



## 2022 Sustainability Report



The Venoge River, immortalized in a 1954 poem by local poet Jean Villard Gilles, is beloved by the people of Vaud. Onlookers cannot help but be charmed by the countless nooks and crannies that dot this meandering river along its nearly 40-kilometer journey from the foothills of the Jura Mountains to the shores of Lake Geneva. The Venoge is the Vaud region – and its soul – writ small.

This year's report features images of the varied scenery to be found along the Venoge. The photographs and accompanying commentary – provided by experts from the *Maison de la Rivière* – invite the reader to follow the Venoge as it wends its way through our Canton and to learn about the various natural and manmade features encountered along the river.

#### Cover image

Free-flowing rivers and manmade canals offer opposing visions of the relationship between humans and nature. Today, major efforts are underway to rewild rivers and let them return to their natural course. Thanks to a restoration project between Lussery-Villars and Penthalaz, the Venoge has reclaimed its original riverbed, helping increase biodiversity in the area.

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# Moving forward with our Canton



We have deep roots in the Canton of Vaud. BCV was founded in 1845 to serve the people and businesses of Vaud, and we've grown and evolved in step with our Canton ever since. For us, corporate social responsibility is part of this long-term mission. We work hard to foster the sustainable development of our region economically – through our role as Vaud's cantonal bank – as well as socially and environmentally. Our aim is to meet today's challenges in ways that leave a healthy environment for future generations.

These principles underpin how we do business at BCV. Our business model is built on sustainable growth, a moderate risk profile, and long-term profitability. That makes us a source of stability here in Vaud, reliably providing the funding our Canton needs to thrive – even in uncertain times like what we've experienced

with the war in Ukraine, the return of inflation, and the energy crisis. This means we are fulfilling our mission and creating positive impacts for our stakeholders. To take just one example, we paid out the equivalent of CHF 649 per household to Vaud Canton and municipalities in 2022.

We implement our corporate social responsibility strategy based on these strong foundations. Our goal is to make a meaningful contribution to achieving the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement targets by focusing on the four ambitions set out in our roadmap to 2025.



The first relates to **responsible investment solutions** for our clients. We proactively offer a wide range of such solutions, and we've incorporated environmental, social, and governance (ESG) criteria into our management processes. As firm believers in the value of rigor and transparency when it comes to ESG issues, we are particularly attentive to the recommendations of regulators and industry associations in this area. For example, starting in 2023 our investment reporting will include climate indicators aligned with the federal government's Swiss Climate Scores.

The second concerns sustainability in our **lending business**. We intend to play a major role in financing Vaud's energy transition, and we're working toward that goal on many fronts. For example, to encourage local companies to reduce their energy consumption, we're helping pay for energy audits by our partner PEIK and offering a discount on capital expenditure loans that may be needed to act on the audit's recommendations. On top of this, individual and corporate clients can take advantage of preferential terms on mortgage loans for energy-efficient properties and renovations. In 2022, all our banking advisors and credit analysts completed training on these offers. We also provided additional energy-saving information for homeowners, including an online simulator to estimate the return on new heating systems and solar panels. In 2023, this topic will become even more important in the home-financing advice we provide to our customers, which will include information on possible improvements and the administrative and financial steps in the renovation process.

The third involves reducing our **direct environmental footprint**. We have committed to cutting our CO<sub>2</sub> emissions by 35% from 2019 levels by 2030, in line with cantonal and federal government targets. To achieve that goal, we're using an environmental impact assessment to pinpoint the sources of our emissions and find ways to reduce them. In 2022, we continued moving forward with our CO<sub>2</sub> reduction plan, improving the energy efficiency of our buildings and generalizing the use of recycled paper. We also initiated a plan to lessen the environmental impact of our employees' commutes. And when purchasing material and services we

source locally, working with Vaud-based companies when possible.

Our fourth ambition has to do with **social responsibility**. We place great emphasis on our employees' working conditions. As part of this, we make a major commitment to training, with a long-term vision. Our approach focuses on industry trends and the twin goals of maintaining our staff's long-term employability and preparing the Bank's future managers. In addition, to promote diversity, we have set a target of having 25% of senior leadership positions held by women by 2030.

BCV is also actively involved in the local community. We back over 750 associations and events, supporting cultural, social, and athletic programs that produce a wide range of benefits. For example, by contributing to 42 Lausanne, a local computer programming school, we're helping train Vaud's future IT professionals. We're also promoting careers in sports through our partnership with Vaud Générations Champions. And we're nurturing innovation by funding the Foundation for Technological Innovation, which provides grants and interest-free loans to Vaud startups. We also encourage our employees to support good causes by giving them one day of paid leave for volunteer work each year.

Our longstanding commitment to corporate social responsibility has been recognized beyond our Canton's borders. In 2022, we were awarded solid ESG ratings by MSCI and Ethos, and international nonprofit CDP ranked us in its Leadership category – all clear signs that our approach to sustainability is sound.

But let's bring the focus back to our home Canton – after all, BCV exists to serve the people of Vaud. Alongside other local stakeholders, we will continue to work diligently for the sustainable development of our region, building on the community ties that are our hallmark. In a nod to this fundamental bond, this year's sustainability report features annotated images of the Venoge River, which local poet Jean Villard Gilles celebrated as "unmistakably Vaudois, through and through."



Eftychia Fischer  
Chair of the Board  
of Directors



Pascal Kiener  
CEO



# About this report

Our sustainability report details how we have embedded corporate social responsibility (CSR) into the Bank's activities. It offers a broad, transparent view of what we are doing to fulfill our commitment to promoting economically, socially, and environmentally sustainable development and is intended for people and institutions interested in learning more about how BCV addresses sustainability issues. We published a sustainability report in French every two years from 2007 until 2019, when we started publishing it every year in both French and English. BCV has reported in accordance with the Global Reporting Initiative (GRI) Standards for the period from 1 January 2022 to 31 December 2022. The GRI Standards are the worldwide reference for reporting on sustainable development issues.

We have taken special care to ensure that the content of this report is complete, relevant, and accurate. Unless otherwise stated, reporting information is limited to the parent company of BCV Group for 2022. Additional information on BCV can be found in our annual report, which contains an overview of the Bank, including its mission, business sectors, risk management, corporate governance, and financial statements. Both our annual report and sustainability reports are available on our website at [www.bcv.ch](http://www.bcv.ch).

This report has been reviewed and approved by the Executive Board and by the Compensation, Promotions and Appointments Committee on behalf of the Board of Directors.<sup>1</sup> In addition to reviewing and approving the annual sustainability report, the Compensation, Promotions and Appointments Committee provides recommendations to the Board of Directors on CSR-related matters.

## For more information about CSR at BCV:

Angélique Chatton  
Head of Corporate  
Social Responsibility  
[info.rse@bcv.ch](mailto:info.rse@bcv.ch)  
021 212 27 43



<sup>1</sup> The role, composition, and operational procedures of the Committee are described on pages 89 and 90 of BCV's 2022 Annual Report.

# Our main contributions to the Sustainable Development Goals in 2022



## Prioritizing the work-life balance and well-being of our employees of all ages

- Employees can change their work percentage at any point during their career
- Two independent support services to help in the event of harassment, bullying, or personal issues
- Pension fund that is fully funded (coverage ratio of 117%) and gives employees the flexibility to choose when to retire
- In-house sports association offering 16 different activities

## Making it about more than just banking: BCV in the Vaud community

- Support for over 750 associations and events across the Canton in areas including business and the economy, sports, the arts, community-building, and the environment
- BCV Generosity Program, under which nearly 80 employees volunteer to help vulnerable people and promote biodiversity
- New partnership with Vaud Générations Champions, which aims to provide elite athletes and promising juniors with the support they need for successful careers in their sport



## Promoting employee skills development

- More than 7,300 days' worth of training delivered by our training center
- Job training for 92 trainees, including apprentices and high school graduates
- Sponsorship of 42 Lausanne, an entirely tuition-free school of computer programming



## Fostering equal opportunity

- Compliance with Swiss equal pay legal requirements, and Fair-ON-Pay+ certification in recognition of our equal pay practices over the long term
- 41% women in our workforce, with a target of 25% for senior leadership positions held by women by 2030



## Committing to the energy transition

- Green Bonus offer to support Vaud SMEs in their energy transition, with zero interest for six months on capital expenditure loans, as well as a partnership with SuisseEnergie's PEIK energy audit program
- Green Bonus offer for our personal banking customers: zero interest for the first 12 months on mortgage loans used to finance the purchase or renovation of properties that meet strict energy standards
- 57 CECB<sup>®</sup> Plus energy audits subsidized in 2022 through our partnership with Romande Energie
- Simulation tools on [www.bcv.ch](http://www.bcv.ch) for estimating the financial and energy savings from installing solar panels or a new heating system
- Webinars led by experts on the energy transition
- Financing for three projects, including an on-farm biogas plant in Vaud, which together avoid 4,455 metric tons of CO<sub>2</sub> emissions – the equivalent of BCV's carbon footprint



### Serving the people and businesses of Vaud

- Leading bank in Vaud, with half of the Canton's people and SMEs among our customers
- Most widely accessible bank in Vaud thanks to our dense retail network

### Maintaining our financial solidity over the long term

- Moderate risk profile in line with our mission as Vaud's cantonal bank
- Rated AA (stable) by Standard & Poor's and Aa2 (stable) by Moody's



### Backing local businesses

- CHF 12.5bn in loans granted to Vaud businesses
- 130 new businesses financed
- Over 50 business successions financed
- CHF 500,000 in annual funding for the Foundation for Technological Innovation (FIT)



### Reducing the carbon footprint of our operations

- CO<sub>2</sub> emissions from our operations cut by 31% from 2019 levels
- Voluntary energy-saving measures in line with federal and cantonal government recommendations
- Use of Blue Angel-certified recycled paper
- Contribution toward the commuting costs of employees who don't use parking spaces, and plan under way to lessen the environmental impact of employees' commutes



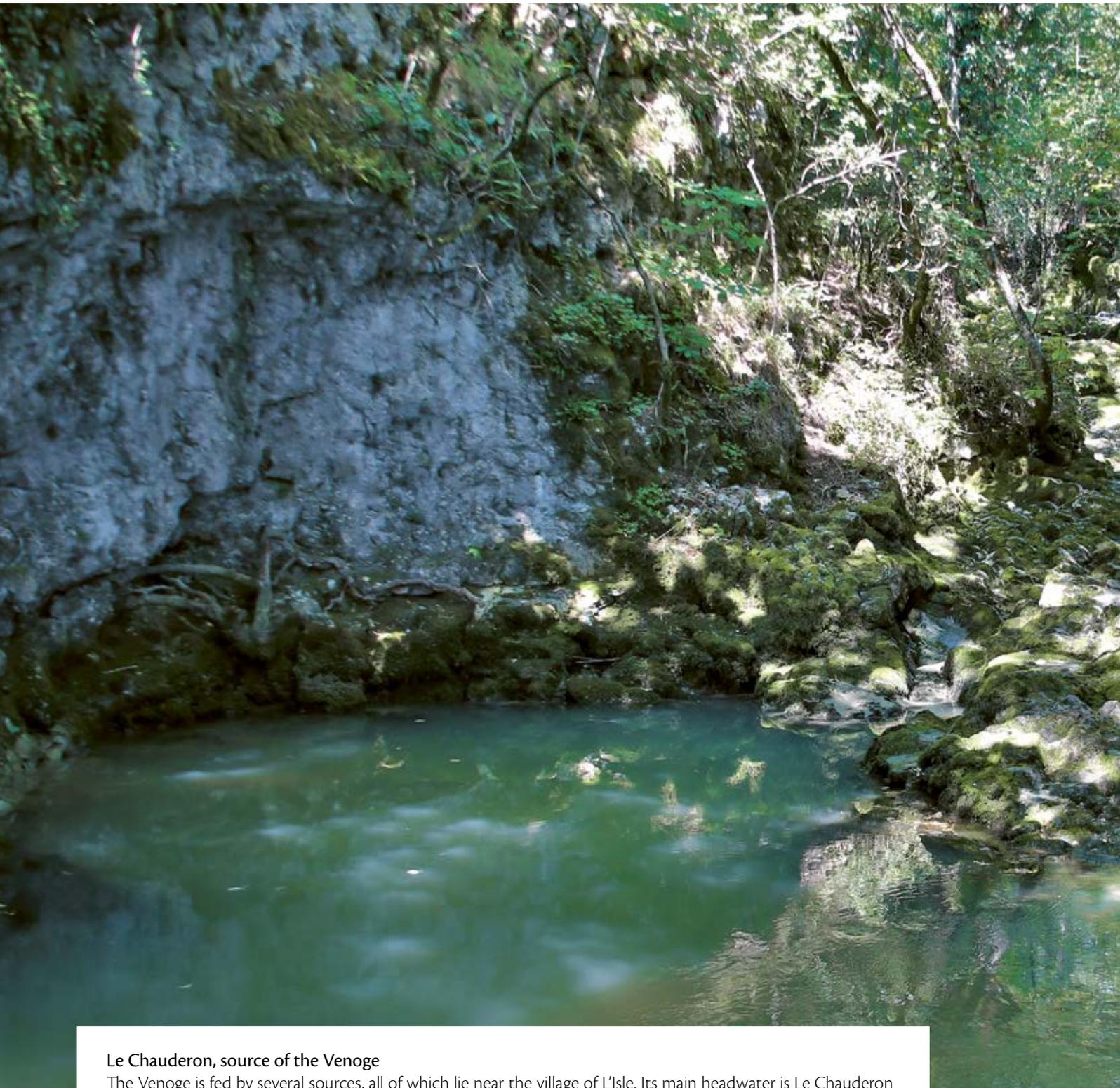
### Integrating environmental, social, and governance criteria into our investment management

- 100% of our discretionary agreements and asset allocation funds for personal banking customers integrate environmental, social, and governance (ESG) criteria
- Thematic products geared toward the Sustainable Development Goals available to all customers through our ESG Ambition product range (AuM of CHF 258m)
- Integration of clients' ESG expectations into the advisory process
- Move toward certified gold and traceable gold in our physical gold product line
- All advisors trained in socially responsible investing, including the regulatory environment and the prevention of greenwashing



### Forging partnerships in support of a sustainable economy

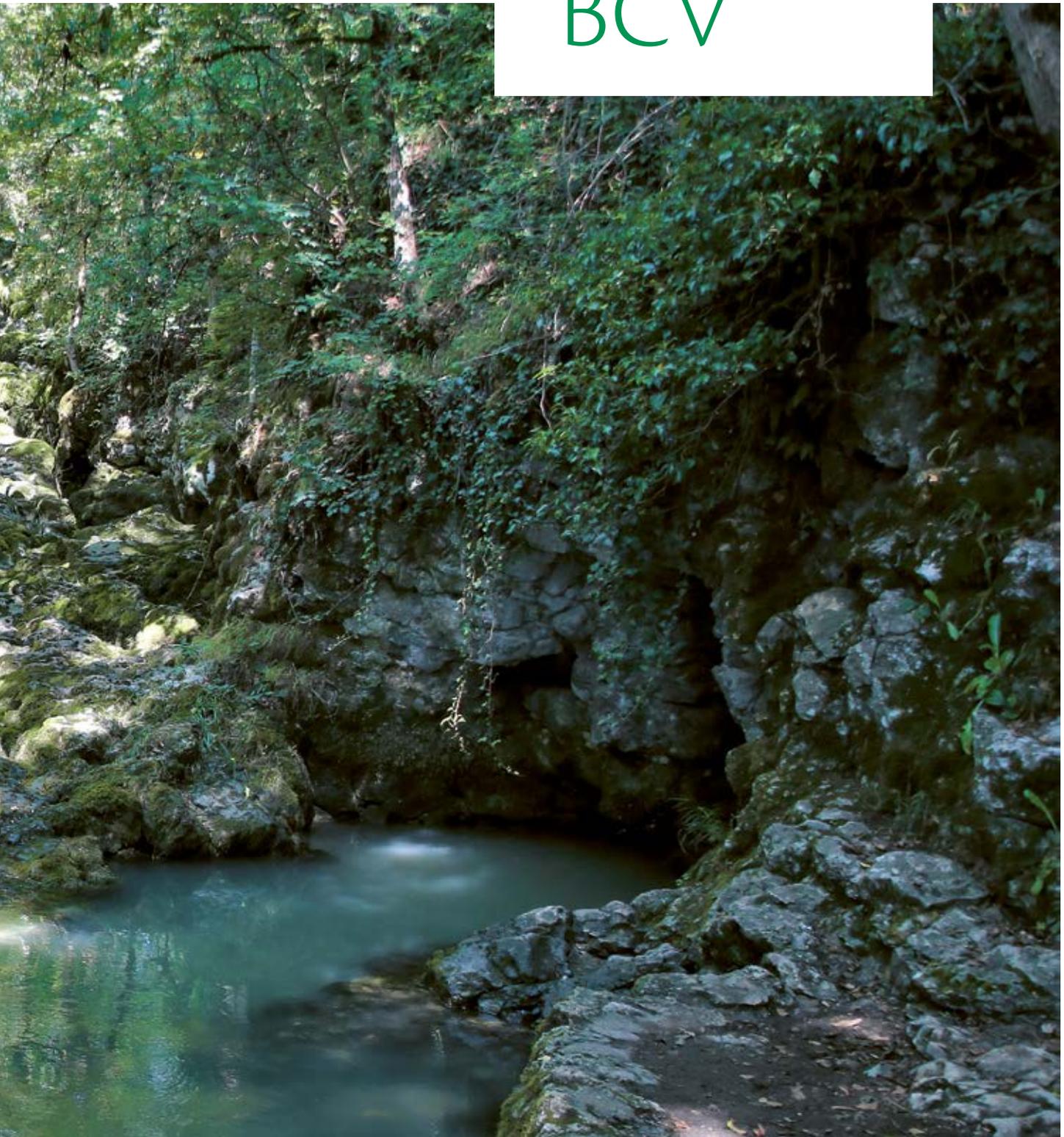
- Partnership with Swiss SRI specialist Ethos Foundation
- Member of Swiss Sustainable Finance and signatory to the United Nations Principles for Responsible Investment (UNPRI)
- Member of swisscleantech, an organization that defends the interests of the green economy
- Partnership with the Enterprise for Society Center (E4S), which is helping spearhead the transition toward a more resilient, sustainable, and inclusive economy



### **Le Chauderon, source of the Venoge**

The Venoge is fed by several sources, all of which lie near the village of L'Isle. Its main headwater is Le Chauderon ("the cauldron"), which derives its name from the distinctive pot-like shape the spring has carved into the rock. Water flows from Le Chauderon all year round, except during extreme droughts. Just 700 meters upstream of Le Chauderon lies Le Puits – another source of the Venoge. While it can dry up in summer, Le Puits provides plentiful water during heavy rains and springtime snowmelt.

# CSR at BCV





## The dimensions of CSR

Corporate social responsibility (CSR) refers to how companies carry over the notion of sustainable development into their operations. The concept of sustainable development was first defined in the 1987 United Nations Report of the World Commission on Environment and Development, also known as the Brundtland Report, as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” And this is the definition that is still used today.

According to the UN, one element of sustainable development is ending poverty in all its forms. This entails promoting sustained and equitable economic growth, raising basic standards of living, fostering equitable social development and inclusion, and promoting the integrated and sustainable management of natural resources.<sup>2</sup>

With the Paris Climate Agreement and UN Member States’ commitment to achieving the 17 UN Sustainable Development Goals (SDGs) by 2030, the issue of climate change has continued to gain importance over the last several years. While not legally binding, the 2030 Agenda serves as a call to action and roadmap for all stakeholders to address the global challenges we face. The SDGs are interconnected, together forming a holistic approach to creating a sustainable future, and must therefore be worked on as a group rather than individually.

At BCV, we believe it’s essential to uphold internationally recognized human rights,<sup>3</sup> in line with the UN Guiding Principles on Business and Human Rights.<sup>4</sup> The Principles call on companies to:

- avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur
- seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products, or services by their business relationships, even if they have not contributed to those impacts.

Corporate social responsibility entails considering the impact companies have on their community, the environment, and the economy,

while taking into account stakeholder expectations.

For banks, there are two types of CSR-related impacts:

- the direct impacts relating to their day-to-day operations (such as the amount of energy they use) and their employees’ work conditions
- the indirect impacts resulting from the companies and projects they finance through their banking products and services.

### The Paris Agreement

The Paris Agreement has been ratified by 194 UN Member States, including Switzerland, which have committed to:

- holding the increase in global average temperature to well below 2°C above pre-industrial levels
- increasing the ability to adapt to the adverse impacts of climate change
- making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.<sup>5</sup>

<sup>2</sup> UN Sustainable Development Agenda

<sup>3</sup> International Bill of Human Rights, 1966; International Labour Organization Declaration on Fundamental Principles and Rights at Work, 1998

<sup>4</sup> UN Guiding Principles on Business and Human Rights, 2011

<sup>5</sup> <https://onu.delegfrance.org/5-years-of-the-paris-agreement-5-things-to-know>

# SUSTAINABLE DEVELOPMENT GOALS



[www.un.org/sustainabledevelopment/sustainable-development-goals](http://www.un.org/sustainabledevelopment/sustainable-development-goals)

## Our mission

As part of our mission as a cantonal bank, 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.

Corporate social responsibility at BCV goes all the way back to our founding, in 1845, when the people of Vaud petitioned the Cantonal Parliament to create a cantonal bank to serve the local economy and contribute to its development.

The Cantonal Act Governing BCV (LBCV) states that our corporate

mandate is to offer a comprehensive range of banking services to the local community, to contribute to the development of all sectors of the Vaud economy and to the financing of the Canton's public-sector institutions and entities, and to provide mortgage financing in Vaud.<sup>6</sup>

Since 2007, the LBCV has also specified that our Bank is to be guided by the principles of economically, environmentally, and socially sustainable development.

Half of Vaud's residents and businesses bank with BCV, meaning we have an important responsibility when it comes to our Canton's economy. Sustainability is embedded in our business model, which focuses

on the local economy, prudent risk management, and long-term growth in order to deliver steady profitability. The social and environmental dimensions of sustainable development are also a major focus for us. The numerous measures and initiatives we have implemented in these areas are outlined in our sustainability reports, which we first started publishing in 2007.

“As a responsible bank, we are committed to working for the sustainable development of society.”

<sup>6</sup>The Cantonal Act Governing BCV (LBCV)

## The evolving CSR landscape

Corporate social responsibility is gaining pace in Switzerland. In the finance industry, one of the biggest changes concerns the introduction of tighter regulations, with some already in place and others yet to come. In addition, BCV's activities fall within the scope of the Vaud citizen initiative on climate protection, which will be put to a vote in 2023. Another major development – and one affecting all companies – is the possibility of winter power shortages, which we are continuing to prepare for.

### More transparency expected from Swiss businesses

The Swiss Parliament's indirect counter-proposal to the citizen initiative on corporate responsibility for multinationals (which was rejected in November 2020) went into effect in 2022.<sup>7</sup> The counter-proposal requires companies whose domicile, head office, or principal place of business is in Switzerland to comply with due diligence and reporting obligations in their supply chains whenever they import into or process in Switzerland minerals or metals containing tin, tantalum, tungsten, or gold that come from conflict-affected and high-risk areas. The same obligations apply whenever there are reasonable grounds to suspect that the products and services they offer involve child labor.

Beyond this, CSR and transparency requirements have been enhanced in general in Switzerland. For instance, starting in 2023, large public-interest companies will have to publish non-financial reports covering environmental and social matters, including employee working conditions, respect for human rights, and efforts to fight corruption.<sup>8</sup> The reports must detail the risks and impacts associated with each of these topics. Starting in 2024, the climate sections of these reports will need to meet the requirements for climate disclosures set forth in a new Swiss Federal Council ordinance.<sup>9</sup> The ordinance calls on companies to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and to present a transition plan that's comparable with Swiss climate goals.

These transparency requirements are intended to ensure that all stakeholders are better informed on sustainability issues. They will also help investors and asset managers more effectively incorporate sustainability risks and impacts, especially in the area of climate change, into their investment decisions.

### New sustainable finance directives

Specific requirements for the finance industry were issued in Switzerland in 2022. The sector is currently taking a self-regulatory approach, and several financial-services associations have published directives for their members.

In June 2022, the Swiss Bankers Association (SBA) issued two sets of formal guidelines to help members better incorporate environmental, social, and governance (ESG) criteria into the advice they give customers on investments<sup>10</sup> and mortgage loans.<sup>11</sup> Both sets of guidelines went into effect on 1 January 2023 with a one-year transition period. Those on investment advice, which build on previous guidance that the SBA issued on the same topic in 2020,<sup>12</sup> instruct financial institutions to take customers' ESG preferences into account when advising on investment decisions and to enhance advisor training in this area. The mortgage-related guidelines call on mortgage providers, when providing advice on financing for owner-occupied single-family and vacation homes, to discuss the "long-term value retention, and thus also the energy efficiency, of the building being financed" and "suitable renovation measures." Appropriate and regular training for customer advisors is also part of these guidelines.

In September 2022, Asset Management Association Switzerland (AMAS) issued regulations for its members on governance and transparency for financial service providers and investment vehicles. These self-regulations will go into effect on 30 September 2023.

On 16 December 2022, the Swiss Federal Council published a report entitled "Areas for action for a leading

<sup>7</sup> Article 964 of the Swiss Code of Obligations and the Swiss Federal Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour

<sup>8</sup> Swiss Code of Obligations, December 2021

<sup>9</sup> Swiss Federal Ordinance on Climate Disclosures, which will take effect on 1 January 2024: <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-91859.html>

<sup>10</sup> Swiss Bankers Association, "Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into investment advice and portfolio management," June 2022

<sup>11</sup> Swiss Bankers Association, "Guidelines for mortgage providers on the promotion of energy efficiency," June 2022

<sup>12</sup> Swiss Bankers Association, "Guideline for the integration of ESG considerations into the advisory process for private clients," June 2020

sustainable financial centre, 2022–2025.” It summarizes the measures currently under way to anchor Switzerland’s standing as a hub for sustainable finance and spells out various recommendations and areas for action. The 15 action items identified for financial institutions include setting credible, third-party-reviewed sustainability targets, developing methods for managing biodiversity-related risks and impacts, and adopting quantitative indicators.

In another report issued in 2022, the Federal Council sets out its position on preventing greenwashing in the finance industry. This report includes criteria that investment vehicles should meet in order to be marketed as “sustainable,” along with the disclosures that should be made available to investors. In 2023, the federal government will propose concrete measures to implement these criteria. As the EU continues to implement the action plan on financing sustainable growth issued by the European Commission in March 2018, the Swiss Federal Council has asked the country’s finance industry to take the steps necessary to position Switzerland as a leading center for sustainable finance.

Switzerland’s legal and regulatory environment for sustainable finance is changing rapidly, and the financial services industry can expect to see stricter requirements going forward.

### Vaud citizen initiative for climate protection

This initiative has been accepted by the Vaud Cantonal Parliament and will be put to a vote in June 2023.<sup>13</sup> The proposal would amend the Vaud constitution to require that cantonal and municipal governments significantly reduce the climate impacts of all their policies. This requirement would also apply to public-sector pension funds and companies in which the cantonal government has an ownership interest. In addition, transitional provisions would require companies to develop action plans for significantly reducing their capital flows and investments that are not consistent with Switzerland’s international climate targets. BCV is among the companies that falls within the scope of the initiative.

### Swiss businesses prepare for possible power shortages

A Swiss government report on the security of the country’s electric power

supply,<sup>14</sup> issued in October 2021, states that Switzerland could experience power shortages lasting weeks or even months as early as 2025. The timing for these potential shortages has now been moved forward by the war in Ukraine and technical problems at French nuclear power plants. Businesses in Switzerland, like those elsewhere in Europe, faced soaring power costs in 2022. In response, the Swiss Federal Council asked businesses to adopt voluntary energy savings measures and to prepare for possible quotas or power cuts.

Swiss policymakers are in a number of talks to explore options for accelerating the rollout of renewable energy in the country.

Businesses have been made concretely aware of how important it is to decrease their energy use and will likely have a growing interest in adopting energy-efficiency strategies.

<sup>13</sup> <https://www.vd.ch/toutes-les-actualites/decisions-du-conseil-detat/seance-du-conseil-detat/decision/decision/e0e29695-661e-4a1c-803c-6a034b10bf03ch>

<sup>14</sup> Swiss Federal Office of Energy, “Approvisionnement en électricité de la Suisse en 2025,” 2021



## Stakeholder expectations

BCV's actions impact all our stakeholders, whether directly or indirectly. In order to adapt our CSR approach accordingly, we must

first identify what these impacts are and discern our stakeholders' expectations. That lets us pinpoint trends early on so that we can mitigate the attendant risks and spot potential opportunities. As part of our CSR strategy, we continually update our practices and measures

in order to best meet stakeholder expectations.

In accordance with the Global Reporting Initiative (GRI) Standards, this chapter lists the stakeholders that have a significant influence on BCV's activities.

