

BCV's Sustainability Policy

April 2025



1. Introduction

1.1 Purpose

This document describes the sustainability-related guidelines and principles that Banque Cantonale Vaudoise (“BCV” or “the Bank”)¹ has adopted in its business lines and operations.

1.2 Document governance

This policy was put forward by our Corporate Social Responsibility Committee (CSR Committee) for review by the Executive Board, and presented to the Compensation, Promotions and Appointments Committee for its input. The policy was then submitted to the Board of Directors for approval. The CSR Committee reviews the policy every year and submits any changes to the aforementioned bodies for approval.

1.3 Scope of the report

The policy covers our material topics with regard to sustainability, which are determined by taking into account stakeholder expectations and our main impacts and risks in relation to environmental, social, and governance (ESG) issues.

The following documents are an integral part of the policy:

- **Our risk management policy and strategy** (internal document) describes the Bank’s risk tolerance and our risk-management framework. It includes climate-related risks.
- **Our socially responsible investment (SRI) policy** (public document)² presents BCV’s principles in incorporating ESG criteria into our asset management practices.
- **Our lending policy** (internal document) sets out the principles that BCV follows in granting and managing loans, i.e., for all commitments that involve credit risk. This relates in part to our sector exclusion list, to make sure we only finance projects that are consistent with our sustainability strategy and our ethical principles.
- **Our Code of Professional Conduct** (public document)³ sets out the behavior that is expected of our company as a whole, its governing bodies, and each and every staff member. This key document for BCV discusses ethics and governance at the Bank and our efforts to fight corruption.

¹ BCV Group parent company

² BCV, *Socially responsible investment (SRI) policy*, January 2023

³ BCV, *BCV Group Code of Professional Conduct*, December 2021

2. Sustainability at BCV

As a full-service bank with solid local roots, we aim to maintain our position as the bank of choice for the people and businesses of Vaud Canton and as a key player in the Swiss banking sector. As such, we are committed to working for the sustainable development of society.

Our approach to sustainability is aligned with the United Nations (UN) Sustainable Development Goals.⁴ We strive to work toward them across all our activities.

We also intend to put into practice the Swiss federal government's commitments under the 2017 Paris Agreement, which aims to "hold the increase in the global average temperature to well below 2°C above pre-industrial levels and [...] make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."⁵

At BCV, we believe it's essential to uphold internationally recognized human rights, in line with the UN Guiding Principles on Business and Human Rights⁶ and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.⁷

Sustainable development is written into our articles of association⁸ and the Cantonal Act Governing BCV (LBCV).⁹ Since 2007, the LBCV has specified that, in our role as a cantonal bank, we will "have particular concern for the development of the Canton's economy, in keeping with the principles of economically, environmentally, and socially sustainable development." The various dimensions of sustainability are thus an integral part of our business model, across all of our activities.

⁴ UN Development Programme, [Sustainable Development Goals](#)

⁵ Paris Agreement, Article 2

⁶ UN, [Guiding Principles on Business and Human Rights](#), 2011

⁷ ILO, [ILO Declaration on Fundamental Principles and Rights at Work](#), 1998

⁸ [Articles of Association of Banque Cantonale Vaudoise](#), Article 4

⁹ [Cantonal Act Governing the Organization of Banque Cantonale Vaudoise \(LBCV\) of 20 June 1995](#)



