.

Risk & security assessments, vulnerability scans, penetration tests, internal

and external audits and further measures carried out several times each year assess requirements as well as the extent to which IT security standards are being implemented, which are structured according to ISO Standards 27002, 27017 and 27701. A data leakage prevention tool (DLP) monitors outgoing emails, web uploads and devices for potential data leaks.

Particular consideration is given to cyber risks, which are identified, measured, assessed and reported to the Executive Board and the Board of Directors on an ongoing basis.

Information security management system (ISMS)

AKB operates an information security management system (ISMS), which is subject to a process of ongoing improvement, for the purpose of the risk-based management and control of the Information Security Policy. The Information Security Policy takes account of the current threat situation and is monitored and updated on an ongoing basis. It covers the statutory data protection requirements for information security. It provides adequate and effective security measures to protect information and infrastructures in terms of confidentiality, integrity, availability and traceability.

The ISMS sets out the process for managing information security and cyber risks. It is established according to the requirements of ISO standard 27001/2 and takes account of the requirements of the NIST framework (National Institute of Standards and Technology), financial market supervision (FINMA). The requirements laid down by ISO Standard 27001/2 are taken into account in their entirety and are set out with binding force in AKB's ISMS. These IT security requirements are applied taking due account of risks as well as existing infrastructure components, systems and applications, and also within project activities and digitalisation and digitalisation plans.

When assessing whether the level of protection is adequate, consideration is given to risks associated with processing, including in particular due to the – either inadvertent or unlawful – erasure, loss, alteration or unauthorised disclosure of personal data that are transmitted, stored or otherwise processed. The technical and organisational design of data processing is

subject to data protection and information security requirements.

Contracts concluded with suppliers and business partners

Outsourcing to third parties occurs subject to compliance with internal instructions on outsourcing, data protection and contracts. The Bank must implement appropriate and adequate measures to ensure compliance with data protection and information security requirements. Any transfers to a foreign country are subject to particular scrutiny and are managed in accordance with both legal and internal requirements.

In addition, all major IT partners and outsourcing service providers have ISO certification [27000] and an ISAE control framework, including reporting and monitoring of compliance with controls. This control framework is audited annually by an independent, accredited auditor. In addition, a number of internal audits are carried out in the field of information and cyber security.

Organisational resilience

Alongside the ISMS, AKB has appropriate incident management, business continuity management (BCM) and crisis management systems. The reporting processes for cyber attacks or significant data leaks comply with the requirements laid down by FINMA and in the Swiss Data Protection Act.

Regular exchange of views

AKB is a member of a number of working groups, bodies and institutions that deal with various issues relating to information and cyber security. Information on the current threat situation is exchanged each week in the Finance Sector of the National Cybersecurity Centre (NCSC and FS-CSC). As a member of the Association of Swiss Cantonal Banks (VSKB) and the Computer Emergency Response Team (CERT) for banks operated by Switch, AKB is in at least fortnightly contact with IT security organisations of other Swiss banks.

with no change on the previous year. Cyber criminals use a diverse range of attack vectors and methods, which are constantly changing. Further investments in AKB's information security arrangements (such as a Security Operation Centre and the introduction of state-of-the-art detection and response solutions) has enabled internal and external security incidents to be identified and mitigated more quickly and accordingly a reduction in the number. AKB and comparable financial institutions in Switzerland have identified a major risk arising from ransomware attacks (encryption Trojans associated with blackmail and data loss), distributed denial of service attacks and phishing emails. In addition to classic email phishing, real-time phishing, smishing (SMS phishing) and vishing (voice phishing) are common attack patterns. Clients are confronted with numerous and varied types of fraud, including AI-supported frauds. Shock calls, classified ad scams, advance fee scams and romance scams are still widely used. The threats and risks associated with malware remained at a comparatively low and manageable level. In isolated cases, infostealer malware was used to steal client access data and publish it on darkweb forums. AKB now operates a digital footprint monitoring service that can identify and remove outdated login details via various channels.

All employees of the Bank once again completed internal awareness-raising programmes during the year under review. For example, internal phishing simulations were automated, and new e-learning content was also created in the form of videos.

The cyber attacks identified during the reporting year 2024 did not cause any considerable losses (as was the case the previous year). In addition, no complaints were received regarding any damage to or loss of client data. The findings identified in the internal and external risk and control effectiveness checks were addressed and resolved and the measures were implemented on time.

DEVELOPMENTS DURING THE REPORTING YEAR

The threat in relation to cyber attacks continued to be classified as high in 2024,

OUTLOOK

The ongoing development of the Information Security Policy and risk-oriented

monitoring measures remain a high priority. The issues of operational resilience and cyber risk management at service providers (supply chain attacks and third-party risk management) will be increasingly addressed during the current financial year. To this end, defence mechanisms will be strengthened and service providers and outsourcing partners will be monitored, and cyber resilience will be verified by means of crisis simulations and exercises.

Target for 2025

AKB employees are continuously improving how they handle data responsibly.

To this end, they will continue to receive ongoing training, for example by means of automated phishing and attack simulations and other social engineering methods.

2. Compliance with legal requirements

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

The operations of financial service providers are regulated by numerous statutory, regulatory or quasi-legislative provisions. The most important bodies of rules for AKB include the cantonal Banking Act, the Federal Act on Banks and Savings Banks, requirements adopted by FINMA and the Swiss Bankers Association, the rules of SIX Swiss Exchange as well as internal bank directives. The issue of compliance covers both compliance with statutory, regulatory and internal requirements as well as adherence to ordinary market standards and professional ethics. A focus is placed amongst other things on rules specific to financial markets, standards to combat anti-competitive behaviour, corruption and money laundering as well as regulations setting out rules of conduct for employees. The regulation of sustainable financial services is also on the rise.

If they are sufficiently serious, breaches of applicable standards may have an adverse effect on the reputation of AKB. In addition, non-compliance may lead to consequences such as fines, damages claims, liability claims, more stringent monitoring, additional requirements or, in extreme cases, the withdrawal of the banking licence by FINMA. In turn, on account of the important market position of AKB and the cantonal state guarantee, this could result in eco-

nomic damage for the Canton of Aargau. This potential for risk establishes the major significance and high priority of this issue for AKB.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

AKB adheres to specifically designed policies in order to ensure compliance with requirements applicable to reporting on non-financial matters in accordance with Article 964ter of the Swiss Code of Obligations (Obligationenrecht, OR). The policies applicable to environmental matters (including in particular CO₂ targets), social issues, employees and respect for human rights are described in the corresponding chapters of this report (chapter 4, page 27; chapter 5, page 32; chapter 6, page 39; chapter "Sustainable procurement", page 49) as well as in the Climate Report, page 61. Initiatives to combat corruption are described in the following chapter. The overarching due diligence concept is set out in the "risk management" chapter of the Annual Report, page 39*.

The topics of due diligence obligations and supply chain transparency with regard to minerals and metals from conflict-affected areas as well as child labour are described in the corresponding chapters of this report (chapter 4, page 27; chapter "Sustainable procurement", page 49).

* 2024 Annual Report available for download at report.akb.ch, only available in German.

AKB only conducts business that is ethically justifiable. This can be ensured via three lines of defence.

First line of defence: compliance in practice amongst all employees

The practised culture of compliance and integrity of the Executive Board and managers form the basis for widespread respect for compliance requirements within AKB. The rules of conduct for all employees are governed by comprehensive directives and clearly defined processes in order to ensure compliance with all relevant standards. This first line of defence is ensured on a day-to-day basis by all employees when carrying out their activities, by the dual-control principle, by management checks and by the internal control system [ICS].

Second line of defence: Checks by independent bodies

Primary responsibility for the second line of defence lies with the AKB Compliance Unit, which operates independently of earnings-oriented business activities. Its tasks, responsibilities and reporting requirements are set out in separate regulations and specifications. The second line of defence is enhanced by risk control (risk management), which also operates independently of business processes.

Third line of defence: Internal Audit

The aim of the first two lines of defence is to avoid or identify and correct disincentives and misconduct as early as possible. Internal Audit provides AKB with a third line of defence which – acting independently of operational business and reporting, in organisational terms, directly to the Board of Directors – reviews the effectiveness of the Bank's control system.

Each year Internal Audit determines its risk-based auditing topics. These also assess compliance with legal requirements.

Supervision and responsibility for ethical issues

The Code of Conduct and Ethics applicable within the Bank is adopted jointly by the Board of Directors and the Executive Board [akb.ch/codeofconduct]. In this respect, responsibility for implementing ethical issues lies at Executive Board level.

Implementation within everyday business

In order to ensure that compliance with the law and with guidelines is the norm at AKB, the Bank has established an effective and efficient system that is integrated into internal bank directives, processes and checks. Various internal requirements act as a guide for conduct by AKB employees. These include the corporate culture with its fundamental values and principles of management, the terms of employment, the Code of Conduct and Ethics as well as internal directives.

Within its guidelines AKB specifically regulates amongst other things the following duties: compliance with the Banks' code of conduct with regard to the exercise of due diligence [CDB] and the Anti-Money Laundering Act [GwG], upholding banking and business secrets, a prohibition on unlawful conduct when trading in stocks and securities (including amongst other things a prohibition on insider dealing and speculative trading), the implementation of the legitimate money strategy (tax transparency for client funds) as well as compliance with data protection law [chapter 1, page 13].

AKB avoids conflicts of interest by following clear rules, which are set out in the respective instruction. Potential conflicts of interest should be recognised by employees at an early stage and avoided. Conflicts of interest that cannot be avoided are disclosed by AKB to the respective client or business partner. The requirement of disclosure and to obtain approval for service in public office, the performance of mandates and the conduct of secondary employment is also intended to identify and avoid conflicts of interest, and applies to all employees.

AKB does not tolerate any form of bribery or corruption. It also seeks to prevent any criminal activity (including amongst others fraud). In order to ensure that gifts and the offer of hospitality cannot be exploited in order to conceal corrupt benefits, a clear framework of rules has been established concerning the acceptance and provision of gifts and hospitality. It is explicitly prohibited to accept or provide cash gifts. For this purpose, AKB has formulated specific passages within the Code of Conduct and Ethics and adopted instructions relevant to these topics.

AKB deploys all possible instruments and creates mechanisms that enable money laundering and the financing of terrorism to be prevented and combatted effectively and efficiently. A comprehensive internal regulatory framework along with detailed instructions (e.g.: preventing and combatting money laundering, CDB 20, cross-border client business), processes (e.g.: CDB 20 instructions, account opening documentation for natural persons and legal entities, instructions for complying with "know your transaction" and "know your customer" requirements) and checks (according to the ICS system) contribute to achieving this outcome. The basic approach set out in the Code of Conduct and Ethics can also be consulted by the general public on the AKB website. This enables AKB to comply with legal, supervisory and self-regulatory requirements. Detailed rules apply amongst other things to the requirements applicable to the establishment of a new business relationship, the ongoing monitoring of transactions and business relationships and finally what to do in relation to suspicious or doubtful business relationships.

Ensuring that client funds are tax transparent is an important aspect of the fight against money laundering. AKB has also established rules in this area in the respective instruction to prevent tax offences and capital flight as well as any active abetting of tax evasion or similar acts.

AKB has adopted detailed directives and processes in order to implement market conduct rules under the Financial Market Infrastructure Act and the Financial Services Act. These rules apply to all employees of AKB, irrespective of whether they execute a transaction as a holder, a joint holder, an authorised representative or a beneficial owner. AKB has adopted additional regulations for employees working in particularly exposed functions such as key account or portfolio managers, analysts, Executive Board members and others, which lay down requirements applicable to self-trading, holding and lock-up periods as well as organisational measures. In accordance with FINMA Circular 2013/8, each year AKB carries out a risk analysis concerning market conduct. Appropriate action is taken as required, based on the result of this analysis.

Proper compliance and the correct operation of regulations and processes are

regularly reviewed by Internal Audit, the Executive Council external auditor, the external auditor under the Swiss Banking Act and FINMA. In particular, the rules on the prevention and combatting of money laundering are audited by the external auditor at least every two years.

Regular employee training concerning ethical standards

Ethical standards are regularly addressed within training and management events. In addition, all employees are informed concerning applicable values and standards upon their arrival at the Bank and expected standards of behaviour are made clear (training module "Security and compliance at AKB").

All employees performing functions relevant for due diligence requirements, including in particular employees working in contact with clients, must always be up to date concerning the issues of the Agreement on the Swiss Banks' Code of Conduct with regard to the Exercise of Due Diligence (CDB) and the prevention of money laundering. Employees of AKB receive training, starting from the time they start to work for the Bank, in the form of various training modules. Employees must repeat this training at least every three years.

Whistleblowing (grievance process)

Any employee may contact the respective whistleblowing contact in the event of any suspected or established irregularities, or any illegal or immoral conduct within the working environment. Contact persons include the competent line managers, the General Counsel, the Chair of the Board of Directors' Audit and Risk Committee. Anonymous reports are protected. The General Counsel keeps a register of the reports received and draws up a written report for the Audit and Risk Committee and the Board of Directors. In addition, clients and employees may raise any concerns they may have about the Bank's business practices or the conduct of individual employees or the management with the supervisory authority FINMA.

The Bank aims to act at all times in order to ensure that no such reports are necessary.

Handling consumer complaints

Consumer complaints are handled in accordance with an internal policy.

The client advisor receives the complaint in the first instance. The complaint is then considered by various independent internal bodies. If it is not possible to find a mutually acceptable solution, the client can pursue the matter with the Swiss Banking Ombudsman. This neutral, independent agency is free of charge for clients, and mediates between the client and the Bank in the event of any dispute. Further information: akb.ch/complaints.

DEVELOPMENTS DURING THE REPORTING YEAR

As in 2023, no suspected or actual breaches of legal rules occurred at AKB during the reporting year. As a result, no action needed to be taken.

AKB did not receive any fines or monetary penalties in 2024 (or during the previous year).

Respect for human rights, due diligence obligations within supply chains with regard to minerals and metals from conflict-affected areas and child labour

As a general rule, products, goods, equipment etc. are only procured where their origin can be traced, and provided that human rights and due diligence obligations are respected throughout all phases of the supply chain ("Sustainable procurement", page 49; "Procurement of precious metals", page 29).

Combatting corruption

Preventing and combatting corruption is an ongoing task of the Bank. No incidents occurred during the reporting year (or during the previous year). Employees at all AKB branches and business locations comply with applicable rules and standards.

Training

At least every three years, employees attend a refresher course under the Agreement on the Swiss Banks' Code of Conduct with regard to the Exercise of Due Diligence (CDB) and the Swiss Anti-Money Laundering Act [Geldwäschereigesetz, GwG]. In addition, every three years they complete an e-learning module as well as a further module on compliance and rules of conduct. These deal, amongst other things, with the issues of "conflicts of interest" and "corruption".

The training courses completed are shown in the table below along with training rates. The absolute number of participants and the quotas remained stable (in line with the previous year).

Whistleblowing (grievance process)

No reports were made to the whistleblowing contact during the 2024 reporting year. Likewise, no client complaints were made that would have resulted in an external procedure or the involvement of the highest authority within the Bank (the Supervisory Board).

Achievement of targets in 2024

During the year under review, the focus was on various measures to draw employees' attention to the AKB whistleblowing contact and to strengthen employees' trust in the anonymity guaranteed. An employee survey was carried out in order to measure the target. A large majority of those surveyed are familiar with the whistleblowing contact. The proportion increased further compared with the previous year. The target has thus been achieved.

OUTLOOK

Substantial adjustments to the AMLA defence system will be made in 2025 as part of a Bank-wide project. Further changes to instructions, processes and controls in the areas of sanctions, competitive and market behaviour, corruption and tax compliance are not currently planned, but will be made at short notice if required.

Target for 2025

The overall bank project on the AMLA defence system will be successfully implemented by 31 December 2025.

KEY FIGURES

	GRI	Unit		2023 ¹⁾	2024 ¹⁾
"Compliance and rules of conduct" e-learning with employees from all areas	205-2 – Communication and training about anti-corruption policies and procedures	Number (percentage)	EB	6 [100]	6 [100]
			Employees	922 [98.7]	968 [98.9]
"CDB/GwG" e-learning with front office staff	205-2 – Communication and training about anti-corruption policies and procedures	Number (percentage)	Employees	363 [87.7]	368 [99.7]
"Know your transaction" e-learning with front office staff	205-2 – Communication and training about anti-corruption policies and procedures	Number (percentage)	Employees	255 [96.6]	241 [83.1]
"AIA/FATCA/Qualified Intermediary (QI)" e-learning with front office staff	205-2 – Communication and training about anti-corruption policies and procedures	Number (percentage)	Employees	438 [100]	427 [97.7]
"Operational companies/domiciliary companies" e-learning with front office staff	205-2 – Communication and training about anti-corruption policies and procedures	Number (percentage)	Employees	318 [95.8]	285 [98.3]
Legal incidents	206-1 – Legal incidents relating to anti-competitive behaviour	Number		0	0

¹⁾ The figures below 100% are attributable to the following reasons:

- Newly arrived staff who need to complete the e-learning within a specified period of time.
- Refresher e-learning that needs to be completed within a specified period of time.

3. Sustainable financing

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

AKB is an important financing partner for private individuals and businesses, predominantly local SMEs. Accordingly, it also generates a large part of its income from interest operations within financing business. As a traditional mortgage bank, most of AKB's interest income comes from the mortgage business. In principle, access to AKB financing is open to all private individuals and companies, in particular in the market area, taking into account the creditworthiness and credit eligibility requirements. In addition to financial criteria, AKB also takes into account and weighs up the risks and opportunities associated with environmental and social criteria in its lending business. A credit portfolio with a sustainable focus represents a lower risk for AKB over the long term as it will have higher intrinsic value.

The building sector has a decisive influence on sustainable development in

Switzerland. It plays an important role in Switzerland's climate policy. According to the Federal Office for the Environment (FOEN), buildings make a significant contribution to Switzerland's CO₂ emissions, accounting for 23% of the total. Industry accounts for a further 23% and transport for 34%. Around 60% of residential buildings are heated using fossil fuels. In a study carried out in 2021 on the investments and financing required to achieve net zero by 2050 in Switzerland, the Swiss Bankers Association (SBA) calculated that annual investments of CHF 12.9 billion would be required. According to the study, it is anticipated that around CHF 10.7 billion can be financed through traditional bank loans. The financing of this transition offers AKB a major opportunity to increase lending volume, although it also entails risks. Thus, as a financing partner, AKB has major leverage in contributing to the achievement of an environmentally-friendly Switzerland. In addition, a number of national support measures and regulations have been adopted in this area.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

AKB relies on the following levers to ensure the long-term, sustainable focus of its credit portfolio: Financial incentives and bespoke products promote environmental and/or social behaviour among its clients. In a face-to-face meeting, the Bank raises its clients' awareness of the energy efficiency of any residential properties and holiday homes to be financed. By engaging in responsible lending, AKB can exert a direct influence in terms of the companies or private individuals with which it establishes partnerships, or to which it grants financing, and on what terms. In order to counteract client over-indebtedness, AKB does not offer any micro-credit (and also does not offer any brokerage services).

Socially responsible lending and client support

All financing requests are checked for credit eligibility (financial requirements applicable to the borrower) and creditworthiness (personal requirements applicable to the borrower). AKB has six different competence levels. The particular competence level under which credit is approved depends on the size of the credit facility, the client segment, the credit rating and the type of financing.

AKB seeks to establish a partnership with its clients, even if they fall into financial difficulty. Every client with outstanding credit has a personal client advisor, who is familiar with the client's specific circumstances. Any financial difficulties arising are discussed comprehensively within advisory discussions so as to be in a position to understand and assess the situation. With this aim in mind, the client advisor receives assistance in the form of advice from the internal credit specialist and analyst departments. Wherever possible and expedient, the Bank seeks an individual, long-term solution together with the client, subject to compliance with regulatory requirements. Possible support measures from AKB include the approval of overdraft increases, repayment deferrals, repayment plans to settle existing debts or the examination of a reasonable and appropriate modification of existing credit conditions on a case-by-

case basis. The Bank complies with legal requirements during any debt collection process and assesses the circumstances of the client involved when choosing the joint course of action.

If a process involving the disposal of real estate cannot be prevented, AKB always complies with the applicable law and, in particular, with the provisions of the Federal Act on Debt Enforcement and Bankruptcy, which ensures that the borrowers are given a fair hearing and that the dispute between the Bank and the debtor is overseen by an independent legal authority. Enforcement of the real property charge only carried out as a last resort, and is always carried out by the competent government agency. In addition, the Federal Act on Debt Enforcement and Bankruptcy also provides for deadlines and the right to object. This ensures that a reasonable period of time until the ownership and/or creditor actually changes. The Bank files an application for disposal at the earliest six months after the issue of the payment order. AKB does not sell mortgages on owner-occupied homes without the explicit consent of the borrowers concerned.

As a bank with sustainable operations, AKB offers its private clients the opportunity to review whether their mortgage can continue also after their retirement. This socially responsible option is aimed at homeowners who are worried about their financial future after retirement. Within the personal advisory discussion, AKB creates greater transparency for its clients concerning their financial future. Referring to various documents, an AKB specialist reviews the client's financial circumstances and proposes an appropriate solution. Further information: akb.ch/sorglos.

ESG assessment criteria for corporate credit

The credit assessment for credit applications involving operating and investment credit as well as the financing of operational properties for operating companies is carried out primarily with reference to a classic creditworthiness and solvency check, as well as the future viability of the business model along with the revenue, asset and liquidity position. On the other hand, during the credit check process, AKB examines whether the primary business activities of a company applying for credit

are centred on a particular field that is sensitive from an ESG perspective. Companies without ESG sensitivity that do not operate in sensitive areas benefit from normal lending conditions. Companies with ESG sensitivity are divided into two categories:

- No lending: AKB does not provide any financing where it would entail any harm to humans or animals or damage to the environment or a violation of applicable law. Examples of this include child labour, forced labour or animal cruelty, and other ethically unacceptable practices as well as violations of the principles of environmental protection.
- Lending with increased ESG sensitivity: Credit applications made by companies with any of the business models indicated below are assessed exclusively by the highest credit approval authority with the involvement of internal sustainability experts:
 - Production of or trade in alcoholic beverages – beer, wine and regional specialities are not affected by this
 - Production of or trade in tobacco products
 - Operation of gambling and casinos
 - Production of or trade in weapons, accessories for weapons and munitions
 - Operation of nuclear power stations and fossil fuel power stations

Where credit is provided to a company with increased ESG sensitivity, in addition to a higher interest rate, specific additional measures may be agreed upon with the company. The resulting contribution margin is used to promote sustainable activities in the market area. The ESG sensitivity of a company is assessed on the basis of publicly available information as well as information available either to the company itself or to AKB. The Bank has published its credit policy on the "Sustainable lending" website: akb.ch/nachhaltige-kreditvergabe.

Sustainable lending

"Sustainable lending" refers to the granting of loans and financing that take social and/or environmental sustainability criteria into account. AKB offers sustainable lending services to both private clients and companies.

Within its mortgage business, the Bank combines the interests of investors with a sustainability focus with the projects of ecologically active clients. By issuing green bonds and green time deposits, it undertakes to use the funds exclusively to finance the AKB green mortgage (akb.ch/green). AKB uses it to promote the environmentally compatible development of construction activity and create added value for society. The AKB green mortgage offers a lower interest rate than conventional fixed-rate mortgages for the construction of climate-friendly new buildings and the conduct of energy-efficient renovations. The corresponding AKB allocation criteria can be applied for all types of property, i.e. both for owner-occupied homes as well as income-generating or commercial property. Whilst other financing products require a label or certificate, for renovations AKB relies on a bottom-up approach and rewards specific individual measures. These may include for instance renewal of energy source or window renovation, optimisation of insulation/outer shell, optimisation of building services engineering or installing renewable energy sources, such as for instance a photovoltaic system. Evidence of energy-related measures or the construction of a new property that complies with the AKB Green Investment Products Framework must not be more than two years old. Once the AKB green mortgage has expired, the mortgage will continue with normal mortgage products. The AKB Green Investment Products Framework is externally certified each year by ISS Corporate (akb.ch/green-hypothek).

Within the corporate client business, AKB finances environmental or social projects with AKB sustainability loans. The AKB sustainability loan is offered at a more favourable interest rate compared to conventional investment loans. In addition, AKB sustainability-linked loans support the sustainable focus of companies' overall business models, or individual aspects of them. On the one hand, AKB sustainability-linked loans are offered to clients who have already developed a clear sustainability strategy and have set ambitious targets. On the other hand, the Bank actively engages in dialogue with them with the aim of jointly formulating tailor-made sustainability targets. The targets set are

linked to the credit limit in the case of AKB sustainability-linked loans. If the targets are met, clients benefit from an interest rate advantage, and thus lower financing costs. Credit applications made by companies wishing to benefit from these sustainable financing variants are assessed by the highest credit approval authority with the involvement of internal sustainability experts. AKB bases its lending decisions on the Sustainability-Linked Loan Principles, the Social Loan Principles and the Green Loan Principles of the Loan Syndications and Trading Association (LSTA). Further information: akb.ch/sustainable-lending.