### Our stakeholders and how we engage with them

#### Vaud Cantonal Government and Cantonal Parliament

- Regular contact with the Vaud Cantonal Government and the Vaud Ministry of the Economy, Innovation, Employment, and Patrimony as part of our information-exchange agreement<sup>15</sup>
- Responding to BCV-related questions that Vaud's Cantonal Parliament submits to the Cantonal Government (e.g. motions that ask or require the government to legislate)
- Annual meetings with the Vaud Cantonal Parliament's *délégation économique*

#### Shareholders (apart from the Canton of Vaud)

- Annual Shareholders' Meeting
- Regular meetings with professional investors and financial analysts

#### Supervisory and federal authorities

- Regular meetings with the Swiss Financial Market Supervisory Authority (FINMA) and the Swiss National Bank (SNB)

#### Employees

- Employee engagement surveys
- Information sessions at various management levels

#### Customers

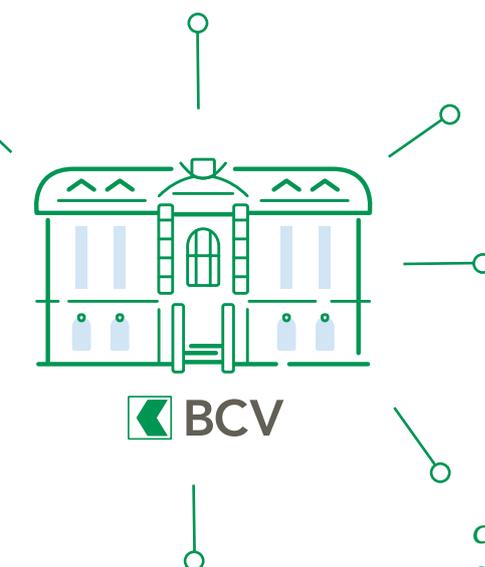
- Market research and satisfaction surveys
- Systematic analysis of customer complaints

#### Sustainable development interest groups

- Regular contact with the main interest groups, such as by taking part in surveys and filling out assessment forms

#### Cultural and sports associations

- Numerous exchanges about sponsoring and donations

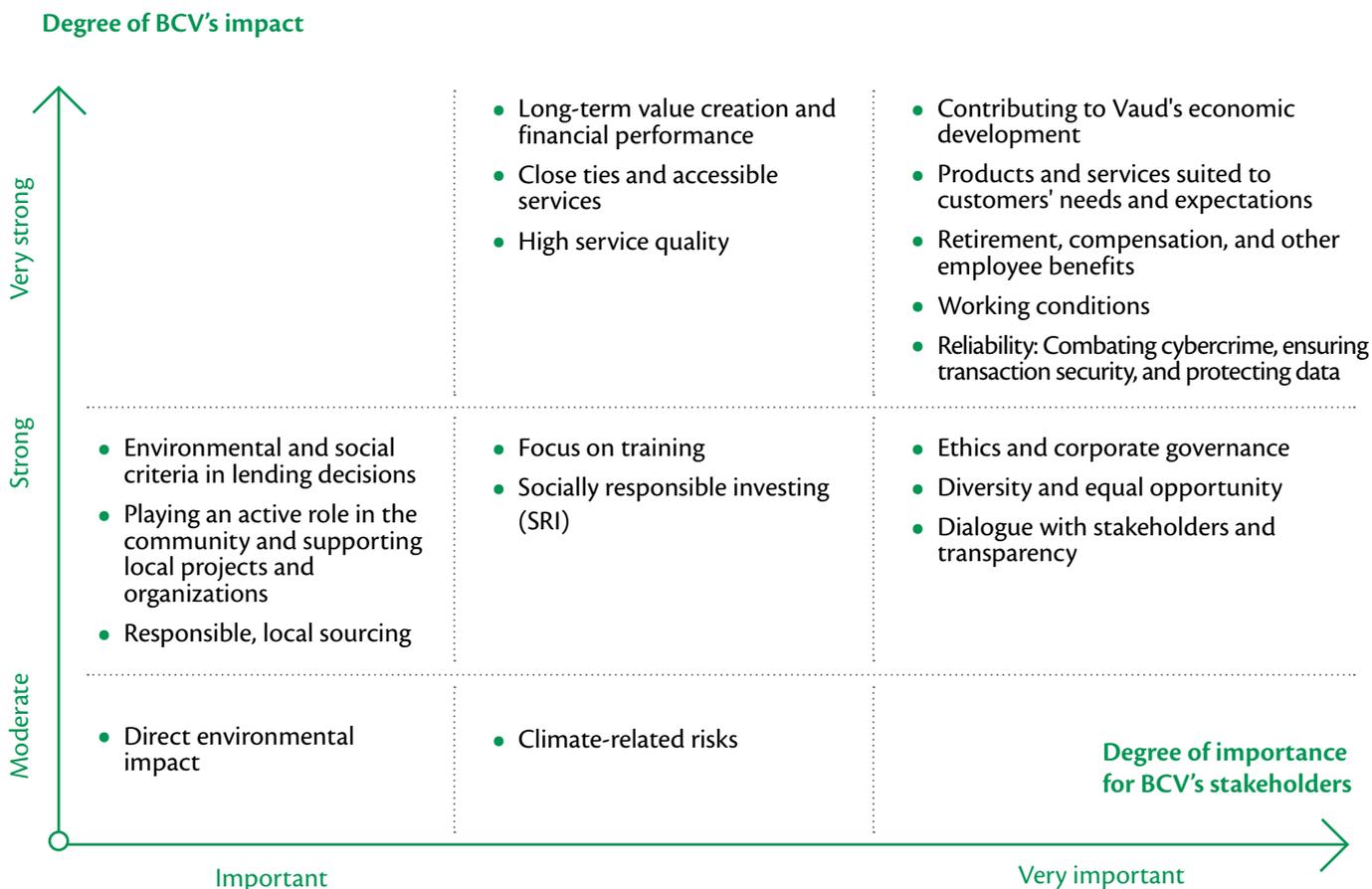


#### Suppliers and partners

- Formalized, regular processes for managing relationships with our main suppliers

<sup>15</sup> Vaud Cantonal Government website (in French only): <https://www.vd.ch/toutes-les-autorites/departements/cheffe-de-departement>

### BCV's materiality matrix in 2022



In the matrix above, we have mapped BCV's material topics based on how important they are to our stakeholders and how big of an impact we can have on each topic.

The matrix is in line with the GRI Standards, which call for weighting material topics based on the following two dimensions:

- the topic's importance to stakeholders, or the extent to which it will influence their decisions

- the significance, or scope, of the Bank's economic, environmental, and social impacts in that area.

In 2019, we put together a working group, led by BCV's Head of Corporate Social Responsibility, to identify and prioritize the issues that matter most to our stakeholders. This group speaks with the employees who have daily contact with various stakeholders, using the channels described on the previous page, and who are therefore most aware of

what our stakeholders need from us. The findings are then reviewed every year by the Bank's Executive Board and Compensation, Promotions and Appointments Committee, and the material topics are updated if needed. This corresponds to steps A and B in the following diagram, which entail assessing our operating environment and our stakeholders' expectations.

In 2022, we expanded this process in order to include impact assessments of our material topics with regard

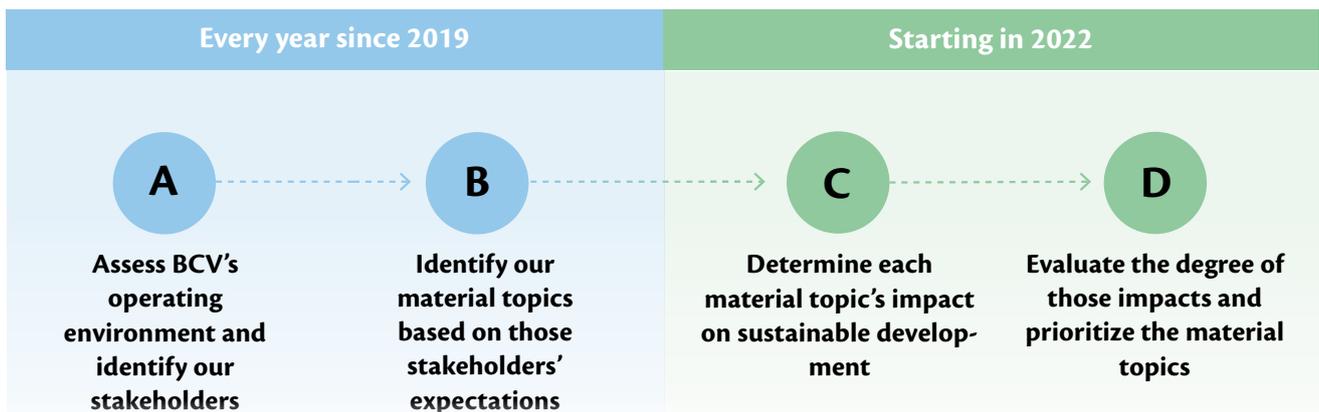
to the economy, environment, and society, as set forth in the GRI Standards.<sup>16</sup> This corresponds to steps C and D in the following diagram. Recent updates to the GRI Standards require organizations to identify the main economic, social, and environmental impacts associated with each material topic they identify. In Step C, we assess the positive and negative impacts – both actual and potential – of each

material topic along our entire value chain. Then in Step D, we determine the degree of each impact based on its scope, severity, irremediable character, likelihood, and whether it is direct or indirect. The material topics are positioned in the materiality matrix above based on their degree of impact. Topics with at least a “moderate” impact or with a broader scope are considered material and discussed in this report. In 2022, this

process did not result in any changes to our materiality matrix from 2021.

The Executive Board and the Compensation, Promotions and Appointments Committee have reviewed the outcome of this process – i.e., the impact assessment and materiality matrix. This task is delegated to the Compensation, Promotions and Appointments Committee by the Board of Directors,

### Our process for determining our economic, social, and environmental impacts



<sup>16</sup>globalreporting.org



as its members have the required expertise and remit to review and approve BCV's sustainability report. The Executive Board also reviews and approves the report alongside the Committee.

Regardless of their weighting according to the GRI dimensions, all of these topics are important to us, and we will continue to re-evaluate them annually. Each material topic is discussed in its own section in this report. There, we present the topic and its potential impacts, explain the Bank's stance, and describe what we are doing to meet stakeholder expectations in that area. These topics are also listed in the GRI content index beginning on page 112.

### Additional information on two material topics

#### *Access to financial services*

Contributing to the economic development of our Canton is at the heart of our corporate mandate. 97% of our total lending is to customers in Vaud or elsewhere in Switzerland. We provide financial services in a region where such services are widely available and used, and we do our part by offering a full range of products and services to individuals and businesses – especially in day-to-day banking and loans. With nearly 60 BCV branches across Vaud, we have the densest branch network in the Canton, making it easy for customers to access our financial services. More information about the products and services we provide to the people and businesses of Vaud Canton is given in the chapter titled “Meeting our customers' needs,” starting on page 46.

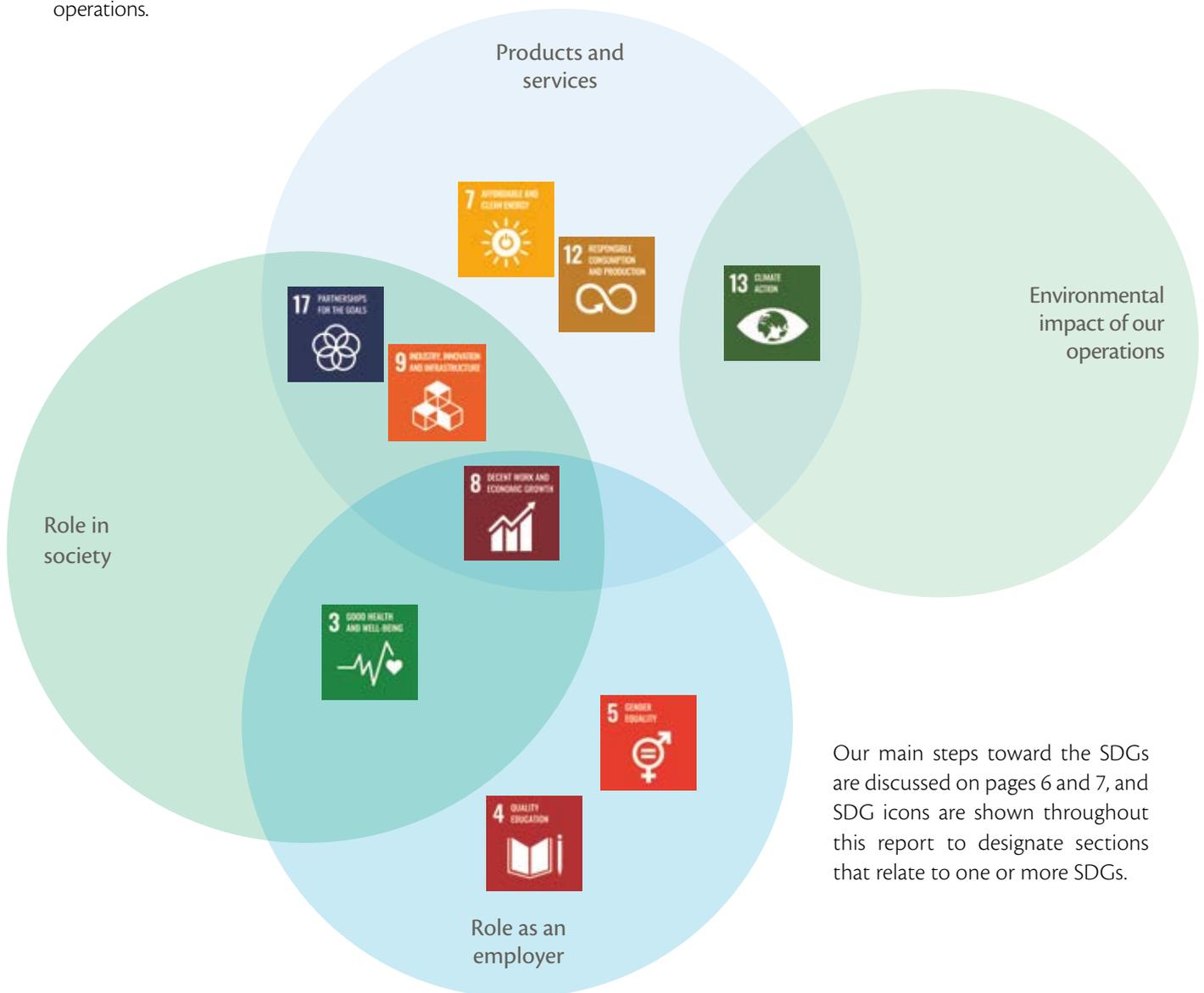
#### *Biodiversity*

Efforts by the finance industry to develop methods and criteria for addressing biodiversity are still in the early stages. At BCV, we're currently focused on developing our approach to climate-related issues while paying more and more attention to biodiversity, as it will become an increasingly important topic for financial institutions.

# Sustainable Development Goals

We adhere to the 17 UN Sustainable Development Goals (SDGs, see pages 10 and 11) and strive to work toward them across all our activities, whether through our products and services, our role as an employer, our role in the community, or the direct environmental impact of our operations.

Given our corporate mission as Vaud's cantonal bank and our business model, we can contribute particularly to the SDGs shown in the following diagram.



## Dialogue with stakeholders and transparency

As part of our dialogue with the local community, we survey Vaud residents on their main expectations of our Bank in the area of sustainable development. The survey was carried out for the first time in 2020 and has since been repeated every year. The 2022 survey revealed that:

- respondents were more concerned than in 2021 about banks' efforts in the area of sustainable development (under 15% of respondents had no opinion on this issue in 2021 and 2022, down from around 30% in 2020)
- respondents generally expect banks to help direct funding to socially and environmentally responsible companies and projects, stop funding controversial companies and heavy polluters, significantly reduce their own paper use, promote clean energy, and carry out sponsorship and philanthropy activities
- as in previous years, respondents believe banks should help support

local projects that have a positive social or environmental impact.

BCV also conducts employee satisfaction surveys, which are run by a third-party polling service commissioned by BCV.<sup>17</sup> The service conducts an anonymous survey of all staff members every two years 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. 83% of employees took part in the 2022 survey. The overall satisfaction score was 7 out of 10, indicating a high level of employee buy-in comparable with that at other companies.

Questions from our customers concerning sustainability are collected by the Corporate Communications Department, which drafts responses with the input of subject-matter experts at the Bank. Depending on the issue, responses may be submitted to our CEO for approval.

We are particularly attentive to criticism of the banking industry, especially with regard to greenwashing. To help manage risks in this area, we stay up to date with industry best practices

and with any recommendations or self-regulations issued by Swiss Sustainable Finance (SSF), the Swiss Bankers Association (SBA), and Asset Management Association Switzerland (AMAS). We also stay attuned to the expectations of NGOs and follow International Energy Agency (IEA) publications. Recent developments in these areas are communicated to our CSR Committee, which determines whether we need to change any processes or take other measures. BCV generally maintains open dialogue with stakeholders in order to explain our policies and measures.

We take every opportunity to communicate with ESG rating agencies in order to answer their questions, determine which issues they consider most important, and take the appropriate measures in our business lines. And these agencies have recognized our ongoing efforts in incorporating ESG criteria and providing greater transparency. In June 2022, MSCI upgraded our ESG rating to AA, the agency's second-highest rating, placing BCV in the "Leader" category. Also last year, Inrate increased our rating from B to B+, the highest score among comparable banks, and Ethos reaffirmed our A- rating, the second-highest of five scores.



<sup>17</sup>Image study by Qualinsight, October 2021

BCV also takes part in the annual CDP survey and received an A-rating on climate issues in 2022, the organization's second-highest score.

We closely monitor FINMA publications and the expectations of the Federal Council in the area of sustainable finance, taking care to implement the recommendations of industry organizations such as the SBA.

In an effort to continually improve our transparency, in 2021 we introduced a new section in our annual report and sustainability report on how we address climate-related risks as well as more detailed information on various topics.

## Our CSR ambitions and strategy

Our ambitions and strategy when it comes to CSR are a direct product of the Bank's mission to contribute to the sustainable development of Vaud Canton. They are set by our Executive Board, approved by the Board of Directors, and together form BCV's sustainability roadmap.

Between now and 2025, we aim to help achieve the UN Sustainable Development Goals by:

- proactively offering our customers a wide range of socially responsible investment solutions in line with market best practices
- playing a major role in financing the energy transition in Vaud Canton

- committing to preserve the environment and continuing to reduce the environmental footprint of our operations
- fulfilling our social responsibility by playing an active role in the community and, as a benchmark employer, by fostering diversity and equal opportunity.

To that end, we have built our stakeholders' expectations into our CSR strategy. We are continuing to implement concrete processes and measures to manage the direct impacts of our operations. We are also working to incorporate more ESG criteria across our range of investment products and financing solutions. Also, we publish our sustainability report annually in both French and English, with a format and content that meet GRI reporting standards. This gives stakeholders a structured view of the measures we've been taking, with metrics that can be compared from one year to the next.

“BCV is committed to preserving the environment and to further reducing the environmental footprint of its operations, in a process of continual improvement.”

## CSR governance and organizational structures at BCU

BCU's policy on matters of corporate social responsibility covers the economic, social, and environmental dimensions of sustainability. That policy is overseen by our Compensation, Promotions and Appointments Committee, which submits its recommendations to BCU's Board of Directors. For more information about the members of that Committee, see page 89 of our annual report.

The Executive Board, which is responsible for economic, social, and environmental matters, has set up a CSR organizational structure consisting of:

- a CSR Committee, which submits recommendations to the Executive Board on the objectives and approaches the Bank should adopt on all CSR-related topics. 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.
- a Head of Corporate Social Responsibility, who reports directly to the CEO and oversees implementation of the CSR strategy across the Bank.
- designated CSR representatives at each of the Bank's business

lines, who are in charge of further embedding sustainability into their operations and helping coordinate efforts across the Bank. They report on their progress to the CSR Committee.

Every year, the CSR representatives provide the CSR Committee with a description of the projects and initiatives they have planned for the following year, in order to implement the CSR strategy, ambitions, and objectives submitted by the CSR Committee to the Executive Board and approved by the Board of Directors. The CSR Committee comments on the plans, approves the roadmaps, and reviews progress on the roadmaps either once or twice a year, depending on the specific issues being addressed. The CSR Committee meets ten times a year for three hours at a time. The CSR representatives and the Head of Corporate Social Responsibility also keep an eye on market trends and regulatory developments and make suggestions to the CSR Committee about any additional reviews to carry out or new measures to adopt.

The Compensation, Promotions and Appointments Committee conducts mid-year reviews of progress on CSR projects. This Committee also reviews the Bank's material topics and the main economic, social, and environmental impacts as part of the sustainability report preparation process, in accordance with GRI Standards (more information on how we identify material topics is given on page 15).

In addition, the Executive Board and the Board of Directors submit a report every year to the Vaud

Cantonal Government on how we executed on our mission as a cantonal bank. The report describes our main accomplishments during the year, especially in the area of CSR, and is intended to show how we fulfilled our mission as Vaud's cantonal bank. More information on that mission and on the Cantonal Act Governing BCU is given on page 11.

### Managing sustainability-related risks and opportunities

The CSR Committee is responsible for identifying and assessing sustainability-related opportunities and working with BCU's different divisions to determine the measures we will adopt in each business line. It helps identify ESG risks, particularly those that may impact our reputation or that arise from our customers' evolving needs and expectations, and ensures that appropriate measures in this regard are taken. Additionally, the committee monitors regulatory and market developments in the area of sustainability.

The CSR Committee also monitors any changes in our stakeholders' expectations by communicating with them through various channels. More information about how we engage with our stakeholders can be found starting on page 14.

In line with the recommendations of financial supervisory authorities (such as the Basel Committee on Banking Supervision and FINMA), we consider ESG risks, particularly climate-related risks, as factors that can be captured in traditional financial risk categories: strategic and business risk, credit risk, market risk, and operational risk. All risks – including ESG risks – in all areas

of the Bank are managed according to the same fundamental principles, using methods adapted to each risk category.

Governance and the main responsibilities in the area of risk management may be summarized as follows:

- The Board of Directors establishes BCV's fundamental risk-management principles and decides the strategy it will pursue in taking on risk. It is also responsible for high-level oversight of the Bank's risk profile. As part of this, the Board of Directors monitors the Bank's main risk factors and exposures, including those related to the climate.
- The Audit and Risk Committee ensures that risk management at BCV is implemented and operational, as decided by the Board of Directors.
- The Executive Board is responsible for ensuring that risk-management

procedures are implemented and operational, and for monitoring the Bank's risk profile. It monitors and assesses the Bank's main risk factors and exposures, including those related to the climate. As part of this, it monitors strategic and business risk and supervises the Executive Board Risk Management Committee in monitoring and reporting these risks. The committee includes the CEO, the CFO, other division heads, and the head of the Risk Management Department.

- Division heads are responsible for conducting and monitoring the activities of their divisions, regardless of whether the division has a front-line, steering, or business-support role. They have initial responsibility for overseeing, identifying, and managing the strategic, business, credit, market, and operational risks arising from the activities of their divisions.

- The Risk Management Department is responsible for setting up, implementing, monitoring, and adapting the Bank's oversight principles and methods for credit, market, and operational risk; monitoring the Bank's risk profile; and overseeing and executing risk reporting. It ensures that the Bank's main risk factors and exposures, including those related to the climate, are taken into consideration in these processes.

We continuously monitor ESG risks as they evolve, in line with the responsibilities mentioned above.

This report, like the one for 2021, includes an overview of the assessments performed and measures taken by the Bank to address climate-related risks (see pages 41 and 42). More information is also available in our annual report, beginning on page 71.

## Ways our governing bodies were involved in CSR in 2022

- Our Executive Board, Compensation, Promotions and Appointments Committee, and Board of Directors discussed climate targets and how they relate to asset management and lending activities, along with net-zero initiatives for the finance industry.
- Our Executive Board met to discuss how the Swiss Bankers Association's new guidelines – both on addressing the question of energy-efficiency renovations in home-financing advice with clients and on incorporating ESG criteria into investment guidance – will affect BCV. The Executive Board outlined an action plan for each business line concerned by the guidelines.
- Our Board of Directors met for a half-day to discuss and receive training on key issues and trends in sustainable finance and what they mean for BCV.
- Our Executive Board and Audit and Risk Committee met several times to review recent developments in the area of socially responsible investing – especially the risks associated with greenwashing – and discuss how BCV will respond.

Signatory of:



BCV is a signatory of the UN Principles for Responsible Investment (UNPRI), which seek to promote a sustainable financial system. The UNPRI are the most comprehensive and widely recognized standards for responsible investment.



BCV is a member of Swiss Sustainable Finance, which aims to strengthen Switzerland's position as a hub for sustainable finance by raising awareness, further developing skills, and supporting concrete action.



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 greenhouse gas emissions, preserve water resources, and protect forests.



This label is awarded to businesses with a climate policy that includes reducing and offsetting greenhouse gas emissions.



BCV is sponsoring a project under UCreate3, an acceleration program for University of Lausanne students run by the university's HUB Entrepreneurship & Innovation. UCreate3 is designed to foster students' entrepreneurial spirit and help them conduct cross-disciplinary projects with a significant social or environmental impact.



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. It was set up three years ago to help develop solutions to pressing societal challenges, such as climate change, and spearhead the transition towards a resilient, sustainable, and inclusive economy.



BCV is a member of swisscleantech, an organization that promotes a climate-compatible economy by uniting the efforts of policymakers, businesses, and society.

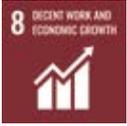


### The lake at the Château de L'Isle

In 1710, an artificial lake was created at the Château de L'Isle – a manor house built 14 years prior – to contain overflow from the Venoge River during spring floods. In days gone by, the people of L'Isle would draw water for household use directly from the Venoge. This plentiful supply explains why L'Isle, unlike most Swiss villages, has no public fountains.

# A positive, long-term economic impact





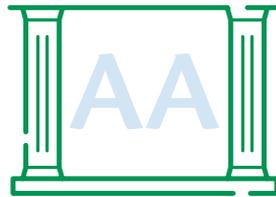
## Long-term value creation, solidity, and financial performance

Our business strategy is guided by our ultimate goal of creating value for shareholders, clients, and employees. Our business model is that of a universal bank with solid local roots.

To fulfill our mission of contributing to the economic development of our Canton, we must ensure that our foundations are solid and that our vision for BCV leads to robust, steady profitability going forward. Our strategy therefore targets sustainable growth coupled with a moderate risk profile that is aligned with our mission. That means we do most of our business within Vaud Canton and take a selective approach to volume growth.

Our operations focus on our four core businesses: Retail Banking, Private Banking, Corporate Banking, and Asset Management & Trading. At the same time, we are active in selected

areas where we have proven expertise – specific markets that offer strong potential in terms of both growth and profitability. The Bank does not have a proprietary trading business.



Standard & Poor's rating

Our solid financial position, which has been recognized by Standard & Poor's and Moody's – the two leading credit rating agencies – means we can take a long-term approach, running the Bank with a calm sense of purpose.

One of the many ways we create value is through the long-term strength of our share, which is one of the best performing in the Swiss banking industry. Over the past ten years, the BCV share generated a 198% total return for our shareholders, which far exceeds the 4% posted by the SP Banks index for Swiss banks.

The bulk of this value flows to the Canton of Vaud, our majority shareholder, with 66.95% of our share capital.

In 2022, we distributed CHF 318m to shareholders, and the amount we paid out in taxes and dividends to the Canton of Vaud and Vaud municipalities works out to CHF 649 for every household in Vaud. These payouts boost our Canton's public finances, helping fund policies and initiatives that make a positive difference in our community. Our risk management practices comply with the very highest standards, and our Common Equity Tier 1 (CET1) capital ratio of 17.6% is well above the regulatory requirement.



The equivalent amount per household that BCV paid out to Vaud Canton and municipalities

### 201-1

#### Direct economic value generated and distributed (parent company) (in CHF millions)

	2020	2021	2022
Direct economic value generated (operating profit, personnel costs, and extraordinary income and expenses)	678.2	741.3	<b>752.4</b>
Direct economic value distributed (personnel costs, taxes, and dividends)	652.9	684.8	<b>692.5</b>
Economic value allocated to reserves	25.4	56.5	<b>59.9</b>

#### Amount paid out to Vaud Canton and municipalities (in CHF)

Equivalent amount per household	645	626	<b>649</b>
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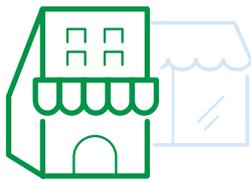
## Contributing to Vaud's economic development

We are the leading bank in Vaud. We contribute to the economic development of our Canton by providing loans and financial services to local residents, public-sector entities, and businesses, especially SMEs. Half of the Canton's people and SMEs bank with us.



**1 in 2**  
people in Vaud  
banks with BCV

Over 25,000 companies in Vaud turn to BCV for their banking needs, and we welcomed nearly 2,000 new corporate clients in 2022, more than half of which had been operating for less than 18 months.



**1 in 2**  
Vaud small businesses  
banks with BCV

As part of our role in meeting demand for mortgage lending, our loan book covers all areas of the Canton. We are the lender of choice for real-estate professionals and help ensure that the supply of housing in Vaud is aligned with demand over the long term. We take a responsible approach, seeking to reduce the risk of overheating in this naturally cyclical market.



We provide **1 in 3**  
mortgage loans in Vaud

More local businesses come to us for financial services – current accounts, loans, trading, and investment products – than to any other bank. And our corporate loan book stands at CHF 12.5bn, which equates to a market share of around 40%.

We provide financing to every sector of the Vaud economy, with a loan book that reflects the economic structure

of the Canton and the financing needs of the various sectors of its economy. Real-estate professionals and construction firms account for 44% of our lending. For every loan we grant, we assess the application on its merits and do not apply sector-specific pricing or lending policies.

BCV offers loans starting as low as CHF 20,000 to small businesses that would otherwise struggle to access financing because the amounts involved are likely too small to interest other banks. Some 257 local SMEs had a credit facility of this sort last year for a total of CHF 12m. We also granted 185 loans guaranteed by French-speaking Switzerland's regional cooperative in 2022, totaling CHF 25m (excluding Covid-19 bridge loans).

### Helping stakeholders better understand the Canton's economy

We regularly publish reports, share insights in the media, and hold events to help our clients and the wider public make sense of the local economy and business conditions in the Canton.

#### 203 –2

#### Significant indirect economic impacts (in CHF millions)

	2020	2021	2022
Total lending to companies in Vaud	11,700	11,800	<b>12,500</b>
Guaranteed lending	13	28	<b>25</b>

## Economic trends and analysis

- Twice a year we release *BCV Immobilier*, an overview of the real-estate sector in Vaud. The topics covered in last year's publications include the carbon footprint of the Canton's housing stock, the real-estate market in the Riviera-Pays-d'Enhaut region, and the rise in interest rates.
- We contribute to an annual report on the GDP of French-speaking Switzerland, published jointly by the region's cantonal banks. Last year's issue highlighted how sectors geared toward export markets or sensitive to global economic trends made a greater contribution to GDP, while noting that sectors focused on the domestic market were a valuable source of stability for the local economy.
- We also contribute to a quarterly report on Vaud's GDP, as well as a publication on business indicators from the Commission Conjoncture Vaudoise. Throughout last year, these publications kept readers abreast of the state of the Canton's economy, including the impact of geopolitical tensions on local business conditions.
- Last summer, BCV conducted a survey of SMEs in the Canton to gauge sentiment amid deteriorating economic conditions. With most respondents assessing their situation as good or very good (46% and 23%, respectively), confidence among Vaud SMEs seems to have largely recovered to pre-pandemic levels.



BCV's Head of SME Banking, along with step-by-step guidance and useful resources.

## Conferences

- We hold various in-person and online conferences for our customers covering key economic and financial trends. Last year, these events – including *Conjoncture & Perspectives*, *Rendez-vous de la Finance*, *5 à 7 de la Finance*, *Les Pros de l'Immobilier* and *Rendez-vous des CFO* – drew around 3,500 attendees.

“ Confidence among Vaud SMEs seems to have largely recovered to pre-pandemic levels. ”

## Energy transition

The 11<sup>th</sup> issue of *BCV Immobilier* featured a carbon audit of Vaud's housing stock based on new data from CREM, an urban energy research center founded in 1986 by the Martigny municipal government and EPFL (Swiss Federal Institute of Technology in Lausanne). The report highlighted differences in the carbon footprint of homes across different municipalities in Vaud and explored the underlying causes, including the age of buildings. The report, which included information on renovations and how to finance them, had strong traction with local media outlets.

In June, we published a guide in conjunction with PME magazine to help small businesses successfully navigate the new energy landscape. Entitled *Vers la Transition Énergétique*, it contains personal stories and advice from Vaud businesses, the Enterprise for Society Center (E4S), the Vaud cantonal energy department, and



### Other appearances and publications

We also share information, analysis, and advice through other channels:

- We send out newsletters to our clients and local businesses, covering financial markets and the latest economic developments.
- Three times a month, our experts write articles for the *24 Heures* newspaper, sharing information and practical advice for people looking to make sense of the business

environment and manage their finances. Our specialists also make twice-monthly guest appearances on the “Votre argent” segments broadcast on *La Télé Vaud Fribourg*.

- We publish all of this information at [pointsforts.ch](https://pointsforts.ch) – including 127 articles and videos last year alone.

“Our specialists make twice-monthly guest appearances on *La Télé Vaud Fribourg*.”



## Promoting innovation and sustainability in Vaud

BCV is a member of Innovaud, the Vaud Cantonal Government's agency for promoting innovation and investment, which provides support to pioneering businesses of all sizes – startups, scaleups, SMEs, and large corporates – based in the Canton or looking to set up here. We make an annual contribution of CHF 50,000 to the agency to support its work.

The Foundation for Technological Innovation (FIT) is also part of the Innovaud network. This non-profit provides grants and loans to startups in Vaud and the rest of French-speaking Switzerland in order to stimulate the local economy and encourage innovation. Because the program is only open to companies less than three years old, FIT is often one of the first sources of external capital for early-stage ventures.