3. Ambitions and strategy

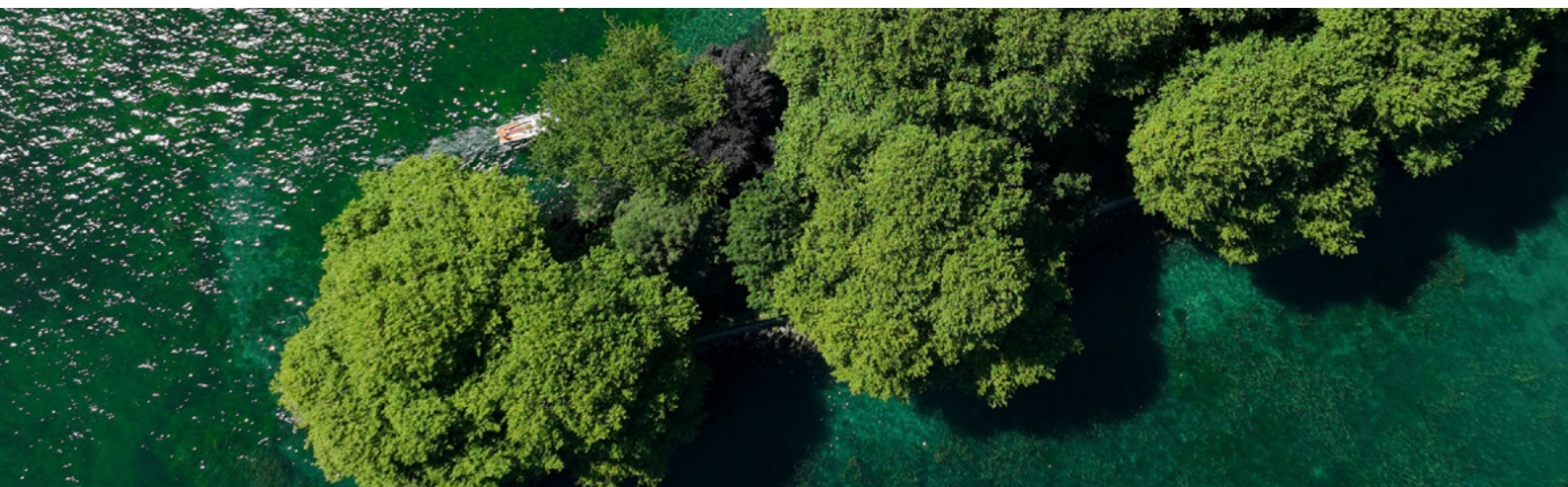
Our CSR ambitions and strategy are a direct product of our mission to contribute to the sustainable development of Vaud Canton. Our CSR strategy is defined by our Executive Board and approved by the Board of Directors, and sets out our priority focus areas with regard to CSR:

- committing to preserve the environment and continuing to reduce the environmental footprint of our operations.
- as a benchmark employer, working to achieve equity in the workplace and foster diversity and equal opportunity
- fulfilling our social responsibility by playing an active role in the community
- playing a major role in financing the energy transition in Vaud Canton
- guiding our customers towards investments that incorporate ESG criteria and endeavoring to bring portfolios into line with the goals of the Paris Agreement, the Swiss government, and the Vaud climate plan.

We have built our stakeholders' expectations into our CSR strategy, taking into account the means at our disposal. We also set quantitative objectives, subject to the approval of our Board of Directors. These objectives are given in section 7 of this document.

We transparently report on the measures we take and our progress towards our goals, in accordance with the Global Reporting Initiative (GRI) Standards and with Article 964a et seq. of the Swiss Code of Obligations. And as of the 2024 financial year, our sustainability report complies with Switzerland's new ordinance on climate disclosures¹⁰ by including climate-related information in line with the recommendations of the Task Force on Climate-related Disclosures (TCFD), following a double materiality approach.

¹⁰ Swiss Federal Council, *Swiss Federal Ordinance on Climate Disclosures*, January 2024



4. Initiatives and partnerships

BCV is a member of the Swiss Bankers Association (SBA) and the Association of Swiss Cantonal Banks (ASCB), and our CEO sits on both of their boards of directors. BCV staff also represent the Bank on various working groups within the SBA and the ASCB. Our position on climate and other sustainability matters is in alignment with the approach taken by these industry organizations. In addition, BCV is a member of Asset Management Association Switzerland (AMAS), and our staff represent the Bank on AMAS's working groups on sustainable finance.



We are also involved with other organizations whose mission is to address sustainability-related challenges. These include Swiss Sustainable Finance (SSF), swisscleantech, and Swiss SRI specialist Ethos. We also have a partnership with the University of Lausanne to promote research on the integration of ESG criteria into real-estate investments in Switzerland.



We are a signatory to the UN Principles for Responsible Investment (UNPRI), which seek to promote a sustainable financial system.