Advisory services concerning all aspects of energy efficiency

Within the mortgage business, AKB raises awareness and advises clients as part of the advisory process on the energy efficiency of residential properties and holiday homes as well as the financial and environmental value of refurbishments over the entire life cycle of the property. In providing this advisory service, the Bank has been compliant with the corresponding self-regulation of the Swiss Bankers Association since 2023. Client advisors can use tools to provide an initial assessment of the energy efficiency and CO₂ rating of a building. The rating is based on the cantonal building energy certificate (GEAK). In addition, the tool can be used to propose potential investments to clients and to present modernisation plans to them. In addition, the possibility of municipal, cantonal or federal subsidies may be addressed directly in the advisory discussion with the client. As energy-related refurbishments are demanding on both a technical and a planning level, AKB recommends that specialists are involved, and therefore refers interested clients in the market area to [energieberatungAARGAU](https://energieberatung.aargau.ch) or the Energy Advisory Unit of the Canton of Solothurn. Further information: akb.ch/klimafreundlich-modernisieren.

DEVELOPMENTS DURING THE REPORTING YEAR

Achievement of targets in 2024

During the 2024 financial year, AKB issued new AKB green mortgages totalling CHF 106.1 million, thereby achieving its target of

providing more than CHF 100 million in new AKB green mortgages.

In addition, the AKB sustainability-linked loan and the AKB sustainability loan were successfully established both within the Bank and on the market. During the reporting year, another AKB sustainability loan was concluded, under which AKB is supporting a client in the construction of photovoltaic systems on residential properties. Discussions were also held with seven other major clients to present sustainable financing products. However, no further loans were concluded by the end of the reporting year.

Credit portfolio

The loan portfolio of AKB is still comprised (unchanged) largely of mortgages, most of which are providing financing for owner-occupied homes (47%). 91% of financed properties are located in the market area of AKB. During the reporting year the overall mortgage portfolio increased to CHF 25.9 billion.

Mortgage loans with an environmental benefit (AKB green mortgages) increased to CHF 495 million at the end of 2024. This equates to 1.9% of AKB's entire mortgage portfolio. The AKB Green Investment Products Report published each year in conjunction with the real estate consulting firm IAZI (akb.ch/gip-reporting) documents the positive effects on the climate of investments financed by AKB green mortgages. The proportion of AKB green mortgages out of the overall mortgage portfolio might appear to be small at first, and can be explained by the externally certified lending framework as well as the more than 100-year history of AKB and the associated development of the mortgage portfolio. An AKB green mortgage is only granted if energy-related renovation work is carried out or a new building is being built. It must be borne in mind that the evidence of financing in the form of an AKB green mortgage must not be more than two years old and that the AKB green mortgage is automatically transformed into a conventional mortgage product at the end of the fixed term. Across the entire mortgage portfolio, the Bank financed 2,543 Minergie buildings, which equates to 6.5% of the mortgage volume. In addition, the partner IAZI rated 7,615 properties with an energy and CO₂ rating of A or B, which corresponds to 22% of the mortgage volume. IAZI's energy and CO₂ calculator uses a statistical model based

on SIA standard 380/1. The energy and CO₂ rating derived from this is based on the GEAK rating scale. Buildings that achieve class A or B for both ratings are characterised by a well-insulated building shell. They do not cause any or only cause minimal CO₂ emissions, which in most cases meets with the legal requirements for new buildings.

IAZI's valuation is determined on the basis of heat carrier data from the Federal Register of Buildings and Dwellings (GWR).

As more than 60% of the data contained in the GWR originate from the year 2000, AKB intends to carry out further projects to update building data in the market area. This project is part of the defined Climate Strategy (akb.ch/climatestrategy). A policy for improving official data was drawn up during the reporting year. This will be pursued in partnership with other cantonal agencies and the Canton of Aargau. AKB grants companies both commercial credit limits as well as commercial mortgages. All financed companies are based in Switzerland. The Bank largely finances SMEs, which is consistent with its service mandate. In 2024, the loan portfolio from corporate financing grew to CHF 10,960 million. It is comprised of unsecured loans, loans secured by a mortgage or other collateral, as well as mortgages for corporate clients.

The composition of the AKB corporate loan portfolio is set out in the Climate Report on page 79.

Sustainable lending

During the reporting year, AKB introduced a new credit limit, which was classified as being subject to more stringent ESG scrutiny. A total of eleven loan applications that were somewhat sensitive from an ESG perspective were examined in detail by AKB's sustainability specialists. In 2024, the sustainable lending criteria of AKB were fulfilled in all cases.

During the reporting year, the sustainability specialists at AKB exchanged views with credit analysts concerning their experiences in identifying counterparties with potentially increased ESG risks. As a result, policies were put in place to simplify the application of sustainable lending criteria.

The total contribution margin from loans subject to more stringent ESG scrutiny was CHF 245,866 during the 2024 financial

year. In addition to the contribution margin, the interest reductions from the green bonds (CHF 100,000) and green time deposits (CHF 2,292) are also used to carry out sustainable activities in the market area. The contribution margin was allocated for the AKB support programme (CHF 132,600), the CAS Sustainability as the key to success (CHF 23,900), gold sponsorship of the Engineers' Day 2024 in Aarau (CHF 6,486), sponsorship of the 4th Open Farming Hackdays 2024 at the Landwirtschaftliche Zentrum Liebegg in Gränichen (CHF 30,000) and also for the interest discount on AKB green mortgages (CHF 892,083) and AKB sustainability-linked loans (CHF 13,570). Costs totalling CHF 1,098,639 were CHF 750,482 higher than the effective contribution margin. This difference was absorbed by AKB.

Advice

Since 1 January 2024, the client advisors of AKB have carried out an initial energy efficiency assessment in every financing meeting in which a new loan or an increase in the mortgage is requested for a single-family home or holiday home used by a third party. The initial assessment and subsequent advice provided by the energy advisory units met with a positive response from clients. The process – in particular the use of consulting aids – was optimised over the course of the year. Further improvement measures are in the pipeline. In order for AKB to be able to cooperate with official bodies also in the area of corporate credit in future, a competitor analysis has been carried out and initial discussions have already been held with various advisory bodies at federal and cantonal levels. In addition, the entire advisory process for corporate loans is to be expanded. Both projects will be pursued over the coming reporting year.

AKB already operates an e-learning course on "Overdraft management – handling debit balances", which is mainly completed by client-facing advisors. During the 2024 financial year, AKB evaluated measures to train its employees more comprehensively concerning the issue of "protection against over-indebtedness". Among other things, advisory services offered by external bodies were examined. In the coming years, the Bank plans to specifically incorporate relevant content into internal employee training.

OUTLOOK

AKB is adapting its service concept "Living with peace of mind post-retirement" in order to make the service previously offered on a selective basis accessible to pensioners who have completed inheritance planning.

Homeowners often worry that their mortgage will not be continued by the Bank after retirement. As a reliable partner, AKB aims to provide security to clients who have complied with their mortgage obligations reliably over the long term. AKB will support them on the way forward and review any changes together with clients so that they can enjoy their retirement without having to worry about their home. In addition, the Bank provides comprehensive information on the subject of "home ownership during retirement" in order to prepare in the best possible way for the opportunities and challenges of this phase of life. In doing so, AKB aims to lay the foundations for peace of mind during retirement in one's own home, and thus offer even more security and support to pensioners who have complied with their mortgage obligations reliably over the long term.

AKB published its Climate Strategy in 2024. In order to pursue the objectives in both the mortgage and corporate credit business, implementation of the first measures will start as early as 2025. Further information is available at akb.ch/climatestrategy.

Targets for 2025

AKB promotes renovation projects with AKB green mortgages amounting to at least CHF 10 million.

KEY FIGURES

	GRI	Unit	2023	new 2023 ³⁾	2024
Mortgage loans	Own standard	in CHF million	24 429 ²⁾	24 228	25 869
Breakdown according to property type	GRI G4-FS6 – Composition of the lending business by specific region, size and type of borrower	Number (total)	38 862	38 309	39 255
Residential properties		Number	34 984	34 517	35 364
Commercial properties		Number	2 213	2 165	2 251
Other properties		Number	1 665	1 627	1 640
Inventory of mortgages for the product "Living with peace of mind post-retirement"	G4-FS7 – Lending business with specific social benefits	Number	32	32	33
AKB green mortgages	G4-FS8 – Lending business with specific environmental benefits	in CHF million	389	389	495
AKB green mortgages as a proportion of mortgage loans		in %	1.6	1.6	1.9
Proportion of mortgage loans for properties with an energy and CO ₂ rating of A or B		in %			22
Proportion of mortgages for Minergie-certified buildings		in %			6.5

²⁾ Deviation from figure indicated in Annual Report: all of these loans are secured by mortgages. In the Annual Report any loans secured by a mortgage for less than 50% of the amount are not included in the total for mortgages, but rather in loans to clients.

³⁾ AKB reported the total mortgage volume in the 2023 Sustainability Report. The collateral perspective was chosen and all mortgage-backed loans were taken into account. In order to harmonise the Sustainability Report with the Annual Report and the Climate Report, mortgage loans have also been reported on since 2024. The figures for the 2023 financial year have already been presented taking this adjustment into account.

	GRI	Unit	2022	2023	new 2023	2024
Corporate credit portfolio	Own standard	in CHF million		2 089 ⁴⁾	9 987 ⁵⁾	10 960
AKB sustainability-linked loans	GRI G4-FS7 and GRI G4-FS8 – Lending business with specific environmental and social benefits	Number		1	1	1
AKB sustainability loans	GRI G4-FS7 and GRI G4-FS8 – Lending business with specific environmental and social benefits	Number		0	0	1
AKB green corporate mortgages		Number				9
Portfolio volume of loans under ESG sensitivity	Own standard	in CHF million		292.4 ⁶⁾	29.4 ⁶⁾	5.2
Volume contribution margin including amount carried forward	Own standard	in CHF	653 931	583 524	583 524	348 158
Volume usage of contribution margin	Own standard	in CHF	516 141	790 102	790 102	1 098 639

⁴⁾ These are unsecured loans that are not covered by a mortgage.

⁵⁾ In the 2023 Sustainability Report, AKB reported unsecured loans, which however only comprise a small proportion of corporate loans. This means that the entire portfolio of corporate loans has been reported since 2024. This includes unsecured loans, mortgage-backed credit limits and mortgages to corporate clients. Some mortgages are reported under both mortgage loans and corporate credit as they are classified as mortgage loans from a balance sheet perspective. The figures for the 2023 financial year have already been presented taking this adjustment into account.

⁶⁾ The 2023 Sustainability Report incorrectly indicated CHF 292.4 million instead of CHF 29.4 million. This figure is correctly presented in the 2024 Sustainability Report.

4. Offer of sustainable investment products

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Revenues from asset management and investment advice account for a significant proportion of AKB's undifferentiated income. The Bank exerts a significant influence on how its clients' assets are invested and takes seriously its responsibility for the positive and negative effects on sustainable development of the respective investments. Wherever possible, AKB therefore takes account of sustainability criteria when assessing investment opportunities.

AKB excludes business models and practices associated with high long-term risks, and requires that companies and governments within its investment universe operate a solid management of core sustainability issues. The Bank is convinced that the incorporation of sustainable criteria into the process of selecting investments improves their risk profile and also opens up opportunities for companies and issuers alike, and thus also for investors, thanks to good sustainability management.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

Investment concept with four sustainability approaches

Exclusions

For direct investments in equities and bonds, the sustainability approaches "exclusions" and "solid sustainability management" are applied.

During the first stage, business models involving high sustainability and reputational risks are excluded. These exclusion criteria are periodically reviewed. Companies that violate any of the ten principles of the UN Global Compact (UNGC) are also excluded. The principles require companies to respect international labour standards, to prevent damage to the environment and the combat corruption. AKB's portfolio companies and

issuers respect the declaration of human rights by the application of exclusions in accordance with the UNGC Principles.

Solid sustainability management (best-in-class)

During the second stage, the sustainability performance of companies and issuers is assessed with reference to sustainability criteria. The sustainability performance of a company or issuer is considered to be solid by AKB if it is rated by the sustainability rating agency MSCI ESG as at least "BBB". This assessment guarantees that the management of the most important sustainability issues is done at least at an average level compared to the respective industry. The current catalogue of exclusion criteria and the detailed descriptions, including revenue thresholds, can be consulted at any time at akb.ch/nachhaltig-anlegen.

Around 30% of issuers have been excluded from the global bond universe with reference to exclusions and the assessment of sustainability management, and around 31% of companies from the global equity universe. The sustainability assessments of companies and issuers are reviewed monthly. Any stocks that are no longer sustainable are sold from the portfolio within a defined period of time (asset management business) or their sale is recommended (Advisory business) and the investment universe is adjusted accordingly.

The sustainability approaches "exclusions" and "solid sustainability management" are applied to the entire investment universe, within both asset management as well as advisory business.

Engagement

In addition to these two sustainability approaches, working in partnership with Ethos Services AG, AKB has been conducting a dialogue (engagement) on sustainability topics since July 2024 with companies that have invested in the equity holdings of AKB funds and AKB asset management mandates. In doing so, the Bank is fulfilling its respon-

sibility as an active investor. The aim of the engagement is to improve how companies deal with four key sustainability topics:

- Climate protection
- Nature and biodiversity
- Working conditions and human rights
- Corporate governance

Ethos approaches the companies in the event of serious controversy on these topics [reactive engagement]. In Switzerland, Ethos systematically engages with the top 150 companies in the Swiss Performance Index [SPI]. For international companies, the focus is on large-cap companies with exposure to the focus topics. In the event of any conflicts of interest with regard to the AKB client base, the interests of investment clients take precedence.

Within the dialogue, companies are shown where there are gaps in best practice examples and what the expectations are as regards improvements based on the analyses of Ethos. In most cases, the dialogue takes place over several years. However, if the dialogue does not produce the expected results, Ethos may take intensification measures: these may include intervention at the Annual General Meeting, the issue of voting recommendations against motions and members of the Board of Directors or the submission of a shareholder proposal. If engagement does not bear fruit despite intensification measures, the positions of the company in question within the portfolios actively managed by AKB are significantly underweighted or sold.

Further information on engagement can be found in the "AKB Guidelines for Corporate Dialogue on Sustainability Issues in the Investment Business" at akb.ch/nachhaltig-anlegen.

Corporate dialogue is one of AKB's stewardship measures. As regards the second measure, the exercise of voting rights, the Fund Management Company Swisscanto exercises voting rights for AKB investment funds in accordance with ESG criteria.

The three sustainability approaches described above – exclusions, solid sustainability management and engagement – are taken into account in relation to the investment solutions for clients with the ESG preference "neutral to interested regarding sustainability".

Effect

For clients who are "very interested" in sustainable investments, the "impact" sustainability approach is also applied. This includes investments that are classified by AKB as "sustainability leaders". Sustainability leaders are companies or issuers whose sustainability management is a leader according to an industry or country comparison and therefore receive a rating of AAA from MSCI ESG. Impact bonds such as green bonds also fall into this category. In the case of collective investments, these funds count amongst the sustainability leaders that meet AKB's selection criteria to a very high degree, as well as impact-oriented collective investments that aim to achieve a previously identified and measurable impact on sustainable development. In doing so, AKB is guided by the definition of impact used by the Global Impact Investing Network [thegiin.org].

Since the start of 2024, AKB has expanded its range of sustainable investment solutions with a product variant that takes into account all four sustainability approaches described above and thus specifically covers the needs of clients that are "very interested" in sustainable investment. Currently, at least 40% of the portfolio for the "very interested in sustainability" investment solution is invested in investments that are classified as sustainability leaders by the bank.

In 2024, 4.7% of asset management and advisory clients profiled opted for the "very interested" sustainability preference.

Coverage of investment universes

At present, the Sustainable Investment Policy of AKB covers the investment categories of equities and bonds as well as the thematic areas of micro-finance, insurance-linked securities and gold. An approach was developed for real estate in 2024, which will be implemented in the 2025 financial year. Other investments such as commodities are classified by AKB as "unrated" owing to the lack of any sustainability standards. The Bank closely monitors developments in terms of the offer of sustainable products and policies and regularly reviews whether to expand the Sustainable Investment Policy to additional investment categories and themes. The proportion covered by sustainable invest-

ments in the various investment strategies lies between 65% and 100%. A list of the other – clearly justified – exceptions from the Sustainable Investment Policy can be found at akb.ch/nachhaltig-anlegen.

Sustainability assessments of third-party funds and ETFs

The system of sustainability assessments for third-party investment products is based on two pillars. First of all, the ESG Policy applied by the provider of the product is compared with that of AKB and assessed in order to establish its compatibility. Secondly, AKB makes sure whether the strategies referred to in the policy are being implemented accordingly within the product and whether there are any discrepancies with the AKB approach in terms of implementation. For thematic products, the assessment examines whether the theme is deemed to be sustainable from an AKB perspective as well as the quality of implementation. Two types of collective investment schemes qualify as "sustainability leaders":

- Collective investments that fulfil AKB's selection criteria to a very high degree
- Impact-oriented collective investments that aim to achieve a previously identified and measurable impact on sustainable development

In 2021 to 2024, AKB assessed more than 150 third-party products and was able to confirm the robustness and reliability of its approach. 29 third-party products were classified as "sustainability leaders" at the end of 2024.

Comprehensive transparency

AKB transparently indicates in periodic statements of assets, in asset reports and in e-banking how the relevant investment has been assessed by AKB in terms of the sustainability approach and focus. The reasons for classifying a position as "unsustainable" are also indicated in the statement of assets. In its investment proposals and asset statements, AKB also discloses the proportion of portfolio positions that are regarded as a sustainable and sustainability leaders. This enables clients to find out how their ESG preferences are reflected in their portfolios.

AKB publishes quarterly sustainability factsheets on the AKB ESG portfolio funds. These provide information concerning the key sustainability characteristics of products. As such, AKB is making a contribution to the expansion of information concerning sustainable investment, thereby preventing greenwashing.

Procurement of precious metals

AKB acts in accordance with the "Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour [VSoTr; SR 221.433]" and declares that it procures physical precious metals for its clients exclusively via Zürcher Kantonalbank [ZKB]. Under the terms of the contract concluded with ZKB, the Bank only purchases and sells precious metals that comply with the relevant market standards. For gold and silver these are the "Good Delivery Rules" of the London Bullion Market Association [LBMA], and for platinum and palladium the "Good Delivery Rules" of the London Platinum and Palladium Market Association [LPPM]. These standards ensure that no breaches of human rights and no child labour occur and that no minerals are obtained from conflict-affected areas. This means that AKB is not subject to an additional due diligence obligation.

DEVELOPMENTS DURING THE REPORTING YEAR

Achievement of targets in 2024

The development of sustainable selection criteria for real estate investments planned for 2024 was met. ESG approaches were developed for the AKB Real Estate Values Fund and integrated into portfolio management in January 2025 (based on Inrate's real estate ratings).

At the same time, Inrate engages in dialogue with fund management companies with a view to improving their sustainability management in the areas of climate protection, resource use and tenants' quality of life.

Expansion of reporting on the sustainability characteristics of investment solutions

Since 2024, AKB has been able to provide institutional clients with sustainability reports on their custody accounts that meet

with the requirements of the Swiss Pension Fund Association (ASIP). For investors in AKB ESG Fokus portfolio funds, the existing sustainability factsheets have been supplemented with the Swiss Climate Scores recommended by the Federal Council. In doing so, AKB increased transparency regarding the sustainability focus of its investments. The Bank also took a further step in this direction by adding the sustainability assessment of portfolios to the statement of assets as of June 2024.

Introduction of corporate dialogue

Since July 2024, Ethos has been conducting corporate dialogue on sustainability topics on behalf of AKB (with the equity investments included in AKB investment funds and asset management mandates). AKB draws up an annual report on the corporate dialogues conducted during the previous financial year and publishes it on akb.ch/nachhaltig-anlegen. The first report will be published in the second quarter of 2025.

Asset management mandates

AKB investment funds and standardised asset management mandates have been fully aligned with the Sustainable Investment Policy of AKB since the middle of 2021. Accordingly, at the end of 2024, 100% of private client mandates and AKB investment funds were invested according to the AKB Sustainable Investment Policy. The proportion for institutional mandates was 34.9%, which was slightly higher than the previous year (33.8%). In most cases, these mandates reflect specific client requirements, which are as a rule set out in separate investment regulations, and are not compatible with the application of the Sustainable Investment Policy in all instances. Over the longer term, AKB aims to further enhance the reach of sustainable investment by raising its clients' awareness of the benefits of a sustainable investment strategy.

Advisory mandates

Where possible, the investment advisory universes (equities, bonds, funds) only include sustainable investments. Clients are periodically informed about unsustainable investments in their custody accounts or about investments that deviate from their ESG

preferences, and sustainable investment alternatives are recommended to them. At the end of 2024, 7.2% of the portfolio and Fokus advisory custody accounts were invested in qualified sustainability leaders and 47.5% in sustainable investments. 41.8% originated from unrated investment categories (around 14.7% of which indirect real estate investments) and 3.5% were rated by AKB as not sustainable. Clients who manage securities positions independently without any advice from AKB are classified as "execution only". Since AKB is unable to exert any decision-making influence over these assets held in custody, they have not been assessed.

Green time deposit

Since 2022, AKB has been offering a sustainable alternative in the form of the "green time deposit". AKB guarantees that the funds will be used exclusively to refinance AKB green mortgages. With a small interest discount of 0.05% compared to conventional time deposits, clients actively support environmentally friendly construction projects. The sustainability of the AKB green mortgage is reviewed and certified annually by an external company. The development of green time deposits in 2024 continues to show a positive trend. Both the number of products taken out and the total volume increased by around 10% compared to the previous year.

Training employees in the investment business

The internal publication "Sustainable Investment News" provides monthly information on sustainability topics. Issues addressed in 2024 included, among others:

- Introduction of a survey of ESG preferences and suitable investment solutions
- Calculation of CO₂ emissions according to Scope 1, 2 and 3
- Current status of regulation, including outlook
- Engagement
- Shareholder motions on sustainability topics
- Step-up events for sustainability-linked bonds
- ESMA regulation on fund names of sustainable products

OUTLOOK

During the first half of 2024, the industry associations AMAS and SBA published revised versions of their self-regulations on sustainable investing, taking account of clients' ESG preferences (self-regulation 2.0). The changes affect AKB's investment business in several respects and must be implemented from 1 January 2026. As the fund management company for AKB funds is a member of AMAS and the Bank's Sustainable Investment Policy applies to both AKB investment funds and asset management mandates, AKB will also implement the AMAS regulation even though it is not a member of AMAS. During the course of 2025, AKB will introduce the necessary changes, which concern in particular client documentation and reporting on sustainability characteristics. Client advisors will receive appropriate training in the second half of the year. Further training in the area of sustainable investing will be provided on the new reporting (ASIP Reports and Swiss Climate Scores) as well as on the imple-

mentation of climate protection measures in the investment business.

A number of measures to implement climate protection in the portfolios managed by AKB are planned in the coming years in accordance with AKB's Climate Strategy (akb.ch/climatestrategy). Criteria will be developed and incorporated into portfolio construction during the 2025 financial year.

From the second quarter of 2025, AKB will provide a report containing information on the effect of impact-based investments in the past financial year.

Target for 2025

Appropriate criteria will be developed in 2025 in order to be able to apply the sustainable investment concept for real estate investments also to individual collective vehicles in the advisory universe. This will entail a significant reduction in the proportion of unrated investments in terms of sustainability amongst the assets managed by AKB, and the list of recommendations will only include sustainable real estate funds.

KEY FIGURES

	GRI	Unit	2022	2023	2024
Asset management: Proportion of assets managed according to the Sustainable Investment Policy of AKB ⁷⁾	G4-FS11 – Assets subject to positive and negative environmental or social screening				
Private clients (VVA ⁸⁾)		in CHF million [%]	1 483 [100]	1 531 [100]	1 752 [100]
AKB portfolio funds ESG Fokus ⁹⁾		in CHF million [%]	1 432 [100]	1 698 [100]	1 996 [100]
Institutional clients (VVA ⁸⁾ and AKB funds)		in CHF million [%]	1 073 [22.6]	1 347 [33.8]	1 516 [34.9]
Advice					
Portfolio and Fokus advisory custody funds ¹⁰⁾					
Proportion of sustainable investments		in %	55.1	58.8	54.7
Proportion of non-sustainable investments		in %	2.8	2.9	3.5
Proportion of unrated investments		in %	42.1	38.3	41.8

⁷⁾ The AKB Sustainable Investment Policy exclusively is applied to asset management mandates of private clients and AKB's own funds. In most cases client requirements, which only embrace the Sustainable Investment Policy to a limited extent, are most relevant for institutional clients.