Its experience and expertise also lend credibility to fledgling businesses, opening the door to a larger pool of investment sources.

The Bank has supported FIT since its inception in 1994, most notably through a commitment of CHF 500,000 per year. We also have a representative serving as vice chairman of the FIT board, and several BCV representatives serve on the FIT selection committees.

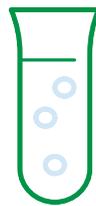
FIT has helped create over 5,000 jobs by providing financing to hundreds of startups across a wide range of industries – from life sciences, digital health, food and nutrition, and clean technology to ICT, manufacturing, aerospace, and cybersecurity. It also supports startups that aim to provide solutions to environmental, energy, healthcare, and social challenges. More than 280 of these businesses are still active. In 2022 alone, FIT disbursed

CHF 6.28m in grants and loans to 44 businesses.

Recipients of FIT support in 2022 include the following startups:

- CompPair, an EPFL spin-off that has developed a new line of smart, sustainable composites that are easier to recycle and feature a unique resin that gives the materials self-healing properties, bringing circular-economy principles to composites used across all manufacturing sectors
- Bearmind, whose smart helmets provide metrics enabling coaches to monitor head impacts suffered by contact sports players, reducing the risk of long-term brain damage
- Genius Loci, which has created a system of plaques that can be affixed to places of interest; the plaques feature QR codes that take tourists to creative, user-generated content about the location.

In early 2023, FIT launched FIT Impact, a new BCV-backed initiative that will



CHF **500,000**

in financing committed to the Foundation for Technological Innovation (FIT) every year to support Vaud startups

support impact startups emerging from universities and other higher-education institutions in Vaud. Through our financial contribution, we are playing our part in bringing fresh faces and new ideas onto the local business scene, as well as helping sustainability-focused ventures get off the ground.

In 2022, BCV provided financial backing – for the second year running – to the Enterprise for Society Center (E4S), an initiative jointly led by the University of Lausanne's Faculty of Business and Economics (HEC), the Institute for Management Development (IMD), and the College of Management of Technology at EPFL. E4S was founded in 2019 with the mission of helping society overcome its challenges – especially climate change – and spearheading the transition toward a more resilient, sustainable, and inclusive economy. Through this partnership, we hope to help make this happen. As part of this, we are supporting the E4S-led Master of Science in Sustainable Management and Technology (SMT) program, which is geared toward research and

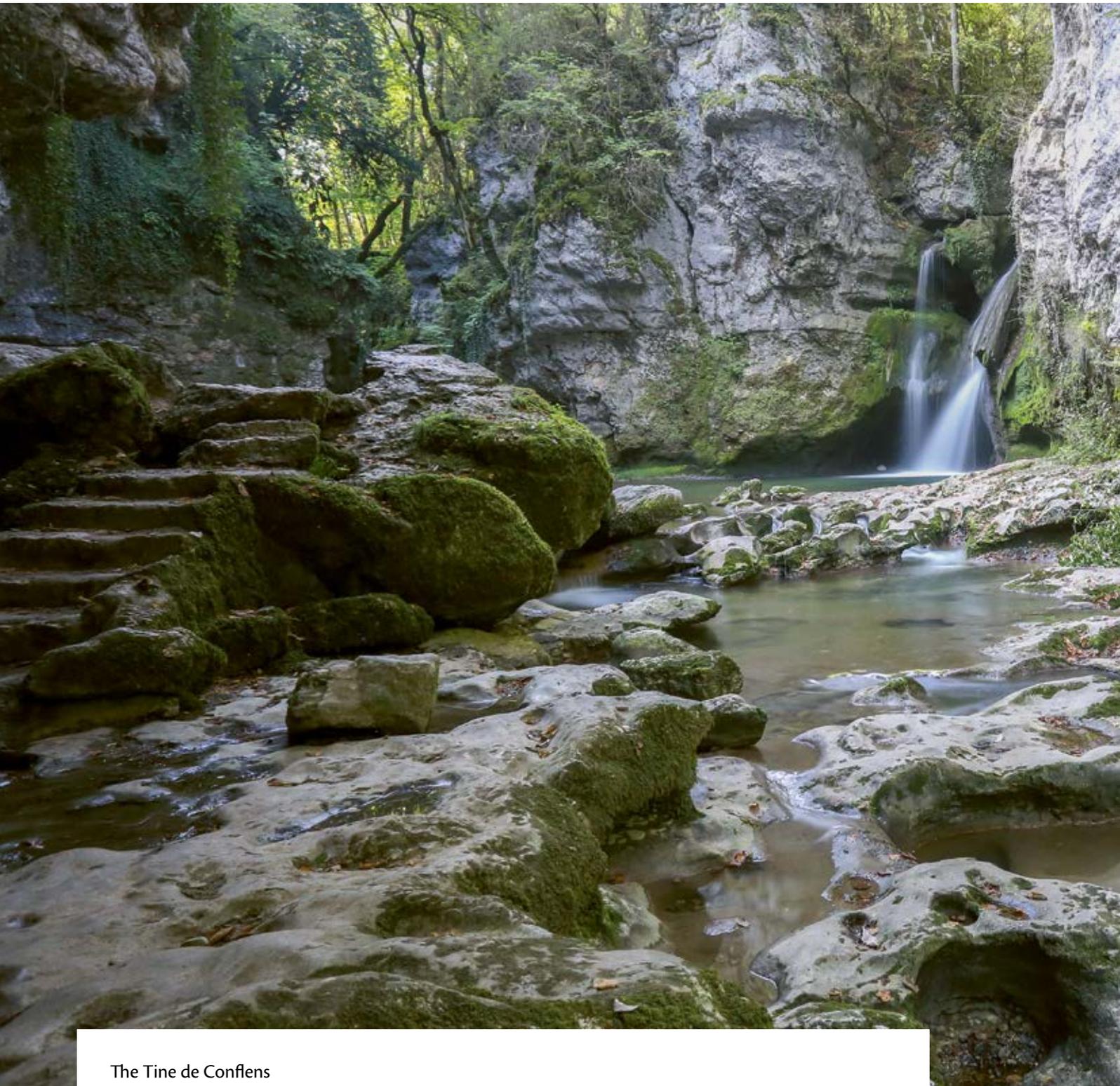
innovation and welcomed its second cohort of students in 2022.

The partnership is giving rise to collaborative initiatives as well. In May 2022, for instance, BCV and E4S convened a task force comprising business leaders, academics, and policymakers to explore the issue of energy consumption in Switzerland and challenges around reducing demand. Also last year, we invited E4S representatives to share their insights on implementing sustainable business practices with our SME clients. That advice was featured in our guide to the energy transition published in PME magazine in June 2022.

In 2022, BCV also sponsored the Green Card, an initiative that emerged from the UCreate3 acceleration program for innovative projects, a program run by UNIL's HUB Entrepreneurship and Innovation. The program aims to stimulate entrepreneurial thinking among students and provide them with support as they work on interdisciplinary, high-impact projects. The Green Card, which is primarily intended for Lausanne's

student community, entitles holders to special deals and discounts on environmentally sustainable food and other eco-friendly products. It was selected from among the fall 2022 proposals for its potential in terms of local social and environmental impact. The team behind the project has begun building a community of local retailers who want to take part.





### **The Tine de Conflens**

After winding peacefully through the foothills of the Jura Mountains, the Venoge meets the Veyron at the Tine de Conflens, a stunning waterfall among moss-covered rocks between the towns of La Sarraz and Ferreyres. Now a single river, it makes its way through tranquil gorges until, as poet Jean Villard Gilles put it, it “falls lovingly into Lake Geneva’s arms.”

# Ethics and corporate governance





## Our values and code of conduct

We believe that one of the keys to our long-term success is having a common culture built around four core values – close ties, professionalism, performance, and responsibility. At BCV, we live these values every day. They're what set us apart from our peers. And they underpin everything we do, including how our employees interact with customers and colleagues.

Given how important these values are to us, we have set up a long-term training program designed

specifically to reinforce them across our organization. Our values are also an integral part of employee performance reviews.

All new hires receive a copy of our Code of Professional Conduct, which is available on our website.<sup>18</sup> It sets out the behavior that is expected of our company as a whole, its governing bodies, and each and every staff member.

The principles contained in the Code are applicable to any action or decision taken by BCV employees in a professional context. As well as setting out our core values, the Code details the principles of professional

ethics to which we adhere. It includes sections on good corporate governance, compliance with laws and regulations, identifying and managing conflicts of interest, bribery, transparency toward customers, health and safety, and privacy and personal data protection.

“Our Code of Professional Conduct sets out the behavior that is expected of our company as a whole, its governing bodies, and each and every staff member.”

### —○ Close ties

As a Swiss cantonal bank, BCV maintains a deep connection with the local community that goes back a century and a half. Our employees use their on-the-ground presence in Vaud Canton and knowledge of the local community to fully appreciate and understand the needs and expectations of BCV's customers.

### —○ Performance

At BCV, we set ourselves ambitious goals across the board. Our people are results-oriented. They systematically seek pragmatic and effective solutions to the challenges that arise every day.

### —○ Professionalism

Every employee is committed to delivering the best possible service to customers. To achieve this, they draw on the best practices in their respective fields of expertise and constantly seek to expand their skills and knowledge.

### —○ Responsibility

BCV employees demonstrate responsible professional behavior. This includes taking responsibility for their actions, being conscientious in their work, and being loyal to the company.

We updated our Code of Professional Conduct in 2021 to include a stronger focus on our commitment to sustainability, in line with the Bank's evolving corporate social responsibility (CSR) strategy. The new version states that sustainable economic development is at the heart of our corporate mission and reaffirms our commitment to incorporating environmental, social, and governance (ESG) criteria into both our business activities – including wealth management, asset management, and lending – and our operations (i.e., relative to our direct impact).

<sup>18</sup> <https://www.bcv.ch/en/home/la-bcv/investor-relations/overview>

## Corporate governance

BCV applies corporate governance standards and best practices, clearly setting out the responsibilities of the governing bodies and various committees. The responsibilities of our seven divisions are also formally documented, as are the powers and duties of the Bank's committees. Likewise, we have a strict separation of functions policy. The legal, regulatory, and internal-policy requirements that apply to our activities are set out in in-house directives and procedures. Our three-level internal control system (ICS), which falls under the responsibility of the Executive Board and the Board of Directors, ensures that these requirements are properly implemented. A detailed description of our ICS can be found on page 75 of our 2022 Annual Report.

We follow the latest developments in corporate governance and, where necessary, review our practices in line with regulatory requirements and recommendations from specialized firms.

### No political contributions

The Bank has a policy to not provide any type of formal support to any political party or organization. We do, however, support our employees' involvement in the community, including in organizations of a political nature, and we make work-time arrangements for the roughly 100 staff members who hold public office.

We do not take positions on political issues, except for matters that concern the banking industry or that could have a material impact on our business environment.

### Members of the Board of Directors

BCV's Board of Directors comprises seven non-executive members. None of the members performs any other functions within BCV Group, and all are independent members within the meaning of FINMA Circular 2017/1 "Corporate governance – banks."

Three members are elected by shareholders.

Four members are appointed by the Vaud Cantonal Government (VCG).

Although they are given appointment letters, they are deemed independent, as they receive compensation for BCV board-related activities from the Bank alone and do not receive any specific instructions from the VCG.

All candidates for the Board of Directors, including those appointed by the VCG, are proposed on the basis of their skills and experience by the Board (on the recommendation of the Compensation, Promotions and Appointments Committee). The selection criteria aim to produce a Board that is balanced, in terms of factors including gender and areas of expertise, with a deep understanding of the business environment and overall context in Vaud.

## Membership in industry organizations

BCV is a member of the Swiss Bankers Association (SBA) and the Association of Swiss Cantonal Banks (ASCB), two umbrella organizations that represent the interests of the Swiss banking industry and Swiss cantonal banks, respectively.

In its June 2020 position paper entitled *Sustainable Finance in Switzerland: From Pioneer to a Premier International Hub*, the SBA declared its support for the transition to a sustainable economy and argued that sustainable finance represents an opportunity for the Swiss banking industry.<sup>19</sup>

The industry body also supports international net-zero initiatives and recommends that its members join those such as the Net-Zero Banking Alliance (NZBA) and the Net Zero Asset Managers (NZAM) initiative.<sup>20</sup> In June 2022, it published guidelines for its members on promoting energy-efficient renovations when providing in-person and online advice to people seeking financing for single-family and vacation homes. Furthermore, the SBA has drawn up formal guidelines on providing clients with ESG information on their investments and integrating their preferences in this area into the advisory process.

The ASCB, in a sustainability position statement, writes that Swiss cantonal banks view economic, social, and environmental sustainability as an overarching guiding principle and support the United Nations Sustainable Development Goals, to which Switzerland is a signatory, as well as the climate targets set in the Paris Agreement. The ASCB further states that the cantonal banks engage actively in discussions on the implementation of these goals and targets in the Swiss financial industry, and contribute to the development of relevant standards and classification systems.<sup>21</sup>

BCV's CEO sits on the boards of directors of both the SBA and the ASCB. The Bank paid a combined CHF 763,000 in annual membership fees to these two industry organizations in 2022 (versus CHF 738,000 in 2021).

BCV is a member of *swisscleantech*, an organization that engages in advocacy within both the political sphere and the private sector for Switzerland's target of achieving carbon neutrality by 2050. We are also a member of *Swiss Sustainable Finance*, which aims to strengthen Switzerland's position as a hub for sustainable finance by providing information and training and by catalyzing growth.

## No profit shifting

In addition to BCV (the parent company), BCV Group comprises three wholly or almost wholly owned subsidiaries: Piquet Galland & Cie SA, Gérifonds SA, and GEP SA (Société pour la gestion de placements collectifs). The Group's presence outside Switzerland is limited to the Luxembourg subsidiary of Gérifonds SA, which creates, structures, and manages funds registered in Luxembourg, and a parent company branch in Guernsey, which is currently being wound up.

In 2022, the Group paid CHF 60.6m in taxes, for an average tax rate of 14% relative to operating profit. Of this, 99.6% was paid in Switzerland in the form of direct federal tax and cantonal and municipal taxes. The remaining 0.4% was paid in Luxembourg.

BCV Group does not shift profits offshore or to other Swiss cantons for tax optimization purposes.

## Compliance with laws and regulations

We constantly analyze our strategic decisions, internal operating framework, and day-to-day business activities to ensure that they comply with the law, external and internal regulations, and the ethical standards set out in our Code of Professional Conduct. In 2021, we published a revised version of the Code that placed greater emphasis on CSR. All BCV employees were required to confirm they had carefully read the document in its entirety.

<sup>19</sup> Swiss Bankers Association, "Sustainable finance in Switzerland: from pioneer to a premier international hub," June 2020

<sup>20</sup> A full list of SBA sustainable finance publications can be found here: <https://www.swissbanking.ch/en/topics/sustainable-finance/principles-and-recommendations>.

<sup>21</sup> Paraphrase of the position statement available at [www.kantonalbank.ch/fr-CH/Themen-Positionen/Standpunkte/Nachhaltigkeit](http://www.kantonalbank.ch/fr-CH/Themen-Positionen/Standpunkte/Nachhaltigkeit)

As explained on page 34 of this report, the Code of Professional Conduct sets out the principles that govern the Bank's relationship with the authorities and the wider community, as well as with its employees. In particular, it emphasizes the importance of:

- complying with the law and external and internal regulations, and of the procedure employees should follow if they have any doubts
- identifying and preventing conflicts of interest and correctly managing any such situations
- protecting confidential data relating to our customers, BCV Group, and employees
- reporting any behaviors, events, or incidents that violate the law, regulations, or the Code of Professional Conduct (i.e., whistleblowing); the Code specifies that the Bank has a procedure in place to keep such reports fully confidential and protect any employee who makes a report in good faith.

BCV has a team dedicated to monitoring changes in the regulatory environment, while the Bank's business lines and support functions are responsible for identifying and analyzing regulatory developments that could affect their specific activities. This information is compiled into periodic reports for the Board of Directors, the Audit and Risk Committee, and the Executive Board.

In addition, our staff are required to regularly complete training courses on applicable laws and regulations.

## Due diligence and tax compliance

BCV has invested considerable resources to combat money laundering and the financing of terrorism. The Bank has processes in place for ensuring compliance with economic sanctions, with regard to both transactions and client relationships. To the best of its knowledge, BCV complies with the various sanction regimes that it is required to follow as a result of its business activities. The most important of these sanctions are the Swiss sanctions imposed by the State Secretariat for Economic Affairs (SECO), the US sanctions imposed by the Office of Foreign Assets Control (OFAC), and the European Union's sanctions.

In addition, our systems for monitoring market abuse are designed to identify instances of insider trading and market manipulation. In all our business activities, we prioritize high-quality client relationships, and we do not enter into client relationships if there is a higher inherent risk in terms of money laundering, the financing of terrorism, market abuse, or economic sanctions.

### Money laundering and terrorist financing

By accepting funds and executing payment and financing transactions, banks are exposed to the inherent risk that one or several of their clients

may be directly or indirectly involved in money laundering or the financing of terrorism. Banking supervision rules therefore require banks to have systems in place to detect signs of these activities. Determining the economic background of client funds and the purpose of transactions is a central component of the due diligence process, which consists of monitoring client relationships and transactions made through the Bank.

Our front-line businesses take initial responsibility for identifying money-laundering and terrorist-financing risks relating to both client relationships and transactions. The Compliance Department sets out the framework to be followed within the Bank, provides tools for implementing that framework, and supports and monitors the work of the front-line businesses.

We systematically identify all parties involved in each client relationship, which we then categorize based on money-laundering and terrorist-financing risk factors, in alignment with the regulatory requirements set out in the Swiss Anti-Money Laundering Act (AMLA). These categories are then used to determine the extent of monitoring and the appropriate escalation process for each relationship. Client relationships showing signs of an increased risk of money laundering or terrorist financing must go through an approval process. This involves various levels of management, and approval by the Compliance Department is required in each case.

We likewise categorize client transactions based on their size and in accordance with regulatory requirements. Dedicated software, configured for each of the Bank's business lines, is used to detect transactions that are at a high risk of money laundering or terrorist financing. High-risk client relationships and transactions go through an internal review process, which includes strict rules on supporting documentation, while transactions representing the highest level of risk must be approved by the Compliance Department.

In July last year, we further tightened our process for managing money-laundering and terrorist-financing risks with a new categorization method for client relationships featuring even more detailed and rigorous detection criteria.

More details about our policies and processes for managing compliance risk can be found on pages 68 and 69 of our 2022 Annual Report.

### Tax compliance

Our policy is designed to prevent undeclared funds from entering the Bank. We require wealthy individuals to supply a certificate of tax

“ The Bank systematically identifies all parties involved in each client relationship. ”

compliance issued by the authorities in their tax jurisdiction(s) and, in some cases, we may ask clients to supply further evidence.

BCV complies with the requirements of the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters. We also comply with the Foreign Account Tax Compliance Act (FATCA) agreement between Switzerland and the United States. We constantly monitor the regulatory landscape and update our tax compliance directives, processes, and documents as needed.

Customers can request a tax statement from the Bank to complete their tax returns. In 2019, we updated these documents to help customers fill out their Swiss tax returns, and we've made further improvements since then to make it easier to obtain documents digitally.

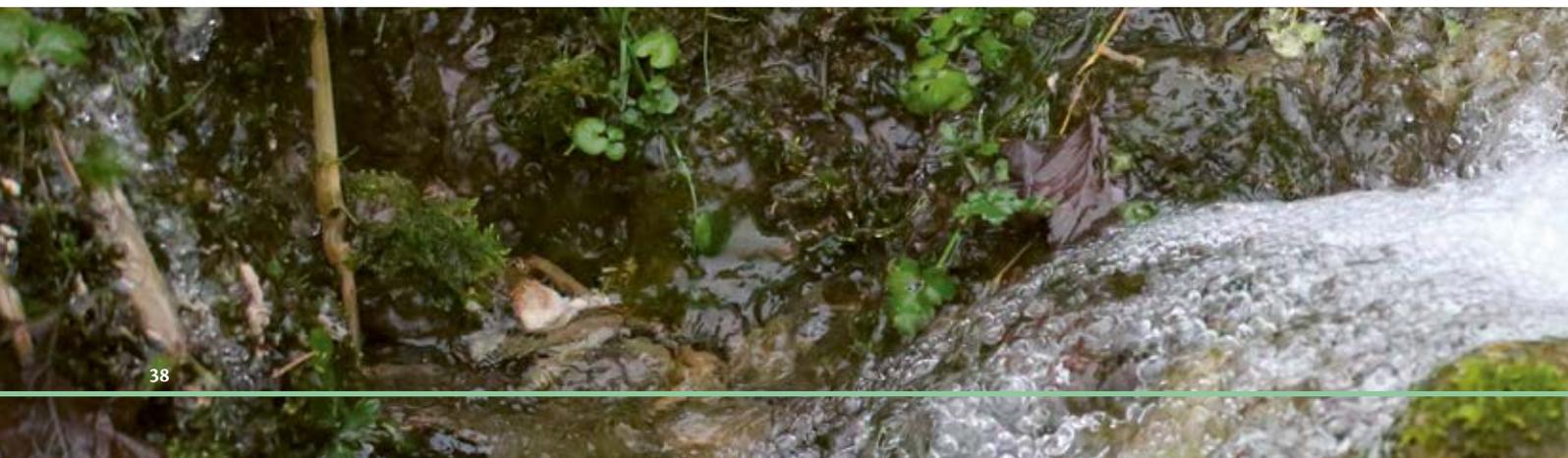
Since 2021, we have made e-tax statements available to our personal banking customers via the BCV-net online banking system. This

feature, which we implemented in coordination with the Vaud cantonal tax authorities, allows customers to import the data from the statements directly into their online cantonal tax returns. It has made the whole process faster and more convenient while eliminating the risk of manual filing errors and inaccuracies. To help clients navigate this process, we have published step-by-step instructions, an FAQ section, and a video on our website.<sup>22</sup>

## Rules on bribery and conflicts of interest

For the purposes of fairness and integrity, the Bank goes to great lengths to identify and prevent potential conflicts of interest. If, despite these efforts, such conflicts cannot be fully avoided, all appropriate measures are taken to manage them effectively and with the necessary transparency.

<sup>22</sup> <https://www.bcv.ch/en/home/personal-banking/produits/what-s-new-with-our-digital-banking-services/e-tax-statements>



Using confidential information about BCV Group, our customers, or third parties, obtained in a professional capacity, for personal means or for a third party is prohibited and may constitute a criminal offense.

Various internal directives set out the basic principles on the management of conflicts of interest at BCV, as well as the organizational measures and monitoring processes we employ to limit and control the associated risks. Customers can also find detailed information on our website about our policy for managing conflicts of interest.<sup>23</sup>

Moreover, we take a zero-tolerance approach to all acts of active and passive bribery (bribing someone else or accepting a bribe) in the course of professional activity. For example, BCV employees are prohibited from offering and accepting gifts or hospitality with a value of more than CHF 200 per person, per event.

Every employee must strictly adhere to the principles set out in the internal directives, and a training program has been put in place for this purpose. New hires at all levels, from apprentices to managers, must

take part in an onboarding program that covers bribery and conflicts of interest. These topics also feature in the refresher modules that employees must complete as part of their ongoing training.

## Data protection

At BCV, we take every precaution to protect the personal data of our customers and employees. And we know our customers' trust depends on our ability to keep their personal data secure and use it appropriately. A failure on this front could cause both financial losses and reputational harm to our customers and to the Bank itself.

The following principles underpin our data protection policy, which is guided by the Swiss Federal Act on Data Protection (FADP):

- Any entity that processes data must adhere to certain protection and security standards and must only process data lawfully.

- Individuals have the right to access personal data held about them, to be informed about how their data is used, and to object to the processing of their data in certain circumstances.
- Any entity processing data must have justification for doing so (as set out in the FADP).

Our Code of Professional Conduct, which has been formally accepted by all our employees, sets out the principles and rules applicable to BCV Group staff with regard to privacy and data protection. If we are required to collect personal data about our customers or employees, whether by law or by circumstances, we handle such data in compliance with the FADP. And whenever we share data with authorized third parties, we adhere to the law and BCV's General Conditions.

The Bank has a range of organizational and technical measures in place to prevent personal data from being viewed, used, modified, or destroyed

“ 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. ”

<sup>23</sup> BCV, *Information on BCV's Policy for Managing Conflicts of Interest*, September 2021

by unauthorized persons. For instance, we centrally manage access to client data and apply the need-to-know principle when deciding who can view that data based on predetermined levels of confidentiality.

Further details can be found in our Data Privacy Notice, which was published in October 2021.<sup>24</sup> After putting the notice online, we wrote to all affected customers to let them know about the policy and to inform them of their rights with regard to their personal data. The notice states that data subjects have the right to:

- access their personal data
- have their personal data corrected if inaccurate or incomplete
- oppose or request to limit the processing of their personal data
- request the deletion of their personal data (if there are no overriding interests that require the ongoing collection of personal data).

On 25 September 2020, the Swiss Parliament passed an amended version of the FADP, marking the end of a legislative process that brings Swiss data protection law more closely in line with the EU's General Data Protection Regulation (GDPR). Under the revised law, which is set to enter into force on 1 September 2023, companies must:

- delete or de-identify personal data when they are no longer needed

(i.e., when the data are no longer needed to perform a contract or to comply with a legal or regulatory obligation)

- keep a register of personal data processing activities
- immediately report serious data security breaches to the Federal Data Protection and Information Commissioner
- give data subjects the option to request an electronic copy of their data or to have their data forwarded to a third party.

In 2022, no substantiated complaints were lodged against BCV for breach of customer data confidentiality, and there were no known incidents of customer data leaks, theft, or loss.

## Cybersecurity

Cybercrime is continuing to increase and represents a major risk for companies. It has proven to be an especially pressing concern for a bank the size of BCV. We have assessed potential threats to our businesses – including cyberattacks 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 local and international partner firms and with Swiss government agencies in charge of combating cybercrime, such as the National Cyber Security Center (NCSC).

BCV fully complies with ISO/IEC 27001, the international standard on information security management, for which we obtained certification in October 2022. In addition to setting out technical and management objectives, the standard lays down requirements on how organizations are to implement, maintain, and continually improve their information security management system.



Because the methods used by cybercriminals are changing constantly, we regularly review and upgrade our practices, and we use penetration testing and other measures to evaluate our capacity to withstand cyberattacks. The Bank also runs regular, full-scale exercises to make sure its systems and processes are robust. As well as testing our business

“ We have assessed potential threats to our businesses – including cyberattacks and other security risks – and taken appropriate measures to protect our IT systems, data, and operations. ”

<sup>24</sup> <https://www.bcv.ch/en/home/legal-information/data-privacy>

### Priority cybersecurity threats for BCV

We have a security system in place to protect against cyber and other threats, with regular tests and checks to make sure our safeguards and measures remain effective and adequate over time. We have identified a number of priority threats, grouped into three categories:

- hacking and other attempts to gain unauthorized access to IT systems, which can take two forms: malware and similar intrusions, which use malicious software to try to infect the Bank's systems, and denial-of-service or mass-mailing attacks, which seek to prevent authorized users from accessing these systems
- customer data theft and breaches of confidentiality, which can originate from within or outside the Bank
- identity theft, whereby a fraudster steals a customer's identification details or misappropriates tools used by the customer, such as payment software.

continuity plans once a year, we hold crisis-management simulation exercises at least once every two years as a way to train staff and improve our procedures.

The Bank posts regular messages and runs campaigns to keep employees alert to cyber threats, covering subjects such as data leak prevention, security when working remotely, and phishing attacks, whereby cybercriminals target employees with fake emails. Phishing poses a particular threat at BCV, and we have responded with an ongoing employee awareness campaign. Measures include:

- social engineering tests, where we check how alert employees are to phishing attacks by sending them fake emails
- additional training for staff who fall victim to these simulated attacks.

We have built up valuable experience, which we share with the general public and our customers – especially our business clients who, like us, are highly vulnerable to attacks. Last year, our experts continued to write articles on cybersecurity for the Swiss daily newspaper *24 heures* and publish content on social media.

## Climate-related risk

The socioeconomic impacts of the physical hazards caused by climate change and of the transition to a low-carbon economy are increasing and can affect all economic agents, including the financial sector and banks.

BCV integrates climate-related risk into its risk-management framework in order to protect its interests and those of its customers. In keeping with the recommendations of supervisory

authorities (i.e., FINMA and the Basel Committee), we consider the physical hazards caused by acute and chronic climate events and the transition to a low-carbon economy to be risk factors that could impact all categories of risk to which the Bank is exposed – strategic and business risk, credit risk, market risk, and operational risk.

The key aspects of our approach to managing climate-related risks are described below. They are presented in accordance with the recommended structure and the fundamental principles for effective disclosure established by the Task Force on Climate-related Financial Disclosures (TCFD). More details can be found in our 2022 Annual Report (starting on page 71).

### 1. Governance

The Bank manages climate-related risks according to the same basic principles of governance and organization as all other risks. Under these principles,

risk-monitoring authority is assigned to the Board of Directors, while the Executive Board is given responsibility for managing and assessing risks, and the Risk Management Department for developing risk-assessment methods. This explicitly includes climate-related risk factors.

## 2. Risk management

Our approach to managing climate-related risks is fully aligned with our overall risk-assessment principles. The physical impacts of climate change and the transition to a low-carbon economy are among the main risk factors capable of adversely affecting BCV's exposure to risk. Climate-related risk can therefore be defined as the possibility that a risk event will occur as a result of changes in one or several climate-related risk factors that, in turn, will have a negative impact on the Bank. Climate-related risks may involve strategic, credit, market, or operational risk.

As a full-service bank with solid local roots, BCV is exposed to climate-related risk factors in various ways: through its strategic positioning, daily business decisions, lending activities, trading and investment activities, and operational procedures. In all of the Bank's business activities, climate-related risk factors are an integral part of managing risks. Detected sources of exposure are analyzed and monitored at all levels of the Bank, from the Board of Directors on down.

More information about CSR governance at BCV can be found on pages 20 and 21 of this report.

## 3. Strategy

BCV operates primarily in Vaud Canton, which has a diverse, strongly services-oriented economy; services have been less affected than other sectors by the transition to a low-carbon economy. We make sure our strategy and objectives are consistent with the commitments made by the Swiss government and the Vaud Cantonal Government to combat global warming (i.e., both current commitments and the roadmap to 2030 and 2050 targets).

We assess climate-related risk factors for our main sources of exposure: lending activities, trading and investment activities, and operational procedures.

More information can be found on pages 66, 68, 75 and 77 of this report, in our 2022 Annual Report (starting on page 71), and in our Basel III Pillar 3 Report.

## 4. Metrics and targets

We actively monitor climate-related risk metrics and use standard methodologies as the basis for our approach, particularly in our lending and client-driven investment activities. For these activities, we also examine other ways to add to our climate and environmental data in order to strengthen our measurement of climate-related risks.

In the coming years, we will continue to develop our methods for assessing climate-related risks by seeking to adopt best practices and improving the data needed for our assessments. And starting in the 2024 financial year, when the new ordinance on climate

disclosures for large companies comes into effect,<sup>25</sup> we will publish our own standalone report that will follow the recommendations of the TCFD.

We are committed to cutting our direct CO<sub>2</sub> emissions by at least 35% from 2019 levels by 2030. The Bank's direct emissions are published on page 104 of this report.