We are also a signatory to Climate Action 100+, an investor-led initiative to encourage the world's largest corporate greenhouse gas (GHG) emitters take necessary action on climate change.



BCV participates in the annual survey by CDP, an international non-profit organization that runs the primary global carbon-disclosure system for companies, cities, states, and regions. It encourages companies to report on their environmental impacts, reduce their GHG emissions, preserve water resources, and protect forests.



We are a signatory to the Partnership for Carbon Accounting Financials (PCAF), a global partnership that brings together businesses (mainly financial institutions) to implement a harmonized approach for accounting for the GHG emissions associated with their operations. This approach to accounting and reporting is designed to help financial institutions measure and assess the GHG emissions associated with their lending and investments.



BCV has served as a coalition leader for Enterprise for Society (E4S) since the organization's founding. E4S is a joint venture of the University of Lausanne – through the university's Faculty of Business and Economics (HEC) – the Institute for Management Development (IMD), and the Swiss Federal Institute of Technology in Lausanne (EPFL), and operates under the stewardship of EPFL's College of Management of Technology. E4S was set up in 2019 to help develop solutions to pressing societal challenges, such as climate change, and to spearhead the transition toward a more resilient, sustainable, and inclusive economy.

5. Sustainability governance

BCV's Board of Directors reviews and approves the Bank's CSR strategy and objectives. It also reviews and approves the sustainability report and this policy.

The Executive Board is responsible for implementing BCV's CSR strategy.

The Bank's Compensation, Promotions and Appointments Committee supports the Board of Directors in its duty of high-level oversight, particularly in the areas of CSR and governance. Twice a year, the Committee reviews the Bank's progress on implementing the CSR strategy, including with regard to targets and the preparation of the sustainability report. It also reviews the Bank's material topics as part of the process of preparing the sustainability report, in accordance with the GRI Standards. And it reviews and provides input on the sustainability report for the Board of Directors.

The Board of Directors is responsible for high-level oversight of the Bank's risk profile and monitors the Bank's main risk factors, including those related to environmental matters, social issues, employee-related issues, respect for human rights, and combating corruption.

The Audit and Risk Committee is tasked with ensuring the application and operation of risk control and management at BCV, including for climate-related risk. It assists the Board of Directors in assessing the risks faced by BCV, and in organizing the Bank's risk-management and control processes. This Committee also oversees the limited assurance procedures applied to the sustainability report.



6. Organizational structure

BCV's Corporate Social Responsibility team, which reports directly to the CEO, coordinates and oversees implementation of the CSR strategy across the Bank. This team regularly submits reports to the Executive Board on the different projects being carried out at the Bank as part of the CSR strategy.

Designated CSR representatives at each of the Bank's business lines are in charge of further embedding sustainability into their operations and helping coordinate efforts across the Bank. They propose their roadmaps, which encompass risks, opportunities, and impacts, and report on their progress to the CSR Committee.

The CSR Committee is in charge of identifying what measures to adopt in the Bank's various businesses. The Committee is chaired by the CEO and includes the heads of our Credit Management, Asset Management & Trading, and Private Banking divisions, as well as the head of Corporate Social Responsibility along with representatives from our business lines.

The Executive Board's Risk Management Committee monitors the Bank's risk profile. It ensures the Bank's main risk factors and exposures, including those related to the climate, are taken into consideration in these processes.



7. Sustainability topics and principles

7.1 Environment

GHG emissions associated with the Bank's operations

The GHG emissions associated with our operations stem mainly from our buildings, employee commuting and business travel, and procurement. We assess our carbon footprint every year. This information gives us a broad picture of how we are impacting the environment, how our impact is changing, and what we can do to reduce it.

Quantitative objective: We aim to reduce our absolute GHG emissions¹¹ in line with the Swiss federal government's goal of reaching net-zero by 2050. We have set an interim target of shrinking our carbon footprint by 35% from 2019 levels between 2021 and 2030. We arrived at this figure after reviewing all our emissions sources to see where we could reduce our footprint, taking benchmark CO₂ scenarios into account.