⁸⁾ Asset management mandates

⁹⁾ Covers all category, portfolio and pension funds admitted for public distribution., excluding holdings in VVA.

¹⁰⁾ Investments in advisory custody accounts are based on individual recommendations.

5. Attractiveness as an employer

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

AKB pursues a business model based on personal advice and close client relationships. In an increasingly competitive environment, it is crucial to attract and retain qualified specialists in order to maintain and further develop the Bank's high standards. AKB is facing the challenge of a significant number of employees taking regular and early retirement over the next ten years. These impending retirements require proactive personnel planning to ensure that the Bank will continue to have the necessary expertise in the future. Positioning itself as an attractive employer with a clear commitment to young talent, training and further development, thereby further strengthening the employer brand, remains an extremely relevant topic.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

AKB is aware of the challenges posed by forthcoming retirements and the constantly changing environment. The Bank is positioning itself for the future by implementing a clear HR strategy aimed at strengthening the employer brand and nurturing skilled workers. To this end, AKB offers secure jobs in a successful company with a long-term business policy based on shared values and management principles. The Bank promotes the personal development of all employees and creates perspectives along with a modern working environment that guarantees equal pay and equal opportunities.

In order to continue to attract and retain highly qualified employees, it is crucial that AKB continues to develop as an attractive employer. A key aspect is internal training and development, which encompasses both professional qualifications as well as personal development. With the context of active dialogue with employees, AKB's employer promise is continually

reviewed and adapted, with a focus on authentic, personal dialogue with potential and existing employees.

In addition, AKB is stepping up the development of an internal and external talent pipeline in order to be able to meet future staffing requirements proactively at an early stage. A commitment to training and the promotion of young talent are also key components of these efforts. Modern working models, the ability to work remotely, a wide range of ongoing training and regular performance reviews are fixed points of reference in the corporate culture.

Attractive working conditions for employees at any age

AKB actively addresses changes in society and the world of work and offers attractive working conditions to employees of all ages. The trend towards greater flexibility and self-management is reflected in the working arrangements offered by the Bank. It supports modern working models, the purchase of additional days of holiday, working from home, part-time, job sharing and top sharing at all hierarchical levels, while always taking the interests of clients and the Bank into account.

AKB offers employees flexible retirement options: early (partial) retirement from the age of 58 or deferral until the age of 70. AKB offers a wide range of opportunities to tailor career paths individually, to promote professional and technical development and to ensure the employability of its employees. It supports transfers to other specialist areas and promotes dialogue with a view to developing and implementing individual career plans. At the same time, this ensures sustainable succession planning that is aligned with the long-term objectives of the organisation. In pursuing these measures, AKB is creating a modern and inclusive working environment that meets with the needs of a diverse workforce.

Corporate culture

AKB's corporate culture is strongly characterised by a family atmosphere and a first-

name culture irrespective of hierarchy and promotes value-based cooperation on an equal footing. The Bank's core values and management principles form the foundation for this culture, where trust and expertise, in harmony with the personal touch, play an important role. These values are firmly rooted in the AKB Code of Conduct and Ethics (akb.ch/codeofconduct).

A key component of the corporate culture is the culture of feedback and learning, which is promoted at all levels and contributes to the continuous development of employees. Annual team days strengthen trust in the team and an open working environment encourages constructive discussion. AKB has established a whistleblowing process in order to strengthen AKB's culture, promote integrity and at the same time ensure that employees are protected as whistleblowers [further details can be found in chapter 2, page 16].

With the overall banking strategy for 2025–2028, AKB focuses on inspiring, results-based, people-centric and performance-focused management, which is open to change and actively involves all employees. AKB also conducts annual employee surveys to gauge employee satisfaction and needs. These anonymised surveys enable the Executive Board and the Board of Directors to take targeted action if necessary and introduce changes in order to continuously improve the framework conditions and culture.

Equal opportunities for all

AKB is actively committed to equal opportunities and diversity within the company. This is reflected not only in equal pay, but also in the systematic promotion of equal opportunities in other areas: in filling vacancies, internal development and succession planning. AKB regards the diversity of its employees as a major asset and endeavours to create a working environment that is free from prejudice. Particular attention is paid to increasing the proportion of women in management positions, which further strengthens diversity and inclusion in corporate management. In order to strengthen the balance between private and professional life, a partnership with the association Kinder-Camps was established in 2024. This service supports

employees in providing childcare during holiday periods.

Fair and reasonable

AKB is rigorously committed to equal opportunities in the areas of pay and benefits. Every two years, this is reviewed and confirmed by an external company through "Fair-ON-Pay" certification. AKB was most recently awarded certification in 2023. The next review is scheduled for 2025.

Staff development at AKB

AKB invests around 1.43% of its personnel costs in the external training and development of its employees through a wide range of job-specific and subject-specific training sessions, workshops and impulse events. This actively helps to maintain the employability of all employees. It not only promotes technical and management skills, but also social skills as well as individual responsibility and employee self-organisation. The AKB training offered also includes special continuing education and incentive events in the field of sustainability that enable AKB employees to incorporate this knowledge into their day-to-day work. The offer is rounded off by regular training on compliance issues for all employees.

Internal specialist and sales training

Internal specialist and sales training at AKB is geared towards providing employees with targeted training in sector-specific content. Specialist trainers at AKB perform these training tasks and impart practical knowledge that is tailored to the high standards of banking services. Practice transfer is ensured through targeted coaching measures. Thanks to a comprehensive and constantly growing range of training courses, the skills of the various teams are continuously expanded. A particular focus is placed on integrating sustainability aspects into AKB's core business in order to strengthen the Bank's long-term success and responsible focus. This is underpinned by the inclusion of sustainability workshops in the induction process for new employees, personal development programmes as well as other formats and initiatives.

Internal leadership training

The AKB Values and Management Principles provide a binding framework for all man-

DANIEL SCHILLIGER



Daniel Schilliger works as Head of Control & Services at AKB with an 80% workload. The work-life balance is very important to him, as he wants to play an active part in the day-to-day life and upbringing of his two daughters. Thanks to the trust placed in him by management and his team, as well as the ability to organise working hours flexibly and to work from home, his job is easy to reconcile with his family. He appreciates the working culture and flexibility within the team, which let him fulfil his professional obligations without at the same time neglecting his family obligations.

agement training courses and initiatives relating to personal development, thereby maintaining the strong corporate culture. Changes caused by a mutating environment are pre-empted and translated into targeted training modules, in particular for management training. The specifically designed Certificate of Advanced Studies in Leadership DUAL, which AKB has helped to develop, can be taken by managers.

External advanced training

AKB attaches major importance to individual career planning as well as the professional and personal development of all employees. Around 10% of the workforce takes part in external core or advanced training. Depending upon the relevance for the particular position, up to 90% of advanced training costs are paid for, and 10% of working hours can be used to attend advanced training.

Young talent

Around 10% of employees are completing training, e.g. as a salesperson, IT technician or media specialist. This year, the apprenticeships "Commercial Services and Administration" and "Digital Business Developer" were offered for the first time. All of these training courses provide a sound basis for preparing apprentices optimally for professional life. They reflect the major importance AKB attaches to the promotion of young talent. The commitment to these young talents is also reflected in the offer to support apprentices in carefully handling the media, which strengthens their personal development and resilience.

High school graduates have the opportunity to gain initial professional experience and become acquainted with the world of banking as part of career entry track that combines the theory and practice of day-to-day banking.

The "AKB Future Workshop", a well-established internal development programme, also provides targeted support to young, talented and motivated employees in their personal development. This programme offers the opportunity to discover and develop individual talents and potential.

Trainee programme

AKB offers a targeted trainee programme, which provides ambitious employees with comprehensive training and the necessary tools to take on a challenging position as a client advisor or in a specialist role. This programme is aimed at people with a talent for advising clients or a passion for expert roles. The trainee programme lasts for between 21 and 24 months: the exact duration depends on the particular individual's background and professional experience. It is offered in three areas: Private Clients, Corporate Clients and Specialist Unit. In addition, AKB supports external training both financially and through the opportunity to reduce working hours, which offers participants additional flexibility.

DEVELOPMENTS DURING THE REPORTING YEAR

Achievement of targets in 2024

The aim was to increase the proportion of women in newly created positions, includ-

ing internal promotions to middle management level to at least 45%. Although the figure of 35% was slightly higher than the previous year [34%], the annual target was not achieved. AKB is continuing to take targeted action measures to increase the proportion of women and will focus its external recruitment efforts on strengthen-

CHANTAL GRECCHI



In her management work, Chantal Grecchi, Regional Manager Olten, attaches particular importance to striking a balance between a focus on targets and empathy. She emphasises the importance of clear communication and transparency in order to promote mutual understanding and success within the team. For her, obtaining continuous feedback and individually promoting the strengths of her employees are crucial. As a manager, she also sees herself as a mentor who recognises the potential of her team members and actively supports them along their career path. At AKB, Chantal Grecchi appreciates the open and trusting corporate culture, which seems like a family atmosphere to her. Her goal as a manager is to establish a positive team culture based on trust, openness and continuous learning. In doing so, she is also actively committed to achieving greater diversity at all levels.

ing a female talent pipeline during the 2025 financial year.

Another objective was to systematically support and develop the specialist, managerial and interpersonal skills of AKB employees. Employees receive targeted support in skills relevant for management and personal development as part of

management training for new managers, change management workshops on actively embracing change as well as the recently overhauled AKB "Future Workshop" talent development programme.

Employer commendation for AKB

In 2024, AKB was once again designated as a "Top Company 2025" by kununu. This rating is awarded to companies that receive high scores for employee satisfaction in the ratings on the platform. Thanks to this award, kununu still considers AKB to be one of the top 5% most popular employers in Germany, Austria and Switzerland. In addition, the Bank took part in the Swiss Employer Award in the 2024 financial year. In this regard, employees were able to evaluate AKB anonymously using a questionnaire, which resulted in it being ranked third in the category of companies with 250–999 employees.

Employee survey

During the reporting year, a comprehensive employee survey was carried out with a high level of participation. In addition to the annual topics of "organisational energy", "acceleration trap", and "management climate", it also focused on "vision and strategy", "corporate culture and values of AKB" and "AKB as an employer". Following a steady increase in survey results in recent years, the recent further improvement, particularly in the areas of the energy index and management behaviour, is very positive. According to the external implementation organisation, it ranks as one of the absolutely best financial companies.

Corporate culture

Two incidents involving discrimination were reported during the reporting year, which were reviewed and dealt with accordingly. Both incidents were resolved and closed. At AKB, discrimination, bullying or harassment in any form is not tolerated.

OUTLOOK

The Bank continues to focus on the targeted promotion of young talent and is expanding the number of apprenticeships it offers in order to reinforce the capacity to act and skills of future specialists. This focus on practical training and the development of

expertise is key to ensuring future competitiveness.

In view of the process of demographic change underway, AKB is pursuing a comprehensive policy for attracting, integrating and retaining different generations within the company. This includes flexible working models, proactive succession planning and individually configurable development

paths. The policy is complemented by targeted training on how to deal with change in order to ensure the long-term employability of employees.

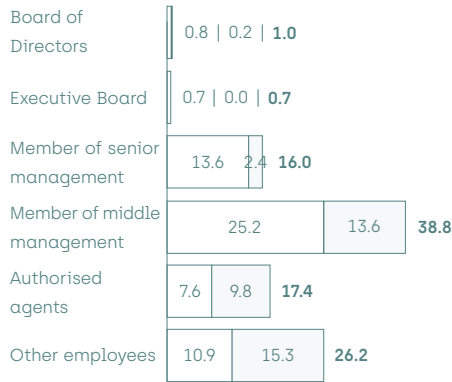
Targets for 2025

Managers play their key role in fostering a culture of learning, dealing with a continuously changing environment and shaping change.

KEY FIGURES

	GRI	Unit	2022	2023	2024
Changes in staffing levels as at 1 January 2025	2-7 – Employees	Number	892	940	985
Employees [AKB employees excl. employees in education]		Number	806	851	891
Trainees		Number	13	17	18
Apprentices and interns in education		Number	73	72	76
FTEs [AKB employees excl. employees in education]		FTE	733.4	763.6	791.3
FTEs [including apprentices and interns]		FTE	806.4	807.4	837.4
Proportion of women in managerial positions on 1 January 2025					
Board of Directors	405-1 – Diversity of governance bodies and employees	in %	22.0	22.0	22.0
Executive Board		in %	0.0	0.0	0.0
Senior management		in %	12.0	14.0	15.0
Middle management		in %	31.2	35.0	35.1
Employee promotion					
Internal appointments as at 1 January 2025	Own standard	in %	44	31	24
Training and development: average hours per year per employee	404-1 – Training and development	Hours	–	25	20
		Men	–	–	20
		Women	–	–	20
Parental leave					
Total employees taking parental leave	401-3 – Parental leave	Men	–	9	7
		Women	–	13	12
		Number	–	22	19
Total number of employees who returned to work after the end of the period of parental leave and were still employed 12 months after their return to work		in %	–	100	100
Rate of return to work and retention rate of employees taking parental leave		Men [in %]	–	100	100
		Women [in %]	–	100	100
Salary [without expenses]					
Ratio between lowest and highest salary	2-21 – Annual total compensation ratio	Ratio	1:10.8	1:10.1	1:10.2
Ratio between median and highest salary		Ratio	1:5.0	1:4.8	1:4.7
Highest salary		in CHF	608 900	618 400	632 000
Median		in CHF	121 000	128 994	133 853
Lowest salary		in CHF	56 290	61 100	62 000

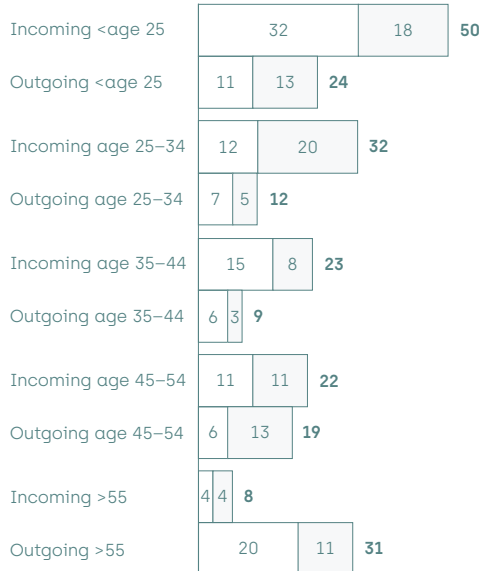
Workforce according to position on 1 January 2025
in percent



Men, total 59%
Women, total 41%

GRI 405-1 – Diversity of governance bodies and employees

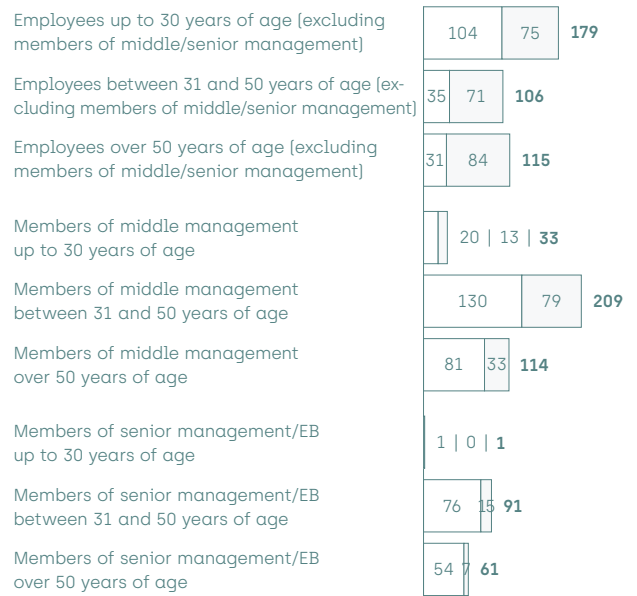
Age distribution of employee turnover in 2024



Men, total 74 incoming and 50 outgoing
Women, total 61 incoming and 45 outgoing

GRI 401-1 – New employee hires and employee turnover

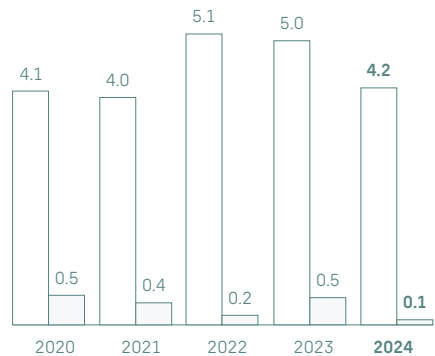
Employees by rank and age as at 1 January 2025



Men
Women

GRI 405-1 – Diversity of governance bodies and employees

Average absences in days per employee



Due to illness
Due to accident (occupational and non-occupational)

Staffing levels as at 1 January 2025	GRI	Unit	2024
Employees including apprentices and trainees	2-7 – Employees	Number	985
Proportion of women		in %	41.6
Proportion of men		in %	58.4
Employees with a permanent appointment	2-7 – Employees	Number	898
Proportion of women		in %	41.9
Proportion of men		in %	58.1
Employees without a permanent appointment	2-7 – Employees	Number	87
Proportion of women		in %	39.1
Proportion of men		in %	60.9
Full-time employees	2-7 – Employees	Number	638
Proportion of women		in %	29
Proportion of men		in %	71
Part-time employees	2-7 – Employees	Number	347
Proportion of women		in %	64.8
Proportion of men		in %	35.2
Employees (FTE)	2-7 – Employees	Jobs	837.4
Proportion of women		in %	37.7
Proportion of men		in %	62.3
Total part-time ratio	2-7 – Employees	in %	35.2
Total part-time ratio of women		in %	54.9
Total part-time ratio of men		in %	21.2

6. Climate responsibility

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

The relevance of the material topic is described in chapter 1 "Introduction", page 62 of the Climate Report.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

AKB has adopted specific management systems to the various relevant aspects of climate change for AKB and its clients:

a) Management of the lending and investment business

AKB is continuously developing its products and services, including advisory services, with a targeted focus on the climate-friendly nature of the financial services offered and their contribution to climate protection. The Bank is raising its clients' awareness concerning climate issues and pointing out opportunities and risks posed by climate change. The disclosures concerning the management systems in chapter 3, page 20 and chapter 4, page 27 provide comprehensive information concerning this.

b) Management of opportunities and risks

AKB deals with the financial opportunities and risks posed by climate change for the Bank within the framework of the Bank's sustainability and risk management structures and processes. Comprehensive information concerning this can be found in the AKB Climate Report.

c) Operational environmental management



The Bank's environmental management has been certified in accordance with ISO 14001:2015 since 2022. Re-certification was achieved in 2024. AKB endeavours to achieve steady reductions in the environmental impact of its own operations and to set an example.

DEVELOPMENTS DURING THE REPORTING YEAR

Achievement of targets in 2024

As planned, AKB drew up its Climate Strategy in 2024 and published it in November 2024. The Climate Strategy is aligned with the climate strategies of the Federal Government and the Canton of Aargau. It was developed in close consultation with the relevant stakeholders (Sustainability Sounding Board, Executive Board, Board of Directors and Executive Council of the Canton of Aargau) (akb.ch/climatestrategy).

Further developments in the core business

With a focus on climate-friendly financial services, AKB continued to develop its products and advisory services in a targeted manner during the reporting year. These include the implementation of SBA guidelines within the core business, the further development of investment business (further details can be found in chapter 4, page 27) and the targeted distribution of sustainable lending products such as the AKB green mortgage, sustainability-linked loans and sustainable loans (further details can be found in chapter 3, page 20).

REPORTING ON CLIMATE ISSUES

In the 2024 reporting year, AKB provides detailed information for the first time on how it is dealing with nature-related and climate-related opportunities and risks in a Climate Report [page 61]. The Climate Report is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and describes the governance, risk management of nature-related and climate-related financial risks, the strategy, key figures and targets, as well as the materiality assessment of climate issues. This includes key figures on concentration risks in climate-sensitive sectors, nature-related liquidity risks and a holistic carbon accounting of AKB's operational and financed emissions.

Operational measures to reduce resource consumption

The focus in the reporting year was on the topic of "everyday actions in the office". AKB employees have been informed and motivated about how to save resources through their everyday actions in the office via various communication channels and training.

Ten audits were carried out at five branches and five departments in order to assess the implementation and the level of knowledge of employees and also to support and raise awareness concerning environmentally friendly behaviour. This established that employees are familiar with AKB's Sustainability Strategy and know how to behave in an environmentally friendly manner during everyday work in the office. Client advisors in particular are aware of their role as ambassadors to clients and act in accordance with the Sustainability Strategy and values of AKB. However, the audits also showed that targeted investments must be made in raising awareness and training among employees in order to achieve AKB's sustainability targets. This should continue to be the focus.

These measures were also implemented during the reporting year:

- Energy renovations of the Frick branch
The property was fully refurbished and partly supplemented with a new building. The key elements of the energy renovation were the renovation of the building shell, including the flat roof, and the upgrading of glazing. The flat roof was equipped with a photovoltaic system that supplies a substantial proportion of electricity. Fossil heat generation has also been replaced by local district heating. The refurbished building went into operation at the end of October 2024.
- Replacement of lighting at the main building in Aarau
In the main building, 600 light fittings with fluorescent tubes were replaced by LED lighting.
- Optimisation of the Rothrist branch
In order to improve efficiency and ensure clear control and measurement, the air generation and heating distribution systems in Rothrist were replaced and a measurement concept was incorporated.

- Introduction of disposal concept in all buildings

The existing policy has been optimised. In some cases, waste disposal was centralised on each floor in line with the new workplace design according to the "New Work" concept.

- Tupperware pilot test

In a pilot test, 100 items of Tupperware were provided for lunch in the main building and in the station building in order to reduce the waste associated with single-use tableware. These were used so heavily that an additional 100 items of Tupperware were distributed to branches at the end of the year.

Further decline in resource and energy consumption during the reporting year

The measures described above enabled the Bank to further reduce its resource and energy consumption:

- Heating energy consumption amounted to 1.9 million kWh. Environmentally friendly heating accounts for 63.1%.
- Electricity requirements totalled 2.2 million kWh, representing a reduction of 2% compared to 2023.
- 100% of the electricity used originates from renewable energy sources.
- Wherever possible, AKB employees did not engage in work-related travel and used public transport or AKB's own electrical vehicles. Work-related travel increased by 19% compared to 2023. 718 half-fare travelcards were issued to AKB employees.
- Paper consumption increased by 43.1% compared to 2023. The increase is attributable to the fact that advertising material is being increasingly printed internally.

OUTLOOK

Based on the Climate Strategy, various plans projects will be initiated in all relevant areas, in the core business, in opportunity and risk management and in operational environmental management, which should have a positive impact on climate protection. The measures within core business are dealt with in chapter 3, page 20 and chapter 4, page 27. Opportunity and risk management measures are presented in the Climate Report.

As part of operational environmental management, the regional office in Wohlen is due to be completely renovated to improve its energy efficiency and also partly rebuilt in 2025. There are also plans to switch to district heating instead of fossil fuels and the roof will be equipped with a photovoltaic system. The building envelope of the regional office in Brugg is also due to undergo an energy renovation.

Target for 2025

The Climate Strategy published in November 2024 will be presented internally

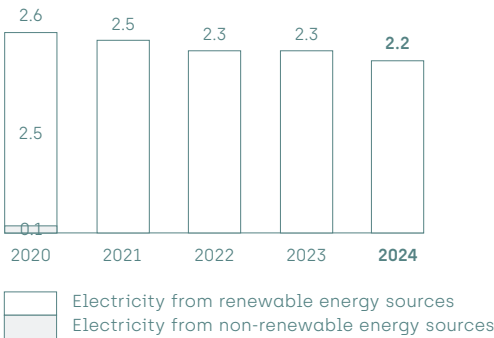
in detail in 2025. The aim is for all employees to know and support the Climate Strategy and the resulting projects. This should be supported by the further development of e-learning courses, lunchtime events, targeted internal and external communication and other various training formats.

The internal audits as part of the environmental management system will be continued as they have proven to be a useful vehicle. They will be repeated on the same scale in different departments and at different branches.