In our trade finance business, we aim to reduce our transaction-based exposure to coal at a slightly faster pace than in the Paris Agreement-compatible scenario (i.e., the rate at which global coal use needs to be phased down in the energy mix in order to meet the emissions target set out in the Paris Agreement, as defined by the International Energy Agency). More details can be found on page 78 of this report.

## Responsible selling

We recognize that our customers come to us for competitively priced banking products and services – and that they rely on us to provide reliable financial advice and to be open and transparent with them. Some of the steps we're taking on this front are detailed below:

- Our advisors are trained to speak to customers about the financial risks associated with our various products and services – including in day-to-day banking, wealth management, lending, and financial planning.

<sup>25</sup> The Ordinance on Climate Disclosures will take effect on 1 January 2024:  
<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-91859.html#id-91859.html>.

- We have clearly defined governance structures and processes in place to make sure that we advertise responsibly, transparently, and factually. Our advertising is checked by the Marketing and Communications Committee, which includes a division head, the communications director, and various business line representatives. The head of CSR is also consulted. Advertising is then approved by the relevant division head and the Bank's CEO before release.
- On our website, we clearly explain how customers can submit a complaint or comment over the phone, by email, or using the online contact form.<sup>26</sup> On this same page, we inform customers of their right to refer their case to the Swiss Banking Ombudsman – a free, independent information and mediation service dealing with complaints brought by customers

against banks headquartered in Switzerland – and we provide the relevant contact details. More information about our customer-feedback process can be found in the section of this report entitled “Our culture of service quality” (pages 51 to 53).

The following sections describe some of the ways we strive to offer top-quality, customer-centric products and services.

#### Competitively priced day-to-day banking with no hidden extras

For several years now, we've published a brochure summarizing the fees that apply to our current accounts, credit and debit cards, and other personal and business banking products and services. And we always give customers at least 30 days' notice, in writing, of any changes to our fees and conditions. To take one example of our transparency in this

area, customers with a conventional savings account now receive a notification when they reach the limit of six free withdrawals per year, to avoid incurring fees.

Meanwhile, our all-in-one banking packs give small businesses everything they need to manage their day-to-day finances for a competitive monthly fee – that's waived for the first year – without compromising on service quality.

#### Investment advice: putting our clients' interests first

Three key principles underpin BCV's approach to investment advice, which is inspired by the EU's Markets in Financial Instruments Directive (MiFID):

- We always check that our investment recommendation is appropriate, given the client's knowledge and experience.

<sup>26</sup> [www.bcv.ch/fr/home/aide/reclamation/transmettre-une-reclamation](http://www.bcv.ch/fr/home/aide/reclamation/transmettre-une-reclamation)



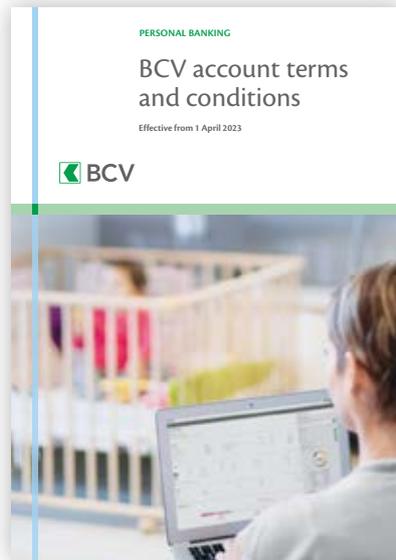
- We always check that our investment recommendation is in line with the client's investment profile, taking into account their financial circumstances, investment horizon, and risk appetite.
- We are up-front about costs, including fees and retrocessions, which are set out in the contract between us and the client.

This approach allows us to tailor our advice, and the products and services we offer, to the client's unique situation.

When recommending investment products, our advisors take into account clients' ESG preferences, which are determined through our standard investor questionnaire and documented for future reference. And because our advisors have no financial incentive to sell one product over another, their advice is always guided by the client's best interests.

On top of this, clients opening securities accounts with BCV are made aware of the financial risks associated with investing and receive a free paper or digital copy of "Risks involved in trading financial instruments," a guide published by the Swiss Bankers Association.<sup>27</sup>

Through our asset allocation funds and discretionary management agreements, we research and select the best investment solutions for our clients. And for the investment funds in our discretionary portfolios, we always



select the share classes that are the most advantageous for our customers.

For clients who opt for our advisory services, we offer a broad range of products, from BCV and from third parties, that meet exacting financial and ESG criteria. These include performance, risk, financial and ESG risk control, and the fund management company's track record on both financial and non-financial metrics.

We offer investment solutions where a portion of the assets are invested in companies whose products and services address specific environmental and social issues – and they carry the same fees as our traditional solutions. More details of our socially responsible investing (SRI) processes and products can be found in the "Socially responsible investing" section of this report (starting on page 54).

Similarly, our BCV Conseil range of investment advisory services features

an approach to pricing and fees that puts the client's best interests first. For the BCV Conseil Classique service, we have introduced a new advisory fee schedule that allowed us to reduce per-transaction fees by 20%, and our pricing for the BCV Conseil Premium and BCV Conseil Plus services is based on a fixed fee per transaction rather than on transaction volumes.

Overall, this approach to pricing means our revenue streams are less correlated with the number and volume of client transactions and helps to further hardwire truly independent advice for our clients into our business processes.

In line with our focus on investor protection, we do not advise our clients to invest in cryptocurrencies, nor do we offer crypto-linked investment vehicles. This policy reflects the Bank's view that cryptocurrencies are essentially speculative, risky assets, owing in part to the weak global regulatory framework for the asset class. We continue to pay close attention to market developments and changes in the regulatory landscape. In October 2022, we sent our advisors a memo summarizing our position to help them answer any questions our customers might have on the topic.

<sup>27</sup> Swiss Bankers Association, "Risks involved in trading financial instruments," November 2019

### Risk-management support for corporate clients

Our business lines work together to help businesses and institutional clients – SMEs, large corporates, real-estate professionals, and public-sector entities – understand and manage interest-rate and exchange-rate risks.

Last year, our trading-floor specialists and corporate banking advisors held around 370 face-to-face meetings. And in November, our trading-floor team ran six workshops on exchange-rate risk management, which were attended by around 80 clients, most of them representing SMEs. In both cases, we helped clients assess their risk exposures and talked through their options for mitigating these risks.

“Because our advisors have no financial incentive to sell one product over another, their advice is always guided by the client’s best interests.”



### **The Moulin Bornu, or the “center of the world”**

As the Franco-Swiss theorist Benjamin Constant once said, “The center of the universe is always the place where we live.” For us, the center of the world is indeed right here in Vaud. Europe’s Continental Divide passes through the Moulin Bornu, a former watermill between the villages of Pompaples and La Sarraz. From the millpond, which is fed by the river Nozon, the water can go one of two ways: north toward Orny to flow back into the Nozon, continuing on to Lake Neuchâtel, the Rhine, and the North Sea; or south to the Venoge, and on to Lake Geneva, the Rhone, and the Mediterranean. Both eventually make their way to the sea – but on opposite sides of Europe.

# Meeting our customers' needs





## Close ties with our customers

At BCV, we aim to maintain our position as the bank of choice for the people and businesses of Vaud. Building and sustaining close ties is at the heart of our business model. Those close ties underpin how we help customers make sense of key financial issues and how we keep pace with their evolving expectations. We're also physically close, with a branch network across Vaud that aligns closely with the needs of the community and economy that we serve.



Nearly  
**60**  
branch offices  
throughout Vaud

Being close to our customers also means being increasingly accessible and in step with changing lifestyles. Customers can come into a branch to do their day-to-day banking and receive financial advice, as well as access a wide range of services remotely. For instance, they can speak with an advisor from the comfort of their own home or take advantage of our ever-growing digital offering.

### An extensive branch footprint

We are the most widely accessible bank in Vaud thanks to our dense retail network, which includes nine decision-making centers, nearly 60 branch offices, and over 200 ATMs in more than 120 locations. Last year, all but two of our branches met accessibility standards for people with reduced mobility, and we are working with the relevant municipalities to bring the remaining two up to standard.

### A multichannel customer experience

At BCV, we believe that customers should be able to choose how they interact with us – whether they want to work with an advisor in person or remotely, or manage their affairs by themselves online. We are putting that choice in our customers' hands by:

- maintaining our physical presence throughout the Canton, while keeping pace with advancements in technology and ever-changing customer needs
- making banking with us a seamless, effortless experience across all our channels
- rolling out new digital banking services and features.

We have made it easy and convenient for customers to speak with an advisor remotely. Our Customer Service Center, which is open every weekday from 7:30am to 7:30pm, handled over 680,000 inquiries (via telephone, email,

post, and online chat) in 2022. In addition to getting day-to-day banking advice by telephone, personal banking customers can make a videoconference appointment to discuss their loan or investment. Our advisors ran over 1,200 videoconference sessions last year.

We also have a business banking hotline specifically for companies to ask our advisors day-to-day banking questions. This service, which is open weekdays between 8:00am and 6:00pm, handled nearly 100,000 inquiries in 2022.

Our customers are increasingly taking advantage of our online banking platform, which is accessible 24/7 via BCV-net on a computer and BCV Mobile on a smartphone or tablet. Some 290,000 customers made regular use of our digital services in 2022 – around 9% more than in 2021 – and BCV Mobile is among the three top-rated banking apps in Switzerland.



## The products and services customers need

Our products and services are designed to meet the banking and financial needs of Vaud residents and businesses.

### A full range of personal banking products

We offer a full range of personal banking products – including current, savings, and retirement accounts, mortgage loans, and wealth-management services – that are designed with the needs of our customer base in mind.

Last year, we added a number of features to our online banking platform BCV-net, our BCV Mobile app, and our website, bcv.ch, which received 6.3 million visits in 2022. For instance, customers with a debit card can now adjust their spending limits, activate or deactivate the online payment function, and cancel their card directly in BCV Mobile. In addition, the app provides our wealth-management clients with features previously available only on BCV-net – such as the ability to consult financial news articles, review investment opportunities and proposals, and place buy/sell orders – in a modern, streamlined interface. We've also added a series of short video tutorials to BCV Mobile to help customers get the most out of the app.

We make investment services available to a broad demographic. One way we do this is through our BCV Start Invest savings plan, which lets our personal banking customers invest in funds starting from CHF 50 a month.

In mortgage lending, we have partnered with local utility company and energy transition driver Romande Energie to develop an online tool for calculating the potential savings from installing a new heating system or solar panels. Through this partnership, we also provide our customers with a CECB® Plus energy audit of their properties at a reduced price.<sup>28</sup> And we offer preferential rates on mortgage loans for energy-efficient properties and renovations. More details can be found in the "Responsible lending" section of this report (starting on page 70).

We offer insurance products through our partner Retraites Populaires. We do not provide leasing services, consumer loans, or other unsecured loans directly to individuals. Instead, we refer customers to our partner cashgate, which specializes in those types of loans.

### Backing local businesses

We work with companies through every stage of their development: from startup and growth to maturity and succession. For budding entrepreneurs and new business owners, we run a regular series of seminars on feasibility analysis and financing in collaboration

with GENILEM, an organization that helps startups hit the ground running. Last year's seminar, entitled "Transformer son idée en entreprise" ("Turn your idea into a business"), drew 117 attendees.



**117** people attended BCV's business startup seminar

BCV provided more than CHF 53m in financing to help make over 50 business successions happen in 2022, thereby helping to ensure that companies, expertise, and jobs remain in the Canton. Our business succession team is backed by in-house specialists in financing, asset management, and pensions. And our deep connection with the local community means that for every succession that we're involved in, we can bring to bear unique insights into the businesses of our home region and the people who run them.

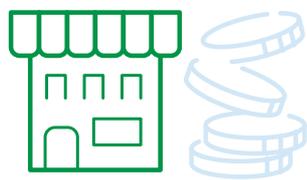
In 2022, we also provided around CHF 40m in financing to get nearly 130 businesses off the ground in Vaud Canton, helping create almost 500 new jobs. That means that, in the past three years, we have financed close to 400 new businesses for a

<sup>28</sup> The CECB® Plus audit report recommends energy-efficient upgrades and outlines the potential cost and savings associated with the different options.

total amount of CHF 180m, helping create nearly 1,000 jobs in the process. Also last year, more than 800 businesses took advantage of our free services for companies less than two years old.



In 2022, we partnered with the main Vaud business associations and local companies to offer BCV clients special deals to help them create or manage their businesses. For example, they can get discounts on PayEye readers from Crealogix or advice from GENILEM or Star'Terre, an organization that helps farmers, entrepreneurs, and other stakeholders in the Lake Geneva region's food ecosystem earn a fair profit as they evolve their business.



Nearly **130** new businesses financed

“ By providing financing to help make business successions happen, BCV helps ensure that companies remain in Vaud. ”

Our digital services are designed with the needs of our business clients in mind, including self-service features on BCV-net and a streamlined user experience on our website.

Last year, we continued our partnership with the PEIK energy audit program offered by SuisseEnergie (an energy-efficiency and renewable-energy initiative backed by the Swiss federal government) to support our corporate clients in their energy transition. Under the arrangement, corporate clients that carry out a PEIK energy audit can take advantage of our Green Bonus capital expenditure loans to finance the recommended energy-saving measures, with zero interest for the first six months (more details can be found on page 77 of this report).



**PEIK** L'énergie, c'est de l'argent

In 2022, we ran a contest in which five SMEs each won CHF 2,000 toward a PEIK energy audit, and we maintained our CHF 500 contribution toward the cost of these audits for businesses in the Canton.

Also last year, we held a series of events throughout Vaud to help corporate clients make sense of current and future trends, including sustainability and the energy transition (more details can be found on pages 28 and 29 of this report).

### Serving the region's pension funds

We are the partner of choice for our region's pension funds. Three out of four pension funds in Vaud are clients of our Asset Management Department. AVENA Fondation BCV Deuxième Pilier, the Bank's collective occupational pension fund, manages pension assets for over 17,000 members covered under more than 1,000 pension plans. And we handle all administrative, accounting, and technical tasks for 15 independent occupational pension funds, representing over 16,000 members.

Our Asset Management Department provides a valuable advice and support service for our pension fund clients. That includes advice and support on socially responsible investing (SRI) strategies. Since 2018, we have integrated environmental, social, and governance (ESG) criteria into portfolios without this negatively impacting expected risks or returns – as our institutional clients expect.



**3 in 4**  
Vaud pension funds  
count on BCV

In 2020, we entered into a partnership with Swiss SRI specialist Ethos. BCV and Ethos are working together closely in order to further strengthen this partnership and create a center of expertise in sustainable finance in Switzerland. For the seven BCV-managed Ethos funds launched to date, Ethos carries out ESG assessments of the companies in the funds, while the Bank's Asset Management team contributes its expertise in portfolio management. These funds are part of our investment offering and are included in the asset management agreements and portfolios that we manage for our clients. In parallel, specific BCV products – mainly bond funds – incorporate Ethos' ESG analyses and criteria.

We are constantly refining our range of investment solutions for institutional clients in this increasingly important area. More details of our SRI approach can be found in the "Socially responsible investing" section of this report (starting on page 54).

Over the course of 2022, our experts kept a close eye on key economic data and the actions taken by central banks and governments. We shared our analyses and the evolving financial market outlook with our clients. For example, last year we published articles on sustainability issues in the gold market, ESG benchmarking for indirect real-estate investments, and the impact of inflation in Switzerland.

The Bank offers two training courses for pension board members: a full-day introductory course and a half-day refresher course. Some 44 people attended these sessions last year, the same number as in 2021.

## Our culture of service quality

Service quality is one of the first things customers look for in a bank. This has been confirmed by market research, and it's something we know from our own experience. Service quality is also a key factor in whether customers recommend their bank to friends or family.

### Putting customers first

Continually improving customer satisfaction has been a strategic priority at BCV since 2015, with the goal of differentiating ourselves from the competition through operational excellence and impeccable customer service delivered with a smile. These efforts have been recognized by the people of Vaud: BCV was the most recommended bank in the Canton for the fifth consecutive year, according to a 2022 survey by AmPuls Market Research of a representative sample of Vaud residents.<sup>29</sup> Our ambition is

to retain this number-one position going forward.

### Steps we've taken

We have set up a cross-functional service quality team with responsibility for implementing the many measures introduced under our "Smile" program. All BCV employees have completed training at the EHL Hospitality Business School, the world's top-rated hospitality management school. The one-day course focuses on the importance of service quality at BCV and spotlights best practices in customer care and communication. In addition, we regularly provide refresher training for staff members across all BCV divisions. Two years ago, we organized a half-day interactive exhibition to keep our employees' essential service-quality skills up to date. Staff who didn't get the chance to attend the exhibition in 2021 did so last year.

Our far-reaching service-quality management system – which covers

<sup>29</sup> Study on the public image of Swiss banks; a representative sample of 1,061 Vaud residents were asked which banks, among those they are customers of or know well, they would recommend to a friend.



both customer-facing and non-customer facing teams – draws on customer surveys, operational indicators, and mystery shopping results.

With last year's rapid rollback of pandemic-related restrictions, the number of customers coming into our branches bounced back to 2019 levels. Despite the sharp rise in footfall, we maintained our high standard of service: for example, on average, customers waited just 6.1 minutes to speak to an advisor and 4.3 minutes to see a teller. These efforts are reflected in our customer satisfaction score, which stands at 3.6 out of 4.

Our customers need to be able to reach us by phone. We have put a strong focus on boosting our answer rate despite the volume of calls. Our long-term target is to achieve a call answer rate in excess of 90%. We hit that target for three months last year, and our overall performance trended upward.

Our online and mobile banking platform continues to grow in popularity, with over 49 million logins last year alone. Customers also made over 5 million withdrawals from BCV ATMs. In 2022, service uptime across our digital services and ATMs exceeded 99%.

At BCV, we see customer feedback as a key element to improving our products, services, and processes. To make it easier for customers to share their experience with us, we created a customer feedback center that can be accessed across all our channels via a dedicated email address ([feedback@bcv.ch](mailto:feedback@bcv.ch)). We also carry out customer satisfaction surveys and systematically follow up on complaints. Of the 641 customer complaints we received last year that couldn't be handled on the spot, 92% were processed within the target deadlines. All this enables us to continually refine our customer interactions and processes. For instance, we've improved how our advisors deal with complaints and address the root cause of the issues when talking to customers, and we've further automated the process by which corporate clients obtain documents confirming their business relationship with BCV.

“ At BCV, we see customer feedback as a key element to improving our products, services, and processes. ”

### Net Promoter Score

At BCV, we regularly check in with customers to gauge their satisfaction. One metric we track is our Net Promoter Score (NPS), which tells us how likely our customers are to recommend our Bank. In 2022, our

NPS was +33. Our score has increased by four points over the past three years, showing that our longstanding efforts to raise the bar for service quality are paying off.

### Service quality

	2020	2021	2022
Net Promoter Score (NPS)	+29	+32	<b>+33</b>





### **The Canal d'Entreroches, Eclérens**

The Canal d'Entreroches, shown here as it passes through the village of Eclérens, was designed to link Lake Neuchâtel with Lake Geneva as part of an inland connection between the North Sea and the Mediterranean. Built between 1638 and 1648, it carried goods between Yverdon-les-Bains and Cossonay until 1829. The artificial waterway has also served as a conduit for fish to move between bodies of water: the burbot, for instance, has migrated between the two lakes via the canal.

# Socially responsible investing (SRI)





## Proprietary investments

At BCV, we do not make proprietary investments. We do not conduct any proprietary trading, have a portfolio of shareholdings, or acquire stakes in companies that are unrelated to our activities. The only proprietary investments we hold are those needed to meet our regulatory requirements as a bank, as well as a small number of assets in connection with our historical role in Vaud Canton's economy. These investments include:

- financial investments held primarily to build up our liquidity reserves, which are made up of investment-grade bonds authorized by the Swiss National Bank (e.g., bonds issued by the Central Mortgage-Bond Institution of Swiss Cantonal Banks, the Swiss federal and cantonal governments, foreign governmental institutions, or supranational authorities)
- financial investments in companies directly related to our activities, such as SIX and TWINT

- small financial investments in companies with a historical link to Vaud Canton or the Bank.

## Our pension fund

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

The fund has a responsible investment charter setting out its SRI policy. This charter states in particular that the fund aims to fulfill its fiduciary and social responsibility by working toward a more just and sustainable society.

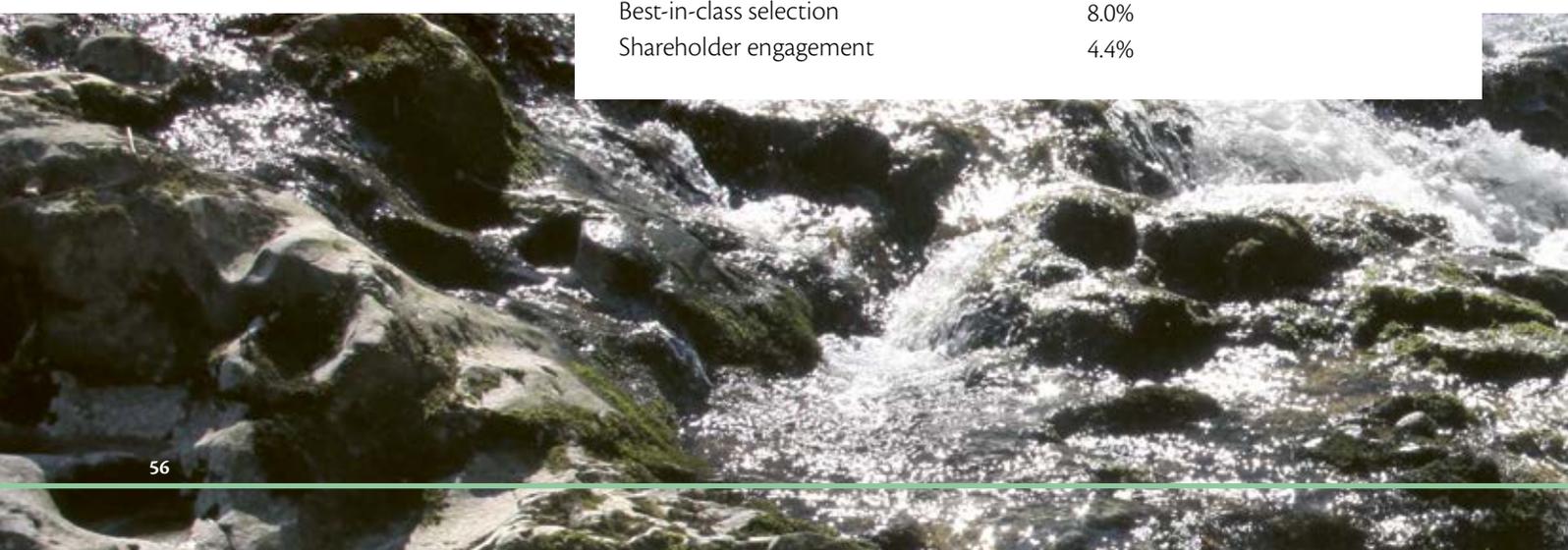
The fund's assets are managed by BCV Asset Management. The fund's discretionary agreement includes the

following SRI approaches: negative screening, ESG integration, best-in-class selection, shareholder voting, and shareholder engagement. For its direct holdings in companies, the fund bases its votes on the recommendations provided by proxy-voting specialist ISS; for its holdings in funds, the policy in place is to follow the voting recommendations of the Ethos Foundation. The fund also screens out all companies that generate 30% or more of their income from coal mining or coal-fired power generation.

These SRI approaches are being implemented gradually but holistically across the fund's portfolio (see table below). The fund also regularly assesses the portfolio's sustainability and climate compatibility.

### SRI approach

Negative screening of controversial activities	41.0%	
Norms-based screening	35.0%	
Positive screening	26.5%	
Shareholder voting	50.6%	of equity investments
Best-in-class selection	8.0%	
Shareholder engagement	4.4%	



## Managing our clients' assets

When it comes to managing our clients' investments – which is what we will look at in the rest of this chapter – we take a comprehensive approach that factors in all aspects of sustainable development. We are moving toward implementing measures to integrate environmental,

social, and governance (ESG) criteria across all of our investment solutions.

We aim to proactively offer our clients a wide range of socially responsible investments while delivering competitive returns over the long term. We also provide a range of thematic solutions geared toward the United Nations Sustainable Development Goals (SDGs).

We are constantly seeking to improve our approach in line with best market practices. In that regard, we have been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2019 and are a member of Swiss Sustainable Finance (SSF).

### Examples of ESG criteria

#### Environment

- climate change
- biodiversity
- natural resource preservation
- pollution and waste management
- environmental impact of products and services (energy transition, circular economy, etc.)

#### Social

- human rights
- local communities
- labor practices (health & safety of employees, discrimination, etc.)
- social impact of products and services (education, health, financial services, etc.)
- policy on charity, donations, and sponsoring

#### Governance

- board independence, compensation, and diversity
- dividend policy
- compliance
- tax transparency
- business ethics (bribery & corruption and business practices)



## Our core SRI approaches

We use several core SRI approaches to incorporate sustainability factors into our investment selection and

management processes: negative screening, ESG integration, positive screening and best-in-class selection, and active ownership. We also offer

thematic investment solutions focused on companies that address environmental and social challenges.

## SRI approaches<sup>30</sup>

### Negative screening

This approach entails deliberately excluding companies or issuers that are involved in business activities or practices that violate certain norms and values (based on clients' preferences) or that pose risks.

### ESG integration

With this approach, ESG risks and opportunities are systematically integrated into traditional financial analysis and investment decisions based on appropriate research sources. ESG information is part and parcel of the investment analysis process and can be incorporated into standard financial indicators.

### Positive screening and best-in-class selection

Here, bond issuers and companies are selected based on their ESG scores or other quantitative ESG metrics. There are two main ways to do this:

- Positive screening: Companies and organizations with good ESG credentials are selected based on their ESG scores – those with high ESG scores are overweighted and those with lower scores are underweighted. The aim is to build a portfolio with an ESG score or metric that is, on average, higher than that of the benchmark index, or to achieve a minimum average score.

Best-in-class selection: A company or organization's ESG performance is compared with that of its peers (e.g., other entities in the same sector) based on ESG assessments and data. Any company or issuer with an ESG score or metric above a given threshold is considered investable. The level at which the threshold is set determines the size of the post-screening investment universe.

### Active ownership (stewardship)

- This entails actively exercising shareholder voting rights based on ESG principles or an ESG policy.
- It also includes shareholder engagement, whereby investors dialogue with the management of investee companies to convince them to take ESG criteria into account or make changes to their strategy and processes in order to improve their ESG performance and reduce risks.

### Thematic investments

These are investments in companies that provide solutions to environmental and social issues, for instance, by contributing to the SDGs (see page 11).

<sup>30</sup> AMAS and SSF, *How to Avoid the Greenwashing Trap: Recommendations on Transparency and Minimum Requirements for Sustainable Investment Approaches and Products*, December 2021

### Our SRI product ranges

In 2022, we continued to develop our SRI approach within our product offering. We have three product ranges, each of which uses different investment approaches and objectives in order to meet our investors' varied expectations.

#### Our standard range

Investment decisions are made based primarily on financial objectives, and ESG constraints are not systematically taken into account. However, non-financial criteria may be factored in if it is in the investor's interest to do so.

#### Our ESG range

We consider a company's exposure to ESG risks and how those risks are managed. This helps make portfolios more resilient to ESG risks over the long term and incentivizes companies to improve their ESG practices, thereby creating a virtuous circle.

#### Our ESG Ambition range

With these products, we apply the same approach as for the ESG range but go one step further – we allocate part of the assets to investments that will help drive positive change.

We do this in two main ways:

- by making thematic investments in companies that offer solutions to social or environmental challenges. These themes are geared toward one or more of the SDGs. Products in this range can include

certificates and multi-asset funds or management agreements for which part of the portfolio is allocated to sustainable investments.

- financial products that seek to generate positive change, such as those that actively promote shareholder dialogue.

### Our approach to responsible investing

We take a responsible approach to managing our clients' assets, seeking to ensure that:

- we do not materially increase active risk – i.e., the risk that we take when we deviate from the benchmark – so that risk levels are in line with the expectations of our clients
- we deliver competitive returns over the long term
- we reduce the portfolio's exposure to ESG risks, including climate-related risks
- we incentivize companies to adopt more sustainable practices
- we offer investment solutions that target companies that tackle the challenges of sustainable development.

Our approach to responsible investing is in line with the commitment we made when we became a UNPRI signatory.

In 2022, we expanded the list of controversial business sectors filtered

out by our negative screening policy and began applying that policy to all our equity and bond investment products. We screen out companies that are involved in controversial weapons, thermal coal mining and coal-fired power generation, unconventional fossil fuels, and adult entertainment. We also exclude companies that have violated the UN Global Compact by not complying with a set of fundamental values that covers human rights, labor and environmental standards, and the fight against corruption. Exclusion thresholds are set in our negative screening policy.<sup>31</sup> Companies are screened out based on the criteria and research provided by MSCI ESG Research. For indirect investments in third-party funds and index funds, we apply comparable exclusion principles but may implement them differently depending on the indicators available; we are continually improving our processes in this area.

Also last year, we formalized our ESG-integration process for international equities, which applies the positive screening approach described on page 58. This entails building a portfolio with a higher ESG score and lower carbon intensity than a selected benchmark index. To do this, we draw on the analyses and ratings produced by MSCI ESG Research, as well as ESG indices.

<sup>31</sup> <https://www.bcv.ch/en/home/la-bcv/responsabilite-d-entreprise/isr.html>

With regard to active ownership, in 2020 we adopted guidelines on how to vote at the AGMs of Swiss companies whose stocks are held by our investment funds. These guidelines, which are based on the principles of good governance, set out a systematic voting process and draw on the recommendations of Ethos Services, a Swiss-based company created by the Ethos Foundation, which promotes socially responsible investing. In 2022, we voted on a total of 2,249 motions at the AGMs of 115 companies whose stocks are held by our investment funds.

In response to the social, environmental, and financial concerns voiced by our clients, our Asset Management team launched the BCV Physical Gold ESG investment fund in February 2022. This fund provides exposure to the gold market through direct investments in gold bars stored in Switzerland. Further information on the ESG criteria we apply to this fund is available on pages 68 and 69.

### Partnership with Ethos

In 2020, we entered into a partnership with the Ethos Foundation under which BCV Asset Management manages seven Ethos funds, with Ethos serving in an advisory role. Ethos Services is responsible for carrying out ESG analyses, exercising voting rights at shareholders' meetings, and actively engaging in dialogue with investee companies.

BCV's Asset Management teams contribute their expertise in financial analysis and portfolio management to the partnership.

The Ethos funds have been incorporated into BCV's fund range. We actively promote Ethos's funds and include them in the discretionary management agreements and portfolios that we manage for our clients. For example, despite the market downturn in 2022, the Ethos – Bonds CHF fund attracted additional client inflows, with assets under management rising by nearly CHF 16m year on year, for a total of CHF 141m at end-2022.

These funds exclude securities in specific sectors and those linked to major controversies.<sup>32</sup> They also take a best-in-class approach that draws on Ethos's ESG and carbon ratings. For example, these criteria reduce the investment universe of the Ethos Equities Sustainable World ex CH fund by around 40% relative to the benchmark index.<sup>33</sup>

Applying Ethos's non-financial criteria also lowers these funds' carbon footprint relative to their benchmark index.<sup>34</sup> Using the weighted average carbon intensity (WACI) calculation method, the Ethos Swiss Sustainable Equities and the Ethos Equities Sustainable World ex CH funds have a carbon footprint that is around 70% lower than their respective benchmark.