To meet those targets, we have created a roadmap setting out the measures to be implemented for our buildings (offices and branches), and we are rolling out an employee commuting and business travel plan. We are limiting the amount of printing we do, and we are constantly improving the energy efficiency of our IT equipment (data center and hardware).

We aim to reduce our electricity consumption by adopting energy-saving measures and behavior. We also support the development of renewable energy, in part by installing solar panels on the buildings the Bank owns.

Finally, we back climate-change mitigation projects that take a holistic, long-term view of sustainability.

Procurement

BCV pays close attention to the environmental impact of the goods and services it sources. We make it a point to carry out our purchases in Vaud Canton as much as possible, where our suppliers are subject to Switzerland's stringent standards for protecting the environment, for example with respect to pollution. The environmental and social criteria that guide our sourcing practices are based on recommendations issued by recognized bodies.

¹¹ Calculated for scope 1, 2, and 3 emissions (excluding category 15); category 15 of scope 3 comprises lending and investment activities, which are discussed in the "Products and services" section below.

7. Sustainability topics and principles

7.2 Society

Supply chains and human rights

BCV is especially mindful of internationally recognized human rights standards, including the fundamental principles and rights at work published by the International Labour Organization (ILO). We also pay close attention to the social impact of the goods and services we source.

The overwhelming majority of the Bank's procurement spend goes to service providers in Switzerland, reflecting our position as a Swiss company active in the tertiary sector. In accordance with Switzerland's Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTRo),¹² every year we document our eligibility for the exemption from enhanced due-diligence and disclosure requirements in connection with child labor.

In addition, we require every supplier we work with – for example, in IT, construction, and training – to commit, in a signed statement, to fully comply with their obligations relative to social security contributions, accident insurance, personal safety, and waste management.

Playing an active role in our community

Our local community is important to us, and we take our responsibilities as a corporate citizen in Vaud Canton seriously. We pursue an active sponsorship policy, and we encourage employees to get involved in community projects.

Our sponsorships and donations help fund associations and events across the Canton in areas such as the arts, sports, the economy, social causes, and the environment. We partner with some of the biggest events here, and we support various innovative training and skills-development initiatives. We lend our support to a range of projects in the area of biodiversity and to initiatives designed to make the local economy more sustainable.

The BCV Foundation, a separate legal entity from the Bank, was created in 1995 to support ambitious initiatives launched by local residents or entities. The Foundation board selects deserving charity programs, cultural projects, and academic research programs to receive donations.

¹² Swiss Federal Council, *Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour*, 2021

7. Sustainability topics and principles

Being a benchmark employer

BCV is one of Vaud's leading employers and the largest employer in the Canton's banking sector. Our dynamic human resources policy is crucial to both our mission and our strategy, and we encourage training to help our people grow their skill sets and to prepare our future managers.

We are dedicated to creating workplace equality, promoting diversity, and offering the same opportunities to all staff.

We meet federal requirements on gender-equal pay. We were also awarded the Fair-ON-Pay certification in recognition of our equal pay practices over the long term.

Quantitative objective: We aim to have 25% of senior leadership positions held by women by 2030.

As one of the Canton's leading employers, we know how important it is for our nearly 2,000 employees to be able to maintain their work-life balance. This is also a key factor in attracting and retaining talent. We have put in place various measures to help our employees maintain this balance, such as a parental leave entitlement that surpasses federal requirements, an annualized hours arrangement, and the option of part-time work.

We work to ensure that work relations are built around trust and mutual respect. All forms of psychological or sexual harassment are prohibited and punishable. In keeping with our duty of care to our people, we have set up an external support service for staff members who face situations of conflict, bullying, discrimination, or violence in the workplace. We likewise offer an external counseling service for employees dealing with bereavement, financial worries, family problems, addiction, or other personal issues. These two services are independent and run by leading outside providers, and employees can approach them at any time for confidential advice and support.

We carry out employee satisfaction surveys every two years, which we commission from an independent polling firm. The firm conducts an anonymous survey of all staff members in order to obtain their opinions on working conditions, workplace relations, and satisfaction with supervisors and, more generally, to determine employee buy-in and commitment. Employee satisfaction is also tracked through annual performance reviews, where all staff members are given an opportunity to discuss their perceptions of the year just ended.