KEY FIGURES

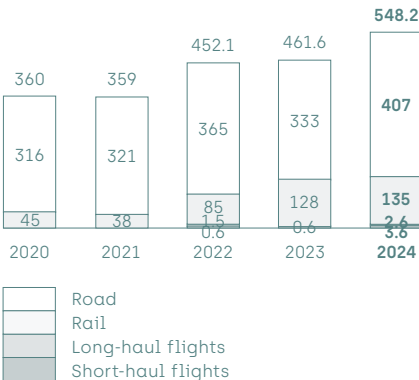
2.2 million

Electricity consumption in millions of kWh



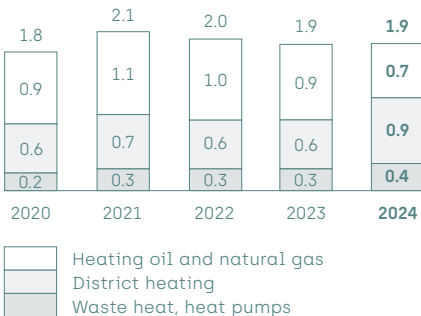
548.2

Distance travelled according to means of transport in 1,000 km



1.9 million

Heating energy consumption in millions of kWh

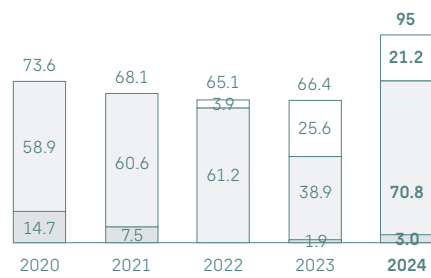


Charging stations for electric cars at the main building		2023	2024
Number of charges		1 886	2 854
Charges in kWh		26 437.1	50 887.7

Half-fare travelcards		2022	2023	2024
Number of half-fare travelcards		543	644	718

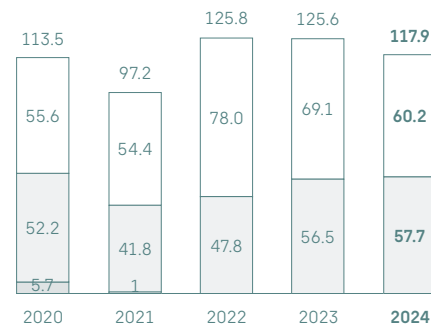
95

Paper consumption in tonnes



117.9

Waste generation and recycling in tonnes



7. Economic development in the Canton of Aargau

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

Under the terms of the Constitution of the Canton of Aargau and the AKB Act (Section 2[2]), according to the owner strategy of the Canton of Aargau, AKB has the task of promoting economic development within the cantonal territory. Through projects and initiatives – alongside financing – AKB provides targeted support to the sustainable development of the local economy, which has a positive impact on the environment and society, establishing AKB as a committed partner. Working within a sustainable economy and with businesses that incorporate long-term planning and sustainability into their business model has a positive impact on AKB (reduced risk, along with long-term, sustainable success), and also means that it is better placed for the future.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

AKB has more than 15,000 corporate clients in its market segment. It has a strong regional presence at its 32 locations. Client advisors are familiar with local conditions and incorporate their knowledge into the advice given to SMEs. Teams of experts based at the headquarters in Aarau provide support to major clients (key account management) and institutional clients.

All corporate clients at AKB have their own specific contact person. This enables client advisors to offer added value to corporate clients through needs-based solutions and assist them with bespoke financing solutions. In addition, AKB accepts its responsibility within the local economy through unremunerated engagement, such as for example by providing assistance in relation to corporate succession as well as through the AKB support programme.

The economic engagement of AKB is directed at all operators. There is no need for there to be any business relationship with

it. This enables AKB to perform its social and economic service mandate, as set out amongst others in the owner strategy.

AKB is an important business and financing partner for local businesses, primarily SMEs. It can support its corporate clients on the path towards a sustainable future and provide targeted support for sustainable business models. In addition, the Bank provides committed support to new entrepreneurs, who are full of ideas and hungry for success, in the form of sound financial solutions. This is because Aargau as an economic region is reliant on the dynamism of young, innovative firms. Through the AKB network, founders gain direct access to corporate know-how or flexible infrastructure.

Responsible consulting in the corporate client area

AKB attaches major importance to personal relationships and proximity to its clients. It relies on responsible, individual advice that takes environmental, economic and social aspects into account. By specifically addressing sustainability within advisory discussions, corporate client advisors not only raise awareness of environmental and social responsibility, but also position AKB as a responsible partner in the financial sector. They offer targeted sustainable products and services that are consistent with the values and needs of their clients.

Training and awareness-raising are very important to ensure that employees have the necessary expertise. They also have access to internal and external sustainability experts who act as points of contact for technical questions and regularly provide insights into current trends and developments.

AKB equity financing

For 17 years AKB has been holding events for young technology and start-up firms in partnership with Standortförderung Aargau and the Business Angels Club Aargau, since it was founded in 2018. AKB puts start-ups in contact with investors at the Aargau Start-

up Investor Session in order to create the best possible starting point for a fruitful exchange of views between founders and investors.

Since 2011, the Bank has been one of the few banks to invest directly in selected start-ups, up to a maximum of CHF 0.5 million per company. Start-ups in the Canton of Aargau or in the Olten-Gösigen-Gäu region that develop innovative products or services are eligible, in some instances in partnership with a scientific institution such as the Paul Scherrer Institute (PSI) in Villigen or the University of Applied Sciences and Arts Northwestern Switzerland (FHNW).

The following criteria are examined by internal experts according to the dual-control principle when deciding whether to invest:

- Connection with the AKB market area
- Level of innovation of the product and scalability of the business model
- Focus on lasting, positive development in relation to economic performance, innovation, jobs etc.
- Current or imminent market maturity of the product ("proof of market")

In addition, the start-up must be willing to work together with a lead investor. This person will take on a leadership role on the investment round, support the founder team regarding entrepreneurial aspects and represent investors, thus also including AKB, on the start-up's board of directors. In contrast to venture funds, the investments made by AKB are not subject to any time limits, although it should be possible to withdraw after a few years.

AKB itself engages actively with startups and can be contacted via the website akb.ch/startup at any time with online financing enquiries from start-ups.

Assistance in relation to corporate succession

As a further key aspect of the promotion of sustainable partnerships, AKB supports companies in planning, coordinating and implementing their succession plans (akb.ch/nachfolge). At an initial meeting, AKB's successor experts draw up a structured analytical overview covering the three thematic areas of "company", "entrepreneur" and "successor". This service is free of charge and is available to both clients and non-clients.

Promoting innovation

As a joint founder of innovAARE AG (park-innovaare.ch) at the Paul Scherrer Institute (PSI) Villigen and co-promoter of the Aargau Technopark (technopark-aargau.ch) in Brugg/Windisch, for a number of years AKB has been sustainably providing operating contributions to promote the innovation and start-up ecosystem in the Canton of Aargau.

Sustainable activities in partnership with the FHNW

As part of the annual AKB support programme, ten selected regional companies are supported over a period of six months by AKB and the University of Applied Sciences and Arts Northwestern Switzerland (FHNW) in their sustainability efforts and are supported through a tailored package of measures. Further information on the support programme can be found on the website akb.ch/foerderprogramm. The results obtained through the support programme are incorporated into the advice provided to corporate clients in order to support them in their sustainable transformation.

AKB also supports the CAS "Sustainability as the key to success" developed by the FHNW, which was held for the first time in April 2024. Issues addressed within the CAS included, amongst others: the development of a Sustainability Strategy, the designation of areas for action, resource management, the circular economy and more (fhnw.ch/de/weiterbildung/wirtschaft/cas-erfolgswirtschaft/nachhaltigkeit).

DEVELOPMENTS DURING THE REPORTING YEAR

Achievement of targets in 2024

In 2024, AKB invested CHF 427,296 in six start-ups, thereby achieving its target. The start-ups are developing products and business models that directly pursue an ecological purpose (such as CO₂ reduction, energy efficiency, the circular economy and marine protection).

The 2024 Aargau Start-up Investor Session was attended by around sixty investors from Aargau and the wider region. Four start-ups were introduced to them, including Yumame Foods AG, one with ESG relevance. Among other things, the company uses fermentation processes to develop and

produce innovative foods from mushrooms that can be used as meat substitutes.

AKB support programme

The AKB support programme was operated for the third time in 2024. All participating companies rated the programme as good to very good. Twenty companies applied to participate in the third programme. Out of this total, ten companies were selected by a specialist jury comprised of representatives of AKB, the FHNW and the Aargau business community. Most of the participants developed a sustainability strategy comprising a package of measures or worked on a specific sustainability project.

CAS "Sustainability as the key to success"

The CAS was conducted for the first time from April to October 2024. Nine people took part. They rated the CAS as very good.

Various forms of engagement for the economy

Acting in partnership with the Aargau Trade Association, in 2024 AKB presented the Aargau Business Award (akb.ch/unternehmenspreis) for the 17th time to the best enterprises in the canton. The awards made in the categories "Best Aargau company regional", "national" and "international" commend successful businesses whose services and ideas influence and fuel the development of the economy. The jury takes long-term, sustainable success into account as a key criterion in the selection process.

Acting in partnership with the Wyrtsch Unternehmerschule AG from Freienbach, AKB holds the AKB Entrepreneur Workshop (akb.ch/unternehmerworkshop) each year – and did so once again in 2024. The 3.5-day workshop dealt with the most important aspects of corporate management in a simple and compact format, addressed all topical issues and focused on practical action and an exchange of views with like-minded people. The topic of sustainability and its importance for SMEs was presented for the first time in 2024. In addition, each year a specially designed training course is offered to members of foundation councils of occupational benefits schemes, which covers the various aspects of corporate responsibility and equips attendees to deal with upcoming challenges.

OUTLOOK

Expansion of the AKB Lab

In addition to continuing its existing commitments, working together with the City of Aarau and Aarau Standortförderung, AKB will gradually expand the AKB Lab over the next two years into an innovation and start-up hub for companies as part of a public-private partnership. The aim is to position the AKB Lab as an established and recognised innovation and start-up hub right at the heart of Aarau.

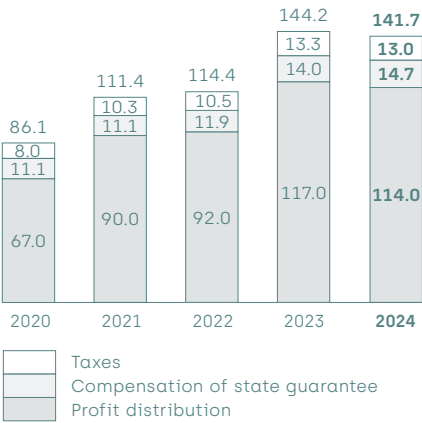
Target for 2025

AKB makes targeted investments in innovative start-ups, the business purpose, products or services of which contribute to sustainable development.

KEY FIGURES

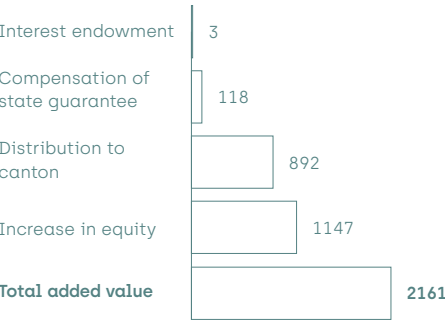
141.7 million

Total compensation to public authorities
in CHF million



2161 million

Added value for the Canton in CHF million (2015–2024)



Initiatives for promoting a sustainable business model for corporate clients

	GRI	Unit	2023	2024
Investments in start-ups	G4-EC1 – Expenditure on social/economic engagement as a proportion of pre-tax profit	CHF in %	718 000 0.3	427 296 0.2
Investments by the AKB support programme	G4-EC1 – Expenditure on social/economic engagement as a proportion of pre-tax profit	CHF in %	123 450 0.1	156 500 0.1
Total		CHF in %	841 450 0.3	583 796 0.2

8. Social engagement in the Canton of Aargau

RELEVANCE OF THE MATERIAL TOPIC FOR AKB

AKB is actively committed to society in the region in line with its service mandate under the owner strategy. This involves sponsorship, the holding of its own events as well as the support contributions through the non-profit foundation LEBENSRAUM AARGAU. The Bank promotes a wide range of projects, events and initiatives in the region that promote quality of life and social dialogue. Every year, AKB organises and sponsors over 150 events, the social and environmental impact of which must be taken into account.

MANAGEMENT SYSTEM OF MATERIAL TOPICS

LEBENSRAUM AARGAU Foundation

In 2021, AKB established the non-profit foundation LEBENSRAUM AARGAU (lebensraum-aargau.ch). The independent foundation, which is chaired by former Aargau Government and National Councillor Dr Urs Hofmann, was endowed with CHF 5 million by AKB. To this end, the Foundation receives 1% of AKB's profit from the previous year (for 2024: CHF 2.5 million) in addition to any donations.

The aim of the foundation is to promote projects to enhance quality of life and social cohesion in the Canton of Aargau and in the Olten-Gösgen-Gäu region. Support is provided to charitable projects in the fields of Society & Social, Art & Culture, Movement & Health and Environment, Nature & Animals. They range from art and cultural projects to measures to promote biodiversity pursued by nature conservation associations, social projects to combat poverty and exclusion and exercise opportunities for young persons and the elderly. Incoming requests are assessed by specialists. Criteria include project quality, the innovative nature, visibility and accessibility for the public at large as well as environmental sustainability. The financial support provided to projects is publicly announced.

Twelve external experts arranged into four specialist bodies, the Foundation's managing director and the five members of the Foundation Council decide on support contributions. All internal and external costs (staff, communication) are financed by AKB in order to ensure that the Foundation's funds are dedicated entirely to promoting projects.

Sponsorship: Sustainable engagements and implementation

AKB only supports regional institutions and events in the areas of culture, sport, society and economic affairs. In order to fulfil its long-term responsibility, AKB has clear criteria for selecting the projects that will be receiving funding – for example, there is no sponsorship of car races – as well as for the planning and implementation of events. Particular attention is paid to travel and meals.

Corporate volunteering programme

AKB allows its employees to dedicate one day of work to charitable work in the market area per calendar year.

DEVELOPMENTS DURING THE REPORTING YEAR

Achievement of targets in 2024

Events and sponsorship

In order to reduce the environmental footprint of major events organised by AKB itself (with more than 250 participants), a partnership with SBB was launched in 2024. After registering, guests are given a code that they can use to travel free by public transport to the event and also for the return journey. The offer was launched in January 2024 and has attracted major interest ever since. According to local surveys, journeys by car fell by around 20%. In total, almost CHF 6,200 was spent on 789 SBB tickets purchased in 2024, thus promoting sustainable travel to and from AKB events.

The objective of increasing the proportion of women at major AKB events to at least 25% was achieved. Whilst the proportion of

female participants in 2023 was 18%, during the reporting year more than 30% were attracted to AKB specialist events. If social events are included, the proportion of women in 2024 is even higher than 36%.

Corporate volunteering day

The aim was for 10% of AKB employees to contribute to supporting society and the environment in the Canton of Aargau as part of the voluntary corporate volunteering day. During the year under review, around 10% of all employees once again performed this voluntary work: among other things, they helped out on an organic farm, in a nursery or with the grape harvest.

LEBENSRAUM AARGAU Foundation

In 2024, the foundation LEBENSRAUM AARGAU received 265 applications, of which 155 were approved, resulting in the allocation of a total of CHF 1.6 million. Compared to the

previous year, many more smaller amounts were requested and approved.

It was apparent from both applications and approvals that significantly higher numbers of institutions and initiatives from the social and cultural sector have approached the Foundation as bodies responsible for and promoters of environmental and health projects. A networking event for the projects funded was held for the first time in April, which met with a very good response attracting 140 participants and is expected to further increase awareness of the foundation.

OUTLOOK

Targets for 2025

10% of AKB employees make a positive contribution to society and the environment in the Canton of Aargau within the ambit of the voluntary corporate volunteering day.

KEY FIGURES

	GRI	Unit	2023	2024
Overall Bank sponsorship	G4-EC1 — Expenditure on social engagement as a proportion of pre-tax profit	in CHF million [%]	1.9 [0.7]	2.4 [0.9]
LEBENSRAUM AARGAU Foundation engagements		in CHF million [%]	2.5 [0.9]	2.5 [0.9]
Total engagements as a proportion of pre-tax profit		in CHF million [%]	4.4 [1.6]	4.9 [1.8]
Corporate volunteering day	G4-EC1 – Time volunteered for social engagement	Days Persons	53 61	83.5 81

Other issues

PROXIMITY TO CUSTOMERS

The personal touch and close engagement with its clients sets AKB apart even during the era of digitalisation, focusing its activities on responsible, individual advice provided in person. The 32 interactive branches are able to merge the physical and the digital worlds.

There is no second chance to make a good first impression with clients. It is often the "little things" that have a big impact. These are an essential part of the appreciation and culture promoted at AKB.

Hospitality is characterised by an internal attitude as well as respect and appreciation for other people. How hospitality should be experienced at AKB was discussed in an internal advanced training programme in 2024 in partnership with SHL Schweizerische Hotelfachschule Luzern. Managers and employees with client-facing duties and from the Client Advisory Centre exchanged views with experts from the hotel industry. It is important to AKB that clients feel they are in good hands at the Bank and are in the right place.

Responsible issue of credit cards

AKB attaches major importance to the responsible issue of credit cards in order to protect its clients against over-indebtedness. The Bank offers flexible payment options and provides transparent information on the terms and deadlines for settling credit card invoices. Invoices are settled by direct debit (LSV) or QR-bill. The latter includes the option of paying by instalment, which is why it is subject to stricter requirements in order to ensure that the financial burden remains sustainable for clients.

Credit cards are issued according to clearly defined instructions: these apply to submission criteria, competencies and conditions. A key principle is that credit card limits must be aligned with the client's individual needs and creditworthiness. In doing so, AKB ensures that credit card use is always responsible and remains within the client's own financial limits.

If a credit card bill cannot be paid, client advisors monitor possible breaches of credit limits caused by excess card usage. If the Bank is exposed to a default risk, measures such as blocking or withdrawing the card are taken in order to stabilise the client's financial situation and minimise risks.

SUSTAINABLE PROCUREMENT

AKB also accepts responsibility for the procurement of work equipment such as hardware, office furniture, etc. The Sustainability Guidelines for Suppliers and Partner Companies apply to the purchasing and procurement policy (akb.ch/sustainable-procurement). The Guidelines set out requirements concerning environmental standards as well as social and labour standards. They stipulate basic environmental and ethical minimum requirements. In signing up to them with legal effect, suppliers confirm that the same environmental and labour standards will be complied with also when selecting third-party suppliers. No breaches of the procurement guidelines came to the attention of AKB during the reporting year 2024.

Compliance with due diligence and transparency obligations laid down by Article 964 of the Swiss Code of Obligations affects AKB in particular with regard to the procurement of precious metals and marketing giveaways. The processes and how due diligence obligations are complied with are explained in chapter 4, page 27 and in the following chapter "Responsible marketing".

RESPONSIBLE MARKETING

AKB pursues a responsible marketing strategy that combines environmental and social objectives with economic success. The focus is on sustainable decisions throughout the entire product life cycle. These are promoted and communicated. Advertising

campaigns are generally carried out by the in-house agency and thus by AKB employees who are familiar with the Bank's values.

In order to ensure transparency and comparability, AKB uses a sustainability score in procurement when purchasing promotional items and gifts. This score evaluates all suppliers and products based on strict sustainability criteria such as carbon footprint, resource consumption and working conditions in the supply chain. The score helps to raise sustainability standards and ensure environmentally friendly procurement.

It is important for AKB to communicate honestly and clearly in its advertising campaigns. The aim is to avoid making any exaggerated or misleading statements about its financial services or products. This also applies to the fine print in advertisements, which must be easy to understand and precisely worded. Through this transparency, AKB aims to give its clients the assurance that they can rely on the benefits and sus-

tainability promises communicated and that advertising does not feature any misleading or manipulative content.

Advertising campaigns should reflect the diversity of society. This means that the Bank attaches importance to featuring people from a wide range of ethnic backgrounds, ages, genders and life situations within its advertising. This deliberate consideration of diversity makes it possible to promote an open, inclusive and fair presentation of the company. In doing so, AKB would not only like to address different target groups, but also share its conviction that diversity is an important basis for sustainable growth and social cohesion.

The Bank also provides financial education to the general public through its "Finanz-Tanz" ["Finance Dance"] podcast. In addition, AKB is a member of the association Finance Mission, which seeks to instil a responsible approach to money in young people.

Memberships and initiatives

Association of Swiss Cantonal Banks (VSKB)

The VSKB is an association of the 24 cantonal banks in Switzerland. The Association upholds the common interests its members (the cantonal banks) and promotes cooperation among them. This means that AKB can work with the Association to promote sustainable framework conditions.

Swiss Bankers Association (SBA)

The SBA is the umbrella organisation for banks in Switzerland and represents the interests of the Swiss financial centre as a whole. The SBA represents Swiss banks in dealings with politicians, business and the general public.

Swiss Sustainable Finance (SSF)

AKB is a member of the Swiss sectoral association Swiss Sustainable Finance [sustainablefinance.ch].

United Nations Principles for Responsible Investments (UNPRI)

AKB has signed up to the global investors' initiative set out in the United Nations Principles for Responsible Investments [unpri.org].

Partnership for Carbon Accounting Financials (PCAF)

AKB has been a member of the PCAF – Partnership for Carbon Accounting Financials – since the summer of 2023. The PCAF is an initiative that supports financial institutions in quantifying and reporting greenhouse gas emissions according to a unitary industry standard.

Paris Agreement Capital Transaction Assessment (PACTA)

Since 2017, the PACTA climate test has regularly shown how climate-friendly the investment made by the Swiss financial market is. AKB took part in 2020, 2022 and 2024 and

had its investment and mortgage portfolio as well as its own operations analysed. This test supports AKB in achieving its net zero target and creates transparency regarding AKB's financed emissions.

Energy Saving Alliance

AKB joined the Federal Government's Energy Saving Alliance in the winter of 2022/2023. This body brings together organisations and institutions that have launched and publicly announced various energy saving measures.

Öbu – Association for Sustainable Business

As a member of the Association for Sustainable Business [oebu.ch], AKB supports the development of the Swiss economy in accordance with the principles of sustainability.

Climate protection projects

AKB is doing its bit to further climate protection by supporting various climate protection projects in Switzerland and abroad to offset the remaining emissions from its own operations.

Ratings

Ratings agency	Current rating	Scale	Date of report	Description
MSCI ESG	A	AAA to CCC	27 August 2024	Annual and Sustainability Report 2023
ISS ESG	C-	A+ to D-	31 October 2023	Annual and Sustainability Report 2022
InRate	B	A+ to D-	31 October 2023	Annual and Sustainability Report 2022
WWF	Mediocre	"laggard" to "visionary"	19 November 2024	Annual and Sustainability Report 2023

About this report

AKB publishes a Sustainability Report once each year as part of the Annual Report. AKB's 2024 Sustainability Report was published on 27 March 2025 and was prepared for the first time in accordance with the GRI Standards 2021. Previously, sustainability reporting was based on the GRI Standards 2021 ["in reference to"]. Unless indicated otherwise, this Sustainability Report covers the year 2024.

In addition, in future AKB will publish a Climate Report at the same time as the Annual Report and Sustainability Report. This Climate Report is based on the recommendations of the Task Force on Climate-related Financial Disclosures [TCFD].

With the Annual Report, the Sustainability Report and the Climate Report, AKB complies with the requirements laid down by Article 964 of the Swiss Code of Obligations [OR] on non-financial reporting as well as the related ordinances.

The Sustainability Report featured an adjustment of the portfolio volume of loans under ESG sensitivity [financial year 2023].

Compared to the previous year, the information on the material topic of "Sustainable financing" was restated in the Sustainability Report. For editorial reasons and to avoid duplication, the two previous material topics "Attractive financing of sustainable real estate" and "Application of environmental and social criteria in relation to lending" have been merged. The previous topic "AKB Climate Strategy and climate-related opportunities and risks" was also renamed. In addition to the summary reporting on this topic in chapter 6, page 39, AKB published a Climate Report on 27 March 2025.

In terms of scope of consolidation, AKB's Annual Report, Sustainability Report and Climate Report are relevant exclusively for Aargauische Kantonalbank itself along with its 32 branches. AKB does not hold any participating interests in other companies that are subject to consolidation [Annual Report 2024, Notes to the Annual Financial Statements, information

on the balance sheet, chapters 1.6 and 1.7, page 58*).

AKB's sustainability and climate reporting has not been subject to an external audit. The annual financial statements of AKB were audited by the external auditor PricewaterhouseCoopers Ltd (2024 Annual Report, Auditor's Report, page 72*).

The Report on Non-Financial Matters was approved by the Board of Directors on 13 March 2025.

Contact person for questions relating to sustainability reporting

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* 2024 Annual Report available for download at report.akb.ch, only available in German.