The Ethos equity funds are also backed by a shareholder voting and engagement policy that Ethos actively implements throughout the year. Ethos has continued to prioritize climate change in its dialogue with companies, focusing on their climate strategies, transparency, and CO<sub>2</sub>-equivalent emissions disclosure, and whether companies' targets are evidence-based and compatible with the Paris Climate Agreement. In 2022, Ethos continued to support and promote Say on Climate, an initiative that seeks to require the boards of major Swiss and foreign companies to put their company's climate transition plans to a shareholder vote. Ethos's shareholder voting and engagement policy also focuses on human rights, with a view to encouraging companies to respect those rights throughout their supply chains.

In June 2022, Ethos published its own climate strategy to support the global target of achieving net-zero emissions by 2050. The strategy is applied to all Ethos equity funds, including those managed by BCV. Ethos's aim is to reduce the funds' carbon intensity and align them with the target of limiting global warming to 1.5°C.

Our partnership with Ethos is already seeing results. In 2023, BCV-managed funds Ethos II – Ethos Swiss Sustainable Equities and Ethos – Equities Sustainable World ex CH

<sup>32</sup> Ethos, "Exclusion criteria," 2020

<sup>33</sup> Ethos's carbon ratings are used only for the equity funds.

<sup>34</sup> Metric tons of CO<sub>2</sub>e per CHF million in revenues; based on scope 1 and 2 emissions under the Greenhouse Gas Protocol

were awarded the FNG's top three-star label.<sup>35</sup> The first fund's rating was upgraded, while the second fund was certified for the first time, reflecting Ethos's intention to gradually submit the entire Ethos fund range for independent certification.

The proportion of the Bank's total assets under management invested in these products and through ESG integration more broadly is reported under GRI Standard G4-FS11 in the tables on pages 66 and 67.

**Partnership with the University of Lausanne**

In 2019, we entered into a two-year partnership with the University of Lausanne (UNIL) to fund a research

project on ESG investing. The partnership was then renewed for a further two years, until 2023. In spring 2022, researchers from the Center for Risk Management at UNIL's Faculty of Business and Economics (HEC) published an initial study on the integration of ESG criteria into indirect real-estate investments in Switzerland. A follow-up study, due to be published in spring 2023, will update the initial results and discuss the ESG progress made in that sector in the year under review. The new study's findings support the systematic use of indicators to measure sustainability improvements in indirect real estate, a sector that is key to speeding up the energy transition. Real estate is a major

component of institutional investors' portfolios, and the study will make it possible for investors to conduct an ESG portfolio analysis that includes all asset classes, including real estate.

At the same time, researchers involved in the project are delving further into SRI themes affecting other asset classes, including equities and bonds. This has led to the publication of an article analyzing the impact of ESG criteria on corporate bond portfolios worldwide. This research is ongoing, and new questions are now being considered. Researchers are, for instance, looking at the carbon neutrality of investment portfolios, identifying the conditions needed to achieve net-zero within the required timeline, as well as the risks involved.

**Building Bridges**

BCV was a partner of the third edition of Building Bridges, a sustainable finance conference that took place from 3 to 6 October 2022. Building Bridges is a joint initiative launched in 2019 by the Swiss public authorities,

the finance community, the United Nations, and other international partners to accelerate the transition to a global economic model aligned with the Sustainable Development Goals.



**UN Principles for Responsible Investment**

We became a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2019. This global initiative, which seeks to promote a sustainable financial system, is the most comprehensive and widely recognized set of principles for responsible asset management.

<sup>35</sup> The independent FNG label was created by the Forum Nachhaltige Geldanlagen, an association specializing in SRI in Germany, Austria, and Switzerland. It is awarded to funds that meet FNG's quality standards for sustainable investments and pass an independent audit conducted by the University of Hamburg.

The UNPRI have almost 5,000 signatories from more than 80 countries with very different regulatory systems, markets, and cultures. There were 1,069 new signatories in 2021 and 2022, and it is estimated that UNPRI signatories represent total assets under management of USD 121.3tn.

Being part of this knowledge community has enabled us to strengthen our SRI approach. Our first UNPRI transparency report, published in 2022 for the 2021 financial year, sets out our SRI ambitions and provides an overview of our SRI governance, our SRI approach, and the concrete measures we have taken to make our investment solutions more socially responsible (e.g., shareholder voting practices and ESG integration).<sup>36</sup>

### Responsible investing for our personal banking clients

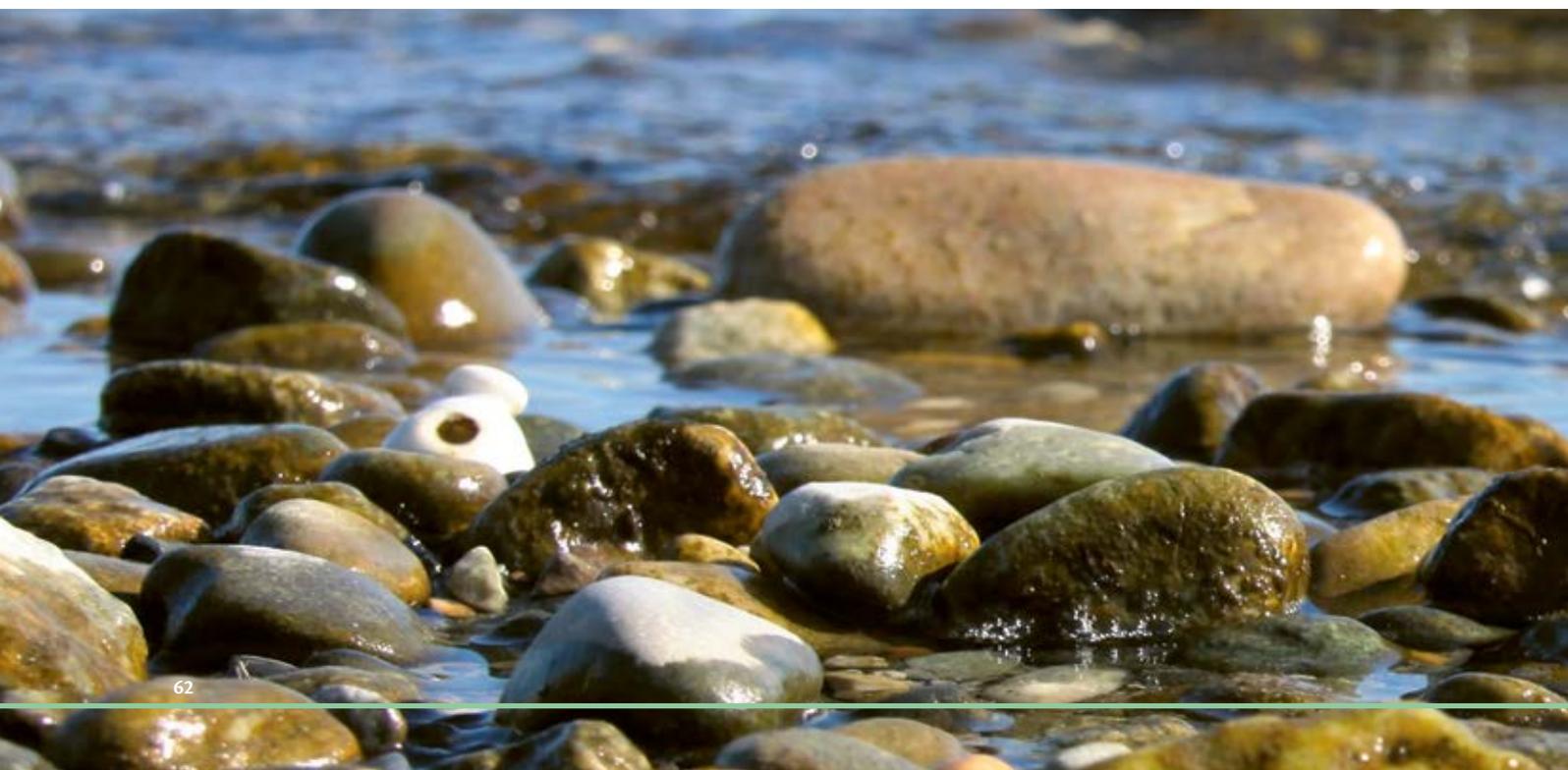
We integrate ESG preferences and risks into all of our discretionary management agreements and advisory services for personal banking customers, applying specific SRI approaches.

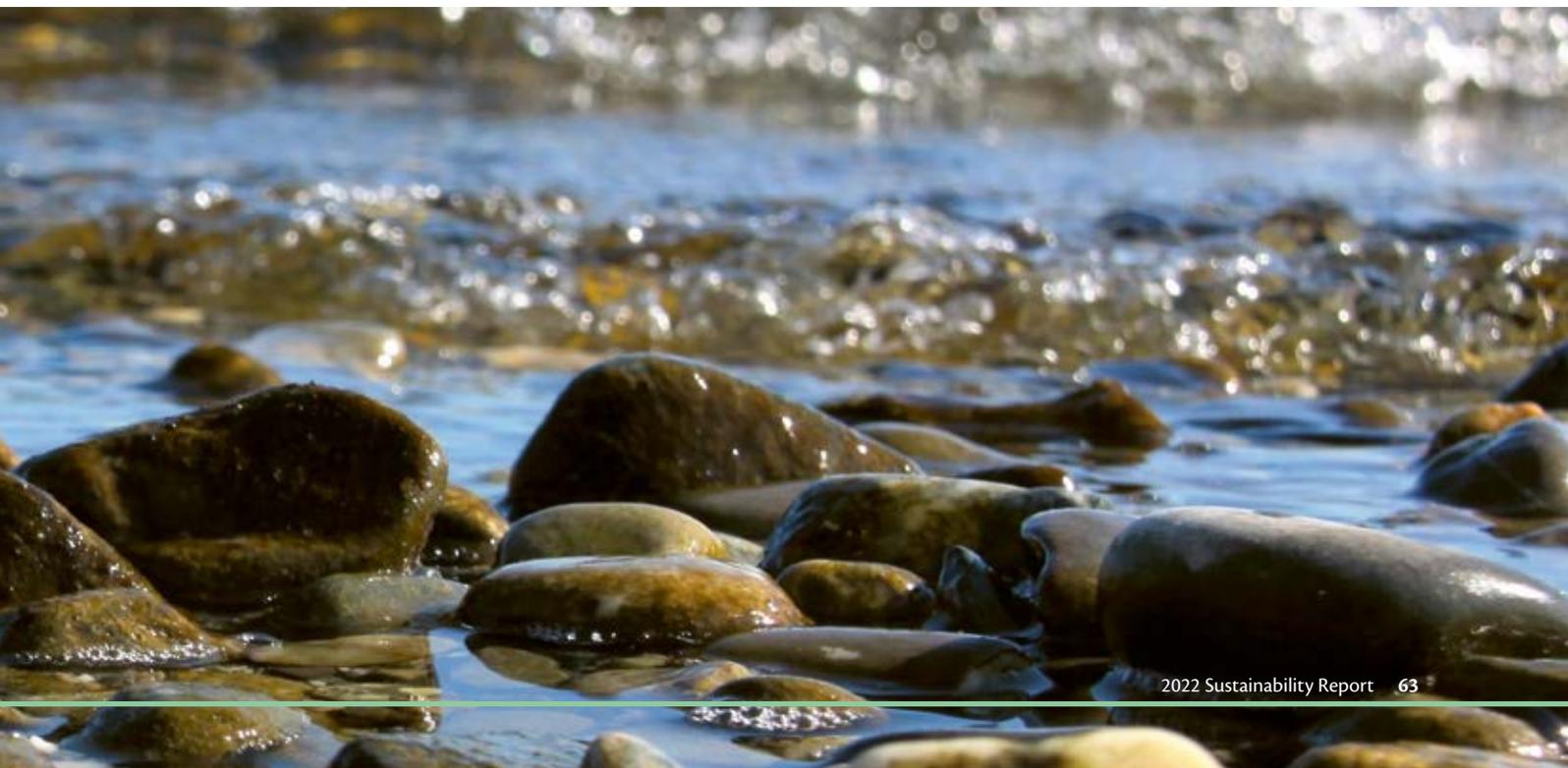
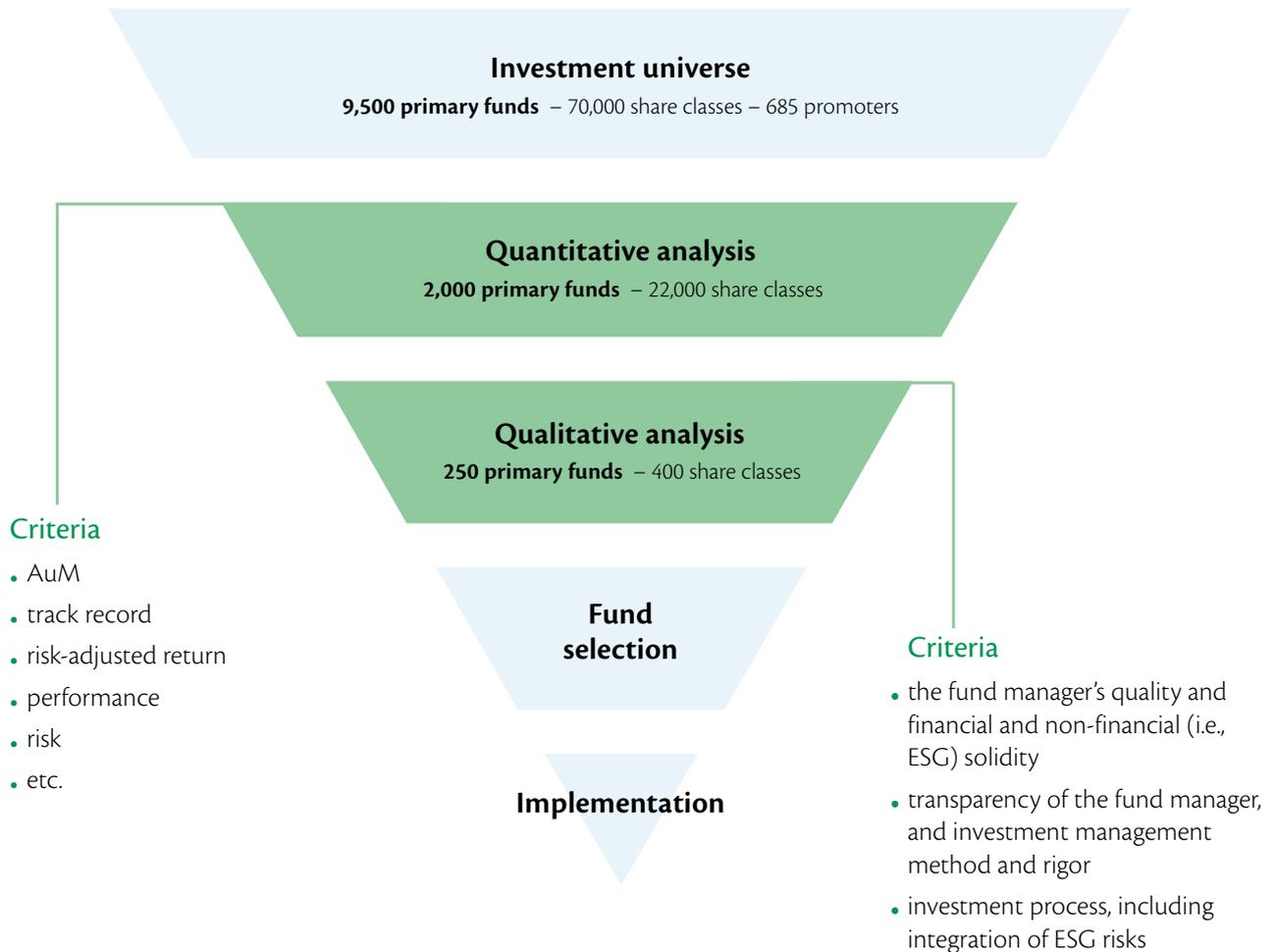
The investment solutions available to our personal banking customers are managed through an open-architecture approach. This ensures that our clients can invest in a broad range of both in-house and third-party SRI products, as well as thematic products designed to address environmental and social issues. We have been systematically applying ESG criteria since 2019, and as the chart below shows, these criteria are now a key component of our product-selection process. To facilitate that process, we developed

a standardized ESG questionnaire for fund promoters so that we can classify their products based on the degree to which they factor in ESG considerations. The qualitative data we collect from fund managers and fund management companies through these questionnaires are combined with quantitative ESG data from independent providers such as MSCI ESG Research. Our asset managers then select products for our discretionary management agreements and asset allocation funds from the resulting investment universe. We also use that investment universe when building portfolios for customers with an advisory agreement.

This product-selection process enables us to offer our personal banking customers a wide array of investment solutions. Our aim is to be transparent about the funds

<sup>36</sup> The public report is available at: [ctp.unpri.org/dataportalv2/transparency](http://ctp.unpri.org/dataportalv2/transparency).





we select and, when choosing from among funds with similar financial analysis results, to favor those that best integrate ESG criteria. Since 2021, all of the assets managed through our discretionary agreements and asset allocation funds for personal banking customers have included ESG criteria.

As mentioned above, our ESG product range enables us to take into account a company's exposure to ESG risks and how they are managed, as well as to make our portfolios more resilient to ESG risks over the long term. It also allows us to incentivize companies to improve their ESG practices, thereby creating a virtuous circle. For our personal banking customers, this range has replaced our standard range of investment products.

Our ESG Ambition range provides all BCV customers with thematic investment solutions that are geared toward sustainable development. Our ESG Ambition asset allocation fund enables personal banking customers to invest in products that use one or more SRI approaches

and that allocate at least 25% of their assets to thematic products. The thematic component includes equity and bond investments – such as green bonds and social bonds – in companies that provide solutions to the challenges of sustainable development. The ESG Ambition fund applies the same fee schedule as the equivalent ESG fund. This product range was launched in September 2020 and had more than CHF 173m in assets under management by end-2022, including close to CHF 20m in new investments in 2022.



CHF **258m**  
invested in the ESG Ambition  
range at end-2022

Our ESG Ambition range meets the needs of customers who are highly attuned to environmental and social issues. For instance, our Climate ESG Ambition certificate invests in companies involved in green transport, electricity storage, the smart grid, and improving energy efficiency in the construction, manufacturing, and IT sectors.

The assets under management of the ESG Ambition range were relatively stable in 2022, edging up from CHF 255m at end-2021 to CHF 258m at end-2022 (see table below).

Since 2021 we have been integrating ESG considerations into the advisory process for personal banking customers, in line with the Swiss Bankers Association (SBA) guidelines.<sup>37</sup> As part of this, we now incorporate our customers' SRI expectations into their investor profiles, in addition to more conventional financial objectives (for more details, see the "Responsible selling" section on pages 42 to 45). We also tailor our investment advisory services to customers' specific ESG requirements, for example by enabling them to exclude

#### G4-FS8

##### Monetary value of ESG Ambition products (in CHF thousands)

At 31 December	2020	2021	2022
Asset allocation funds	67,780	184,718	<b>173,301</b>
Discretionary agreements	n/a	20,207	<b>44,637</b>
Certificates	32,849	49,709	<b>39,807</b>
<b>Total</b>	<b>100,629</b>	<b>254,634</b>	<b>257,745</b>

<sup>37</sup> Swiss Bankers Association, "Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into investment advice and portfolio management," June 2022



certain business activities or focus on sustainable development themes.

We now check that portfolios are aligned with customers' expectations in terms of ESG criteria, as well as with traditional financial criteria, by monitoring the SRI measures applied to their portfolios, including sustainable investment themes to focus on and business activities to rule out. To ensure transparency, our investment analyses and reports for customers now include information on how customers' SRI expectations have been integrated into their portfolios.

The Bank's intranet lists available investment products with their level of ESG integration, making it easier for advisors to distinguish between our ESG and ESG Ambition product lines. And we take a clear, facts-first approach to communication by providing advisors and clients with easy access to product factsheets and brochures on the Bank's ESG approach.

Our advisors are equipped with the full range of information and skills they need to inform their clients about our

investment solutions and guide them toward the option best suited to their level of interest in SRI. To this end, they are all taking part in an ongoing training program on integrating ESG criteria into the investment process. In 2022, all of our advisors completed training on the fundamentals of SRI, the regulatory environment, and preventing greenwashing.

### Outlook for 2023

We will continue to strengthen our SRI teams and put in place key initiatives to further integrate ESG criteria into our investment management processes. Our main projects are to:

- develop a climate strategy for the assets we manage that incorporates Switzerland's climate commitments
- set up a reporting system for our investment products and institutional clients that provides climate and other ESG data; the system will measure and report on the non-financial performance of our products, our portfolios, and our asset management business as a whole, using the most appropriate metrics on the market, thereby helping us to be more transparent about how we integrate ESG factors into our products and services
- develop and formalize our approach to active ownership by establishing an ESG engagement policy that includes direct and indirect dialogue, as well as sector-specific initiatives on certain themes

- implement the SBA guidelines for financial service providers on the integration of ESG preferences and ESG risks into investment advice and portfolio management<sup>38</sup>
- further integrate environmental – and particularly climate-related – factors into our asset management processes by expanding our ESG Ambition range to include more asset allocation funds and thematic investment products
- deepen our employees' knowledge of SRI through dedicated training courses and workshops
- provide our customers with more information about various SRI issues and the investment solutions we offer.

### Figures and comments

At end-2022, 81% of the assets under discretionary management for both institutional and personal banking clients were invested using at least one SRI approach (see box on page 58).

Since 2021, 100% of the assets managed through our discretionary agreements and asset allocation funds for personal banking clients have included ESG criteria.

We apply the product-selection criteria described on pages 62 and 63 to the discretionary agreements and asset allocation funds for personal banking customers shown in the tables on the following page.

<sup>38</sup> Swiss Bankers Association, "Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks into investment advice and portfolio management," June 2022

### Figures at 31 December

		2020		2021		2022	
		Total assets (in CHF millions)	Proportion of products incorporating at least one SRI approach	Total assets (in CHF millions)	Proportion of products incorporating at least one SRI approach	Total assets (in CHF millions)	Proportion of products incorporating at least one SRI approach
G4-FS11 Investment offering: breakdown of products that incorporate at least one SRI approach in BCV's discretionary investment solutions <sup>39</sup>	Asset allocation funds	2,521	80%	2,677	100%	<b>2,373</b>	<b>100%</b>
	Funds						
	BCV Pension funds <sup>40</sup>	975	43%	1,434	56%	<b>1,207</b>	<b>76%</b>
	Targeted funds	7,871	41%	9,557	55%	<b>8,240</b>	<b>90%</b>
Discretionary agreements	Discretionary agreements for institutional clients	11,911	16%	13,044	56%	<b>11,607</b>	<b>66%</b>
		2,570	52%	2,935	100%	<b>2,626</b>	<b>100%</b>
<b>Total</b>		<b>25,848</b>	<b>34%</b>	<b>29,647</b>	<b>64%</b>	<b>26,053</b>	<b>81%</b>

The decline in assets shown in the table above reflects the financial-market downturn in 2022. The number of products that have adopted at least one SRI approach increased, however, underscoring our ongoing improvement in this area.

#### PACTA climate compatibility test

In June 2022, BCV took part, for the second time, in a study to assess the Swiss financial sector's alignment with climate benchmarks using the Paris Agreement Capital Transition Assessment (PACTA) methodology. For this test, we selected a number of portfolios that are representative of our management approach (see page 75 for details on the mortgage portfolio test).



## 100%

of asset allocation funds and discretionary agreements for personal banking customers integrate ESG criteria

The test, which is voluntary, is run by the Swiss Federal Office for the Environment (FOEN), in close collaboration with the State Secretariat for International Financial Matters

(IFM). It has so far been conducted three times: in 2017, 2020 and 2022.

By signing the Paris Agreement, Switzerland committed to aligning the country's financial flows with the goal of keeping the increase in global average temperature well below 2°C and to continuing its efforts to limit the temperature increase to 1.5°C. The Swiss Federal Council has set the target of reaching net-zero emissions by 2050, placing Switzerland at the forefront of sustainable finance.

The PACTA test covers the eight most carbon-intensive sectors, i.e., those most affected by transition-related risks: oil, natural gas, coal, electricity,

<sup>39</sup> Includes all discretionary investment solutions (i.e., assets invested through advisory and execution-only agreements are excluded); the investment certificates included in the table on page 64 are not included.

<sup>40</sup> An in-house project to integrate ESG criteria into all products is under way. The figures in the table above show the progress made, based on the level of the underlying products' ESG integration.

At 31 December 2022 (in CHF millions)		Negative screening	ESG integration	Positive screening	Best-in-class selection	Thematic investments
Funds	Asset allocation funds	2,373	2,373	-	-	173
	BCV Pension funds	767	203	135	374	23
	Targeted funds	6,910	517	1,657	2,623	-
Discretionary agreements	Discretionary agreements for institutional clients	3,505	4,163	1,077	1,170	-
	Discretionary agreements for personal banking customers	-	2,626	-	-	45
<b>Total</b>		<b>13,555</b>	<b>12,508</b>	<b>2,869</b>	<b>4,167</b>	<b>241</b>

At 31 December 2021 (in CHF millions)		Negative screening	ESG integration	Positive screening	Best-in-class selection	Thematic investments
Funds	Asset allocation funds	-	2,677	-	-	185
	BCV Pension funds	27	774	-	27	-
	Targeted funds	4,664	808	1,871	2,531	-
Discretionary agreements	Discretionary agreements for institutional clients	2,589	4,723	1,386	1,202	-
	Discretionary agreements for personal banking customers	-	2,935	-	-	20
<b>Total</b>		<b>7,280</b>	<b>11,917</b>	<b>3,257</b>	<b>3,760</b>	<b>205</b>

automotive, cement, aviation, and steel. These are often referred to as the "PACTA sectors." Taken together, they are responsible for over 75% of global CO<sub>2</sub> emissions. For each sector, the test focuses on the part of the value chain that contributes the most to CO<sub>2</sub> emissions.

### Limitations of the test

When analyzing the test results, we identified the following limitations:

- The test focuses on exposure to high-carbon sectors, but the portfolio assessment does not factor in active ownership (i.e., AGM voting and shareholder engagement), even though the positive impact of this approach is widely recognized.
- The analysis excludes key segments such as government bonds, commodities, and private equity.
- The method for calculating exposure to PACTA sectors does not take into account what percentage of the investee companies' revenue is generated by these activities. This means that a company that generates 100% of its income from coal-fired power generation is considered to have the

same climate impact as a company that generates just 1% of its income from the same activity.

- The results are hard to compare because participants have a great deal of freedom in selecting the portfolios they will submit to the test. There are no strict rules or controls to ensure that the portfolios submitted are representative.

Between 2020 and 2022, we more than doubled the amount of assets we submitted for the test, with the 2022 portfolios representing CHF 17.5bn in assets under management. And we selected the portfolios in such a way that the PACTA report would be as representative as possible of the assets under discretionary management for both our institutional and our personal banking clients.

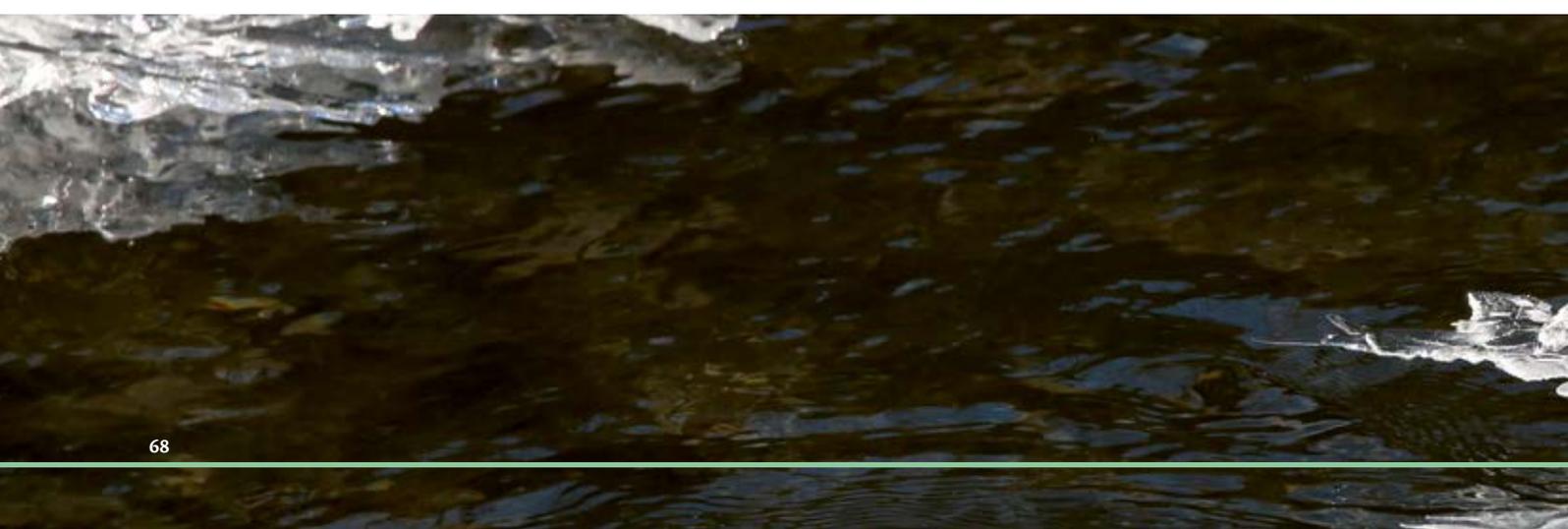
Despite the methodological limitations listed above, the results showed that, as a whole, BCV's portfolios are less exposed than those of our peers to the carbon-intensive sectors included in the test. Only 5.9% of the equities and 5.8% of the corporate bonds in our portfolios are exposed to these sectors, versus an average of 9.3% for equities and

6.8% for corporate bonds. The results also showed that BCV's portfolios have a good level of exposure to low-carbon technologies. This result is in part attributable to the climate-related initiatives that we have undertaken, such as ESG integration and excluding from our equity funds companies that generate a significant proportion of their revenues from thermal coal. Initiatives like these helped to reduce the portfolios' exposure to these sectors.

We have undertaken a number of other SRI initiatives across the Bank that will help us improve our results the next time the test is conducted. These projects are described in detail in the "Outlook for 2023" section on page 65.

### Physical gold

In 2022, we shifted our physical gold offering toward certified gold and traceable gold. This move was part of our efforts to better integrate environmental and human rights factors into this business line, particularly in relation to miners' health and working conditions. Using traceable gold also makes it possible for us to know where the gold has come from and avoid conflict areas.



As part of these efforts, we rolled out the BCV Physical Gold ESG investment fund last year. With this fund, we apply ESG criteria in the investment process and carefully select the suppliers we work with along the entire value chain, ensuring transparency in how our gold is sourced. Concretely, the fund features two types of gold: industrial gold (BCV traceable gold) and artisanal gold (PX Impact gold).

We have also made changes to the physical gold available for purchase at our counters. We no longer offer London Bullion Market Association (LBMA) standard gold bars. Our 1-, 5-, 10- and 20-gram bars have been replaced with Fairtrade gold bars, a widely recognized, high-quality certification. Our 50-, 100-, 250- and 500-gram and 1-kilogram bars are offered in the form of BCV traceable gold, which comes from the large-scale mines selected using the same process as for the BCV Physical Gold ESG fund. Both types of gold are refined in Switzerland on separate production lines to ensure full transparency along the entire value chain, from the mine to the end customer.