7. Sustainability topics and principles

7.3 Governance

BCV's Code of Professional Conduct¹³ details the principles of professional ethics to which we adhere. It includes sections on corporate governance, compliance with laws and regulations, identifying and managing conflicts of interest, anti-corruption measures, transparency toward customers, health and safety, and privacy and personal data protection. All employees must confirm that they have read the Code.

We apply corporate governance standards and best practices and follow the recommendations contained in the Swiss Code of Best Practice for Corporate Governance¹⁴ whenever they are compatible with our status as a corporation organized under public law.

We clearly set out the responsibilities of our governing bodies and various committees. The responsibilities of our seven divisions are also formally documented, and we apply a strict separation of functions policy.

No political contributions

BCV does not make any political contributions. We have a policy to not provide support of any kind to any political party or organization.

Compliance with laws and regulations

At BCV, we regularly analyze our strategic decisions, internal operating framework, and day-to-day business activities to ensure that they comply with the law, internal and external regulations, and the ethical standards set out in our Code of Professional Conduct.

We have invested considerable resources to combat money laundering and the financing of terrorism. We have processes in place for ensuring compliance with economic sanctions and detecting market abuse. To the best of our knowledge, we comply with the various sanction regimes that we are required to follow in connection with our business activities.

Our policy is designed to prevent undeclared funds from entering BCV. It operates on the premise that customers are responsible for completing their tax returns, paying their taxes, and complying with all other legal and regulatory requirements that apply to them. We require non-residents to supply a self-certification form confirming that they comply with their tax obligations in their tax jurisdiction(s) and, in some cases, we may ask clients resident in Switzerland to supply a certificate of this type.

For our investment advisory¹⁵ and discretionary management services, we always check that our recommendations are in line with the client's investment profile, taking into account their financial circumstances and objectives, knowledge and experience, investment horizon, risk tolerance, and ESG preferences.

¹³ BCV, *BCV Group Code of Professional Conduct*, December 2021

¹⁴ *economiesuisse, Swiss Code of Best Practice for Corporate Governance*, 2023

¹⁵ BCV's investment advisory service encompasses both an occasional and a full advisory service within the meaning of FinSA.

7. Sustainability topics and principles

Data protection

BCV takes every precaution to protect the personal data of its customers and employees. Our data protection policy is based on the Swiss Federal Act on Data Protection (FADP), and we process data in strict compliance with that law. The Bank has a range of organizational and technical measures in place to prevent personal data from being viewed, used, modified, or destroyed by unauthorized persons.

Cybersecurity

In response to the threat of cybercrime, we have put in place systems to assess, identify, prevent, and address potential threats to our businesses – including cyberattacks, fraud, and other security risks – and taken appropriate measures to protect our IT systems, data, and operations.

We monitor these threats around the clock, working closely with specialized partner firms and with Swiss government agencies in charge of combating cybercrime, such as the National Cyber Security Centre (NCSC).

7.4 Products and services

Responsible lending

Contributing to the economic development of our Canton while being guided by the principles of economically, socially, and environmentally sustainable development is at the heart of our corporate mandate. Vaud-based customers account for most of our total lending volumes.

We carry out strict affordability checks to ensure our customers can keep up with their loan payments. Lending activities are of strategic importance to the Bank. They are subject to a lending policy, internal directives, and a framework that functionally separates customer-facing staff and analysts.

We seek to do business with clients that demonstrate financial transparency and good ESG practices. And our lending criteria take into account internationally recognized human rights standards and Swiss employment law, which sets out the core protections extended to workers in Switzerland.

Our approach to managing climate-related risk in our lending business is fully aligned with our overall risk-assessment principles. When assessing credit risk, we examine the proportion of exposures that could be put at an increased risk of default by transition-related risk factors. We regularly monitor our mortgage and corporate exposures in this regard.