CONTENT OF INDEX ACCORDING TO ARTICLE 964 OF THE SWISS CODE OF OBLIGATIONS AARGAUISCHE KANTONALBANK

Index for reporting on non-financial matters according to the Swiss Code of Obligations (CO) [Art. 964], Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (VSoTr) and TCFD

TOPIC	LOCATION
CLIMATE ISSUES	
Materiality/risks	Sustainability Report: chapter on material topics [page 10] Sustainability Report: chapter on climate responsibility, section on relevance of the material topic for AKB [page 39] Climate Report: chapter Introduction [page 62] Climate Report: chapter on strategy, section on nature-related and climate-related opportunities [page 70] Climate Report: chapter on strategy, section on impact on core business [page 71] Climate Report: chapter on strategy, section on nature-related and climate-related financial risks [page 72] Climate Report: chapter on key figures and targets, section on concentration risks in climate-sensitive sectors [page 79] Climate Report: chapter on key figures and targets, section on nature-related liquidity risks and their impact on interest rate and liquidity risk indicators [page 80]
Governance	Climate Report: chapter on governance [page 63]
Concept/ management system	Climate Report: chapter on risk management, nature-related and climate-related financial risks [page 66] Climate Report: chapter on strategy, section on nature-related and climate-related opportunities [page 70] Climate Report: chapter on strategy, section on impact on core business [page 71] Climate Report: chapter on strategy, section on transition plan [page 77] Sustainability Report: chapter on climate responsibility, section on management system of material topics [page 39]
CO₂ targets	Sustainability Report: chapter on climate responsibility, section on outlook [page 40] Climate Report: chapter on key figures and targets, section on carbon accounting, own operations: objectives and measures [page 83] Climate Report: chapter on key figures and targets, section on carbon accounting, own financial assets: objectives and measures [page 83] Climate Report: chapter on key figures and targets, section on carbon accounting, mortgage business: objectives and measures [page 85] Climate Report: chapter on key figures and targets, section on carbon accounting, section on corporate loans: objectives and measures [page 88] Climate Report: chapter on key figures and targets, section on carbon accounting, investment business: objectives and measures [page 90] AKB will also devise science-based reduction targets for its investment and mortgage business, corporate credit, its own operations as well as its own financial investments by the end of the 2025–2028 strategy period.
Due diligence	Climate Report: chapter on risk management, nature-related and climate-related financial risks [page 66]
Measures	Climate Report: chapter on key figures and targets, section on carbon accounting, own operations: objectives and measures [page 83] Climate Report: chapter on key figures and targets, section on carbon accounting, own financial assets: objectives and measures [page 83] Climate Report: chapter on key figures and targets, section on carbon accounting, mortgage business: objectives and measures [page 85] Climate Report: chapter on key figures and targets, section on carbon accounting, corporate loans: objectives and measures [page 88] Climate Report: chapter on key figures and targets, section on carbon accounting, investment business: objectives and measures [page 90] Sustainability Report: chapter on climate responsibility, section on developments during the reporting year [page 39]
Performance indicators	Climate Report: chapter on key figures and targets [page 79] Sustainability Report: chapter on climate responsibility, section on key figures [page 41]
Efficacy review	The AKB Climate Report will be continuously expanded and supplemented through the efficacy review.
OTHER ENVIRONMENTAL ISSUES	
Materiality/risks	Sustainability Report: chapter on material topics [page 10] Sustainability Report: chapter on sustainable financing, section on relevance of the material topic for AKB [page 20] Sustainability Report: chapter on offer of sustainable investment products, section on relevance of the material topic for AKB [page 27]
Concept/ management system	Sustainability Report: chapter on sustainable financing, section on management system of material topics [page 21] Sustainability Report: chapter on offer of sustainable investment products, section on management system of material topics [page 27]
Targets	Sustainability Report: chapter on the AKB Sustainability Strategy, section on objectives [page 10]
Due diligence	Sustainability Report: chapter on further issues, section on sustainable procurement [page 49] Annual Report: chapter on Financial Report, Notes to the Financial Statements, section on risk management [page 39*]

* 2024 Annual Report available for download at report.akb.ch, only available in German.

Measures	Sustainability Report: chapter on sustainable financing, section on developments during the reporting year (page 23) and section on outlook (page 25) Sustainability Report: chapter on offer of sustainable investment products, section on developments during the reporting year (page 29) and section on outlook (page 31)
Performance indicators	Sustainability Report: chapter on sustainable financing, section on key figures (page 26) Sustainability Report: chapter on offer of sustainable investment products, section on key figures (page 31)
Efficacy review	Sustainability Report: chapter on sustainable financing, section on developments during the reporting year, achievement of targets (page 23) Sustainability Report: chapter on offer of sustainable investment products, section on developments during the reporting year, achievement of targets in 2024 (page 29)
SOCIAL ISSUES	
Materiality/risks	Sustainability Report: chapter on material topics (page 10) Sustainability Report: chapter on engaging with digital responsibility, section on relevance of the material topic for AKB (page 13) Sustainability Report: chapter on compliance with legal requirements, section on relevance of the material topic for AKB (page 16) Sustainability Report: chapter on sustainable financing, section on relevance of the material topic for AKB (page 20) Sustainability Report: chapter on offer of sustainable investment products, section on relevance of the material topic for AKB (page 27) Sustainability Report: chapter on economic development in the Canton of Aargau, section on relevance of the material topic for AKB (page 43)
Concept/ management system	Sustainability Report: chapter on engaging with digital responsibility, section on management system of material topics (page 13) Sustainability Report: chapter on compliance with legal requirements, section on management system of material topics (page 26) Sustainability Report: chapter on sustainable financing, section on management system of material topics (page 21) Sustainability Report: chapter on offer of sustainable investment products, section on management system of material topics (page 27) Sustainability Report: chapter on economic development in the Canton of Aargau, section on management system of material topics (page 43) Sustainability Report: chapter on further issues, section on sustainable procurement (page 49) Sustainability Report: chapter on further issues, section on responsible marketing (page 49)
Targets	Sustainability Report: chapter on the AKB Sustainability Strategy, section on objectives (page 10)
Due diligence	Sustainability Report: chapter on further issues, section on sustainable procurement (page 49) Annual Report: chapter on Financial Report, Notes to the Financial Statements, section on risk management (page 39*)
Measures	Sustainability Report: chapter on engaging with digital responsibility, section on developments during the reporting year (page 15) and section on outlook (page 15) Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year (page 19) and section on outlook (page 19) Sustainability Report: chapter on sustainable financing, section on developments during the reporting year (page 23) and section on outlook (page 25) Sustainability Report: chapter on offer of sustainable investment products, section on developments during the reporting year (page 29) and section on outlook (page 31) Sustainability Report: chapter on economic development in the Canton of Aargau, section on developments during the reporting year (page 44) and section on outlook (page 45) Sustainability Report: chapter on further issues, section on sustainable procurement (page 49) Sustainability Report: chapter on further issues, section on responsible marketing (page 49)
Performance indicators	Sustainability Report: chapter on engaging with digital responsibility, section on developments during the reporting year (page 15) Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year (page 19) Sustainability Report: chapter on compliance with legal requirements, section on key figures (page 20) Sustainability Report: chapter on sustainable financing, section on key figures (page 26) Sustainability Report: chapter on offer of sustainable investment products, section on key figures (page 31) Sustainability Report: chapter on economic development in the Canton of Aargau, section on key figures (page 46)
Efficacy review	Sustainability Report: chapter on engaging with digital responsibility, section on developments during the reporting year (page 15) Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year, achievement of targets in 2024 (page 19) Sustainability Report: chapter on sustainable financing, section on developments during the reporting year, achievement of targets in 2024 (page 23) Sustainability Report: chapter on offer of sustainable investment products, section on developments during the reporting year, achievement of targets in 2024 (page 29) Sustainability Report: chapter on economic development in the Canton of Aargau, section on developments during the reporting year, achievement of targets in 2024 (page 44)
EMPLOYEE ISSUES	
Materiality/risks	Sustainability Report: chapter on material topics (page 10) Sustainability Report: chapter on attractiveness as an employer, section on relevance of the material topic for AKB (page 32)

* 2024 Annual Report available for download at report.akb.ch, only available in German.

Concept/ management system	Sustainability Report: chapter on attractiveness as an employer, section on management system of material topics (page 32)
Targets	Sustainability Report: chapter on the AKB Sustainability Strategy, section on objectives (page 10)
Due diligence	Annual Report: chapter on Financial Report, Notes to the Financial Statements, section on risk management (page 39*)
Measures	Sustainability Report: chapter on attractiveness as an employer, section on developments during the reporting year (page 34) and section on outlook (page 35)
Performance indicators	Sustainability Report: chapter on attractiveness as an employer, section on key figures (page 36)
Efficacy review	Sustainability Report: chapter on attractiveness as an employer, section on developments during the reporting year, achievement of targets in 2024 (page 34)

RESPECT FOR HUMAN RIGHTS

Materiality/risks	Sustainability Report: chapter on material topics (page 10) Sustainability Report: chapter on compliance with legal requirements, section on relevance of the material topic for AKB (page 16) Sustainability Report: chapter on offer of sustainable investment products, section on relevance of the material topic for AKB (page 27)
Concept/ management system	Sustainability Report: chapter on compliance with legal requirements, section on management system of material topics (page 16) Sustainability Report: chapter on offer of sustainable investment products, section on management system of material topics (page 27)
Targets	Sustainability Report: chapter on the AKB Sustainability Strategy, section on objectives (page 10)
Due diligence	Annual Report: chapter on Financial Report, Notes to the Financial Statements, section on risk management (page 39*)
Measures	Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year (page 19) and section on outlook (page 19) Sustainability Report: chapter on offer of sustainable investment products, section on developments during the reporting year (page 29) and section on outlook (page 31)
Performance indicators	Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year (page 19) Sustainability Report: chapter on offer of sustainable investment products, section on developments during the reporting year (page 29)
Efficacy review	Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year, achievement of targets in 2024 (page 19) Sustainability Report: chapter on offer of sustainable investment products, section on developments during the reporting year, achievement of targets in 2024 (page 29)

COMBATTING CORRUPTION

Materiality/risks	Sustainability Report: chapter on material topics (page 10) Sustainability Report: chapter on compliance with legal requirements, section on relevance of the material topic for AKB (page 16)
Concept/ management system	Sustainability Report: chapter on compliance with legal requirements, section on management system of material topics (page 16)
Targets	Sustainability Report: chapter on the AKB Sustainability Strategy, section on objectives (page 10)
Due diligence	Annual Report: chapter on Financial Report, Notes to the Financial Statements, section on risk management (page 39*)
Measures	Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year (page 19) and section on outlook (page 19)
Performance indicators	Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year (page 19)
Efficacy review	Sustainability Report: chapter on compliance with legal requirements, section on management system of material topics (page 16) and section on developments during the reporting year, achievement of targets in 2024 (page 19)

DUE DILIGENCE OBLIGATIONS AND TRANSPARENCY WITH REGARD TO MINERALS AND METALS FROM CONFLICT-AFFECTED AREAS

Supply chain policy	Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year, respect for human rights (page 19) Sustainability Report: chapter on offer of sustainable investment products, section on management system of material topics, procurement of precious metals (page 29)
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DUE DILIGENCE OBLIGATIONS AND TRANSPARENCY WITH REGARD TO CHILD LABOUR

Supply chain policy	Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year, respect for human rights (page 19) Sustainability Report: chapter on offer of sustainable investment products, section on management system of material topics, procurement of precious metals (page 29) Sustainability Report: chapter on further issues, section on sustainable procurement (page 49) Sustainability Report: chapter on further issues, section on responsible marketing (page 49)
Risk assessment	Sustainability Report: chapter on offer of sustainable investment products, section on management system of material topics, procurement of precious metals (page 29) Sustainability Report: chapter on further issues, section on sustainable procurement (page 49) Sustainability Report: chapter on further issues, section on responsible marketing (page 51)

* 2024 Annual Report available for download at report.akb.ch, only available in German.

GRI CONTENT INDEX 2024

AARGAUISCHE KANTONALBANK

Statement	Aargauische Kantonalbank has reported in accordance with the GRI Standards for the period from 1 January 2024 to 31 December 2024.
GRI used	GRI 1: Foundation 2021
Applicable GRI industry standard	GRI G4: Sector supplement for financial services providers 2013

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	2-1 Organizational details	Annual Report: Notes to the Annual Financial Statements [page 33*]	
	2-2 Entities included in the organization's sustainability reporting	Sustainability Report: chapter about this Report [page 51]	
	2-3 Reporting period, frequency and contact point	Sustainability Report: chapter about this Report [page 51]	
	2-4 Restatements of information	Sustainability Report: chapter about this Report [page 51]	
	2-5 External assurance	Sustainability Report: chapter about this Report [page 51]	
	2-6 Activities, value chain and other business relationships	Annual Report: chapter on business model and strategy [page 11*]	For competitive reasons, AKB does not publish a more detailed description.
	2-7 Employees	Sustainability Report: chapter on attractiveness as an employer, section on key figures [page 36]	Breakdown according to region: This information does not apply to AKB, as AKB only has branches in the market area [Canton of Aargau and the Olten-Gösgen-Gäu region].
	2-8 Workers who are not employees	37 workers	
	2-9 Governance structure and composition	Annual Report: chapter on corporate governance, sections 3. Board of Directors [page 77*] and 4. Executive Board [page 81*]	
	2-10 Nomination and selection of the highest governance body	Annual Report: chapter on corporate governance, section 3. Board of Directors [page 77*]	
	2-11 Chair of the highest governance body	Annual Report: chapter on corporate governance, section 3. Board of Directors [page 77*]	
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Report: chapter on the AKB Sustainability Strategy, section on corporate governance – sustainable corporate governance [page 7] Annual Report: chapter on corporate governance, section 3.2 internal organisation [page 79*]	
	2-13 Delegation of responsibility for managing impacts	Sustainability Report: chapter on the AKB Sustainability Strategy, section on corporate governance – sustainable corporate governance [page 7] Annual Report: chapter on corporate governance, section 3. Board of Directors [page 77*]	
	2-14 Role of the highest governance body in sustainability reporting	Annual Report: chapter on corporate governance, section 3.2 internal organisation [page 79*] Sustainability Report: chapter on the AKB Sustainability Strategy, section on corporate governance – sustainable corporate governance [page 7]	
	2-15 Conflicts of interest	AKB Code of Conduct and Ethics: akb.ch/codeofconduct Annual Report: chapter on corporate governance, section 3. Board of Directors [page 77*] Annual Report: chapter on Remuneration Report, section 4. loans and credit granted to members of governance bodies [page 86*]	
	2-16 Communication of critical concerns	Annual Report: chapter on corporate governance, section 3.4 information and control instruments [page 80*]	
	2-17 Collective knowledge of the highest governance body	Annual Report: chapter on corporate governance [page 77*]	

* 2024 Annual Report available for download at report.akb.ch, only available in German.

	2-18 Evaluation of the performance of the highest governance body	Annual Report: chapter on corporate governance, section 3.2 internal organisation (page 79*)	
	2-19 Remuneration policies	Annual Report: chapter on Remuneration Report, section 1. Salary system (page 84*) 2. Content, method for determining and remuneration of members of governance bodies (page 84*)	
	2-20 Process to determine remuneration	Annual Report: chapter on Remuneration Report, section 2. Content, method for determining and remuneration of members of governance bodies (page 84*)	
	2-21 Annual total compensation ratio	Sustainability Report: chapter on attractiveness as an employer, section on key figures (page 36) Annual Report: chapter on Remuneration Report (page 84*)	
	2-22 Statement on sustainable development strategy	Sustainability Report: Foreword (page 3) Sustainability Report: chapter on the AKB Sustainability Strategy (page 5)	
	2-23 Policy commitments	AKB Code of Conduct and Ethics: akb.ch/codeofconduct Sustainability Report: chapter on compliance with legal requirements, section on implementation within everyday business (page 17) Sustainability Guidelines for Suppliers and Partner Companies of AKB: akb.ch/sustainable-procurement Sustainability Report: chapter on the AKB Sustainability Strategy (page 5) Sustainability Report: chapter on further issues, sustainable procurement (page 49)	
	2-24 Embedding policy commitments	AKB Code of Conduct and Ethics: akb.ch/codeofconduct Sustainability Report: chapter on compliance with legal requirements, section on implementation within everyday business (page 17) and section on regular employee training concerning ethical standards (page 18) Sustainability Guidelines for Suppliers and Partner Companies of AKB: akb.ch/sustainable-procurement Sustainability Report: chapter on the AKB Sustainability Strategy, section on corporate governance – sustainable corporate governance (page 7) Sustainability Report: chapter on further issues, sustainable procurement (page 49)	
	2-25 Processes to remediate negative impacts	AKB Code of Conduct and Ethics: akb.ch/codeofconduct Sustainability Report: chapter on compliance with legal requirements, section on management system of material topics (page 16) and section on handling consumer complaints (page 18)	
	2-26 Mechanisms for seeking advice and raising concerns	AKB Code of Conduct and Ethics: akb.ch/codeofconduct Sustainability Report: chapter on compliance with legal requirements section on whistleblowing (page 18)	
	2-27 Compliance with laws and regulations	AKB Code of Conduct and Ethics: akb.ch/codeofconduct Sustainability Report: chapter on compliance with legal requirements, section on developments during the reporting year (page 19)	
	2-28 Membership associations	Sustainability Report: chapter on memberships and initiatives (page 50)	
	2-29 Approach to stakeholder engagement	Sustainability Report: chapter on the AKB Sustainability Strategy, section on dialogue with stakeholders (page 8) and section on material topics (page 10)	
	2-30 Collective bargaining agreements	No AKB employees are subject to a collective bargaining agreement	
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: chapter on the AKB Sustainability Strategy, section on material topics (page 10)	
	3-2 List of material topics	Sustainability Report: chapter on the AKB Sustainability Strategy, section on material topics (page 10)	
Engaging with digital responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on engaging with digital responsibility, section on relevance of the material topic for AKB (page 14) and section on management system of material topics (page 13)	

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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report: chapter on engaging with digital responsibility, section on developments during the reporting year (page 15)	
Economic development in the Canton of Aargau			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on economic development in the Canton of Aargau, section on relevance of the material topic for AKB (page 43) and section on management system of material topics (page 43)	
GRI G4: Sector supplement for financial services providers 2013	G4-EC1 Expenditure on social/economic engagement as a proportion of pre-tax profit	Sustainability Report: chapter on economic development in the Canton of Aargau, section on key figures (page 46)	
	GRI G4-EC1: volunteer time dedicated to economic development		Information not available. AKB will review the collection of information within the next two years.
Compliance with legal requirements			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on compliance with legal requirements, section on relevance of the material topic for AKB (page 16) and section on management system of material topics (page 10)	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: chapter on compliance with legal requirements, section on combatting corruption (page 19) All AKB employees are screened for corruption risks by means of various controls. Due to the size of AKB, not only individual establishments are audited. The same guidelines apply to everyone.	
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability Report: chapter on compliance with legal requirements, section on training (page 19) and section on key figures (page 20)	
	205-3 Confirmed incidents of corruption and actions taken	Sustainability Report: chapter on compliance with legal requirements, section on combatting corruption (page 19)	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainability Report: chapter on compliance with legal requirements, section on key figures (page 20)	
Sustainable financing			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on sustainable financing, section on relevance of the material topic for AKB (page 20) and section on management system of material topics (page 21)	
GRI G4: Sector supplement for financial services providers 2013	G4-FS6: Composition of the lending business by specific region, size and type of borrower	Sustainability Report: chapter on sustainable financing, section on developments during the reporting year (page 23) Sustainability Report: chapter on sustainable financing, section on key figures (page 26) Climate Report, chapter on concentration risks in climate-sensitive sectors (page 79)	The composition of the mortgage portfolio is described in section 3, but not indicated under key figures, as around 90% of the properties financed are in the Canton of Aargau.
	G4-FS7 Lending business with specific social benefits	Sustainability Report: chapter on sustainable financing, section on key figures (page 26)	
	G4-FS8 Lending business with specific environmental benefits	Sustainability Report: chapter on sustainable financing, section on key figures (page 26)	
GRI G4: Sector supplement for financial services providers 2013	G4-HR1 Human rights clauses and screening for human rights aspects in lending business	Sustainability Report: chapter on sustainable financing, section on ESG assessment criteria for corporate credit (page 21)	
Own standard	Portfolio volume of loans under ESG sensitivity	Sustainability Report: chapter on sustainable financing, section on key figures (page 26)	
	Volume contribution margin	Sustainability Report: chapter on sustainable financing, section on key figures (page 26)	
	Volume usage of contribution margin	Sustainability Report: chapter on sustainable financing, section on key figures (page 26)	

Attractiveness as an employer

GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on attractiveness as an employer, section on relevance of the material topic for AKB (page 32) and section on management system of material topics (page 32)	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: chapter on attractiveness as an employer, section on key figures (page 36)	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	AKB offers a broad range of staff conditions to its employees. With the exception of the employee mortgage, which is only available to employees with a rate of employment of 40% or above, all company benefits are available without restriction to part-time and full-time workers.	
	401-3 Parental leave	Sustainability Report: chapter on attractiveness as an employer, section on key figures (page 36)	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Sustainability Report: chapter on attractiveness as an employer, section on key figures (page 36)	
	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Report: chapter on attractiveness as an employer, section on staff development at AKB (page 33) Advanced training: akb.ch/die-akb/jobs-karriere/weiterbildung	
GRI 405: Diversity and equal opportunity 2016	GRI 405-1 Diversity of governance bodies and employees	Sustainability Report: chapter on attractiveness as an employer, section on key figures (page 36)	
	GRI 405-2 Ratio of basic salary and remuneration of women to men	Sustainability Report: chapter on attractiveness as an employer, section on fair and reasonable (page 33)	
GRI 406: Non-discrimination 2016	GRI 406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: chapter on attractiveness as an employer, section on developments during the reporting year, corporate culture (page 35)	
Own standard	Average absences in days per employee due to illness or accident	Sustainability Report: chapter on attractiveness as an employer, section on key figures (page 36)	
Offer of sustainable investment products			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on offer of sustainable investment products, section on relevance of the material topic for AKB (page 27) and section on management system of material topics (page 27) Sustainable investment: akb.ch/nachhaltiges-anlegen	
GRI G4: Sector supplement for financial services providers 2013	G4-HR1 Human rights clauses and human rights due diligence in the asset management business	Sustainability Report: chapter on offer of sustainable investment products, section on investment concept with four sustainability approaches (page 27) Sustainable investment: akb.ch/nachhaltiges-anlegen	
	G4-FS11 Assets subject to positive and negative environmental or social screening	Sustainability Report: chapter on offer of sustainable investment products, section on key figures (page 31)	
Climate responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on climate responsibility, section on relevance of the material topic for AKB (page 39) and section on management system of material topics (page 39) Climate Report: chapter Introduction (page 62) Climate Report: chapter on risk management, nature-related and climate-related financial risks (page 66) Climate Report: chapter on strategy, section on nature-related and climate-related opportunities (page 70) and section on impact on core business (page 71) and section on transition plan (page 77)	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Climate Report: chapter on strategy, section on nature-related and climate-related opportunities (page 70) and section on impact on core business (page 71) and section on nature-related and climate-related financial risks (page 72) Climate Report: chapter on key figures and targets, section on concentration risks in climate-sensitive sectors (page 79) Climate Report: chapter on key figures and targets, section on nature-related liquidity risks and their impact on interest rate and liquidity risk indicators (page 80)	

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Report: chapter on key figures and targets, section on carbon accounting (page 80)	
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Report: chapter on key figures and targets, section on carbon accounting (page 80)	
	305-3 Other indirect (Scope 3) GHG emissions	Climate Report: chapter on key figures and targets, section on carbon accounting (page 80)	
	305-4 GHG emissions intensity	Climate Report: chapter on key figures and targets, section on carbon accounting (page 80)	
	305-5 Reduction of GHG emissions	Climate Report: chapter on strategy, section on transition plan (page 77)	
	305-6 Emissions of ozone-depleting substances		These key figures are not currently collected as part of the accounting for greenhouse gas emissions from the company's own operations, as they are not relevant for a service company.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		These key figures are not currently collected as part of the accounting for greenhouse gas emissions from the company's own operations, as they are not relevant for a service company.
Social engagement in the Canton of Aargau			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: chapter on social engagement in the Canton of Aargau, section on relevance of the material topic for AKB (page 47) and section on management system of material topics (page 47)	
GRI G4: Sector supplement for financial services providers 2013	G4-EC1 – Expenditure on social engagement as a proportion of pre-tax profit	Sustainability Report: chapter on social engagement in the Canton of Aargau, section on key figures (page 48)	
	G4-EC1 Time volunteered for social engagement	Sustainability Report: chapter on social engagement in the Canton of Aargau, section on key figures (page 48)	

Climate Report

AKB ANNUAL REPORT 2024
CLIMATE REPORT

1 Introduction

Aargauische Kantonalbank (AKB) recognises climate change as one of the largest global challenges of our times and accepts its responsibility as a financial service provider and part of the economic system. Climate protection constitutes the basis for a liveable future. AKB is proactively engaging with the challenges and risks associated with climate change.