In addition to the above products, our trading floor provides access to the standard LBMA gold market as an intermediary upon the request of institutional clients.



**BCV traceable gold**

This gold comes from a selection of mining companies handpicked by BCV on the basis of negative screening criteria and Ethos's ESG ratings. If no Ethos rating is available, the company is assessed based on MSCI data.

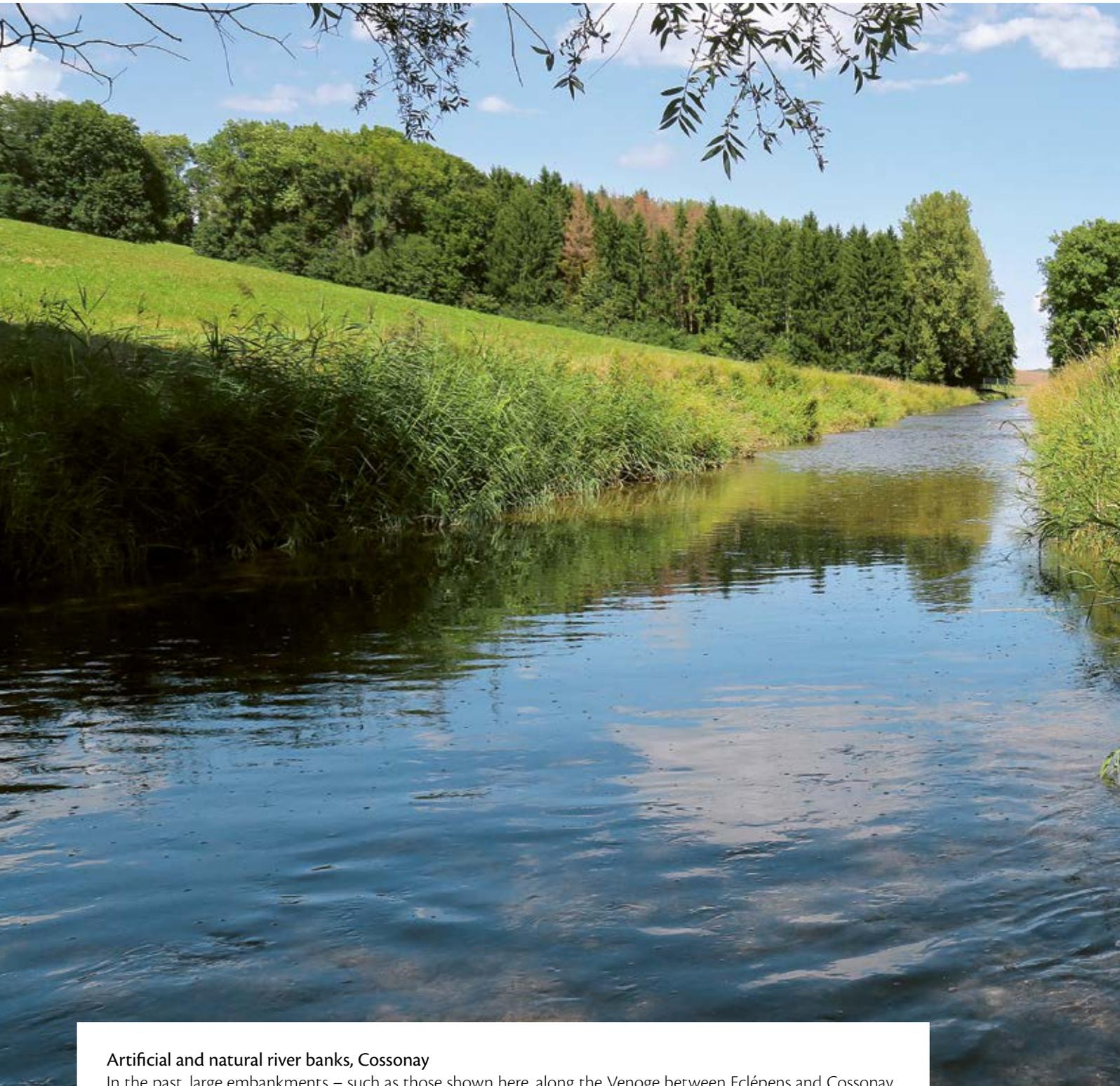
**PX Impact gold**

This certification was created by PX PRECINOX, a gold refiner based in La Chaux-de-Fonds. Strict criteria are applied at each step of the supply chain. The company has also set up a program to fund projects that support artisanal mining communities.

**Fairtrade gold**

This certification was created by the Max Havelaar Foundation (Switzerland). It guarantees that gold from small-scale artisanal mines is mined and traded fairly and that the gold can be traced throughout the production process.

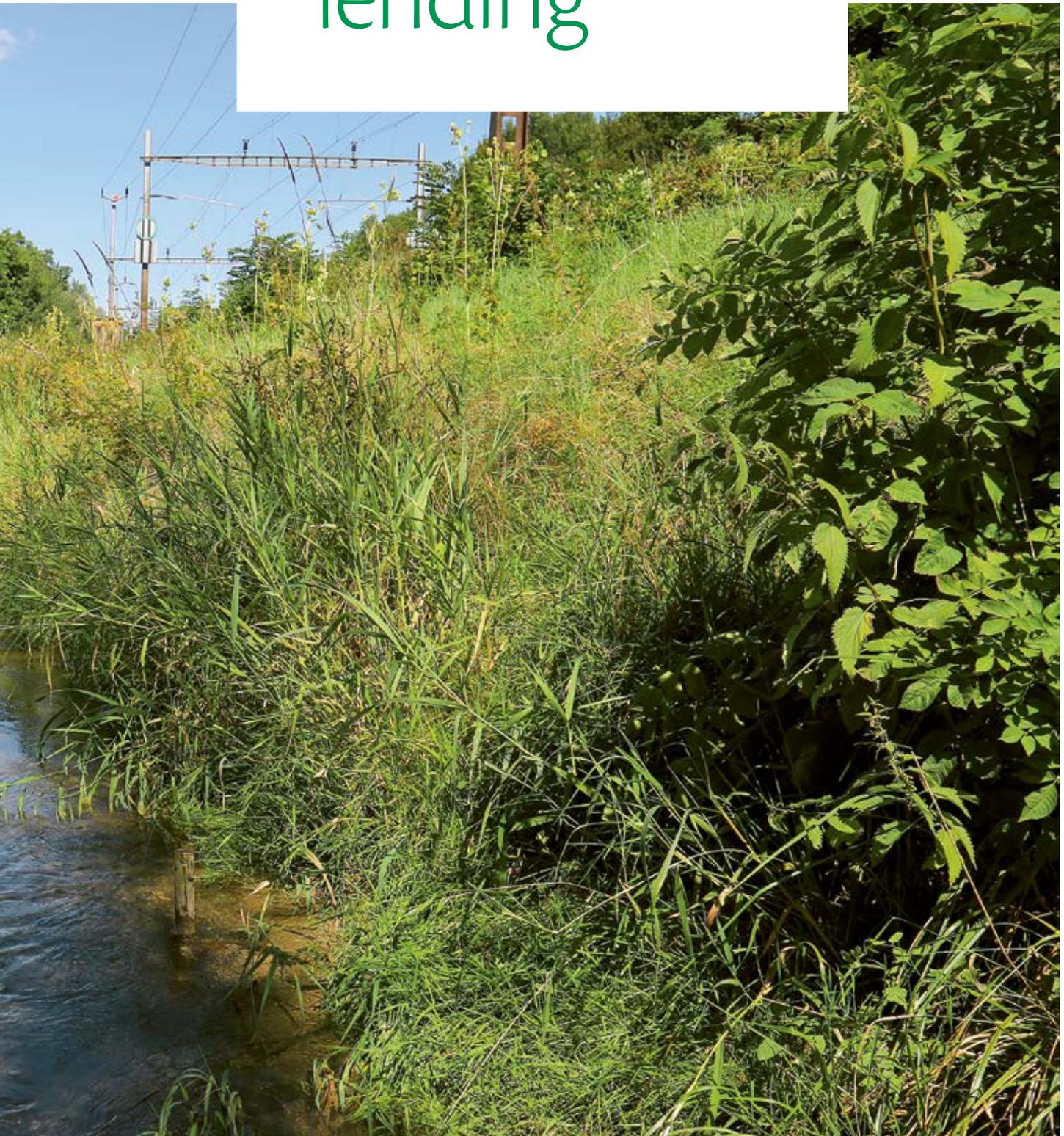




### **Artificial and natural river banks, Cossonay**

In the past, large embankments – such as those shown here, along the Venoge between Eclépens and Cossonay – were built along rivers to reclaim land for farming and protect nearby buildings against flooding. Unfortunately, such embankments had a major negative impact on aquatic ecosystems. Today, efforts are under way to rewild channelized rivers and restore their natural appearance, helping improve the habitat for plants and wildlife.

# Responsible lending





## Our lending philosophy

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, businesses, and public-sector entities (e.g., municipalities, nursing homes, and schools) account for 80% of our total lending volumes. And by keeping our lending locally focused, we help maintain a wide array of jobs, skills, and services in our home region that are aligned with the needs and expectations of the community.

Managing credit risk is a strategically essential core competency at BCV. In this, we adhere to the highest standards of good governance in processing lending transactions:

- We separate our customer-facing divisions, which are responsible for advising, selling, selecting, and pre-analyzing, from our credit management division, which is in charge of the other phases of the lending process, such as analysis, granting loans, arranging the financing, and monitoring credit limits.
- Our lending activities are underpinned by a clear policy, which is approved by the Board

of Directors, as well as by internal directives and credit-risk monitoring systems and processes.

- Our lending and loan-renewal procedures are based on a detailed analysis of credit risk.
- We carry out strict affordability checks to ensure our customers can keep up with loan payments in the medium to long term.
- We set credit card limits according to the applicant's financial circumstances.
- We do not provide consumer loans or other unsecured loans directly to private individuals.
- We continuously monitor outstanding loans, not just on an individual basis but also at the level of the loan portfolio as a whole. This approach allows us to monitor the credit-risk profile to ensure that it remains consistent with strategic objectives, and enables early detection of increases in risk.
- We manage impaired loans separately from other loans, following clearly defined procedures that are designed to assist the debtor in distress as much as possible and thereby protect the interests of the Bank, as well as those of our depositors, creditors, and shareholders.

- Our approach to managing climate-related risks is fully aligned with our overall risk-assessment principles (more details can be found on page 77 of this report).
- Our strategy is consistent with the commitments made by the Swiss government and the Vaud Cantonal Government to combat global warming.
- We seek to do business with clients who demonstrate financial transparency and good environmental, social, and governance (ESG) practices. And our lending criteria take into account internationally recognized human rights standards<sup>41</sup> and Swiss employment law,<sup>42</sup> which sets out the core protections extended to workers in Switzerland.

<sup>41</sup> International Bill of Human Rights, 1966; International Labour Organization Declaration on Fundamental Principles and Rights at Work, 1998

<sup>42</sup> Swiss Federal Employment Act (EmpA) and its ordinances; Swiss Code of Obligations (CO)

## Mortgage loans

In line with our mission as Vaud's cantonal bank, we provide mortgage loans to property owners across our region.<sup>43</sup> In fact, we provide one in three mortgage loans in the Canton.

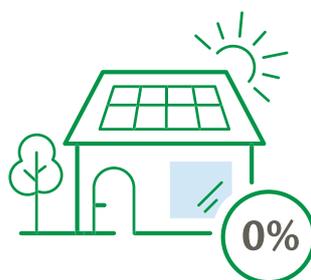
When assessing an application, we consider a range of qualitative and quantitative environmental criteria. For instance, we look at the property's condition, how it is heated, and whether or not it has solar panels. We give a lower valuation to properties that are energy-inefficient.

In 2008, we introduced a Green Bonus offer that gives customers a reduced interest rate if their mortgage loan is used to purchase environmentally friendly real estate or to renovate their property to exacting energy-efficiency standards.<sup>44</sup> As planned, we have made some changes to this offer over the past two years. The features of the Green Bonus are now as follows:

- For new purchases, the property must have a CECB® eco-rating of A.<sup>45</sup>
- For renovations, at least 25% of the total investment (no less than CHF 20,000) must be used to make energy-saving improvements that qualify for subsidies, such as updating the property's heating system, windows, doors, or skylights, or renovating and insulating the roof.

- Customers pay zero interest for the first 12 months of the loan (instead of getting a 0.25 percentage-point reduction, as was the case previously).

All types of real estate are eligible for Green Bonus loans, including income-generating and commercial properties.

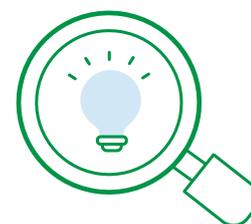


interest for 12 months  
on loans for energy-efficiency  
renovations

We are also encouraging green renovations by making it easier for owners to obtain a CECB® Plus energy audit (Vaud's cantonal energy certificate for buildings).



Through our partnership with Romande Energie, our customers pay a reduced price for the audit, which includes an energy-efficiency analysis of the building as well as a



57 CECB® Plus energy audits  
subsidized by BCV

list of recommended improvements and their estimated costs. What's more, the discount applies on top of any cantonal or municipal subsidies. We subsidized 57 audits under this partnership in 2022.

We actively encouraged customers to take up this offer last year. For instance, we sent promotional messages to nearly 18,000 property owners and drew attention to the offer in our client newsletters. We also trained our advisors to bring up our Green Bonus loans with customers asking to borrow more to fund renovation work on their property.

We took further concrete steps throughout 2022 to help our customers make their homes more energy-efficient. For instance, our website now features a simulation tool showing owners what it would cost to upgrade their heating system or install solar panels on their property, how these measures could reduce their energy use and carbon emissions, and how much they could save in the long run.<sup>46</sup>

<sup>43</sup> Cantonal Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV)

<sup>44</sup> <https://www.bcv.ch/en/home/private-banking/produits/mortgage-loans/bonus-vert>

<sup>45</sup> The Cantonal Building Energy Certificate is an eco-rating program recognized by all Swiss cantons.

<sup>46</sup> <https://www.bcv.ch/en/home/personal-banking/happiness-starts-at-home/renover>

#### G4-FS8

##### Mortgage lending under the Green Bonus program (in CHF millions)

	2021	2022
Green Bonus: purchases	51.08	65.45
Green Bonus: energy-efficient renovation work	14.62	15.53
<b>Total</b>	<b>65.7</b>	<b>80.98</b>

#### G4-FS8

##### Mortgage lending for energy-efficient properties

	2021	2022
Mortgage lending for energy-efficient properties (i.e., built after 2014) (in CHF millions) <sup>47</sup>	2,810	3,362
Percentage of mortgage lending for energy-efficient properties (i.e., built after 2014)	9.8%	11.3%

In 2023, we will press ahead with our efforts to measure the CO<sub>2</sub> footprint of our mortgage portfolio, and we intend to set a new emissions-reduction target for the properties we finance. As well as tracking our progress, we will introduce incentives and support measures to help us achieve this target.

Our mortgage lending for energy-efficient properties and projects is summarized in the tables above. The first relates to loans granted under the Green Bonus program (including renovations), while the second concerns general lending on properties

we consider energy-efficient in light of building standards in Vaud.

As part of our work to raise awareness about energy-saving renovations, we hosted webinars led by experts on the energy transition (more details can be found on pages 28 and 29 of this report), and we shared information about the benefits of Green Bonus-qualifying renovations across our social media channels. Also last year, we published an initial study – a joint exercise with Vaud-based partners – looking at the carbon footprint of our home region's building stock (see page 28 for more details).<sup>48</sup>

In 2023, in keeping with our commitment to maintaining high standards of expertise across our workforce, we will introduce a training course on energy-efficient properties and how they tend to retain their value in the long term. The training is aligned with the June 2022 guidelines issued by the Swiss Bankers Association (SBA), which require members to discuss energy-efficient renovations during the mortgage advisory process and to address the topic in greater depth when training advisors.<sup>49</sup> The new guidelines came into effect on 1 January 2023 with a 12-month transition period. Also

<sup>47</sup> Conservative assumption: this figure does not include older properties that may meet exacting green-building standards, so the real volume may be higher.

<sup>48</sup> *BCV Immobilier*, November 2022

<sup>49</sup> Swiss Bankers Association, "Guidelines for mortgage providers on the promotion of energy efficiency," June 2022

this year, the Bank will begin building a climate policy into its mortgage lending process that takes into account the commitments made by the Swiss government to combat global warming.

### PACTA climate compatibility test results

In 2022, the Federal Office for the Environment and the State Secretariat for International Finance once again commissioned consulting firm Wüest Partner to assess the carbon intensity of Swiss real-estate and mortgage portfolios as part of the Paris Agreement Capital Transition Assessment (PACTA) test. We subjected our mortgage portfolio to the test on a voluntary basis last year, as we did in 2020.

The test results showed that the average CO<sub>2</sub> emissions for BCV's mortgage portfolio came to 20 kilograms per square meter per year. This figure is lower than our 2020 result of 25 kilograms, owing in part to the fact that we were able to supply higher-quality data in 2022. The result also shows that the emission intensity of our portfolio is below the average for all participating banks (28 kilograms per square meter per year).

## Lending to local businesses

We provide financing to every sector of Vaud's economy, in keeping with our mission as a cantonal bank.<sup>50</sup> The Bank's corporate loan book reflects the economic structure of the Canton, albeit with a somewhat larger exposure to real estate and construction (44%).

The breakdown of the Bank's customer loans by geographical zone is as follows:

- Vaud Canton: 80%
- Rest of Switzerland: 17%
- Other: 3%

As a matter of policy, BCV does not lend to organizations whose practices could harm its image or reputation. We are equally mindful of the social and environmental risks and impacts of the projects we finance. We decline to lend to firms that manufacture or deal in controversial weapons and munitions, or to borrowers from the pornography industry. We likewise do not provide financing to organizations associated with violations of internationally recognized human rights standards<sup>51</sup> or Swiss employment law.

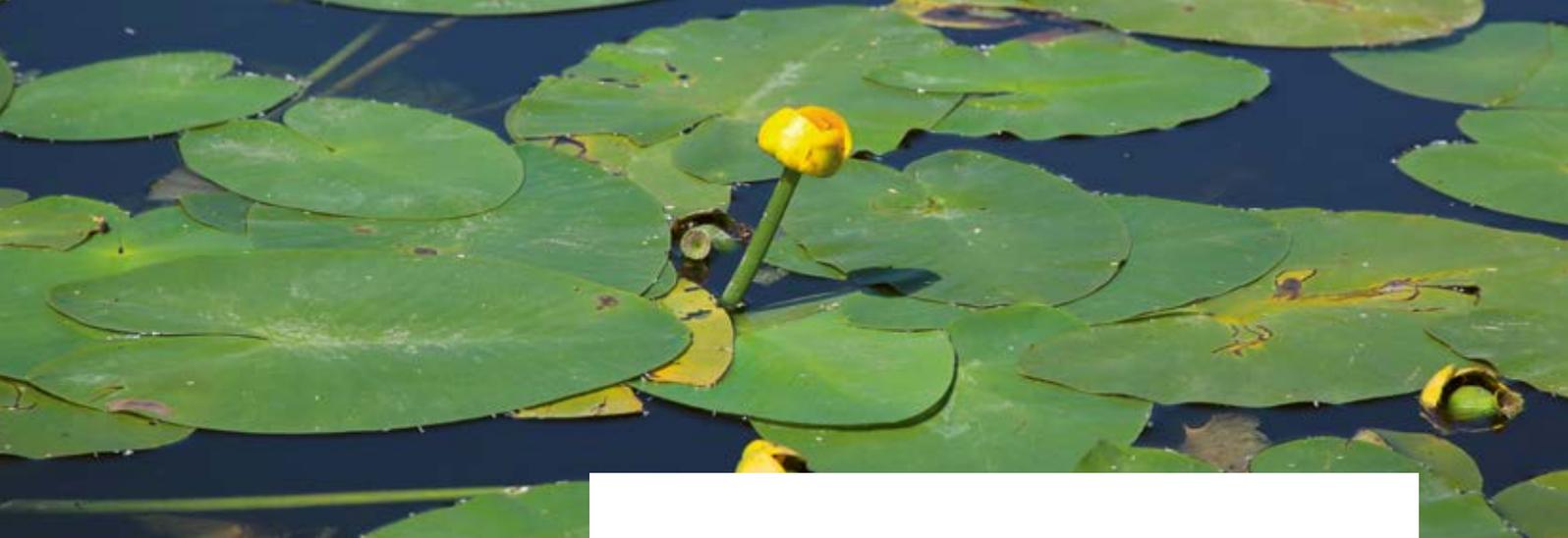
The Bank does not grant loans to gambling companies in other countries or to unlicensed gambling

Companies headquartered in Switzerland – which make up the vast majority of the companies we lend to – must comply with strict employment rules. Laws such as the Swiss Federal Employment Act (EmpA) and its ordinances, the Swiss Code of Obligations (CO), and the Swiss Federal Act on Gender Equality (GEA) require employers to:

- foster a workplace environment that promotes workers' physical health and mental well-being
- treat men and women equally and ensure that 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.

<sup>50</sup> Cantonal Act of 20 June 1995 Governing the Organization of Banque Cantonale Vaudoise (LBCV)

<sup>51</sup> International Bill of Human Rights, 1966; International Labour Organization Declaration on Fundamental Principles and Rights at Work, 1998



“ We offer a range of support services to encourage Vaud-based businesses to lower their carbon footprint, as part of our effort to put the Canton’s economy on a greener footing. ”

operators in Switzerland. Similarly, our lending policy excludes the financing of projects relating to coal mines or nuclear and coal-fired power plants, and we do not finance transactions involving crude oil, residual fuel oil, shale gas, or unsustainable fishing and logging activities.

Each year, we review our sector exclusion list to make sure we only finance projects that are consistent with our sustainability strategy and our ethical principles.

In 2020, we developed formal sustainability rules for our trade finance business, including a policy on the commodities involved in the transactions we finance. In 2021, we built this process out to include our broader corporate loan policy and further trained our employees on the environmental and social risks and impacts associated with our lending activities.

Environmental and social criteria, including respect for human rights, are fully embedded and documented in our credit analysis process, which includes a questionnaire on this topic tailored to the type of loan applicant, their sector or industry, and the purpose of the credit facility.

In 2022, we added a new module to our in-house lending training program explaining how we factor environmental and social criteria into our qualitative analysis process for corporate loans.

We offer a range of support services to encourage Vaud-based businesses to lower their carbon footprint, as part of our effort to put the Canton’s economy on a greener footing.

#### Corporate loans by economic sector

	2021	2022
Real estate and construction	43%	<b>44%</b>
Finance	9%	<b>10%</b>
Retail	11%	<b>9%</b>
Healthcare and welfare	9%	<b>9%</b>
Arts & culture and miscellaneous services	7%	<b>7%</b>
Government administration and IT	5%	<b>6%</b>
Manufacturing	4%	<b>4%</b>
Transport, communication, mining, and energy	4%	<b>3%</b>
Primary sector	3%	<b>3%</b>
Hotels and restaurants	3%	<b>2%</b>
Teaching, research, and development	1%	<b>1%</b>
Other	1%	<b>2%</b>



interest for 6 months on capital expenditure loans for energy-efficiency purposes

In addition, we have entered into a partnership with the PEIK energy-audit program run by SuisseEnergie, the Swiss federal government's energy-efficiency and renewable energy initiative. The goal is to support SMEs in their energy transition: corporate clients that carry out a PEIK audit receive a report setting out practical, targeted steps to reduce their energy use. On top of this, clients can take advantage of our Green Bonus capital expenditure loans, with zero interest for the first six months if certain conditions are met.

To help us actively promote this offer, all our corporate client-facing teams have completed a joint BCV-PEIK training program.

## Climate-related risks

As BCV operates primarily in Vaud Canton, it has little exposure to climate-related physical hazards. The Bank therefore prioritizes analyzing transition-related risk factors.

When assessing credit risk, we systematically examine and monitor the proportion of our exposure that could be put at an increased risk of default by transition-related factors.

The Bank's main exposures are as follows:

- **Mortgage exposures:** The proportion of residential real-estate financing with a heightened exposure to transition-related risk factors is deemed to be very low (less than 5% of total exposures) and trending downward. The impact of climate-transition risk factors on the Bank's risk of credit loss is considered marginal.
- **Corporate exposures (excluding trade finance):** The proportion of corporate loans granted to companies in sectors most affected by the energy transition is moderate (less than 20%); these loans are not concentrated in any one sector, and no loans are granted to

companies involved in fossil-fuel production. Most of the companies concerned are Swiss firms active in air, sea, or road transportation, construction, manufacturing, and chemicals and pharmaceuticals. The impact of transition-related risk factors on their default risk is deemed to be low and is factored into each individual credit-risk analysis.

- **Trade-finance exposures:** Our trade financing activities are transaction-based and granted for terms of under a year. Transition-related risk factors have no material impact on the Bank's risk of credit loss. BCV also has a commodities policy aimed at reducing risks and impacts in the area of climate change (more details can be found starting on page 78 of this report).

More information about our governance, risk management, and strategy for climate-related risks, as well as the steps we are taking to assess our greenhouse gas emissions, can be found in our 2022 Annual Report (starting on page 71) and in our Basel III Pillar 3 Report.

## Trade Finance

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

In our trade finance activities, we have a policy that takes account of environmental and social factors. It is based on the United Nations Guiding Principles on Business

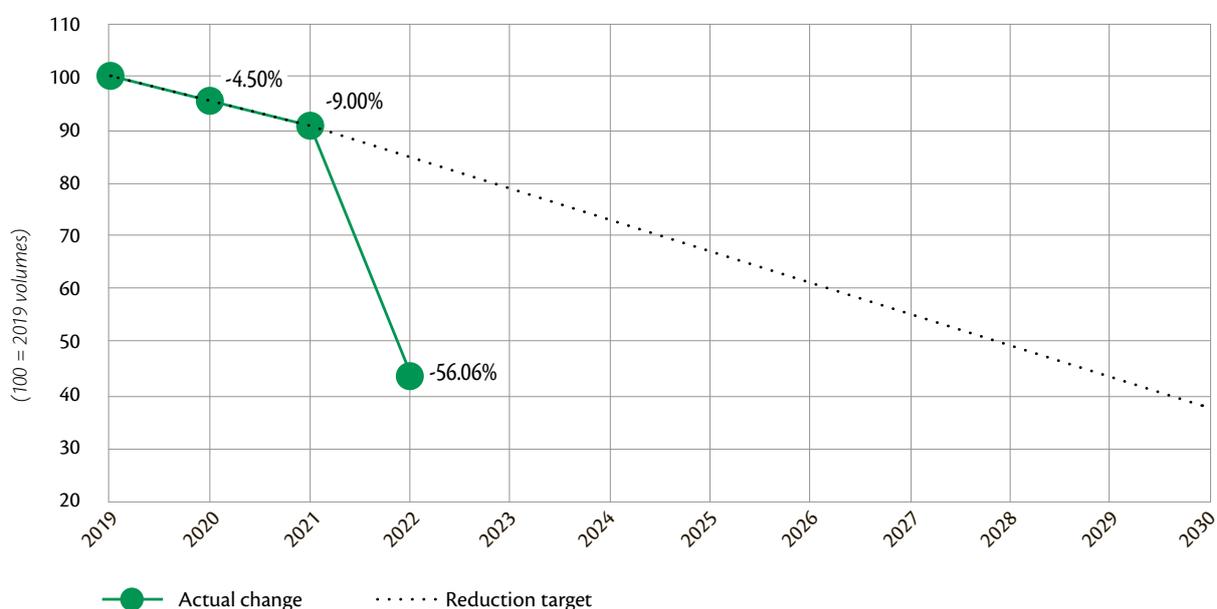
and Human Rights,<sup>52</sup> International Labour Organization standards (i.e. Conventions Nos. 138 and 182 on child labor), and SECO requirements (i.e., the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour, or the DDTro).

Our policy is to only finance transactions in commodities for which we are thoroughly familiar with the processes, context, and stakeholders involved. Financed commodities are subject to a set of rules that take

the materials' environmental and social impacts into account. The rules are reviewed annually by the Executive Board's Credit Committee and provided to all trade finance employees.

We have a process in place for identifying, assessing, and managing environmental and social risks. It covers the four key aspects of trade finance (client, commodity, country, and transaction type) and is designed to provide a comprehensive overview of the client and the transaction. Our relationship managers and

**Coal exposure of BCV's trade finance business since 2019**



The sharp decrease (over 50%) in our coal exposure in 2022 is related to the war in Ukraine and BCV's stance in that regard.

<sup>52</sup> UN Guiding Principles on Business and Human Rights, 2011

credit analysts are responsible for rigorously following this process; they document their ESG risk assessments in annual credit files, based on the knowledge and information available to them. All lending decisions are made by the respective decision-making authority. Outstanding loans are continuously monitored, and we review our credit files at least once a year.

Our environmental risk-mitigation measures include the following requirements for the shipping of petroleum derivatives: ships must be double-hulled, no more than 20 years old, subject to regular maintenance, and, if owned or chartered by our client, covered by civil liability insurance. These points are clearly set out in our lending policy.

### Reducing our exposure to coal at a faster pace than the Paris Agreement compatible scenario

Under the Sustainable Development Scenario, global coal use needs to be reduced in order to meet the emissions target set out in the Paris Agreement. In 2019, we set a slightly more ambitious phase-down rate based on International Energy Agency (IEA) publications.

In 2020, we changed the scope of transactions involving thermal coal used in energy production. We now focus on transactions supplying coal to countries in the developing world that are at a disadvantage in the energy transition. That is because in

“ Since 2020, we have hit our target for reducing our exposure to coal. This was set at 4.5% per year for 2020 and 2021 and 6.5% per year starting in 2022 – again going beyond the recommended amount. ”

those countries, coal is a cheap energy source that accounts for much of the energy mix and will be particularly difficult to quickly phase out.

We reached out to the clients affected by these changes, explaining our decision to reduce our exposure to coal and focus our financing on developing countries that face greater challenges making the energy transition. We also explained how that decision fit into BCV's sustainability strategy.

The IEA's most recent report states that coal use must fall by 55% by 2030 in order to achieve net-zero emissions by 2050. For that to happen, global coal use needs to be reduced by 6.1% each year starting in 2022.<sup>53</sup>

Since 2020, we have hit our targets for reducing our exposure to coal. In 2020 and 2021, the target was set at 4.5% per year. In 2022, we set a target of cutting our exposure by 6.5% per year compared to 2021 levels – again

going beyond the recommended amount. The sharp decrease (over 50%) in our coal exposure in 2022 is related to the war in Ukraine and BCV's stance in that regard.

<sup>53</sup> IEA, "Phasing out coal," *World Energy Outlook 2021*, 2021



### Commodities policy

In 2020, we reviewed the possible social and environmental risks and impacts of all the commodities involved in the transactions we finance. Based on this review, we developed a policy aimed at reducing risks and indirect impacts in the area of climate change and human rights. This policy, recommended by the Executive Board and approved by the Board of Directors, defines strict criteria for the sourcing of soy (e.g., Roundtable on Responsible Soy certification), palm oil (e.g., International Sustainability & Carbon Certification) and cobalt (based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas).

In 2021, we adopted additional criteria regarding tin (based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas) and wood chips (e.g., Forest Stewardship Council certification). We require evidence that these commodities have been sustainably sourced or that nationally

or internationally recognized due diligence policies and practices have been adopted. We review our criteria every year in light of market best practice.

Since 2020, we have continually improved our monitoring of social and environmental risks and impacts across our entire trade finance business, both when each client's credit limits come up for annual review and with respect to day-to-day transactions.