7. Sustainability topics and principles

Our priority on staff training extends to our lending activity. We provide a series of courses on advisory services and credit analysis, including a course on factoring ESG criteria into our qualitative analysis of credit risk. We developed an in-house certification program for employees who are directly involved in any stage of the lending process (customer meetings, credit analysis, loan arrangement, loan management, and so on).

a. Mortgage loans

When assessing an application, we consider a range of qualitative and quantitative environmental criteria.

The large majority of our mortgage lending is focused in Vaud, which has:

- a comprehensive legal framework with rules and requirements on energy efficiency, construction standards, land-use planning, and built-heritage conservation
- climate¹⁶ and biodiversity¹⁷ action plans
- a building permit system that gives interested parties the opportunity to express their views on any proposed new build or remodel, as well as on the associated social, environmental, and other impacts.

For every loan application we receive for a new build, we check that the owner has obtained a building permit, which signifies that the proposal meets cantonal and municipal requirements on climate and environmental protection.

We also look at a property's condition, how it is heated, and whether it has solar panels, and we take this into account when assigning valuations.

We work to align our mortgage lending strategy with the commitments made by the Swiss government and the Vaud Cantonal Government to combat global warming. Our ambition is to play a major role in financing Vaud's energy transition, and we are taking action wherever we can to support the shift toward a resilient, low-carbon economy, in line with Switzerland's goal of reaching net-zero emissions by 2050.

Quantitative objective: We aim to reduce the carbon footprint¹⁸ of our residential mortgage portfolio at a pace consistent with the Swiss federal government's pathway to a net-zero buildings sector by 2050.¹⁹ That will entail a 99% reduction by 2050 versus 2022 levels, with interim reductions of 42% by 2030 and 87% by 2040.

We will reassess this objective at least every five years and update our projections based on property renovation trends and changes in the legal and regulatory environment.

¹⁶ Vaud Cantonal Government, [Sustainability and Climate](#) (in French)

¹⁷ Vaud Cantonal Government, [Biodiversity Action Plan](#) (in French)

¹⁸ Calculated for scope 1 and 2 emissions in kg CO₂e/m²

¹⁹ Swiss Federal Council, [Switzerland's Long-Term Climate Strategy](#), January 2021

7. Sustainability topics and principles

To help achieve this target, we have introduced various initiatives, such as preferential terms on loans for energy-saving renovations. We provide practical information and guidance on energy efficiency for customers who are considering renovation projects. And we actively train our employees to address this issue in the financing advice they give customers. We also hold regular talks and events and publish studies to raise awareness among both our clients and the broader public about energy-saving renovations and the trends in this area.

It should be noted, however, that achieving our lending targets depends to a large extent on progress made in Switzerland and Vaud in terms of carbon reduction. Reaching the target of net-zero GHG emissions by 2050 requires a transformation of the Swiss economy. Regulators and federal and cantonal governments will need to put in place the rules and incentives needed to prompt industries, consumers, and property owners to move in this direction.

b. Lending to local businesses

BCV provides financing to every sector of Vaud's economy, in keeping with our mission as a cantonal bank.²⁰ As a matter of policy, we do not lend to organizations whose practices could harm our image or reputation. We are equally mindful of the social and environmental risks and impacts of the projects we finance. Our approach is inspired by the UN Guiding Principles on Business and Human Rights, by ILO Conventions Nos. 138 and 182 on child labor, by the DDTRo, and by applicable legislation in the Canton of Vaud.

Environment

In line with our sector exclusion policy, we do not finance projects relating to:

- nuclear power plants
- unsustainable fishing, logging, or agricultural activities
- coal mines or coal-fired power plants
- oil or gas extraction.

As part of our efforts to support the energy transition, we offer discounted-rate loans and a range of support services to encourage businesses to lower their carbon footprint and use less energy, in conjunction with specialists in this area.

²⁰ Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) of 20 June 1995

7. Sustainability topics and principles

And as part of our trade finance activity, we apply a series of restrictions on materials – such as palm oil and coal – whose extraction could harm biodiversity, forests, or the climate (see page 16 for details).