Climate change and its effects have a direct impact on the business operations of AKB and on its clients. This is already becoming tangible, and the trend will become more marked over the medium to long term. Both the core business [lending and investment business] as well as the company's own operations are affected.

However, AKB also has the opportunity to contribute to climate protection and to minimise climate-related risks for its clients and for the Bank itself through its products, services and targeted advice. Last but not least, AKB itself causes environmental impacts through its own operations that contribute to climate change in the form of direct or indirect greenhouse gas emissions. These must be continuously reduced through targeted measures and avoided altogether wherever possible.

Consequently, the topic of the climate is a material topic for AKB in accordance with the 2021 standards of the Global Reporting Initiative (GRI) and is defined accordingly in the Sustainability Report. In this Climate Report, AKB reports transparently on climate issues as well as climate-related opportunities and risks.

This report on climate-related matters is based on the report "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" in the version adopted in June 2017 and the annex "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" in the version adopted in October 2021. AKB thus complies with the requirements of the Swiss Code of Obligations for non-financial reporting in accordance with the TCFD.

This report also examines potential nature-related risks and their impact on AKB. The analysis is based on the requirements of the Swiss Code of Obligations applicable to non-financial reporting on climate issues as well as the Ordinance on Climate Disclosures.

The report primarily uses the term "nature-related financial risks", which covers all environmental aspects and is intended to enable a holistic view of environmental risks. However, the focus within the disclosure text is primarily on climate-relevant topics, as these were previously the regulatory focus of disclosure obligations and are also considered to be relevant to AKB's strategic orientation.

2 Governance

AKB's approach to climate change and the associated natural and climate-related opportunities and risks is embedded in organisational terms. Appropriate structures and processes

are incorporated into sustainability and risk management. The way in which nature-related and climate-related opportunities are dealt with is described in chapter 4.1.

2.1 Anchoring within the Bank as a whole

Sustainability and thus climate issues are anchored at all levels of the Bank's hierarchy. Further details on sustainable corporate governance can be found on page 7 of the Sustainability Report 2024.



Figure 1: Structure and organisation of the Sustainability area at AKB

Board of Directors

Via the Strategy Committee, the Board of Directors makes strategic decisions on climate-related matters such as the climate strategy and defines strategic metrics as part of the annual targets. The Board of Directors approves reporting on climate-related matters via the Audit and Risk Committee.

Executive Board

The Executive Board is responsible for the operational implementation of AKB's Climate Strategy. Area heads ensure implementation in their respective areas.

Sustainability Committee

The Sustainability Committee is made up of representatives from various departments and, as an expert committee, drives forward developments in climate-related matters. This includes the designation of priority areas for action, the drafting of preparatory decisions for the Executive Board and the pre-emption of trends and developments in relation to the climate.

Sustainability Sounding Board

The Sustainability Sounding Board is comprised of employees working in various areas and at various hierarchical levels within the Bank. It is intended as a reflection group for the Sustainability Committee, the Specialist Sustainability Unit as well as the relevant departments and as a source of input, especially in response to concerns and issues raised by client advisors.

Specialist Sustainability Unit

The Specialist Sustainability Unit coordinates and promotes efforts relating to the climate

throughout the Bank. It acts as an interface with all stakeholders and reports regularly to higher levels. It implements the short-term, medium-term and long-term climate goals of AKB, acting in conjunction with individual departments.

Sales and overall Bank departments

Client advisors are ultimately responsible for implementing climate targets in sales, i.e. at the point of sale in contact with clients. This applies in particular to private clients in the investment and mortgage business as well as to the corporate client business. Other specialist areas support client advisors in achieving AKB's climate targets.

Training

The topic of climate change has been added to the existing training modules (e-learning courses, training documents, face-to-face training for new and existing employees). In future, specific training modules will be used, in particular for client advisors.

Remuneration policy

Climate targets are incorporated into AKB's strategic metrics and are therefore relevant for the variable remuneration (bonus) of the Executive Board. The Board of Directors does not receive any variable remuneration, and as a result climate targets cannot be linked to the remuneration of the Board of Directors.

2.2 Nature-related and climate-related financial risks

At AKB, the three lines of defence model is used, which creates transparency with regard to organisational responsibilities for risk and control activities. Figure 2 shows the competence levels with the corresponding governing bodies in relation to nature-related financial risks:

the Board of Directors for risk management is reviewed and approved at least once each year by the Audit and Risk Committee or by the Board of Directors.

First line of defence

The assumption of nature-related financial risks occurs at Executive Board level ["first line of defence"]. Here, the main types of risk for the Bank as a whole are defined using risk limits derived from the risk tolerance of the Board of Directors. Natural financial risks, where a distinction is drawn between physical risks and transition risks, can manifest themselves in the traditional risk categories of market, credit, operational and liquidity risks. Nature-related financial risks may potentially be managed and limited by the respective risk owner (also "first line of defence") within the framework of the defined standards for managing and assuming nature-related and climate-related risks with regard to the traditional types of risk.

In order to determine the materiality assessments of nature-related financial risks, sectors from the first line of defence are primarily designated as risk owners. Assessments of the materiality of nature-related

	Risk responsibility	Board of Directors/Audit and Risk Committee	
1st line	Assumption of risk	Executive Board	
	Risk assessment and management	Risk Owner	
2nd line	Risk monitoring and control	Risk	Compliance
3rd line	Independent assurance	Internal Audit	

Figure 2: The three lines of defence model in the context of nature-related financial risks

Risk responsibility

At AKB the Board of Directors bears overall responsibility for risk management for nature-related financial risks. The framework for Bank-wide risk management specified by

financial risks are prepared as part of risk control assessments (organised and implemented by the Risk department).

Second line of defence

In the second line of defence, the sector Risk/CRO, under the authority of the Chief Risk Officer, is responsible for the framework of nature-related financial risks (i.e. identification, assessment, monitoring and reporting). The sector Risk/CRO is also responsible for preparing various reports in connection with nature-related financial risks.

With regard to investment advice and asset management, the Compliance department (also known as the "second line of defence") is responsible for random checks

into the implementation of the AKB Sustainable Investment Policy.

Third line of defence

Internal Audit ("third line of defence") manages an audit universe in which AKB's activities, products and risks are mapped and bundled together into audit areas. On this basis, Internal Audit conducts a comprehensive risk analysis every year in order to update and assess risks within the individual audit areas. Taking this risk analysis into account, the annual plan for the auditing activities of Internal Audit is then drawn up and the rolling multi-year plan updated. The annual budget is approved by the Audit and Risk Committee of the Board of Directors.

2.3 Reporting

AKB reports on nature-related and climate-related issues both internally and externally through various channels:

Reporting	Frequency	Recipient	Contents
Climate Report	annual	Executive Board, Board of Directors, owner and the public	Reporting on nature-related and climate-related financial risks and opportunities
Sustainability Report	annual	Executive Board, Board of Directors, owner and the public	Reporting on all sustainability matters in accordance with GRI Standards 2021
Financial and capital planning	annual	Executive Board, Audit and Risk Committee, Board of Directors	Assessment of the impact of natural and climate change on the resilience of AKB's business activities
Reporting on strategy controlling	half-yearly	Executive Board, Board of Directors	Reporting on sustainability and climate targets and measures taken
Consolidated report on nature-related and climate-related financial information	quarterly	Executive Board, Audit and Risk Committee, Board of Directors	Summary of nature-related and climate-related financial information
Sustainability reporting	monthly	Sustainability Committee	Primarily nature-related and climate-related financial information

3 Risk management

Nature-related and climate-related financial risks

The framework for nature-related financial risks comprises risk identification, risk assessment, risk monitoring and management, and reporting (Figure 3). The following sections contain details of the individual dimensions.

NATURE-RELATED FINANCIAL RISK FRAMEWORK

1 RISK IDENTIFICATION	
<ul style="list-style-type: none"> — Identification of nature-related physical and transition risks by Risk/CRO and risk owner — Inclusion in the AKB risk inventory 	Toolkit <ul style="list-style-type: none"> — Analysis of natural scenarios (financial and capital planning) — Exposure analyses in climate-sensitive sectors — CO₂ metrics
↓	
2 RISK ASSESSMENT	
<ul style="list-style-type: none"> — Materiality assessment of nature-related physical and transition risks in the context of RCAs by risk owner 	Toolkit <ul style="list-style-type: none"> — Risk control assessments (RCA)
↓	
3 RISK MONITORING AND MANAGEMENT	
<ul style="list-style-type: none"> — Monitoring the exposure of companies in nature-sensitive sectors and reviewing nature and climate resilience of business activities — Determination and management of natural risk appetite 	Toolkit <ul style="list-style-type: none"> — Financial and capital planning and exposure analyses — Risk appetite and framework for Bank-wide risk management
↓	
4 REPORTING	
<ul style="list-style-type: none"> — Internal and external reporting includes considerations on nature-related financial risks 	Toolkit <ul style="list-style-type: none"> — Internal reporting (exposure analyses, reporting to Board of Directors, financial and capital planning) — External disclosure (climate-related disclosures/TCFD)

Figure 3: Nature-related and climate-related financial risks framework

3.1 Risk identification

The systematic identification of nature-related financial risks at AKB is based on internal expert opinions of the risk owners and/or risk analyses by the Risk/CRO sector [e.g. evaluations of the exposure of nature and climate-sensitive sectors or physical and transition scenario analyses]. In addition, the risks identified are assessed within

regular risk control assessments (RCAs) together with the risk owners and the sector Risk/CRO. Natural financial risks are not regarded as a new type of risk in their own right, but are classified as “horizontal risks”. This means that they manifest themselves within the financial risk types already identified, such as credit or market risks.

3.2 Risk assessment

The materiality assessment of nature-related financial risks is also carried out in the case of the RCAs in consultation between internal specialists (risk owners) and the sector Risk/CRO. In this context, the risk owners assess the materiality of nature-related financial risks in accordance with an “AKB base scenario”, which is periodically validated and approved by AKB specialists. The results of the materiality validation are approved by the Board of Directors, its Audit and Risk Committee and the Executive Board. Any nature-related financial risks that are classified as material are reassessed annually.

The materiality assessment of nature-related financial risks is carried out on a scale ranging from “not relevant” to “very

high”, and the temporal dimension of short, medium and long-term is also taken into account. A very low assessment of the risk potential indicates that the potential financial losses of the nature-related financial risk under consideration would generally speaking have little impact on the Bank when they occurred. By contrast, a rating of “very high” implies that financial losses would have a material impact on AKB. For nature-related financial risks that are classified as low, a decision is made on a case-by-case basis and depending on the context as to whether the risk is classified as material for AKB. All other nature-related financial risks, insofar as they are applicable to AKB, are automatically classified as material irrespective of the time horizon:

Dimensions	Risks not applicable to AKB	Risks applicable to AKB	
Risk potential	○○○○○	●○○○○	●●○○○ to ●●●●●
Time horizon	short to long-term	short to long-term	short to long-term
Classification of risk materiality	non-material risks	not clearly material, case-by-case decision	material risks

Key

Time horizon

ST: short term <1 year (transition) & <10 years (physical)

MT: medium term 1–5 years (transition) & 10–20 years (physical)

LT: long term >5 years (transition) & >20 years (physical)

Risk potential of nature-based financial risks

no relevance (○○○○○)

very low (●○○○○)

very high (●●●●●)

Table 1: Assessment and classification of nature-related financial risks

A lengthy observation period has been established for the assessment of physical risks (including >20 years for the “long-term” time horizon). This is explained by the fact that the influence of nature and climate change only materialises subsequently over a longer time horizon with a steadily-increasing duration, frequency and intensity through various natural and climate extremes. In contrast,

shorter time horizons are assumed for the materialisation of transition risks (including >5 years for the “long-term” time horizon). In the context of a transition risk scenario, it is plausible to assume that laws and regulations, for example, change within a very short space of time and that their manifestation could have negative financial consequences in the near term.

3.3 Risk monitoring and management

At AKB, nature-related financial risks are embedded and managed within the framework for Bank-wide risk management, which defines requirements with regard to identification, analysis, evaluation, management, monitoring and reporting for the traditional types of risk.

The AKB Risk Policy Regulations set out the framework for Bank-wide risk management as well as the principles applicable to individual types of risk, the risk strategies and tolerance of the Board of Directors as well as the risk limits of the Executive Board, and the regulations and guidelines based on these. According to the risk policy, nature-related financial risks specifically qualify as potentially relevant risk drivers. At the level of the Board of Directors, the risk strategies also define these risk-strategic projects relating to climate-related financial risks, which can also be found in AKB’s Climate Strategy:

Risk strategy for climate-related financial risks

- AKB recognises the impact of climate risks, which may manifest themselves, for example, in the form of physical or transition financial risks, on the Bank’s financial stability. At AKB, these climate-related financial risks are incorporated into the “Framework for Bank-wide Risk Management”. In addition, the risk management processes for climate-related financial risks will be further developed in terms of risk measurement, monitoring, management and reporting as part of the implementation of the overall banking strategy for 2025–2028.

- In order to effectively control and manage the climate risks to which AKB is exposed, climate-related financial risks are integrated into the Bank’s existing management mechanisms and measures are defined to protect against the adverse effects of climate change. The risk methodology for climate-related financial risks is also being refined and more quantitatively aligned. These measures enable climate-related financial risks to be better identified and appropriately integrated into AKB’s business decisions.
- When making credit or investment decisions, AKB considers it necessary to take account of the effects on climate change and to actively define an action plan for strengthening resilience with regard to climate-related financial crises. Corresponding measures are formulated within the framework of AKB’s Credit and Liquidity & Balance Sheet Structure Management (LBSM) Guidelines.

According to the materiality assessment, nature-related financial risks are not currently among AKB’s top risks. However, nature-related credit risks are classified as material risks. For this reason, the focus of risk monitoring and management for nature-related financial risks is centred on credit risk in particular.

The framework for Bank-wide risk management is comprised of regulations and guidelines. With regard to lending, the framework comprises the Credit Regulations as well as the Credit Policy and Credit Guidelines. These sets out the implementing

provisions for sustainable lending. Clients are reviewed as part of the lending process in order to ascertain their ESG sensitivity. AKB does not grant loans if ethical values and principles of environmental protection are not being complied with or if applicable law is being violated. Further information on sustainable lending can be found in the "Sustainable financing" section of the Sustainability Report (report.akb.ch).

Liquidity and balance sheet structure management also includes specific requirements for investments in financial assets, such as the requirement for an MSCI ESG rating of at least "BBB". These guidelines are intended to ensure that investments comply with sustainable criteria. These measures are intended to promote responsible capital allocation that actively takes nature-related and climate-related financial risks into account.

3.4 Reporting

Chapter 2.3 provides an overview of the most important reports on nature-related financial risks, their frequency, the respective recipients and the content.

4 Strategy

AKB endorses the commitments made in the Paris Climate Agreement of 2015 to limit average global warming compared to pre-industrial levels to significantly below 2 degrees Celsius, endeavouring to achieve a maximum temperature increase of 1.5 degrees Celsius. AKB is also committed to the objectives of the Paris Climate Agreement, which was ratified by the Swiss Federal Assembly in 2017. AKB also supports the net zero target formulated by the Federal Council in the summer of 2019, which aims to reduce Switzerland's greenhouse gas emissions (GHG) to net zero by 2050. The net-zero target was approved in the referendum held

on 18 June 2023 (Swiss Climate and Innovation Act).

The AKB Climate Strategy is based on the climate strategies of the Federal Government and the Canton of Aargau. The overarching objective of the AKB Climate Strategy is to achieve net zero emissions by 2050 across the Bank as a whole, including financed emissions.

The Climate Strategy is described in the owner strategy of Aargauische Kantonalbank dated 24 January 2024 and is a key component of the mandate "AKB acts sustainably and aligns its actions with the three ESG target dimensions".

4.1 Nature-related and climate-related opportunities

Positioning

AKB accepts its responsibility as a sustainable bank and also sees climate protection as a source of multiple opportunities. It is well prepared to engage proactively with developments and to convince the market with innovative products and services.

The Bank is raising its clients' awareness concerning climate issues through targeted advice and pointing out opportunities and risks. In doing so, it discusses with its clients the opportunities of making a commitment to climate protection and a sustainable future.

Regular training courses enable client advisors to engage proactively with these issues and to offer appropriate finan-

cial products. In doing so, the Bank aims to position itself on the market as a responsible financial services provider and to impress the market with attractive offers. In this way, AKB provides targeted incentives for climate protection in its core business.

Over-arching climate strategy

In September 2023, the Bank published the Climate Position Paper (akb.ch/positions-papier). This provides the basis and strategic superstructure for the Climate Strategy, which was published in November 2024 (akb.ch/climatestrategy). AKB has defined three strategic priorities that are aligned with those of the Climate Strategy of the Canton of Aargau:

- *Advice: Active support in the transition to a climate-neutral economy and society based on dialogue*

AKB is an expert partner in raising clients' awareness and supporting them in the transition to a sustainable economy.

- *Implementation: Contribution to national and cantonal climate strategies*

Focusing on the needs of clients and acting in partnership with them and other stakeholders, products and services are

developed that promote a climate-neutral economy and society, protect the climate and maintain AKB's competitiveness. AKB is continuously reducing the greenhouse gas emissions associated with its own operations.

- *Transparency: Ensuring transparency*
AKB regularly measures and provides information on its emissions. Annual reports provide information on action plans and the achievement of targets.

4.2 Impact on the core business

Through its core business, in particular in the lending and investment business, AKB aims to have a positive impact on climate change by aligning financial flows with climate-friendly development. It is thus contributing to the achievement of the objectives of the Climate Strategy of the Canton of Aargau, primarily in the following fields in the area of climate protection:

- "Resource-saving, energy-efficient and CO₂-free building stock" and "heat-adapted housing development" – through the offer of sustainable mortgage financing.
- "Climate-neutral industry and trade based on the circular economy" – through their economic promotion and responsible lending.
- "Investments, procurement and financing" through the review and implementation of green finance within the investment and lending business as well as within the Group's own operations.

- "Promoting innovation and participation" – by contributing to climate protection together with clients within private and corporate client business.

In a study carried out in 2021¹ on the investments and financing required to achieve net zero by 2050 in Switzerland, the Swiss Bankers Association (SBA) calculated that annual investments of CHF 12.9 billion would be required. According to the study, it is anticipated that around CHF 10.7 billion can be financed through traditional bank loans. The financing of this transition offers AKB a major opportunity to increase lending volume, although it also entails risks that need to be weighed up. Thus, as a financing partner, AKB has major leverage in contributing to the achievement of an environmentally-friendly Switzerland. In addition, a number of national support measures and regulations have been adopted in this area. A credit portfolio with a sustainable focus represents a lower risk for AKB over the long term as it will have higher intrinsic value.

¹ <https://www.swissbanking.ch/en/topics/sustainable-finance/financing-switzerland-s-climate-transition> [2021]

4.3 Memberships and initiatives

AKB has joined several initiatives that seek to promote climate protection in a targeted manner:

Partnership for Carbon Accounting Financials (PCAF)

AKB has been a member of the PCAF since the summer of 2023. It is an initiative led by the financial sector. PCAF helps financial institutions calculate and disclose the greenhouse gas emissions associated with their loans and investments.

United Nations Principles for Responsible Investments (UNPRI)

AKB has signed up to the global investor initiative UNPRI (unpri.org). Signatories commit to adhering to the 10 Principles for Responsible Investment, to incorporating amongst other things sustainable factors into investment

decisions, to increasing transparency, and to acting as active investors to improve companies' sustainability management through engagement and the exercise of voting rights.

Paris Agreement Capital Transition Assessment (PACTA)

AKB took part in the PACTA climate compatibility test carried out by the Swiss Federal Office for the Environment (FOEN) in 2020, 2022 and 2024. This test supports AKB in achieving its net zero target and creates transparency regarding AKB's financed emissions. AKB is considering adhering to other initiatives such as the Net-Zero Banking Alliance (NZBA) or the Science Based Targets Initiative (SBTi). At present, no specific action is being taken to adhere to these as it is not possible to make sufficiently precise assumptions based on current data quality (e.g. the GWR).

4.4 Nature-related and climate-related financial risks

4.4.1 IDENTIFICATION OF NATURE-RELATED FINANCIAL RISKS AND MATERIALITY ASSESSMENT

Nature-related financial risks describe the potential financial losses that could arise as a result of natural changes, including climate change. In this context, AKB distinguishes between nature-related transition and physical risk drivers. These risk drivers can amplify traditional risks or materialise as such through transmission channels. In order to identify nature-related financial risks, two simplified adverse scenario narratives for transition and physical risks are defined by the sector Risk/CRO. These scenario narratives are based, among other things, on reference scenarios from the

Network for Greening the Financial System (NGFS). The assessment of the materiality of the nature-related financial risks identified by the respective risk owners is based on the developments assumed under an AKB baseline scenario:

- Under an adverse scenario, "transition nature-related risks" refer to nature-related financial risks resulting from a rapid transition to a more sustainable economy, including its decarbonisation (compliance with the Paris climate targets). Transition risk drivers include, for example, increased regulation through laws on climate and environmental policy or serious market disruptions as a result of the transition.
- Under an adverse scenario, "physical nature-related risks" refer to nature-related financial risks resulting from drastic natural changes and the associated impairment of ecosystem performance (land use,

climate regulation, drinking water, etc.). Physical risk drivers include, for example, climate change, pollution or overuse of natural resources.

- The “AKB baseline scenario”, which is used as a guide in the materiality assessment, assumes a delayed but orderly transition to a more environmentally friendly and largely decarbonised economy over the long term. Politicians and institutions act with caution within the framework of legislation and regulations. Physical risks tend to materialise more frequently over the long term, although it is still possible to take out insurance (e.g. in the building sector).

4.4.2 MATERIALITY ASSESSMENT OF NATURE-RELATED FINANCIAL RISKS

Data and information basis

The nature-related financial risks identified in the following sections, which are assessed mostly in qualitative terms in the context of transition and physical natural scenarios, are based primarily on various internal data sources. These include AKB’s carbon footprint calculations (Scope 1–3, including financed emissions), the impact of natural and climate change on the Canton of Aargau, exposure analyses of nature-sensitive sectors of the corporate and financial investment portfolio (based on *Nomenclature Générale des Activités économiques* NOGA codes and industry codes) as well as analyses of adverse transition and physical natural scenarios.

Significance of materiality assessments

AKB’s materiality assessments reflect solely the Bank’s current assessments. It should be noted that these assessments are dynamic and need to be reviewed and updated on a regular basis so that they appropriately reflect any changes in methodologies, data, economic and social conditions as well as future assumptions. The following points in particular must therefore be critically considered when assessing the significance of the materiality assessments:

- Materiality assessments generally lack empirical values or historical data on financial losses due to nature-related risks.

AKB therefore uses simplified scenario narratives in order to identify and assess nature-related financial risks.

- The methods and models used for identifying and assessing these risks are still at an early stage of development. Due to the complexity and novelty of the topic, there is a lack of comprehensive quantitative analysis that could provide a detailed picture of potential financial impact. For this reason, AKB currently relies primarily on qualitative expert opinions.
- For the sake of simplicity, risk identification and assessment primarily involves making static assumptions about the future behaviour of economic entities (private individuals, companies, institutions). This means that in most cases only partial changes in framework conditions are considered (*ceteris paribus* analyses), without any explicit consideration of changes in actors’ behaviour on account of “second-round effects”.
- As regards the materiality assessment, the report primarily focuses on the impacts and risks that natural and climate change entail for the Bank.

Result of the materiality assessment

The following overview summarises the materiality assessment of nature-related financial risks in Table 2. The materiality assessment was carried out in 2024 within the ambit of AKB Risk & Control Assessments and was approved by both the Executive Board and the Board of Directors.

	TRANSITION SCENARIO				PHYSICAL SCENARIO			
Nature-related financial risks	ST	MT	LT	Material	ST	MT	LT	Material
Credit risks	●○○○○	●●○○○	●●○○○	Yes	●○○○○	●●○○○	●●○○○	Yes
Market risks	●○○○○	●○○○○	●○○○○	No	●○○○○	●○○○○	●○○○○	No
Liquidity risk	●○○○○	●○○○○	●○○○○	No	●○○○○	●○○○○	●○○○○	No
Operational risks and resilience (including legal and compliance risks)	●○○○○	●○○○○	●○○○○	No	●○○○○	●○○○○	●○○○○	No
Reputational risks	●○○○○	●○○○○	●○○○○	No	●○○○○	●○○○○	●○○○○	No

Key

Time horizon
ST: short term <1 year (transition) & <10 years (physical)
MT: medium term 1–5 years (transition) & 10–20 years (physical)
LT: long term >5 years (transition) & >20 years (physical)

Risk potential of nature-related financial risks
no relevance [○○○○○]
very low [●○○○○]
very high [●●●●●]

Table 2: Results of the materiality assessment of nature-related financial risks

The following findings were made within the risk and control assessments carried out:

- At AKB, nature-related financial risks are not classified as top risks. However, the risk assessments identified the fundamental relevance of nature-related financial risks for AKB's risk profile.
- The impact of nature or climate change on the credit risk was identified as the primary consideration, as AKB's business activities are predominantly focused on credit and mortgage business. Natural credit risks have therefore been classified as material risks for AKB.
- In this context, in particular unsecured exposure to commercial loans was identified as potential material nature-related

credit risks in relation to commercial credit. Due to its risk characteristics, unsecured exposure is already being closely monitored at AKB with particular caution. However, in order to take the perspective of natural/climate risks more explicitly into account, work will be carried out over the next few years on the implementation of new quantitative metrics and methods (including the development of a hazard map) in order to be able to better quantify and monitor the corresponding nature-related financial risk.