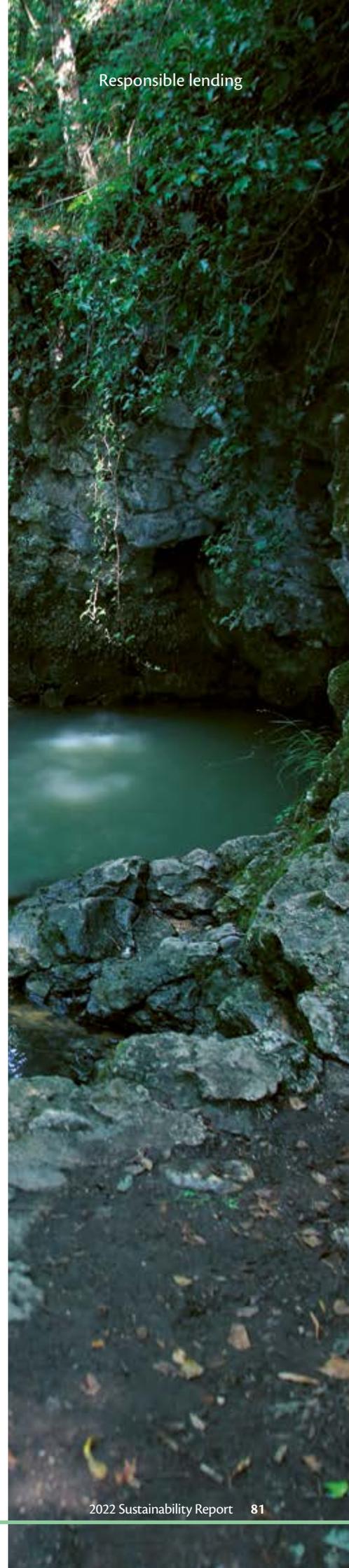
To ensure that our policy is properly implemented, BCV employees involved with transaction financing have completed a training course to increase their awareness of sustainability issues, particularly in relation to risk monitoring, documentation, and decision-making processes.

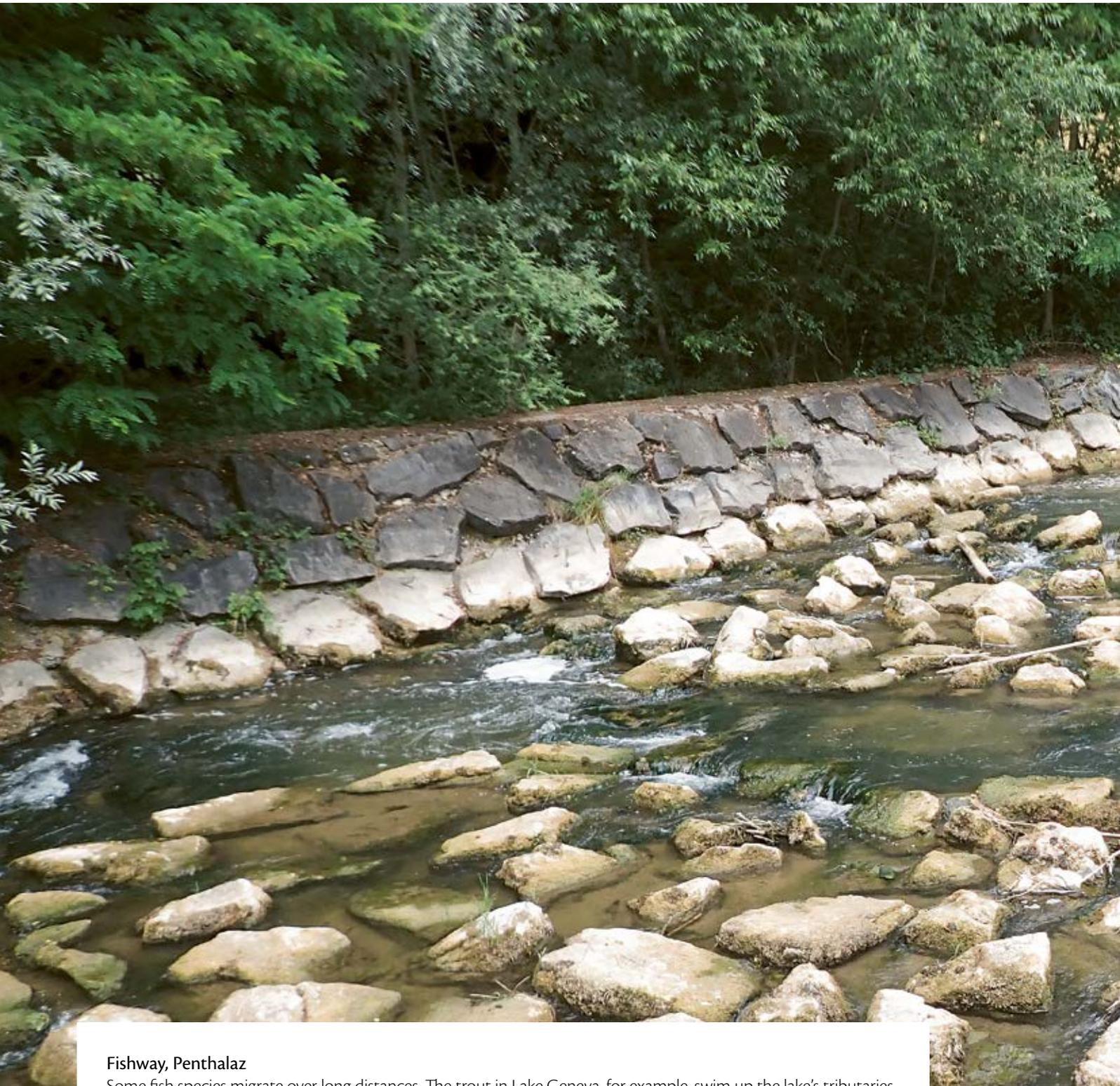
“ Since 2020, we have continually improved our monitoring of social and environmental risks and impacts across our entire trade finance business. ”

### Training on environmental and social risks and impacts

All Trade Finance relationship managers and credit analysts have done an online training session created by BCV, entitled “CSR and responsible lending.” The one-hour session aims to give them an overview of what CSR entails for a bank like BCV, particularly issues in lending and trade finance more specifically, and to explain BCV’s sustainability policies and processes for these activities.

In 2022, a four-hour workshop on environmental and social risks and impacts in trade finance was held three times and attended by a total of 19 staff members, bringing the take-up rate to 100%. The workshop featured case studies on CSR issues and how they affect day-to-day activities for our trade-finance employees.

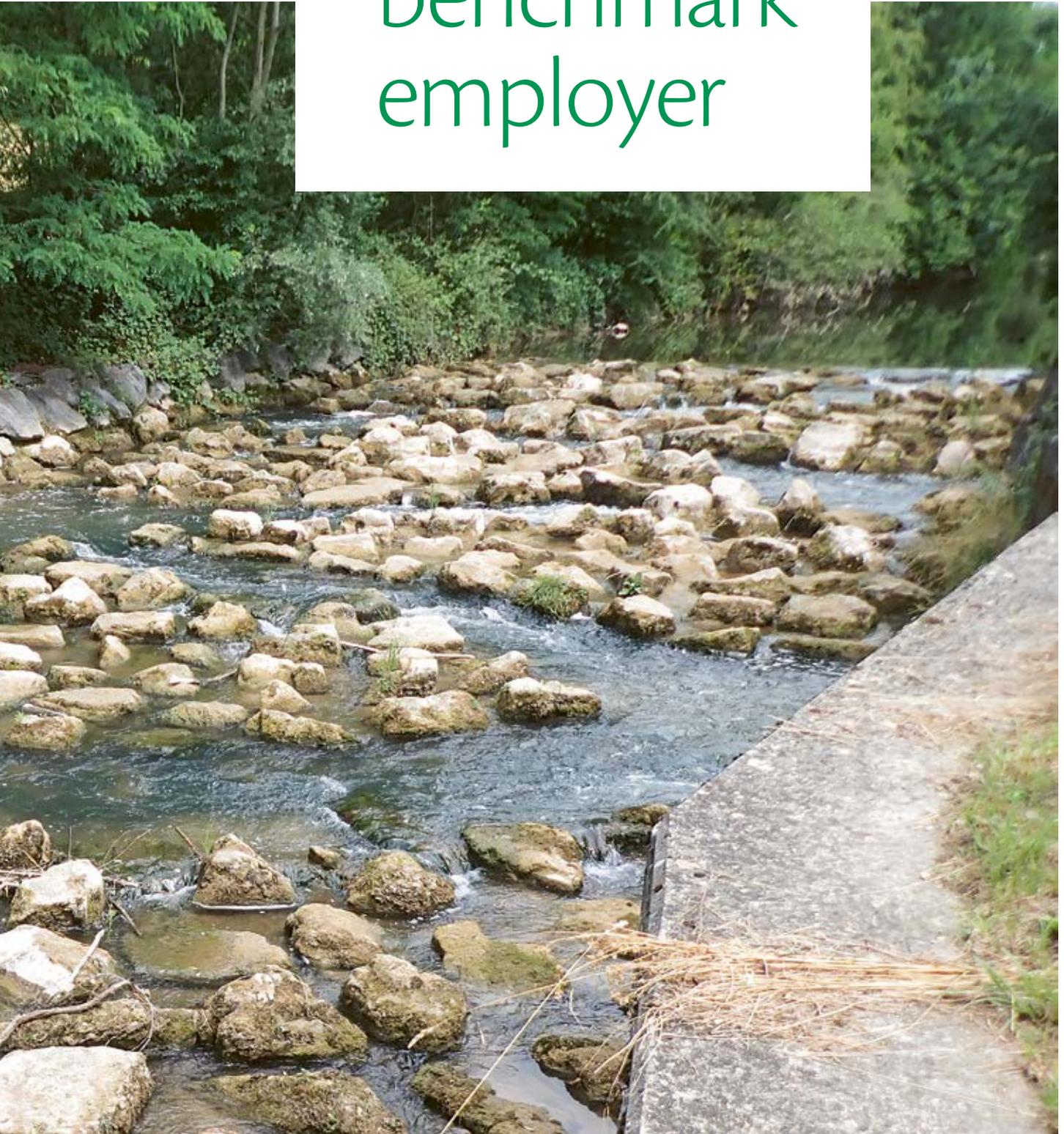




### **Fishway, Penthalaz**

Some fish species migrate over long distances. The trout in Lake Geneva, for example, swim up the lake's tributaries in winter to breed. Fishways – like the one shown here – are structures built to help migrating fish get past obstacles in the river that can prevent them from reaching the best breeding grounds.

# Being a benchmark employer





## Our employer philosophy

BCV is one of Vaud's leading employers. With one in every three people in the Canton's banking sector working for us, we're the number one provider of jobs in the industry, and no other bank in Vaud can match our staff's collective breadth and depth of skills. Our dynamic human resources policy is crucial to both our mission and our strategy, and we encourage training both to help our employees grow their skill sets and to help prepare our future managers. The health and well-being of our people is our highest priority. And we're dedicated to creating workplace equality, promoting diversity, and offering the same opportunities to all staff.

At the heart of our human resources policy are BCV's four core values: responsibility, performance, professionalism, and close ties with our customers and the broader community. These same values, which are outlined on page 34 of this report, are also integral to our ethical principles as set out in our Code of Professional Conduct.

## Focus on training

BCV is one of the Canton's main providers of professional training. We have our own training center, which offers courses to BCV employees and to employees of other cantonal banks in French- and Italian-speaking Switzerland.<sup>54</sup>

Our center focuses on skills development for all of the Bank's staff. Customer advisors receive regular training, in particular to help them keep pace with constant changes in customer needs and the regulatory environment.

We have adopted an advisor certification system used by several other banks that is in line with the ISO 17024 standard and recognized by the Swiss Association for Quality (SAQ) (see box below for more details). A total of 239 client advisors had received their certification by end-2022.

Last year, our training center delivered more than 7,400 days' worth of training, including over 2,800 days of distance learning. We provided job training for 92 trainees (around 5% of our total workforce): 36 apprentices, 33 high school graduates, 16 university interns, and 7 participants in our "Rejoignez-nous" training program (see page 84 for more details).

### SAQ certification

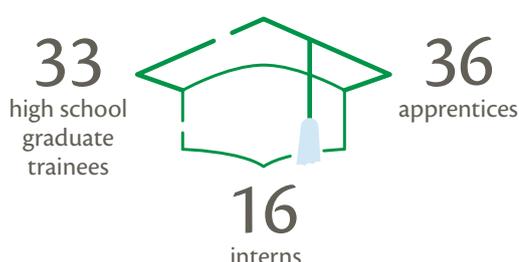
The Swiss Association for Quality (SAQ) certificate attests that the holder has the expertise and knows the rules of conduct defined by the industry for the advisory profession.

Only professionals who are employed by a financial institution (bank or independent asset manager) and who have a client portfolio can take the required examination.

In general, certifications make theoretical knowledge and practical skills visible, transparent, and internationally comparable. The SAQ Client Advisor Bank certification system was developed in close cooperation with the Swiss banking industry and is recommended by the Swiss Bankers Association to its members.

The certificate is valid indefinitely as long as holders continue to fulfill certain criteria. For instance, advisors must complete a set number of days of training each year and must be employed by a financial institution at the time of recertification.

<sup>54</sup> The term "cantonal banks in French- and Italian-speaking Switzerland" covers the cantonal banks of Fribourg, Geneva, Jura, Neuchâtel, Ticino, Valais, and Vaud.



The eighth edition of BCV's Micro MBA program – developed in conjunction with the director of the Entrepreneurial Leadership specialization within the University of Geneva's Executive MBA program – ran between March 2021 and September 2022. The 20 people who took part (3 women and 17 men – see chart on page 86) developed interdisciplinary and project-management skills.

In addition, 18 BCV employees received post-secondary qualifications from outside institutions in 2022 with the Bank's support.

Also last year, over a third of all young people in Vaud who chose to get training in a bank as apprentices or high school graduates did so at BCV.



**1 in 3**  
local apprentices and high school graduates who train in banking

#### 404-1

##### Average days of in-house training per employee per year

	2019	2020	2021	2022
All employees (excluding trainees)	4.3	3.7	4.2	<b>4.0</b>

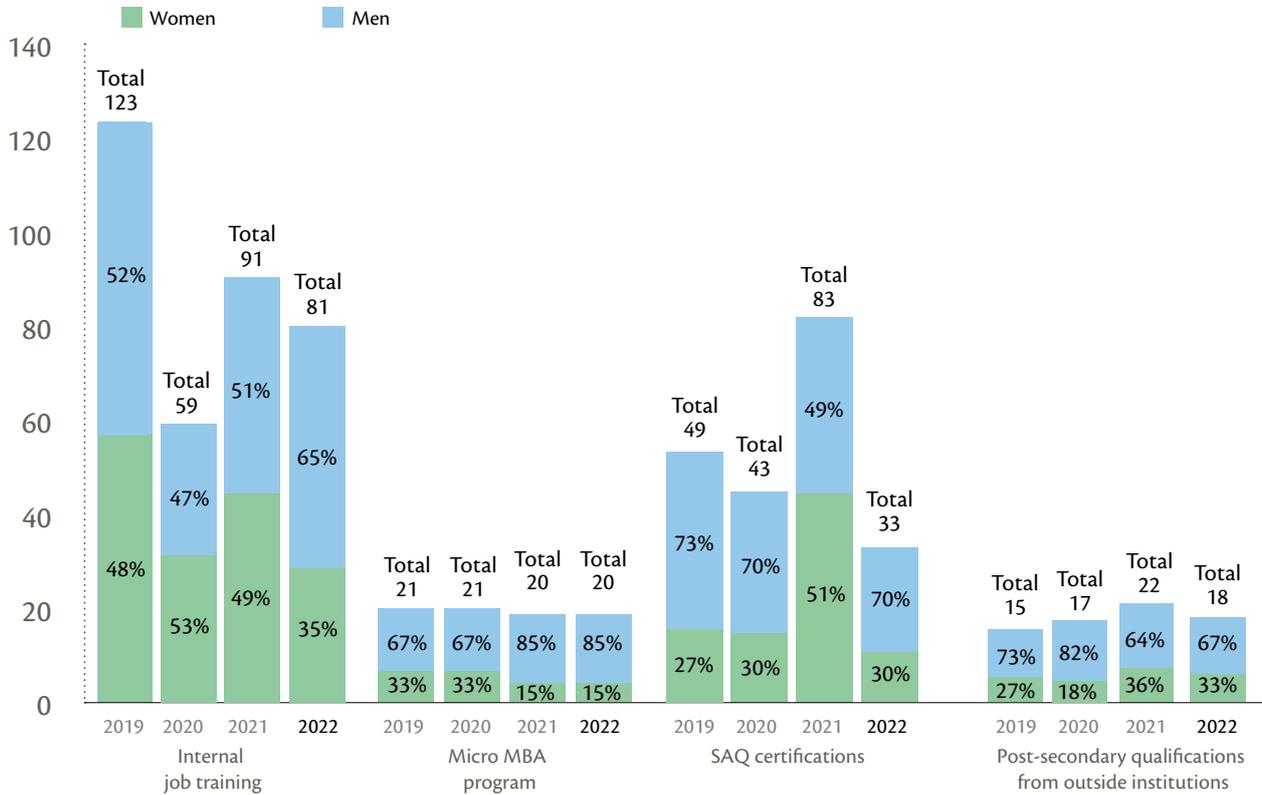
#### 404-1

##### Average days of in-house training per year per employee, by gender and employee category

	Other employees (excluding trainees)				Managers			
	2019	2020	2021	2022	2019	2020	2021	2022
Women	4.9	3.0	8.5	<b>6.3</b>	4.3	2.0	1.6	<b>2.6</b>
Men	5.7	3.4	12.8	<b>7.4</b>	5.7	2.3	1.9	<b>2.5</b>

404-2

Programs for upgrading employee skills (programs completed), 2022



We place a high priority on our employees’ ongoing professional development, whether through internal job training, SAQ certification, or post-secondary qualifications from outside institutions. On average in 2022, employees completed almost four days of training, a large share of which was delivered online as we continued to adapt to new ways of working and learning.

Apprentices, high school graduates, and university interns completed nearly eight days of in-house training on average.

Objectives and performance reviews

At BCV, our objective-setting and performance-review process is designed to give employees a clear picture of the Bank’s expectations. At the beginning of the year, employees sit down with their line manager to discuss their individual performance and skills-development targets for the coming year, and to talk through how they will achieve them.

Managers review staff performance twice yearly: once at the halfway point, and again at the end of the year.

Ahead of each review, the manager gathers the necessary information and employees complete a self-assessment. The manager then meets with each employee to factually discuss the progress made toward performance objectives. Any points of disagreement can be escalated for a second opinion.



average days of training per full-time employee

## Diversity and equal opportunity

All new hires receive a copy of our Code of Professional Conduct, which is available on our website.<sup>55</sup> It sets out the behavior that is expected of our company as a whole, its governing bodies, and every staff member. The principles contained in the Code are applicable to all actions or decisions taken by BCV employees in a professional context. Whenever we review or update it, all employees are required to confirm that they have read the new version (more details can be found on page 34 of this report).

As set out in the Code, we aim to foster a working environment in which differences are respected and qualifications, skills, and achievements are valued. We are dedicated to creating workplace equality, promoting diversity, and offering the same opportunities to all staff.

The Compensation, Promotions and Appointments Committee guides the Bank's approach to diversity and equal opportunity. The Committee meets several times a year to make recommendations to the Board of Directors. The list of Committee members appears on page 89 of our 2022 Annual Report.

Thanks to our variety of training programs, we can offer opportunities to people from many different backgrounds: 39% of our workforce completed an apprenticeship or high school, 43% graduated from university, and 18% have a vocational background. We also maintain a balanced age structure, with under-30s and over-50s accounting for 14% and 37% of our employees, respectively.

### 401-1

#### New employee hires, by gender and age group\*

	Total			Under 30 years old	30–50 years old	Over 50 years old	Total
	2019	2020	2021	2022			
Women	63	56	61	54	38	9	<b>101</b>
Men	101	92	120	53	70	12	<b>135</b>
<b>Total</b>	<b>164</b>	<b>148</b>	<b>181</b>	<b>107</b>	<b>108</b>	<b>21</b>	<b>236</b>

\* Excluding temporary employees and trainees hired after completing their training at the Bank (high school graduate trainees, university interns, and participants in the "Rejoignez-nous" training program – 42 people in total)

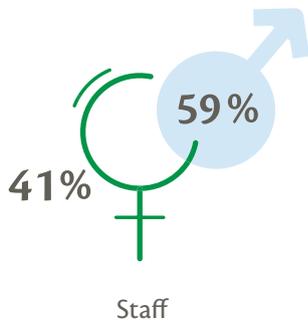
### 401-1

#### Employee turnover, by gender and age group\*

	Total			Under 30 years old	30–50 years old	Over 50 years old	Total
	2019	2020	2021	2022			
Women	7.9%	6.4%	8.5%	35%	13.8%	2.3%	<b>12.9%</b>
Men	5.7%	7.2%	7.6%	16.7%	8.3%	3.0%	<b>7.2%</b>
<b>Total</b>	<b>6.6%</b>	<b>6.9%</b>	<b>8.0%</b>	<b>25.2%</b>	<b>10.6%</b>	<b>2.8%</b>	<b>9.5%</b>

\* Excluding employees on fixed-term contracts, temporary employees, and employees leaving for retirement

<sup>55</sup> <https://www.bcv.ch/en/home/la-bcv/investor-relations/overview>



Our “Rejoignez-nous” hiring campaign is aimed at people who are looking to return to work after a career break or who want to change direction and pursue a career in banking. The campaign, which features taglines in question-and-answer format, once again attracted a high number of female applicants, with seven women joining the program last year.

In terms of gender equality, the parent company had 790 female employees (around 41% of the workforce) at the end of last year.

The PLURI’elles network, an initiative led by some of the Bank’s female employees, was created in 2020. Its purpose is to promote women’s personal and professional development at BCV and to provide a platform for sharing success stories.

## PLURI’elles

Le réseau féminin de la BCV

In 2021, the network ran events on the theme of unconscious bias. Last year women leaders delivered a series of talks, panel discussions, workshops, and personal stories on the subject of work-life balance. Highlights included presentations on gender, negotiating, and barriers holding women back in the workplace, as well as first-hand accounts from managers with experience leading gender-diverse teams.

As stated in our Code of Professional Conduct, we are dedicated to creating workplace equality, promoting diversity, and offering the same opportunities to all employees, regardless of age, gender, and nationality.

Maintaining gender balance is a key component of our hiring policy, including how we manage our talent pipeline. That’s why we aim to ensure that men and women are equally represented among the dozens of trainees we host each year. In 2022, for instance, women accounted for 8 of the 16 university interns, 19 of the 33 high school graduate trainees, and 18 of the 36 apprentices who trained with us. We also use indicators to track female representation in our various business lines, as well as at the various levels of responsibility.

In 2022, women accounted for around 40% of all BCV job applicants.

### 405-1 Diversity of governance bodies and employees, percentage of women per governance body and employee category

	2019	2020	2021	2022	
<b>405-1</b> Board of Directors	29%	43%	43%	<b>43%</b>	<b>3</b>
Executive Board	0%	0%	0%	<b>0%</b>	<b>0</b>
Managers (excluding Executive Board)*	31%	31%	31%	<b>31%</b>	<b>404</b>
Other employees	64%	66%	66%	<b>65%</b>	<b>334</b>
<b>102-8 Total workforce (including trainees)</b>	42%	41%	41%	<b>41%</b>	<b>790</b>

\* BCV classifies employees into six categories depending on the level of responsibility inherent in their position. The term “managers,” as used in our sustainability reports since 2021, refers to employees in categories B, C, D, and E, while “other employees” refers to category A staff and trainees. The 2019 and 2020 figures were recalculated to reflect this definition.



Target of  
**25%**  
for senior leadership positions  
held by women by 2030

Achieving gender balance in certain functions – especially at the Executive Board level – is a long-term endeavor. We aim to have 25% of senior leadership positions held by women by 2030. In 2022, women held 16% of these positions, which include members of the Executive Board and senior managers.

BCV has eight employees (four women and four men) on hourly contracts, plus 188 subcontractor personnel – mostly IT specialists – who work alongside our staff day to day but aren't employed by the Bank directly.

As we continue to execute on our human resources strategy, a major project in 2023 will focus on talent management. Amid demographic and labor-market changes, it is essential that we continue to attract and retain people with the skillsets we need to support our business operations and growth going forward.

405-1

Diversity of governance bodies and employees, by age group, 2022

	Under 30 years old	30–50 years old	Over 50 years old
Board of Directors	–	–	100%
Executive Board	–	–	100%
Managers (excluding Executive Board)	4%	55%	41%
Other employees (excluding trainees)	41%	33%	26%
<b>Total (including trainees, excluding Board of Directors)</b>	<b>14%</b>	<b>49%</b>	<b>37%</b>

## Work-life balance

As one of the Canton's leading employers, we recognize that we owe it to our people – over 1,900 in total – to help them juggle the demands of work and family life. Encouraging work-life balance also makes good business sense, because it helps us attract and retain the talent we need going forward.

All BCV employees, including senior managers, can take advantage of our flexible working-time policy, which lets them increase or reduce their hours as they progress through their career at the Bank. In 2022, 16.2% of managers and 25% of other employees worked part-time.

We also help our employees fit work around their busy lives in other ways. For instance, employees aged 45 and

over gain additional leave, and staff have the option of taking their long-service bonus – awarded for 10, 20, 30, and 40 years' service at BCV – as an extra month's vacation time. And when they reach 58 years of age, employees can choose to take early retirement or, if they work full-time and if their line manager agrees, take partial retirement with a reduction of 20% or more in their working hours.



25%  
of BCV employees  
work part time

Employees and other workers		2019	2020	2021	2022
<b>102-8</b>	<b>Total workforce (including trainees)</b>	<b>1,915</b>	<b>1,901</b>	<b>1,911</b>	<b>1,923</b>
	- Employees on permanent contracts (number)	1,806	1,799	1,795	<b>1,804</b>
	- Women (%)	42%	42%	42%	<b>41%</b>
	- Men (%)	58%	58%	58%	<b>59%</b>
	<b>Employees working part time</b>	<b>27%</b>	<b>27%</b>	<b>26%</b>	<b>25%</b>
	- Women (%)	50%	49%	49%	<b>46%</b>
	- Men (%)	10%	10%	10%	<b>10%</b>

401-3 Parental leave		2019	2020	2021	2022
	Female employees who took parental leave in 2022 (excluding those on fixed-term contracts)	39	40	39	<b>33</b>
	Female employees who returned to work after parental leave ended in 2022	100%	97%	92%	<b>96%</b>
	Female employees who returned to work after parental leave ended in 2022 and were still employed 12 months after their return to work	89%	75%	80%	<b>76%</b>
	Male employees who took parental leave in 2022 (increased from 5 days in 2020 to 10 days in 2021)	47	53	46	<b>41</b>

Sabbatical leave		2019	2020	2021	2022
	Women	3	1	1	<b>0</b>
	Men	5	0	0	<b>5</b>
	<b>Total</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>5</b>

### Supporting working parents

The Bank's flexible parental leave policy lets employees with young children choose the arrangement that's right for their circumstances. Women with fewer than five years of service can take 16 weeks of maternity leave on full pay or they can take 14 weeks on full pay and then return to work part-time (working 50% of their normal hours) and continue to receive full pay for a further four weeks. Beyond five years of service, leave entitlement increases to 20 weeks under the first option, and to 14 weeks plus 12 weeks under the second option. If both parents

work at BCV, they can choose to share the parental leave, although mothers must take at least 14 weeks of leave after giving birth.

Since 2021, the Bank has offered two weeks of paternity leave and 14 weeks off work to care for a seriously ill child. In both cases, the leave is paid at 100% (80% is covered by insurance, and BCV covers the remaining 20%).

BCV also offers leave of up to four weeks for adoptive fathers (if they are adopting a child from another country and need to spend time

outside Switzerland), and up to 12 weeks for adoptive mothers. We also offer our employees daycare services and have a total capacity of up to 35 children.



**35**  
children looked after  
at the daycare center

## Working conditions

As an organization headquartered in Switzerland, BCV must comply with strict employment rules laid down in laws such as the Swiss Federal Employment Act (EmpA) and its ordinances, the Swiss Code of Obligations (CO), and the Swiss Federal Act on Gender Equality (GEA). We take our responsibilities as an employer seriously, aiming 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 employees' work-life balance by adhering to rules on working time and rest time
- respect employees' workplace entitlements.

At any point, the Bank could be inspected by the cantonal authorities to make sure its practices are compliant with Swiss employment law.

The protections to which staff are entitled are set out in detail in the Bank's employee regulations. Under the regulations, every BCV employee receives a benefits package that equals, and in many cases exceeds, the minimum standard set by law

and industry practice, including the requirements of the Agreement on Conditions of Employment for Bank Employees (CPB). For instance, we offer a daycare center, adoption leave, part-time working, sabbatical leave, unpaid leave, and support for sports and fitness activities.

The standard working week for a full-time employee is 42 hours, and the maximum is 45 hours. In principle, staff should not exceed this limit. In exceptional cases, line managers can ask employees to work up to 55 hours a week if the additional hours are essential for business continuity. In such cases, the employee in question must consent to the request.

The Bank has signed the Agreement on the Recording of Working Time (CSTT), a joint initiative of the Employers Association of Banks in Switzerland (Employers in Banking), the Swiss Bank Employees' Association (ASEB), and the Swiss Association of Commercial Employees. This agreement offers three options for recording employees' working hours:

- a standard arrangement that uses an electronic time clock to record working time
- a simplified arrangement, under which staff need only record their total daily working hours, have greater freedom to plan their work, and are personally responsible for complying with the rules on working time and rest time
- a waiver arrangement, which only applies to employees earning a basic annual salary (excluding variable components) of CHF 120,000 or more. The decision to waive working-time recording must be set down in an individual agreement with the employer, and the employee's workload must be discussed at annual performance review meetings. Staff in this category are also personally responsible for complying with working-time and rest-time rules.

The Bank recently introduced a new arrangement that lets employees work from home for one day a week. The option is open to staff employed at over 50% full-time equivalent and whose duties are compatible

with remote working. Trust and dialogue are essential to the success of this arrangement, as they are key drivers of employee motivation and performance.

Every two years, BCV commissions a third-party polling service to conduct an anonymous survey of all staff members in order to obtain their opinions on working conditions and workplace relations, to gauge their satisfaction with supervisors, and, more generally, to determine their buy-in and commitment. In 2022, 83% of employees took part in this survey. The findings showed that employee buy-in remains high and on par with levels seen in other companies, largely because our staff feel confident in the Bank's future and are strongly aligned with our values.

### Compensation

BCV's compensation system is designed to promote individual and team performance, skills development, and professionalism, and to attract and train the talent that is integral

to its long-term success. The Bank's compensation policy is managed by the Compensation, Promotions and Appointments Committee.

The components of the compensation system are base salary, annual performance-based compensation, and the employee share-ownership plan. In addition, the Executive Board and department heads are eligible for long-term performance-based compensation. No stock-option plans are offered as part of compensation.

More details of our compensation system can be found in our 2022 Annual Report (starting on page 100).

Annual performance-based compensation for the members of the Executive Board is determined based on their year-end evaluations, which include objectives relating to the Bank's CSR strategy. The same applies to long-term performance-based compensation. No such financial incentives are offered to members of the Board of Directors.