Society

The large majority of our corporate clients are in Switzerland. Companies headquartered here must comply with strict employment rules. Laws such as the Swiss Federal Employment Act and its ordinances, the Swiss Code of Obligations, and the Swiss Federal Act on Gender Equality require employers to:

- foster a workplace environment that promotes employees' physical health and mental well-being
- treat men and women equally, and ensure women have the opportunity to progress to senior roles
- avoid all forms of discrimination
- maintain workers' work-life balance by adhering to rules on working time and rest time
- respect employees' workplace entitlements.

As part of our negative screening policy, we decline in particular to lend to:

- firms that manufacture or deal in controversial weapons and munitions
- companies in the pornography industry
- organizations associated with violations of internationally recognized human rights standards²¹
- entities that breach Swiss employment law
- gambling companies in other countries and unlicensed gambling operators in Switzerland.

Moreover, the restrictions in our trade finance activity include materials – such as cobalt and tin – whose mining could lead to human rights abuses (see page 16 for details).

Governance

We systematically examine each counterparty's governance arrangements as part of our credit analysis process. This review is based on the general principles of our lending policy and on applicable directives for each client segment. We do not lend to organizations found to have engaged in active or passive corruption.

²¹ UN, *International Bill of Human Rights*, 1966; ILO, *ILO Declaration on Fundamental Principles and Rights at Work*, 1998

7. Sustainability topics and principles

c. Trade Finance

The Lake Geneva region is a global center for commodities trading and is home to a large number of trading firms. In our trade finance business, we focus on certain key markets and monitor all of our trade finance transactions.

Financed commodities are subject to a set of rules that take the associated materials' environmental and social impacts into account. The rules are presented annually to the CSR Committee by the Executive Board's Credit Committee and provided to all trade finance employees.

Transactions involving certain commodities deemed sensitive in terms of their environmental or social risks or impacts are subject to conditions. We require evidence that these commodities have been sustainably sourced or that nationally or internationally recognized due diligence policies and practices have been adopted. These conditions relate to the following commodities:

- soy, depending on origin (e.g., Roundtable on Responsible Soy certification)
- palm oil (e.g., International Sustainability & Carbon certification)
- cobalt, depending on origin (e.g., the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas)
- tin (e.g., the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas)
- wood chips (e.g., Forest Stewardship Council certification)
- bauxite (e.g., the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, along with evidence that the mine complies with International Finance Corporation standards or has Aluminium Stewardship Initiative certification).

We review our criteria every year in light of market best practice. They are presented to the CSR Committee and then reviewed and subject to the approval of the Executive Board's Credit Committee.

In our trade finance business, we do not finance transactions in:

- crude oil
- oil residues
- shale gas.

Quantitative objective: In our trade finance business, we aim to reduce our transaction-based exposure to coal in line with the Paris Agreement-compatible scenario (as defined by the International Energy Agency).²² This means reducing the tonnage of coal we finance by 58.5% by 2030 relative to the 2021 targeted baseline, equating to a 6.5% reduction per year over the period in question.

²² IEA, *Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach*, September 2023

7. Sustainability topics and principles

For thermal coal, we focus on transactions supplying developing countries where coal is an affordable energy source that accounts for much of the energy mix, making it difficult for these countries to phase out coal in the short term.

Responsible investing

a. Proprietary assets

BCV does not have a proprietary trading business or a portfolio of shareholdings, nor does it acquire stakes in companies that are unrelated to its activities. The only proprietary assets we hold are those needed to meet our requirements as a bank, as well as a small number of assets in connection with our historical role in Vaud Canton's economy.

b. Managing our clients' assets

We aim to offer our clients a wide range of responsible investment solutions in line with best market practice while generating competitive returns over the long term.

Our ambition is to be a leading provider of socially responsible investments not only in Vaud Canton but across Switzerland as a whole. One way we are accomplishing this is by working with local and national entities through research conducted in collaboration with the University of Lausanne (UNIL) and through our partnership with SRI specialist Ethos Foundation.

To best serve the interests of our clients in line with our fiduciary duty, we incorporate ESG approaches into our investment policy. By doing this, we can improve the risk management of our client portfolios over the long term.

We guide our customers towards investments that incorporate ESG criteria and endeavor to bring portfolios into line with the goals of the Paris Agreement, the Swiss federal government, and the Vaud climate plan.