Further details on materiality assessments of the individual nature-related financial risks can be found in the following table:

Nature of risk	Risk type	Identified risk types under a physical or transition scenario	Materiality assessment according to the AKB baseline scenario
Credit risks	Physical risk	Due to the geographical location of the Bank and the Canton, serious damage could occur to properties financed by AKB as a result of natural hazards (floods, erosion/landslides). For AKB this would lead to falling lending values for mortgage-backed properties and an increasing likelihood of default by the borrowers concerned. In addition, physical risks could cause direct financial losses for businesses (for example, production unable to continue) and make it more difficult to reinstate business operations.	<p>The nature-related credit risks identified (physical and transition) have been assessed and classified as relevant and material (low risk potential) for AKB over the medium to long term. Commercial lending has been identified as the primary risk driver.</p> <ul style="list-style-type: none"> – According to the baseline scenario, AKB expects physical risks to increase over the long term. In this context, mortgage-backed loans are only at risk of default if the financial losses from natural hazards exceed the cover provided by building insurance. Unlike mortgage lending, however, the credit risk for AKB would be higher in relation to commercial loans, as the entrepreneurial risk (company no longer able to produce) would be a further consideration. – The AKB baseline scenario does not assume a disruptive transition. As a result, no rapid and significant adjustment costs are anticipated for private households and companies. However, there is a residual risk in particular in relation to commercial loans which, unlike mortgage-backed loans, are mostly granted without any collateral (unsecured).
	Transition risk	Stricter regulations, higher CO ₂ prices and the ban on fossil fuels could lead to payment difficulties for borrowers with emission-intensive properties or commercial borrowers in emission-intensive industries due to higher operating costs or replacement investments. This would result in increased default risks on mortgage-backed or commercial loans with AKB.	
Market risks	Physical and transition risk	Nature-related market risks can have an impact on the profitability of the trading book if transition (e.g. stricter legislation) or physical (e.g. natural disasters) risk drivers lead to the permanent impairment of or even complete writeoffs on natural assets (= stranded assets). AKB could also be exposed to stricter regulations or stricter legal requirements for the financial investment portfolio. The investment universe might then be further restricted because, for example, emission-intensive stocks could lose their status as high-quality liquid assets (HGLA).	<p>The nature-related market risks identified (physical and transition) were assessed and classified as being relevant, although not material for AKB (short-term to long-term with very low risk potential).</p> <ul style="list-style-type: none"> – The main reason for this is the small trading portfolio at AKB, which is primarily driven by client foreign exchange trading. Trading positions are also managed through daily risk management. – The AKB financial investment portfolio, which is primarily used to manage regulatory key figures, is comprised of highly liquid securities issued by various issuers with a high credit rating ("high-quality liquid assets"). Diversification requirements apply when buying financial investments and the investment universe is restricted in the form of through minimum rating requirements (MSCI ESG rating "BBB") and in relation relative to stocks from sectors that are particularly exposed to carbon emissions.
Liquidity risk	Physical risk	Following extreme natural disasters (e.g. flooding or hail damage), private or corporate clients might withdraw their deposits in order to cover the costs of repairs or reinstatement work. Under this scenario, making up for the funds withdrawn via the money or capital market could lead to a significant increase in refinancing costs or financial losses for the bank.	<p>The nature-related liquidity risks identified (physical and transition) have been assessed and classified as relevant but not material for AKB (very low risk potential over the short to long term).</p> <ul style="list-style-type: none"> – A special analysis carried out by AKB shows that even major liquidity outflows from company account deposits would not immediately force AKB to secure corresponding offsetting funds via the money or capital market. – Furthermore, according to the assumptions under the AKB baseline scenario, the likelihood of a sharp rise in refinancing costs or limited market liquidity is currently considered to be low.
	Transition risk	The Bank's refinancing options could become more difficult or severely limit market liquidity, as the transition to a more environmentally sustainable, decarbonised economy starts to trigger high liquidity requirements. Rising refinancing costs or limited market liquidity could also make it very difficult to comply with regulatory liquidity requirements.	

Operational risks and resilience (including legal and compliance risks)	Physical risk	An impact of climate change can be identified primarily over the medium to long term through the realisation of physical risks in the form of natural disasters such as flooding or fires. These may cause physical damage to AKB's business-critical infrastructure [e.g. data carriers/servers], which may lead to data loss or interruptions in banking operations.	<p>The nature-related operational risks and resilience (physical and transition) identified were assessed and classified as relevant, but not material for AKB (with very low risk potential in the short to long term).</p> <ul style="list-style-type: none"> – AKB's operations generate low greenhouse gas emissions, which are fully offset, and comply with the standards under the ISO 14001:2015 environmental management system. Precautions have been taken and processes and escalation procedures have been put in place for critical business processes and infrastructure in AKB's Business Continuity Management (BCM) as part of operational resilience management. New products are also subject to a comprehensive approval process that also takes into account greenwashing risks.
	Transition risk	In the context of a transition scenario, i.e. during the transition to a decarbonised and nature-friendly economy, AKB could be affected by high financial burdens as a result of new legal regulations [e.g. pricing of CO ₂ emissions or new environmental regulations applicable to operations]. It is also conceivable that AKB could be affected by lawsuits based on allegations of greenwashing [e.g. with the launch of new sustainable or green products].	
Reputational risks	Physical and transition risk	Measures to combat climate change that are overly hesitant or even inadequate can lead to a reputational loss for the Bank. Third parties could draw greater attention to the Bank, which could potentially lead to public campaigns or negative reporting via various media (lack of specialist staff, withdrawal of client deposits, reduced client demand for AKB products and services).	<p>The nature-related reputational risks identified (physical and transition) have been assessed and classified as relevant but not material for AKB [very low risk potential over the short to long term].</p> <ul style="list-style-type: none"> – AKB already focuses on nature-related and climate-related aspects and has developed a sustainable product range. The business strategy is being developed in consultation with various stakeholders in order to maintain a balance among owner interests, regulations and entrepreneurial freedom. AKB also demonstrates its commitment to sustainability through measures such as sustainable credit criteria and the introduction of social and green products.

4.4.3 BUSINESS RESILIENCE

AKB assesses the resilience of its business model with regard to natural/climate change by analysing both the impact of financial risks on the Bank as well as strategic challenges for its business model. The aim is to ensure that the Bank is also prepared for the changes caused by environmental and climate factors over the long term.

AKB as a universal bank with a focus on the mortgage business

AKB is a Swiss bank with its registered office in Aarau, which as a matter of business strategy concentrates primarily on the lending business, in particular the granting of loans to finance real estate in the Canton of Aargau. Under a transition or physical scenario, the resilience of business activities is characterised primarily by [indirect] dependence on environmental assets (natural resources) and ecosystem services:

- *Resource consumption*: the construction of real estate requires the use of a wide range of resources such as wood, concrete, steel or water. The availability and use of these resources are crucial for real estate construction.
- *Land use*: real estate requires land. The construction of new real estate therefore requires the conversion of natural areas into developed and paved areas.
- *Energy and water consumption*: real estate uses energy for heating, cooling, electronic equipment and water [e.g. for sanitary facilities or irrigation].

Impact of a physical and transition scenario on business operations

Dependence on environmental assets shows that an increasing scarcity of these resources – especially in the context of physical climate scenarios – can lead to significant cost increases. This could have a direct negative impact on the Bank's business operations and strategy in relation to mortgage lending. Higher costs for raw materials or resources, for example, lead to rising construction

costs, thus affecting both demand for real estate as well as financing. Under a transition scenario, laws and regulations aim to accelerate the transition to a more sustainable economy. This could entail restrictions on or increases in the cost of using certain natural resources, for example through environmental taxes or stricter regulations. For example, regulations on the extraction of building materials such as wood could be tightened up or the use of concrete, the production of which causes high CO₂ emissions, could be heavily regulated. These measures would increase the cost of building materials, making real estate projects more expensive.

Assessment of the resilience of business operations

Under AKB's baseline scenario, which assumes a delayed transition to a sustainable economy and increased physical risks over the long-term horizon, issues such as water and resource scarcity in particular gain prominence. Physical risks could have

a significant impact on nature-sensitive economic sectors such as the construction industry, including the mortgage business. However, the fact that physical risks emerge gradually creates time for market innovations, such as the development of substitutes for scarce natural resources. It also enables affected companies in nature-sensitive sectors, and also AKB itself, to adapt their business strategies.

The materiality assessment (see previous section) established that nature-related financial risks are not a top risk for the Bank. Considered together with the strategic considerations in this section, the resilience of AKB's business strategy, particularly in the mortgage business, is assessed as being robust. The Bank's long-term financial stability is generally considered to be secure, as measures are continuously being taken to prepare for long-term environmental and climate change. In addition, the Bank is closely monitoring regulatory developments in order to be able to react in good time to new requirements.

4.5 Transition plan

When drawing up the Climate Strategy, the Board of Directors decided for the time being not to pursue quantitative reduction targets for AKB as a whole or for the defined areas. Data quality in both the investment and mortgage business of the Bank is currently not considered to be sufficient in order to properly define a transition plan. For example more than 60% of GWR (Federal Register of Buildings and Dwellings) data currently available comes from the 2000 census and is therefore massively outdated. AKB is liaising with the Canton of Aargau and offering assistance in updating the data.

Measures required to achieve targets

In order for the Bank to achieve its overarching target of net-zero by 2050, it is reliant on laws that prohibit the use of fossil fuels, e.g. in new buildings. Broad political acceptance is also required for other measures featuring price controls or exclusion criteria. These prerequisites are not currently met.

The AKB Climate Strategy

In this annual Climate Report, AKB reports on the current state of play with regard to the implementation of the Climate Strategy. The Bank supports the climate targets of the Federal Government and the Canton of Aargau with reference to the following three strategic priorities: dialogue and advice; offering products and services that have a positive impact on AKB's climate targets and competitiveness; and ensuring transparency with regard to emissions and measures to achieve targets. In this annual Climate Report, AKB reports on the current state of play with regard to the implementation of the Climate Strategy.

The Board of Directors has adopted medium-term sustainability targets for 2028. AKB is seeking to achieve an absolute mitigation in financed emissions as an overarching objective and has adopted corresponding measures for individual areas within the 2028 Target Vision (see 5.3.1 to 5.3.5). In addition,

the following target has been set: "AKB will devise science-based reduction targets for its investment and mortgage business, corporate credit, its own operations as well as its own financial investments by the end of the 2025–2028 strategy period." With a view to the Climate Strategy after 2028, AKB will continue to pursue its dialogue with the relevant stakeholders, in particular with a view to achieving broad political acceptance.

5 Key figures and targets

5.1 Concentration risks in climate-sensitive sectors

Climate-sensitive sectors are economic sectors that are particularly vulnerable to the effects of climate change or new legal developments in the area of climate protection. These sectors are particularly sensitive because, for example, their production processes or business strategy have relatively high exposure to climate change or legal climate protection. When defining climate-sensitive sectors, AKB is guided by the sector or NOGA code selection used in the 2024 "Climate-related Financial Risks"

data collected by the Swiss Financial Market Supervisory Authority (FINMA). In order to determine more precisely AKB's potential nature-related credit and liquidity risks with regard to companies in climate-sensitive sectors, the Bank prepares the following monthly figures:

- an assessment of unsecured credit exposure in climate-sensitive sectors (asset side);
- an assessment of corporate client exposure in climate-sensitive sectors (liability side).

Reference date 31 December 2024						
	Asset side				Liability side	
	Exposed limit in CHF million	as % of total	of which unsecured credit lines in CHF million total	as % of total	Corporate accounts as %	as % of total
Total	14 278	100	3 389	100	4 337	100
Non-climate-sensitive sectors	3 887	27	1 794	53	2 005	46
Climate-sensitive sectors	10 391	73	1 595	47	2 333	54
Property and residential (real estate)	6 154	43	21	1	657	15
Construction	1 073	8	204	6	388	9
Manufacturing	1 024	7	484	14	503	12
Wholesale and retail trade; repair of motor vehicles and motorcycles	1 029	7	388	11	555	13
Electricity, gas, steam and air-conditioning supply	347	2	341	10	42	1
Transportation and storage	332	2	57	2	85	2
Accommodation and food service activities	163	1	17	0	46	1
Agriculture, forestry, fishing	142	1	27	1	26	1
Water supply; sewerage, waste management	114	1	55	2	28	1
Mining and quarrying	12	0	1	0	4	0

Table 3: Concentration risks in climate-sensitive sectors

It should be noted that the meaningfulness of assessments for climate-sensitive sectors in terms of climate-related financial risks is very limited. This is partly due to the fact that there is a broad definition of the sectors that are considered to be climate-sensitive. Exposure analyses therefore only provide

a rough, static snapshot. In addition, the sustainability efforts of companies in climate-sensitive sectors are not taken into account. For this reason, the Bank will conduct further in-depth quantitative risk analyses in the 2025 financial year in order to critically examine the results of the exposure analysis.

5.2 Nature-related liquidity risks and their impact on interest rate and liquidity risk indicators

A special analysis focusing on interest rate risks and liquidity risks was carried out in the 2024 financial year. This clarified the extent to which the outflow of corporate client funds would be relevant for AKB under an adverse nature-related liquidity scenario. The following theoretical background was assumed:

- In the aftermath of an extreme natural event (physical risk), many clients withdraw their deposits in order to pay for the loss incurred.
- Or:
- As a result of new environmental legislation (transition risk), many clients withdraw their deposits in order to pay for new investments.

Exposure calculations were carried out for company account deposits based on a NOGA code selection in order to determine the potentially affected exposure to funds of corporate clients that withdraw their funds at short notice due to physical or transition risks. Based on the results of the exposure calculations and their impact on interest

rate and liquidity risk ratios, the following was established:

- No material impact was identified for the key interest rate risk figures (e.g. interest rate sensitivity, FINMA shock scenarios or interest rate value-at-risk) due to the outflow of corporate client funds. This is primarily due to the fact that AKB uses conservative assumptions in asset and liability management (ALM) for corporate accounts with regard to the outflow of corporate client funds. Quantitative information can be found in the disclosure report on interest rate risks in the banking book (Table IRRBBA1, report.akb.ch).

In terms of liquidity risk indicators, it was found that a larger outflow of company account funds would adversely affect the corresponding internal liquidity requirements (e.g. liquidity coverage ratio and net stable funding ratio), but that internal and legal requirements would be complied with even in the event of a significant outflow of corporate funds.

5.3 CO₂ accounting

The following key figures in individual areas, in particular AKB's Scope 3 emissions from category 15 in accordance with the Greenhouse Gas Protocol, apply for the 2024 financial year and thus represent a baseline measurement. In future reports, the

key figures will be compared with previous years and any changes will be commented on. Only the company's own emissions can be compared with the previous year, as this carbon accounting has been published for several years.

According to the Greenhouse Gas Protocol, companies must recalculate their base year emissions if there have been any significant changes in their corporate structure or methodology so that Scope 3 emissions can be consistently tracked and compared over time. AKB recalculates base year emissions if changes occur that alter the base year emissions by more than 5%. Examples of such changes include:

- Structural changes in the company, such as mergers, acquisitions, sales or outsourcing
- Change in the calculation method
- Improvement in data quality
- Detection of significant errors

If a category or activity is added to the Scope 3 inventory, this is disclosed.

The methods and data used to calculate financed emissions (Scope 3, category 15) are constantly evolving. Under certain circumstances, AKB therefore reserves the right to reclassify previous reporting periods. Such circumstances may include, but are not limited to, changes in the calculation method, new information, changes in data availability, material deviations or significant changes in AKB's business model. If such a circumstance is identified when preparing the Bank's reporting, the Bank will review the extent to which the change is material in order to determine whether a reclassification of previous periods is required. Materiality is assessed in relation to the total reported emissions as well as to sector-specific targets. The assessment of materiality takes into account the overall context, such as changes to the calculation method or data availability. The materiality threshold is defined as a change of 5% in total emissions. In cases where a reclassification influences a sector-specific objective or the progress achieved by the Bank, AKB will disclose the reasons as well as the justification. New disclosures are approved by the Executive Board and the Board of Directors.

Methodology for calculating Scope 3 category 15 emissions

For financial institutions, Scope 3 emissions in category 15 under the Greenhouse Gas Protocol – i.e. emissions financed through investment and financing activities – are the most significant part of carbon accounting. AKB uses the global standard of the Partnership for Carbon Accounting Financials (PCAF) in order to calculate and disclose

financed greenhouse gas emissions. This is an initiative led by the financial sector. PCAF helps financial institutions calculate and disclose the greenhouse gas emissions associated with their loans and investments. The global standard aims to provide a standardised approach to calculating financed emissions. This enables financial institutions to use a robust, transparent approach that is comparable over time and asset classes. This standard has been audited by the Greenhouse Gas Protocol and complies with the requirements set out in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for category 15, Investments.

The limited availability and quality of data is currently still one of the biggest challenges when calculating financed emissions. By using estimated or proxy data, financial institutions can better identify emission-intensive areas within their credit and investment portfolios. The PCAF standard provides guidelines for assessing data quality, depending on the asset class, thereby increasing transparency in terms of data quality and proposing measures to improve data quality. The PCAF data quality score on a scale of 1 to 5 indicates the reliability of the underlying data used to calculate emissions. A score of 5 indicates low data quality and a high level of uncertainty with regard to emissions, while a score of 1 indicates high data quality and thus a more accurate calculation of the underlying emissions. Where there is a high score, actual emissions may deviate more from the stated values than for a low score. This deviation can occur in both directions, so any improvement in the score over time will not necessarily lead to lower emissions.

For the purposes of calculating emissions, the portfolio has been divided into the five asset classes defined by the PCAF: mortgages, commercial real estate, business loans and unlisted equity, listed equity and corporate bonds² and sovereign debt.

AKB's environmental accounting, which covered its own operations as well as financed emissions, includes additional greenhouse gases such as methane and nitrogen oxides including nitrous oxide. This is stated in terms of "CO₂ equivalents (CO₂e)".

² The PCAF standard recognises two further asset classes: motor vehicle loans and project finance. These are not relevant for AKB.

Federal Government PACTA Climate Test

During the reporting year, AKB took part in the fourth PACTA Climate Test held by the FOEN. The results are used for internal purposes and to validate own and financed emissions and well as for location analysis. The results are not published.

5.3.1 OWN OPERATIONS

Methodology and data

The company's own emissions are recorded and calculated in accordance with the Greenhouse Gas Protocol. These include all emissions from the company's own operations, including Scope 3 emissions (figure 4). Since 2023, internal and external AKB events with more than 250 participants have also been calculated and are included in the CO₂ accounting of the

company's own operations. An external audit of the balance sheet is not currently planned.

Emissions

Greenhouse gas emissions rose slightly in 2024 compared to the previous year to 470 t CO₂e. The increase is attributable to increased paper consumption as well as the increase in business travel. Building energy accounts for the lion's share [51%], followed by travel [16.8%], AKB events [12.6%] and paper consumption [12.2%].

AKB is doing its bit to further climate protection by supporting various climate protection projects in Switzerland and abroad to offset the remaining emissions from its own operations. The climate protection projects supported can be consulted on the website akb.ch/nachhaltigkeit.

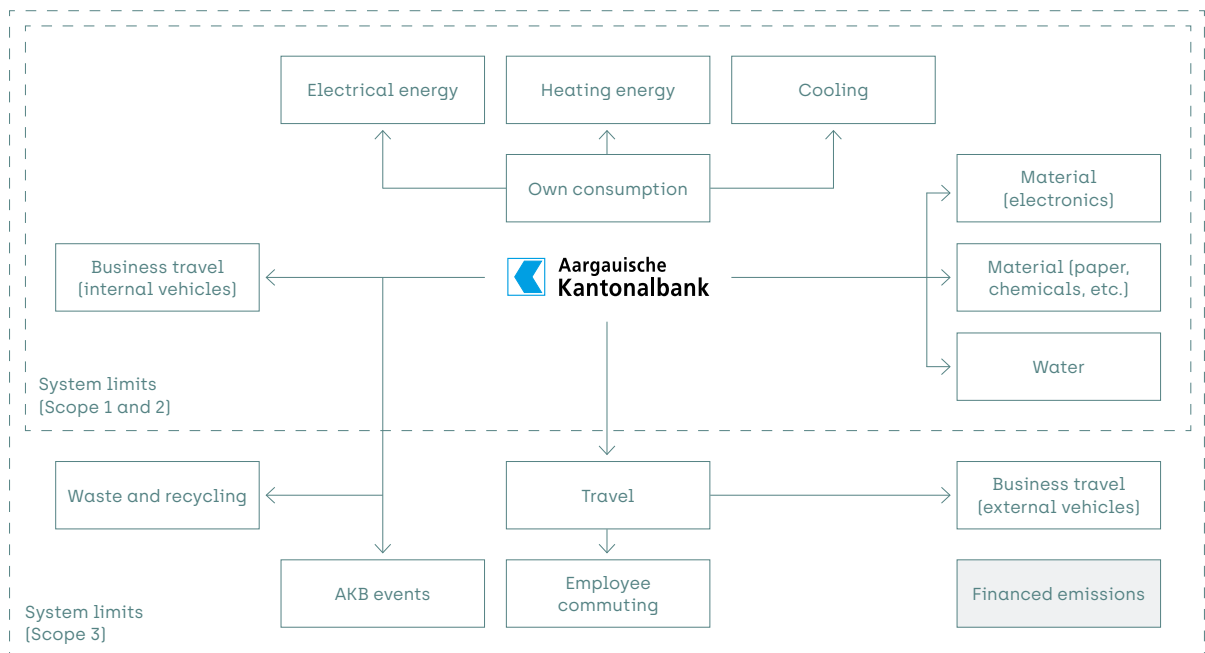


Figure 4: System limits of carbon accounting in own operations

Environmental key figures	GRI	Unit	2022	2023	2024
Direct (Scope 1) GHG emissions	305-1	in tonnes of CO ₂ equivalent	52.1	63.9	92.4
Paper			26.9	32.9	57.3
Fresh water			3.8	3.9	4.1
Business travel (with vehicles owned by AKB)			21.4	27.1	31.0
Energy indirect (Scope 2) GHG emissions	305-2		295.1	267.1	239.3
Electricity consumption			15.5	14.1	13.1
Heating energy generated using fossil fuels			262.8	235.9	208.4
District heating and cooling			16.8	17.1	17.7
Other indirect (Scope 3) GHG emissions	305-3		73.3	129.1	138.4
Waste			26.7	30.8	31.3
Business travel (external vehicles)			46.6	39.7	47.9
AKB events			–	58.6	59.2
Total GHG emissions (excluding commuting and financed emissions)			420.5	460.1	470.0
GHG emission intensity per employee	305-4		0.47	0.49	0.48

Table 4: Carbon accounting in own operations

Objectives and measures

AKB aims to act as a role model in its own operations and is committed to the following measures:

- Advice: AKB has implemented the ISO 14001:2015 environmental management system since 2022 with the aim of introducing a range of targeted measures to reduce emissions.
- Implementation: AKB has set itself the target of continuously reducing greenhouse gas emissions associated with its own operations. Furthermore, by 2028, AKB intends to support exclusively climate protection projects with negative emissions technology in the amount of its own emissions. This is in line with the priority of the Federal Government's Climate Strategy.
- Transparency: AKB records all relevant Scope 3 emissions associated with its own operations. Commuter traffic will be recorded for the first time in the 2025 financial year.

Further information on the measures implemented and key figures can be found in the chapter "Climate responsibility" in the 2024 Sustainability Report (report.akb.ch).

5.3.2 OWN FINANCIAL ASSETS

Methodology and data

The methodology for calculating financed

emissions corresponds to that of the investment business and is described in detail in chapter 5.3.5.

The financial investment portfolio at AKB (approx. CHF 2.6 billion) is held for the purpose of managing regulatory liquidity requirements. As a rule, no specific return targets are pursued. The AKB portfolio is comprised primarily of mortgage bonds, sovereign and sub-sovereign bonds (government bonds) as well as corporate bonds to a limited extent (approx. 13%).

Financed emissions

Financed emissions associated with the Group's own financial assets are recorded annually. Since, according to the PCAF, there is currently no concept for measuring financed emissions associated with mortgage bonds and sub-sovereign bonds, the coverage ratio of the measurable financed emissions is low due to the low proportion of corporate and sovereign bonds in the financial investment portfolio. AKB has therefore decided not to publish any relevant key figures at the time of publication of this report. The Bank reviews the publication of the financed emissions associated with the financial investment portfolio on an ongoing basis.

Objectives and measures

AKB also wishes to assume responsibility for its own financial investments. The

focus here is on the priority "Implementation". The priority "Consulting" cannot be implemented here. AKB is not currently disclosing any key figures, as coverage and quality are too low ["Transparency" priority].

- *Implementation:* The focus is on investments that actively contribute to reducing greenhouse gas emissions. When accumulating up new financial investments (HQLA), AKB generally acquires sustainable bonds (ESG), if available on the market, subject to the corresponding requirements and limits (e.g. diversification requirements with regard to counterparty and term). Existing non-sustainable investments are regularly reviewed with the aim of phasing out these "hold-to-maturity" investments. Regulatory requirements and the impact on AKB's liquidity risks are always taken into account as part of this process.

5.3.3 MORTGAGE BUSINESS

Methodology and data

According to the Federal Office for the Environment, as of 2022, around a quarter of all greenhouse gas emissions in Switzerland are caused by buildings (climate: In brief [admin.ch]). At 93% in total, the mortgage portfolio accounts for the largest share of the AKB loan portfolio in terms of volume.

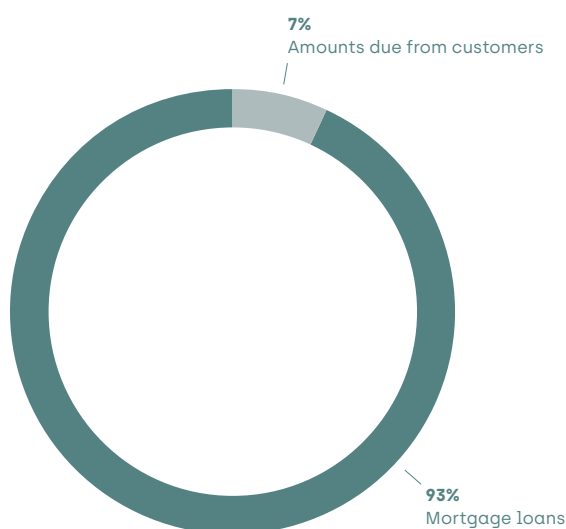


Figure 5: AKB loan portfolio as at 31 December 2024

According to the PCAF standard, the Bank is allocated emissions in proportion with the portion of the property that it is financing. The emissions calculation for the AKB mortgage portfolio was carried out by IAZI AG. Data such as the year of construction, heating system, living space and construction quality are used to calculate the CO₂ emissions of a property. Two emission categories are incorporated into the calculations.

- Scope 1 emissions: these include all direct emissions resulting from the combustion of fossil fuels in on-site systems and equipment. These include, for example, emissions from an oil or gas heating system operated directly at the property location.
- Scope 2 emissions: these include indirect emissions resulting from the consumption of purchased energy. These include, for example, emissions that are used when purchased energy is consumed for lighting, heating or cooling.

The share of emissions allocated to the Bank is expressed in the attribution factor. The attribution factor for buildings corresponds to the ratio of the outstanding loan principal (mortgage) to the relevant market value of the property.

$$\text{Attribution factor} = \frac{\text{Mortgage}}{\text{Market value}}$$

In order to calculate financed emissions, the annual building emissions calculated by IAZI AG for each property are therefore multiplied by the attribution factor.

$$\text{Financed emissions} = \sum_{\text{Building}} \text{Attribution factor} \times \text{Building emissions}$$

Greenhouse gas emissions are reported based on intensity (kg CO₂e/m²) and also in absolute terms (t CO₂e).

The attribution factor for the building in the following example is 50%. This means that the absolute financed CO₂ emissions for this building are 500 kg CO₂e. The CO₂ intensity is 10 kg CO₂e/m².

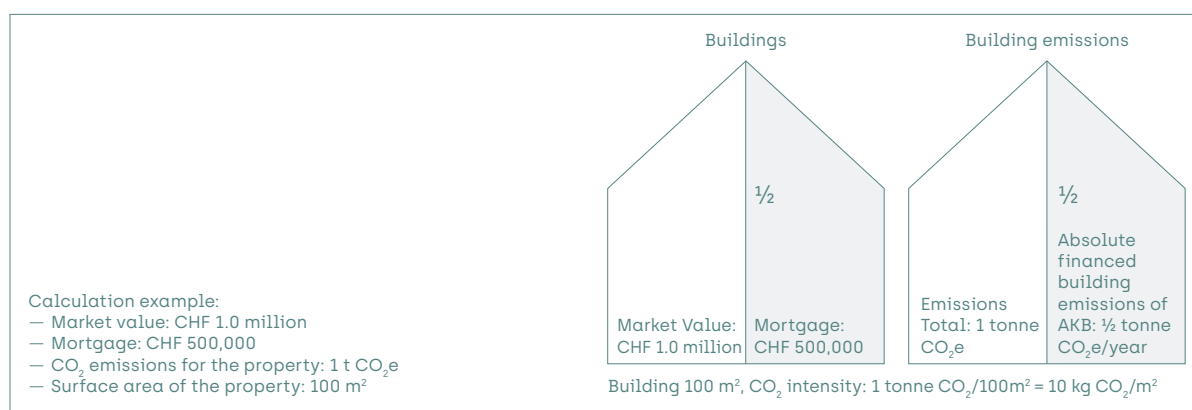


Figure 6: Calculation example

When calculating CO₂ emissions, AKB focuses on the balance sheet item "Mortgage loans" as reported in the annual financial statements published.

Financed emissions

The cut-off date for calculating financed emissions is 31 December 2024. Data availability and quality have a significant

responsible for updating GWR data. AKB is seeking to support the Canton of Aargau in improving the data basis.

Objectives and measures

AKB does not currently have a quantitative transition plan. Based on the current GWR data quality, it is not possible to make sufficiently precise assumptions. For this reason,

Asset class	Outstanding amount (CHF million) ³	Scope 1 + 2 emissions (t CO ₂ e)	Emission intensity (kg CO ₂ e/m ²)	Coverage [%]	Data quality score [PCAF]
Mortgages for residential properties ⁴	12 292	68 272	25.9	100	4
Mortgages for other properties ⁵	12 169	83 080	31.2	100	4

impact on the results. According to the PCAF standard, the data quality score for the AKB mortgage portfolio is 4 as AKB knows the property type, floor space, location and heating system of the property. However, based on the available data and the assumptions made, the values calculated should still be regarded as approximations of actual emissions. This is also clearly reflected in the data quality score of 4. This high score shows that the calculation of emissions data is currently still imprecise as, among other things, AKB does not collect any actual consumption data from its clients and therefore has to rely on average figures. Data relating to heating systems of financed properties are obtained from the Federal Register of Buildings and Dwellings [GWR]. The GWR data in the market area of AKB are extremely outdated and largely originate from the 2000 census. The cantons are

AKB is currently focusing on improving data quality and continuing to provide financial incentives for clients to improve the energy efficiency of their properties. These measures are critical in creating a reliable basis for future targets.

Despite dispensing with the creation of a quantitative reduction pathway, AKB has defined a clear target vision for the mortgage business for the 2025–2028 climate strategy period. It aims to actively support the fields of action "Resource-saving, energy-efficient and CO₂-free building

³ The figures are adopted prior to any correction entries, and temporary overshoots are excluded. Greenhouse gas emissions were calculated for 94.4% of all mortgage loans.

⁴ The residential mortgages asset class corresponds to the PCAF asset class Mortgages. It includes all detached, semi-detached and terraced houses, holiday homes as well as owner-occupied apartments and owner-used holiday apartments.

⁵ The mortgages for other properties asset class corresponds to the PCAF asset class Commercial Real Estate. It includes all non-owner-occupied residential properties as well as offices and commercial properties.

stock" and "Heat-adapted housing development" in the Canton of Aargau. Various specific objectives have therefore been set for the mortgage sector by 2028:

- *Advice:* when providing its advisory services, AKB focuses on addressing the energy efficiency of properties. Through targeted discussions, AKB aims to familiarise clients with possible measures to improve energy efficiency and financing options. The advisory service, which is currently used primarily for residential properties and holiday homes, is set to be extended to all financed properties by 2028. The aim is to discuss energy efficiency and potential refurbishment options each time new financing is provided.
- *Implementation:* AKB works closely with the cantonal energy specialist advisory units and plans to further expand this cooperation. This gives clients access to specialist contacts at regional level for all questions relating to the energy efficiency of properties. In addition to federal and cantonal funding, AKB offers financial incentives for individual energy-saving measures and energy-efficient new buildings with the AKB green mortgage (akb.ch/green). The procurement concept is externally certified each year and adapted in line with current market conditions in order to meet with changing regulatory requirements.
- *Transparency:* in order to calculate financed CO₂ emissions, AKB uses heat carrier data from the Federal Register of Buildings and Dwellings. As this data is outdated, AKB plans to collect relevant data internally and to actively support the Canton of Aargau in updating public heating system data in order to improve the information value of emissions calculations. AKB expects that non-energy-efficient properties will be valued lower in future due to higher refurbishment costs and more stringent legal requirements. The Bank continuously monitors how energy efficiency affects the market value of properties and reserves the right to take appropriate action.

5.3.4 CORPORATE CREDIT

Methodology and data

AKB uses the internationally recognised PCAF method to calculate emissions within the corporate loan portfolio. In order to determine the financed emissions associated with corporate loans, AKB must first know the company's emissions, as is the case for mortgages. In a second step, the share of AKB in these emissions, the so-called attribution factor, is determined.

At present, only a few companies financed by AKB publish their emissions data. For listed companies that disclose their data, AKB uses the MSCI ESG database to access this information. AKB currently has no access to the published emissions data of unlisted companies. AKB therefore estimates the emissions for all other companies on the basis of the sector-specific emission factors per million euros of turnover published by the PCAF.

When estimating the companies' CO₂ emissions, AKB uses the emission factors for advanced economies⁶ as, according to the PCAF, these emission factors are more robust than country-specific factors. Emission factors are obtained by the PCAF from the Exiobase database. Exiobase has its own sector classification. The PCAF provides a mapping table to link up the NOGA classification used in Switzerland with the factors.

The latest available emission factors are used in each case. The emission factors per million euros of turnover per sector are not updated annually in the PCAF database. AKB uses the factors published in 2024, which are still based on 2019 data. There is also a lag of at least one year for listed companies that disclose their emissions before the data can be included in AKB's calculations. This is because companies typically publish their emissions data annually along with their annual financial statements and MSCI ESG needs time to review them and update the database. The PCAF is aware of these delays. In particular, sector-specific emission factors in the PCAF database are

⁶ World Economic Outlook Database – Groups and Aggregates

unlikely to change significantly. Published emissions data acknowledge this delay. It is important that the most up-to-date data are always used.

Financed emissions in the corporate credit area from the perspective of AKB are calculated according to the PCAF formula using a company's annual emissions and the attribution factor. The attribution factor corresponds to the ratio of the outstanding loan principal to the company's total assets.

$$\text{Financed emissions} = \sum_{\text{Company}} \text{Company emissions} \times \frac{\text{Outstanding credit}}{\text{Total assets of company}}$$

For unlisted companies, the emission factors from the PCAF database are used. The emission factors are reported in t CO₂e per million euro turnover of the specific industry. Two further steps are therefore required to calculate the emissions of financed companies:

- 1) Conversion of the emission factor: the emission factor in the PCAF database (in CO₂e/million EUR revenue) is converted into Swiss francs using the annual average exchange rate⁷ from 2019 and adjusted for inflation⁸ for the current reporting year, as the emission factors originate from 2019.
- 2) Company emissions: the adjusted emission factor is multiplied by the company's revenues. This results in the company's total emissions.

The amount of the outstanding loan principal is determined on the reference date [31 December]. Under normal circumstances, companies financed by AKB are obliged to submit their balance sheet and income statement to AKB each year.

For listed companies that disclose their GHG emissions, AKB uses the data quality score from MSCI ESG, which is aligned with the data quality score according to the PCAF standard. If Scope 3 emissions are not disclosed by the company and therefore have to be estimated by MSCI ESG (data quality score of 4), AKB applies its own estimate using PCAF emission factors instead. This prevents two different estimation methods from being mixed up when calculating the

Scope 3 emissions of financed companies. The following applies to all companies for which AKB estimates emissions: if the company's balance sheet and income statement figures are available, the data quality score is 4. If the data are not available or are more than two years old, AKB assigns a data quality score of 5. In doing so, AKB ensures that any obsolete or missing financial data are correctly taken into account and assessed as a less reliable basis for calculating emissions.

AKB finances not only individual companies, but also entire groups of companies. As the emission factors for the NOGA code of holding companies are generally very low, and therefore do not reflect the actual emission intensity of the group's operations, AKB applies a specific method to calculate financed emissions. Instead of using the emission factors of the holding company, AKB assigns the loans to the NOGA code of the subsidiary with the highest revenues. This ensures that emissions are allocated to the actual sector in which most of the Group's operating activities take place. This method allows for a realistic and more accurate allocation of emissions than the reporting of holding companies' loans as low-emissions across the board. However, this approach requires AKB to finance all subsidiaries from the group in order to obtain a full picture of the group structure and emissions. If this is not the case, allocation to the financed subsidiary with the highest revenues is nonetheless the "more correct" approach in order to best reflect how the financing is actually put to use.

When computing corporate loans, AKB focuses on amounts due from corporate clients in accordance with the annual financial statements published. This category also includes Covid loans granted during the pandemic without a detailed credit check, which were secured by the Swiss Confederation. As these loans did not involve a regular credit check, no CO₂ emissions have been published for them.

⁷ WPE | FTA average annual exchange rates (admin.ch)

⁸ Consumer prices – total | SNB data portal

Financed emissions

For the reported financed emissions, AKB focuses on amounts due from clients. When measuring financed emissions as at 31 December 2024, AKB was able to achieve coverage of 91.82%.⁹

AKB is therefore focusing on improving data quality in the first instance. The aim is also to be able to record the carbon footprints of unlisted companies at AKB in order to achieve continuous improvements in the data quality score.

Asset class	Outstanding amount [CHF million] ¹⁰	Emissions [t CO ₂ e]	Scope 1 + 2		Emissions [t CO ₂ e]	Scope 3	
			Footprint [t CO ₂ e/CHF million credit drawdown]	Data quality score (PCAF)		Footprint [t CO ₂ e/CHF million credit drawdown]	Data Quality Score (PCAF)
Amounts due from customers	1 862	395 884	217	4.0	614 150	337	4.0

As the data quality score illustrates, the data determined are estimates. The portfolio was largely divided into sectors according to NOGA codes, without any distinction between "good" and "bad" clients. Despite the limited data available and the high degree of inaccuracy within the estimates, AKB aims to gain a comprehensive understanding of the environmental impact of its own financial activities by disclosing financed emissions in the corporate credit area and to further optimise existing financing strategies.

The emission factors in the PCAF database are based on published and estimated emissions for each sector. The more companies disclose their data, the more precise the emission factors in the PCAF database will become. By disclosing financed emissions in the corporate credit area, AKB helps to achieve a better understanding of Switzerland's CO₂ emissions and reaffirms its commitment to the global climate targets of the Federal Government and the Canton of Aargau.

Objectives and measures

AKB does not currently have a quantitative transition plan. Existing data and estimates are not sufficiently precise in order to set well-founded and reliable targets. Currently, most financed emissions are based on estimates using average-based emission factors. These are in turn based on industry averages, which means that they do not reflect the specific circumstances of or measures taken by individual companies. This makes it difficult to draw up a specific reduction pathway that realistically reflects the actual progress made on the path towards climate neutrality.

Despite dispensing with a quantitative transition plan, AKB has also defined a target vision for corporate credit for the 2025–2028 climate strategy period. In particular, this supports the Canton of Aargau's initiative "Climate-neutral industry and commerce based on the circular economy". A number of measures have been defined for this purpose:

- *Advice:* sustainability and the federal government's net-zero target are to become an integral part of corporate client advisory services. The aim is to better understand client needs and to jointly develop solutions to the challenges on the path towards climate neutrality.
- *Implementation:* each corporate client has different needs in terms of sustainability and the net-zero target. In order to provide corporate clients with holistic advice, AKB is planning to build up a network of qualified partners from the region who can offer tailored solutions to SMEs and answer their questions. With its sustainable lending products, AKB offers financial incentives for financing sustainable projects in order to support corporate clients in the transition to a more sustainable economy. In order to improve the measurability and communication of its corporate clients' sustainability objectives, AKB provides financial support to companies in relation to the preparation of sustainability

⁹ No CO₂ emissions are calculated for loans to which NOGA code has been assigned and for Covid loans.

¹⁰ The figures are adopted prior to any correction entries, and temporary overshoots are excluded.

- ratings, thereby making it easier for them to access meaningful ratings.
- **Transparency:** AKB is endeavouring to improve the data quality score by collecting CO₂ data – where available – from companies of all sizes, thus creating greater transparency with regard to emissions. This expanded data base enables more comprehensive advice to be provided on reducing emissions, in addition to more in-depth analysis of the client base. The aim is to jointly promote a sustainable orientation and provide sound support for clients' progress towards climate neutrality.

5.3.5 INVESTMENT BUSINESS

Methodology and data

AKB calculates financed emissions for all the assets managed by AKB [assets under management [AuM]]. This includes both AKB asset management mandates as well as AKB portfolio funds. In order to calculate the emissions generated by portfolio companies and issuers, AKB applies the internationally recognised PCAF methods for all asset classes. For the asset classes listed equities and [listed] corporate bonds, AKB considers the data quality to be sufficient and reports accordingly. Collective investments invested in these two asset classes are also included in the reporting. Other asset classes will be disclosed as soon as the information value of the data has improved.

In order to calculate the emissions of the two asset classes, the attribution factor is first calculated:

$$\text{Company attribution factor} = \frac{\text{Amount invested in the company}}{\text{Enterprise value including cash (EVIC)}}$$

$$\text{EVIC} = \text{Market capitalisation at year-end} + \text{liabilities} + \text{cash}$$

If the EVIC is not known for the company in question [e.g. for financial companies], then the PCAF method is used for unlisted companies, i.e. the balance sheet total instead of the EVIC:

$$\text{Company attribution factor} = \frac{\text{Amount invested in the company}}{\text{Total assets of company}}$$

Financed emissions are calculated in the same manner as corporate loans:

$$\text{Financed emissions} = \sum_{\text{Company}} \text{Company emissions} \times \text{Company attribution factor}$$

Emissions data [Scope 1, 2 and 3] come from the MSCI ESG database and, where available, are based on reported data. A substantial part of the data, in particular Scope 3 emissions, is based on estimates made in accordance with internationally recognised standards of MSCI ESG.

The data quality score according to the PCAF enables an inference to be made about the proportion of reported vs. estimated data. As data quality and availability for these asset classes ensure that the measurement has some degree of explanatory force, the publication of climate data for these two asset classes is common practice in the wealth management industry. Swiss Climate Scores indicators also relate to the two asset classes listed equities and corporate bonds.

In addition to direct investments in the portfolios it manages, AKB also uses collective investment schemes. When calculating the financed emissions associated with collective investment schemes in the asset classes listed equities and corporate bonds, AKB uses – where available – Swiss Climate Scores key figures from MSCI ESG.¹¹ These are calculated by MSCI ESG using the same methods as those described above.

¹¹ MSCI ESG uses the respective fund composition as at 30 September 2022 for these calculations.

Asset classes	CO ₂ e footprint (t CO ₂ e per million CHF investment volume)		CO ₂ e intensity (t CO ₂ e per million CHF revenues)		coverage ¹² (in %)	
	Scope 1+2	Data Quality Score (PCAF) Scope 1+2	Scope 3	Data Quality Score (PCAF) Scope 3	Scope 1+2	Scope 3
Listed equities/corporate bonds	35.7	2.1	180.5	2.2	74.4	740.2
					94%	

The key figures available here refer to total assets under management by AKB of CHF 8.1 billion as at 31 December 2024, as described in the "Methodology and data" section. The asset classes shown here account for around 64% of AKB's total AuM. Emissions data are available for around 94% of this amount.

The Swiss Climate Scores for individual AKB portfolio funds, including carbon footprint and CO₂e intensity, have been available at akb.ch since January 2025.

Objectives and measures

As part of the Climate Strategy, AKB has adopted measures for the investment business within the 2028 Target Vision, the overarching objective of which is to achieve an absolute reduction in financed emissions. However, due to low data quality, AKB does not consider it appropriate to establish reduction pathways for AKB's investment solutions at this time.

Measures to reduce financed emissions focus on investments in the transition to a fossil-free economy as well as on engagement, i.e. on dialogue and collaboration with companies, issuers and clients of AKB. Further exclusions that go beyond those set out in the Sustainable Investment Policy (akb.ch/nachhaltiges-anlegen) should be avoided as far as possible. The following climate-sensitive sectors and business areas have been excluded since 2021 in accordance with the Sustainable Investment Policy:

- Extraction of coal for generating electricity
- Extraction of crude oil from oil sands
- Extraction of Arctic oil and gas
- Producers of electricity based on fossil fuels
- Oil and gas companies (MSCI ESG rating <A)
- Companies with high inventories of fossil fuels and/or a high share of global greenhouse gas emissions (MSCI ESG rating <A)

All other exclusions and additional information on AKB's Sustainable Investment Policy can be found here (akb.ch/private/anlegen-handeln/nachhaltiges-anlegen/ausschlusskriterien).

The 2028 Target Vision envisages the following specific measures:

- *Advice:* the most important measure is the development of an ambitious climate policy for the investment business. The key priority here is to increase the proportion of Paris-compatible securities in the investment universes (equities, bonds, funds) and in the portfolios managed by AKB to over 50% by 2028. "Paris-compatible" means: investments that make a positive contribution to achieving the Paris climate targets. These include, for example, companies and issuers that have formulated credible climate targets and are also implementing them, as well as types of investment that help to reduce CO₂ emissions, such as green bonds. Portfolio management is currently working on a detailed definition of Paris compatibility for investments.
- *Implementation:* all investment products for private clients (AKB portfolio funds, asset management mandates) are managed in accordance with the Sustainable Investment Policy, including the Climate Policy. As a further measure, by proactively reaching out to clients, AKB intends to increase the proportion of the institutional portfolios that are subject to the Sustainable Investment Policy, including the Climate Policy, to at least 30% by 2028. In most cases client requirements, which only embrace the Sustainable Investment Policy to a limited extent, are most relevant for institutional clients.

By starting to engage in climate dialogue (akb.ch/nachhaltiges-anlegen) with portfolio companies in partnership with the engagement service provider Ethos, one key measure under the 2028 Target Vision was implemented ahead of schedule in 2024. On behalf of AKB, Ethos engages in dialogue with companies with the aim of improving their climate

¹² The coverage, as shown in this table, refers to the availability of climate data within the asset classes.

protection strategy. If engagement does not bear fruit over an extended period of time despite intensification measures, such as interventions as the annual general meeting or the tabling of shareholder motions, the positions of the company in question within the portfolios actively managed by AKB are significantly underweighted or sold.

- *Transparency:* Transparent reporting on the climate focus of the assets managed by AKB is an important prerequisite for clients to be able to analyse AKB's investment solutions in terms of climate protection and compare them with those of other providers. AKB has already taken an important step in this direction by publishing Swiss Climate Scores for AKB portfolio funds (on akb.ch in the 2025 financial year). By the end of 2028, AKB plans to offer this service for all AKB asset management mandates.

In accordance with the latest standard for formulating science-based climate targets for financial institutions (sciencebased-targets.org), AKB's approach of formulating targets that focus on "outcome" (how are AKB's portfolios invested in terms of climate protection?) and only in a second step on "impact" (reduction of financed emissions), is consistent with the recommended process. This has the advantage of adopting a long-term perspective. Companies that currently have high greenhouse gas emissions but that have also a science-based and credible climate strategy will make the greatest contribution to achieving the Paris climate targets. However, a conscious investment in such companies can temporarily lead to an increase in financed emissions associated with the portfolio. Therefore, a long-term holistic view is needed in order to assess the portfolio's climate action focus.

6 Outlook

AKB intends to systematically pursue its chosen pathway and make its own contribution to achieving a climate-friendly transformation of the economy and society. AKB is currently working on science-based reduction targets for its core business in order to be able to achieve the overarching target of net zero throughout the Bank as a whole by 2050.