Quantitative objective: In our role as an asset manager, we aim to align a portion of our assets under management²³ with the target of net-zero emissions by 2050.²⁴ This means that we must reduce the carbon footprint²⁵ of these assets by 50% by 2030, 90% by 2040, and 100% by 2050, compared to 2022 levels. We plan to reassess this objective at least every five years, with the aim of gradually expanding the portfolio of assets under management following this trajectory.

²³ For 2024, this corresponds to 28% of our assets under discretionary management. BCV's discretionary management solutions comprise investment funds (asset allocation funds, BCV Pension funds, and targeted funds) and discretionary asset management agreements with institutional and personal banking clients. They do not include full advisory or execution-only agreements.

²⁴ According to the International Energy Agency's Net Zero by 2050 scenario (see footnote 22 on page 16)

²⁵ Calculated for scope 1 and 2 emissions in tCO₂e/CHF million invested (for equities and bonds) and in kg CO₂e/m² (for indirect real estate investments)

7. Sustainability topics and principles

To achieve our targets, we engage with the funds and companies we invest in on behalf of our clients, through shareholder dialogue and by exercising our voting rights. In our view, this approach can be a major driver of positive change in the overall direction of a company. In addition, we are expanding our range of investment products, training our advisors on sustainability issues, and building awareness among our clients by speaking with them about their SRI expectations.

It should be noted that our success in achieving our targets depends on factors outside of our control. These factors include actions taken by states to achieve the goals of the Paris Agreement and the choices of our clients, who decide how much weight should be given to sustainability issues in the management of their assets. As an asset manager, we are bound by our fiduciary duty and must act in the best interests of our clients, bearing in mind both their financial goals and ESG expectations.

More information can be found in our SRI policy.²⁶

In line with the DDTro, we consider environmental and social issues in physical gold sourcing, including human rights and miners' working conditions. Using traceable gold also makes it possible for us to know where the gold has come from and avoid conflict areas.

When sourcing physical gold, BCV only uses suppliers that have their registered office in Switzerland and participate in the London Bullion Market Association's Responsible Sourcing Programme. In line with the OECD due diligence framework,²⁷ participants must demonstrate their efforts to safeguard the environment and combat money laundering, the financing of terrorism, and human rights abuses.²⁸

The gold in the physical products available at the Bank's counters and through the BCV Physical Gold ESG fund is either certified (Fairtrade or PX Impact – a label created by PX PRECINOX) or traceable (meaning it comes from a selection of mining companies handpicked by BCV on the basis of negative screening criteria and ESG ratings).

²⁶ BCV, *Socially Responsible Investment (SRI) Policy*, January 2023

²⁷ OECD, *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, April 2016

²⁸ LBMA, *Responsible Sourcing*

7. Sustainability topics and principles

c. BCV pension fund

The BCV pension fund (CP BCV) has a responsible investment charter that sets out its SRI policy. The charter states that the CP BCV aims to fulfill its fiduciary and social responsibility by working toward a more just and sustainable society.

SRI efforts undertaken by the CP BCV are overseen by the fund's ten-member board, which consists of five employer representatives and five employee representatives. Pension board elections are held every four years.

Important legal information

This document is for information purposes only and describes BCV's current CSR approach and strategy. It does not constitute book building, an offer to buy or sell, or a personalized investment recommendation. The forward-looking statements in this document are based on assumptions believed to be reasonable at the time of preparation, but that depend on factors beyond BCV's control, such as the applicable legislation and customer demand. The projections and forecasts in this document may differ from actual results and outcomes. BCV obtains information from recognized third-party sources and methodologies that it deems reliable. BCV provides no guarantee with regard to the information and data in this document, and declines all liability for any damage resulting from its use. The distribution of this document may be prohibited or subject to restrictions for people under jurisdictions other than Switzerland (such as the UK, the EU, and the USA) and for US persons. The distribution of this document is authorized only to the extent allowed by the applicable law. This document is an English translation of the original French text entitled "Politique de durabilité de la BCV." Only the French text is authoritative.

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