#### 102-39

#### Percentage change in annual total compensation ratio\*

	2019	2020	2021	2022
Percentage change in the median annual total compensation	+2.6%	-0.3%	+1.3%	<b>+1.3%</b>
Percentage change in the highest-paid individual's compensation	-0.4%	-3.5%	+2.4%	<b>+1.7%</b>

\* Median annual total compensation is calculated on a full-time basis, for employees (excluding trainees) on a permanent contract at 1 April in the reporting year. Annual total compensation includes base salary, annual performance-based compensation, long-term performance-based compensation, the employee share-ownership plan, and taxable entertainment expenses (see our 2022 Annual Report, starting on page 100, for full details of our compensation system).

Each year, the Board of Directors and the Executive Board review the compensation of the lowest-paid staff members. In 2022, we set a minimum pay raise applicable to anyone aged over 30 and earning a base salary of less than CHF 75,000 (on a full-time basis). All eligible employees received at least that amount.

Last year, the highest salary at BCV was 14.3 times more than the median salary – broadly unchanged relative to the 2021 ratio (14.2 to 1).

The calculation basis for this ratio is gross compensation. However, if we take account of tax payments and social security contributions in our calculation, the result is a pay ratio of less than 10 to 1.<sup>56</sup> This estimate represents relative purchasing power across the Bank's workforce.

Under the amended Swiss Federal Gender Equality Act (GEA), companies with 100 or more employees had until 1 July 2021 to complete an equal pay analysis of all employees. In April that year, we hired an external consulting firm to conduct this analysis for our workforce. The results showed that BCV's compensation meets Swiss

federal requirements on gender-equal pay. Also in 2021, we were awarded the Fair-ON-Pay+ certification in recognition of our equal pay practices over the long term. This certification, which is valid for four years, includes a follow-up audit scheduled for 2023.

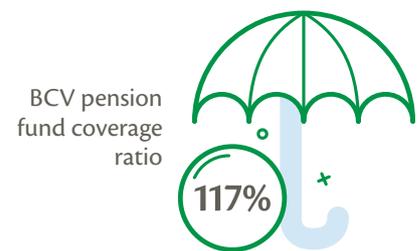
### Pension fund

BCV Group provides its employees with comprehensive pension coverage well in excess of the minimum legal requirements. The staff pension fund is run as a defined-contribution plan for retirement benefits and as a defined-benefit plan for death and disability benefits.

At the end of 2022, pension fund members comprised 2,099 employees, 1,883 of whom were working at the parent company, and 1,373 pension recipients, including 1,057 retirees.

The BCV pension fund is built to provide long-term security for past, present, and future members and to be resilient to the challenges of an aging society. With a coverage ratio of 117%,<sup>57</sup> it is fully funded and gives employees the flexibility to choose when to retire: the Bank's employee regulations set a standard retirement age of 65 years for both men and women, but staff can choose to take retirement between their 58th and 68th birthdays.

Our pension fund also gives members financial peace of mind in retirement.



Contributions amount to 24% of gross salary, shared one-third to two-thirds between the employee and the Bank. As a result, members build up pension benefits 3.8 times larger than the minimum requirement under the Swiss Federal Occupational Pensions Act.

### Health and safety in the workplace

At BCV, we promote workplace health and safety with a focus on:

- preventing issues before they arise
- identifying employees at risk
- providing support to those who need it.

### Prevention

We've put in place a range of measures in the interest of our employees' health:

- A medical officer works with our Human Resources Department to assist employees with complex health issues requiring individual attention.



<sup>56</sup> The simulation applied an average tax rate of around 14%, which is the estimated rate for a person who is married, has two children, and earns the median annual salary. Other income, wealth, and deductions were excluded from the calculation. A rate of 42% was applied for the highest salary.

<sup>57</sup> Estimated value at 31 December 2022

- We provide free flu shots to all employees.
- Each year, we contribute CHF 45,000 to our in-house sports association, which lets employees choose between 16 different activities as a way to keep fit and build friendships with colleagues outside of work.



BCV's in-house sports association offers **16** different activities

- The Bank has a joint team of volunteer firefighters and first responders trained to attend emergencies.
- Staff at our administrative center in Prilly have access to an on-site fitness room, and we provide

locker rooms and showers at our head office at Place Saint-François in Lausanne so employees can exercise during their breaks.

- We advise our staff, especially the members of our workforce who experience pain and other health conditions, on ways they can make their workstations more ergonomic. We also run a safety course, developed in conjunction with the Police Academy in Savatan, to teach customer-facing employees how to deal with abusive language and physical violence. And we have installed airlock doors, reinforced windows, and biometric access systems at our branch offices to keep our people safe.

### Identifying employees at high risk and providing support

The Bank has systems and processes in place to identify employees at high risk and to provide support to those who need it.

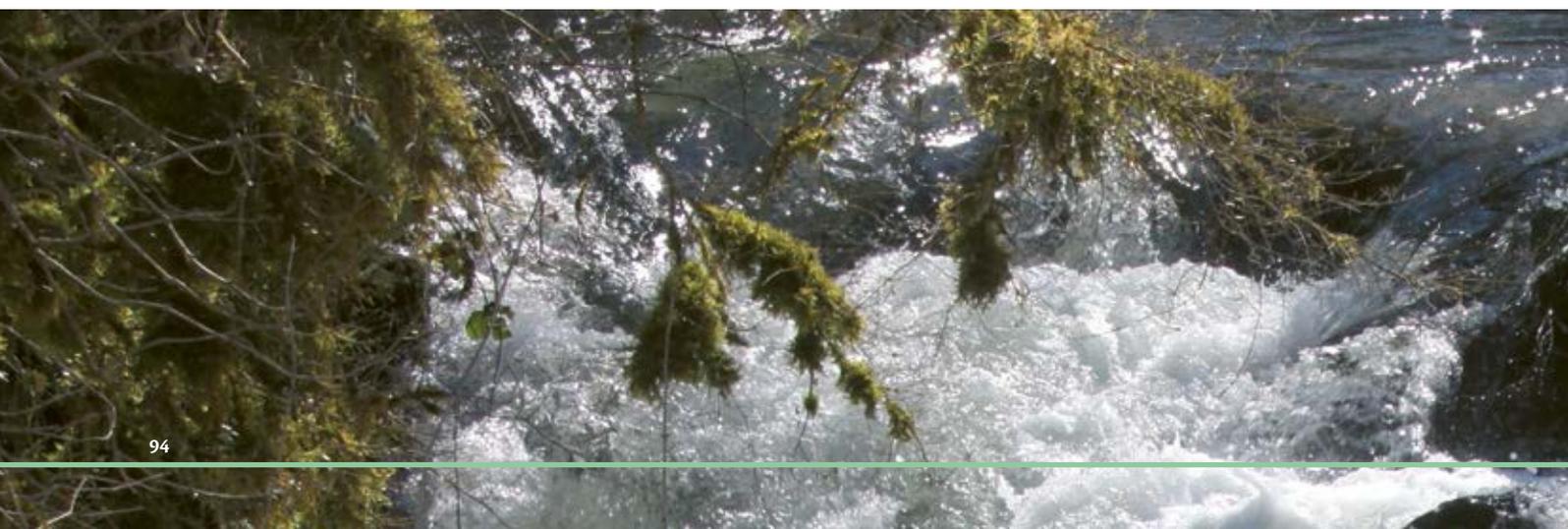
If employees have any concerns, they can discuss the matter openly with their line manager at their mid-year and year-end performance review meetings, while more sensitive issues

can also be raised with the Bank's human resources business partners.

As part of our health-risk mitigation strategy, we aim to identify risks early and to support employees who are ill, on long-term leave for an injury, acting as a caregiver, living with a disability, dealing with the death of a family member, or facing other challenging circumstances.

Here is an overview of our approach:

- All line managers have access to a dashboard showing how often their team members are off work and the categories of absence involved. Managers can compare team absences against a Bank-wide benchmark and check whether employees are taking their legally mandated leave. The system also issues alerts in certain circumstances.
- The same dashboard allows managers to track other indicators, such as working-hour limits, giving them a real-time picture of employees' workload and other potential problems.

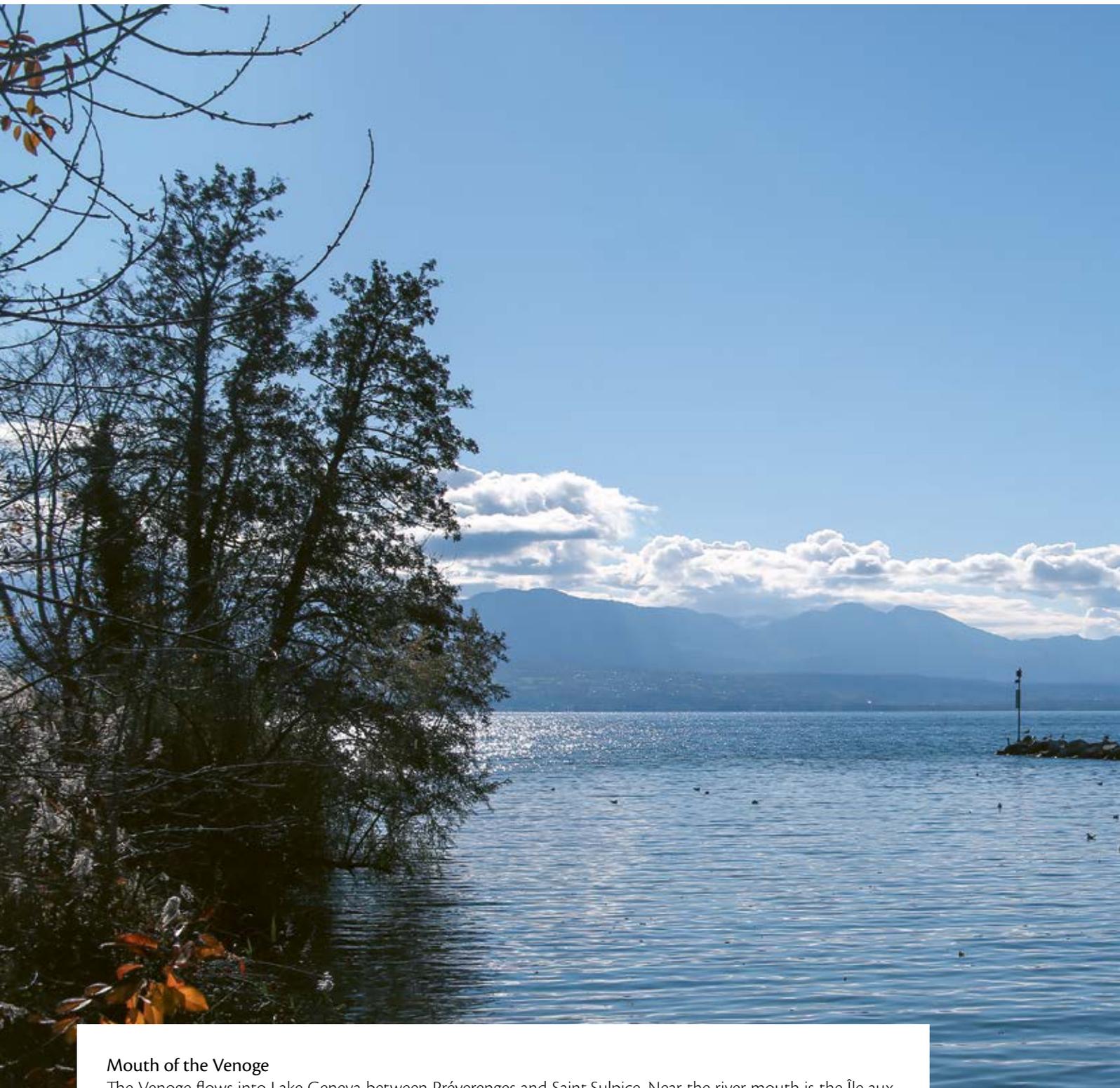


403-9 Work-related injuries and sick leave	2019	2020	2021	2022
No. of work-related injuries requiring time off work	5	2	1	1
No. of work-related injuries not requiring time off work	14	11	9	6
Days of sick leave per person (Bank-wide average)	6.3	6.0	6.7	8.0

- The Bank has a special monitoring procedure for employees on long-term leave, with a defined process for dealing with administrative formalities and supporting staff members as they return to work.
- In keeping with our duty of care to our people, we have set up an external support service for staff members who face 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. Both of these services are independent and run by leading outside providers, and employees can approach them at any time for confidential advice and support.





### **Mouth of the Venoge**

The Venoge flows into Lake Geneva between Prévêrenge and Saint-Sulpice. Near the river mouth is the Île aux Oiseaux, a man-made island that serves as a refuge for migratory birds. Enthusiasts can admire the spectacle from a distance without disturbing the wildlife. Soon after it was built in 2001, the island was colonized by numerous species of migrators, including 28 types of wading birds. More than 230 species have been observed at the site to date.

# Corporate citizenship



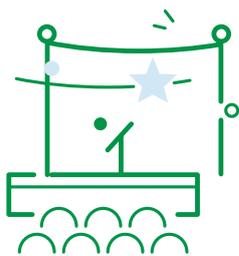


## Playing an active role in the community

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.

### Partnerships and sponsorships

Each year, we allocate around 1.5% of the Bank's net profit to sponsorships, donations, and other community support. In 2022, we backed over 750 associations and events in areas such as business and the economy, sports, the arts, community-building, and the environment. That included some of the biggest events taking place across the Canton. In keeping with our core values, we also support various innovative training and skills development initiatives. And we're stepping up our contribution to emissions-reduction and biodiversity conservation projects by setting aside part of our sponsorship and donations budget for local organizations active in these areas.



**750**  
associations and  
events sponsored

### Contributing to all aspects of community life

With regard to sponsorships, we provide significant financial support for organizations and events such as the Théâtre de Beausobre, the Rock Oz'Arènes music festival, the Lausanne 20K race, the local soccer club FC Lausanne-Sport, the Lausanne Hockey Club (LHC), the Paléo Music Festival in Nyon, the BCV Concert Hall, the Forum des 100, and the Musée cantonal des Beaux-Arts (MCBA). We see these partnerships as long-term commitments: for example, BCV has backed the Lausanne 20K race since its inception in 1982, and we've stood by LHC and FC Lausanne-Sport since 1987 and 2011, respectively.

Last year, we lent our support to a number of exciting new initiatives launched across the Canton. These included the Lausanne International Percussion Festival (the only event of its type in the world), The SeaCleaners (an organization that raises awareness in schools about plastic pollution), and the Summer Bike Marathon (a

series of mountain biking and e-bike races in the Pays-d'Enhaut region).

Also last year, we renewed our support for events that were finally able to go ahead after they were canceled in 2020 or 2021 because of pandemic-related restrictions.

As the examples below show, we contribute to the life of our local community in a variety of ways.



### 42 Lausanne

In 2022, we maintained our financial backing for 42 Lausanne, a school of computer programming that opened in 2021. The school is entirely free, does not have any educational prerequisites for admission, and is open to anyone aged 18 or over. It represents a training opportunity for people who may not feel suited to or are ineligible for a more traditional academic track, while helping meet the growing demand for skilled IT professionals in Switzerland. Last year, members of our IT teams met with students to discuss their work. We also ran a hands-on workshop and proposed a number of internships. As a result of these efforts, the Bank will welcome an intern from 42 Lausanne in 2023.



# 380

programmers trained by 42 Lausanne thanks in part to our backing

### Vaud Générations Champions

In 2022, we partnered with Vaud Générations Champions, a new initiative founded by three former elite athletes from Vaud to support promising young athletes in the Canton. Participants receive financial assistance, gain access to a mentoring program, and get advice on career management and support for the transition to life after competitive sports.

### Supporting good causes

Last year, we supported the yearly orange-sale fundraiser by the NGO Terre des Hommes and the Vaud Red Cross flower-selling initiative Mimosa du Bonheur. Another cause close to our heart is Étoile Filante, a foundation that makes dreams come true for sick and disabled children and teens. Every year since 2010, we have donated CHF 10 to the foundation each time someone opens a Custodial Savings account. In 2022, our donations totaled CHF 13,000.

### Printemps d'abeilles

In the area of biodiversity, BCV lends its support to Printemps d'abeilles, a local association working to raise awareness about the importance of bees and to restore wild pollinator habitats. By sponsoring three beehives at La Ferme des Huttins in Écublens, we help this organization carry out its vital work. Last year, we also invited representatives from Printemps d'abeilles to visit with our staff at our administrative center. They told us about what their association does and explained how bees make honey and how it's harvested.

### CHF 1 for the climate

BCV backs the Webeelong Association's "CHF 1 for the climate" initiative, which lets restaurant owners and their customers support both the environment and the local economy. Participating restaurants offer diners the option of making a small donation, part of which goes toward planting trees. Some of the money is also returned to restaurant owners in the form of vouchers, which they can spend with local suppliers.



### Organic vineyard

The Château de Montagny is a BCV-owned property nestled among more than 3.4 hectares of vineyards above the village of Lutry. The estate is operated by J&M Dizerens, which has joined a growing number of winegrowers in opting to forgo synthetic chemicals. On 1 January 2023, the vineyard received the Bourgeon Bio Suisse label, which is awarded to products containing organic, locally grown ingredients. This achievement, which caps a three-year transition, reflects the estate's commitment to adopting more sustainable winegrowing practices.

### The BCV art collection

The BCV art collection is made up of nearly 2,400 works by artists with strong ties to Vaud. We acquire around a dozen new pieces by emerging artists every year, and around 700 works from the collection are currently on long-term loan to more than 50 foundations and nursing homes across the Canton.

In the past two years, works from the collection have been shown in two exhibitions: *Unique et multiple: Recent acquisitions from the BCV art collection* at the MCBA, and *Ensemble au château! Photographs and works on paper from the BCV art collection* at the Château de Nyon.



In 2022, we ran an in-house contest that asked employees to choose their favorite recent addition to the BCV art collection. The winning work was *Full Moon Clit* by local artist Charlotte Herzig.

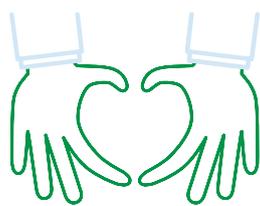
**Charlotte Herzig (\*1983)**  
Full Moon Clit, 2020  
Acrylic on canvas  
210 x 180 cm

© Charlotte Herzig and BCV

### Helping young people manage their money

BCV and other cantonal banks back FinanceMission, a Swiss-wide initiative to promote financial literacy and teach adolescents how to manage their money. The program is supported by educators and includes FinanceMission World, a free digital tool that schools in French-speaking Switzerland can use to teach money-management skills to pupils aged 12 to 15 years.

Another platform to emerge from the initiative is [jeunesetbudget.ch](http://jeunesetbudget.ch), an online resource to help parents talk about money matters with their children. The website recognizes the key role parents play in teaching their children how to handle money and features articles on topics ranging from allowances to how the economy works, all explained in easy-to-understand language.



CHF **360,000**  
donated by the BCV  
Foundation

### The BCV Foundation: supporting major initiatives

The BCV Foundation was created in 1995 to commemorate BCV's 150th anniversary. Operating as a separate legal entity from the Bank, it supports ambitious initiatives launched by local residents or entities.

Each spring, the Foundation board makes donations to charity programs, cultural projects, and academic research programs. In 2022, the Foundation awarded a total of CHF 360,000 in funding to five recipients:

- professors Ambrogio Fasoli and Ivo Furno at EPFL's Swiss Plasma Center for their research into eco-friendly sterilization methods for use in biology, medicine, agriculture, and other fields
- the IPT Foundation for the Jeunes@Work program, which was set up to help young people land their first job
- the Vaud Red Cross for Let's Help Together, an initiative that aims to get more young people volunteering
- the Musée d'Art and the Villa Romaine in Pully for ArchéoBus, a traveling museum that will visit locations throughout French-speaking Switzerland

- the Académie Européenne de Cascade, a new Lausanne-based academy that will train stunt performers as well as help tackle street crime and antisocial behavior.

Since its creation, the BCV Foundation has awarded over CHF 10.5m to 104 projects and organizations.



### BCV employees making a difference

The following section describes a number of Bank initiatives that give employees the opportunity to make a positive contribution to society and the environment.



Bike to work  
**15,000 km**  
 covered by bike or on foot

#### Bike to work

In June, we took part in the “bike to work” challenge, which encourages people to adopt healthier lifestyles while helping to reduce CO<sub>2</sub> emissions from employee



commuting. In our second year participating in this event, 81 BCV employees formed 26 teams and covered a combined total of nearly 15,000 km by bike.

#### BCV Generosity

As part of our BCV Generosity program, we give employees one day’s leave each year to spend time volunteering for their favorite NGO or charity. In 2022, almost 80 staff took part in group initiatives with various charities and organizations.

#### Protecting biodiversity

In June last year, a group of employees volunteering under our BCV Generosity program joined Association pour la Sauvegarde du Léman (ASL) – an environmental organization active in the Lake Geneva region – to remove invasive knotweed in Clarens. Staff later volunteered with another association, Jorat Parc Naturel, to clear invasive species in the Jorat forest. And in September, a group from BCV took part in another ASL

cleanup day on the Lake Geneva shore to help keep trash from polluting local ecosystems.

#### Litter pickup on the lakeshore

On 1 September last year, 35 BCV employees joined ASL to take part in a litter pickup on the shores of Lake Geneva in Morges. When they arrived, the site looked deceptively clean. But after just 90 minutes, the team had collected more than 30 kilograms of waste – almost 1 kilogram per person – including plastics of all kinds, 72 PET bottles, 7 glass bottles, and no fewer than 3,250 cigarette butts. This initiative was featured in *Convergences*, the Bank’s in-house magazine.

### Food drive for vulnerable people

At the end of last year, a team of 14 employees spent a morning working with Samedi du Partage Vaud as part of our BCV Generosity program. The volunteers collected non-perishable food items at three shopping centers in Vaud. The association supplies the Centrale Alimentaire Région Lausannoise – an umbrella organization representing around 40 local charities and other social-service institutions – by collecting non-perishable food and hygiene products for vulnerable people in Vaud.

### Donating life-saving blood

In 2022, for the 15th year in a row, the Bank supported the blood-donation program run by the Vaud Red Cross. We ran two blood drives for our employees last year – one at our head office and the other at our administrative center – and collected 25.2 liters of blood in total.

### Fundraising day for Ukraine

In March 2022, BCV took part in Swiss Solidarity's nationwide fundraising day for the people of Ukraine. Thanks to the generosity of our employees, and the Bank's own contribution, we raised a total of CHF 120,000. Swiss Solidarity uses the funds raised through this initiative to support emergency response projects run by its partner organizations, as well as to respond to needs as they arise during the conflict.



### Getting a humanitarian project off the ground

Through our BCV Solidarity initiative, set up in 2012, we make an annual donation of CHF 150,000 to a humanitarian project organized by an association based in French-speaking Switzerland and chosen by employees selected from a pool of volunteers. For the initiative's tenth anniversary in 2022, BCV Solidarity supported IFPD Foundation's project to build a hotel school in Kathmandu, Nepal. This school, a working hotel staffed by a team of around 20 students, will help young people from disadvantaged families to enter the workforce.



BCV Solidarity:  
**CHF 150,000**  
donated to a  
humanitarian project

## Direct environmental impact

At BCV, we've long recognized that being a sustainable business means being a greener business. That's why, as part of our approach to corporate social responsibility (CSR), we are working hard to shrink our carbon footprint and use resources more efficiently across our operations. Since 2019, we've worked with Swiss Climate, a sustainability consultancy, to support climate-change mitigation projects that take a holistic, long-term view of sustainability.

Our 2022 carbon-footprint assessment showed that we emitted 4,455 metric tons of CO<sub>2</sub> equivalent. That's equal to the average annual emissions of 813 people in Switzerland.

### Certified CO<sub>2</sub> Neutral by Swiss Climate

In 2022, BCV received the Certified CO<sub>2</sub> Neutral by Swiss Climate label for the third consecutive year. This certification is only awarded to businesses with a holistic climate strategy that includes assessing their CO<sub>2</sub> emissions and taking measures to reduce them.

The Swiss Foundation for Practical Environmental Protection (PUSCH) has recognized the Certified CO<sub>2</sub>

Neutral by Swiss Climate label as the best of its kind in Switzerland. And because the certification program includes independent audits and adheres to international standards (such as the ISO 14064-1 and the Greenhouse Gas Protocol), it sets a high benchmark for verifiability and transparency.

### Measuring our carbon footprint

The majority of our total greenhouse gas (GHG) emissions come from employee commuting (44%) and heating (31%). Overall, our emissions were down last year relative to 2021, with notable changes in the following areas:

- employee commuting: emissions fell by 3% (67.4 metric tons of CO<sub>2</sub>) year on year and by 29% (777.9 metric tons) on 2019 levels; this decline reflected changes in employee commutes, as shown by a new survey, as well as the introduction of remote working
- paper and printed materials: emissions were 21% lower (66.5 metric tons) than in 2021 as we switched to recycled paper, continued to digitize our processes, and ran in-house awareness and communication campaigns
- heating: emissions were down 14% (232.3 metric tons) on 2021 levels as we took steps such as lowering the temperature in our offices to 20°C;

### Qualifying criteria

To be awarded the Certified CO<sub>2</sub> Neutral by Swiss Climate label, businesses must:

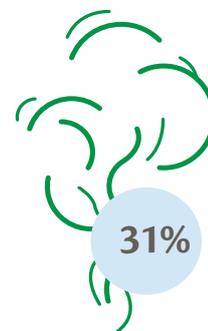
- have a climate strategy
- calculate their CO<sub>2</sub> footprint in accordance with ISO 14064-1 and the Greenhouse Gas Protocol
- develop and implement measures to reduce their emissions, both internally and across the entire value chain
- inform and educate employees and external stakeholders
- identify climate change-related opportunities and risks for their organization
- understand their main sources of emissions and what action they can take
- set an emissions-reduction target
- offset their emissions by financing high-quality climate-related projects through CO<sub>2</sub> certificates (see pages 108 and 109 for details).



this decline was also due in part to last year's unusually mild weather

- business travel: emissions increased by 85% (94.0 metric tons) relative to 2021 as employees traveled more for work following the gradual lifting of pandemic-related restrictions

- waste: emissions were up 48% (12.3 metric tons) on the prior year, owing largely to a major clear-out in December.



reduction in CO<sub>2</sub> emissions since 2019

### CO<sub>2</sub> emissions by source

Emissions (metric tons of CO <sub>2</sub> )	2019	2020	2021	2022	Change (vs. 2021)
Employee commuting	2,718	2,515	2,007	<b>1,940</b>	-3.3%
Heating	2,218	1,832	1,629	<b>1,396</b>	-14.3%
Computer hardware	322	322	363	<b>366</b>	+0.8%
Electricity	409	382	267	<b>258</b>	-3.4%
Paper and printed materials	349	326	321	<b>254</b>	-20.9%
Business travel	386	137	110	<b>204</b>	+85.5%
Waste	40	34	25	<b>37</b>	+48.0%
Refrigerants	0	0	0	<b>0</b>	0
Total	6,442	5,549	4,721	<b>4,455</b>	-5.6%
Employees (FTE)	1,776	1,760	1,766	<b>1,800</b>	+1.9%
Emissions/employee (FTE) (tCO <sub>2</sub> /FTE)	3.6	3.2	2.7	<b>2.5</b>	-7.4%

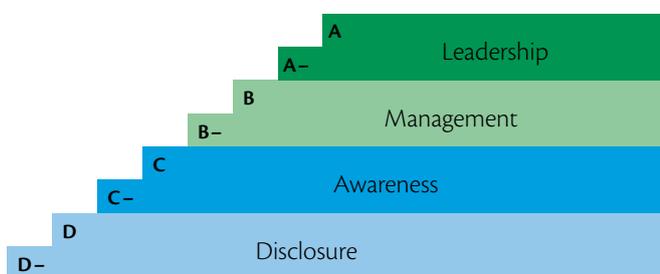
### BCV earns an A– in the CDP survey

Since 2011, the Bank has taken part in the CDP survey, an international initiative to encourage companies to disclose and reduce their carbon footprint. At BCV, we share the findings of our annual GHG inventory with the CDP for assessment.

Last year, we earned an A– for our performance. This was a significant improvement on our 2016 score, showing how we have consistently refined our practices even as the criteria have become more stringent over the years.

Companies that take part in the survey are awarded one of eight scores ranging from A to D–. These scores are banded into four categories that reflect the maturity of companies’ climate-related disclosure practices:

- Leadership
- Management
- Awareness
- Disclosure



### Assessing our carbon footprint in line with ISO 14064-1

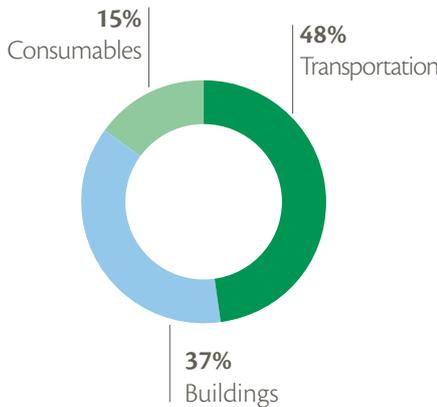
Every year since 2008, we have measured our GHG emissions and assessed our overall carbon footprint. The information gives us a broad picture of how we are impacting the environment, how our impact is changing, and what we can do to reduce it. The assessment, known as a GHG inventory, is performed by environmental consulting firm Swiss Climate using two frameworks: ISO 14064-1 and the GHG Protocol Corporate Standard. It incorporates all emissions related to the Bank’s operations, divided into three categories:

- transportation (employee commuting and business travel)
- buildings (electricity, heating, refrigerants, and water)
- consumables (paper, printed materials, and computer hardware)

To obtain the Certified CO<sub>2</sub> Neutral by Swiss Climate label, companies are required to commission an audit of the data, conversion factors, and calculations used in their GHG inventory. For the third year running, we entrusted this task to true&fair.expert, an independent sustainability auditing firm that works to the internationally recognized and CDP-approved AA1000 AccountAbility Assurance Standard.

We partner with Swiss Climate to finance projects that will reduce or avoid the equivalent amount of CO<sub>2</sub> emissions associated with our direct impacts (see pages 108 and 109 for details).

### Main sources of CO<sub>2</sub> emissions



Most of the steps we took in 2022 focused on making our buildings more energy-efficient. At our three biggest sites, we fitted triple-glazed windows and installed more LED lighting, at a total cost of over CHF 1.7 million. Also last year, we reconfigured our air duct systems and invested in more energy-efficient ventilation technologies, and we connected our Villeneuve branch office to the district heating network.



Over **CHF 1.7 million** invested in making our buildings more energy-efficient

We have set a target of cutting our direct CO<sub>2</sub> emissions by 35% from 2019 levels by 2030, in line with federal and cantonal government targets. We arrived at this figure after reviewing all

### Voluntary energy-saving measures taken by BCV in 2022

Under the OSTRAL\* plan, we took steps such as reducing how long we keep our illuminated signs and in-branch display screens switched on.

In line with the Swiss federal government's goal of reducing natural gas demand by 15% through voluntary efforts, we turned down the thermostats in our offices to 20°C.

We also ran an in-house awareness campaign explaining what measures employees could take to save energy on the job.

\* OSTRAL is the crisis-management organization for the Swiss electricity industry. The OSTRAL plan is triggered by the federal government in the event of a power shortage, as was the case toward the end of last year.

our emissions sources to see where we could reduce our footprint and by how much, based on established best practice.

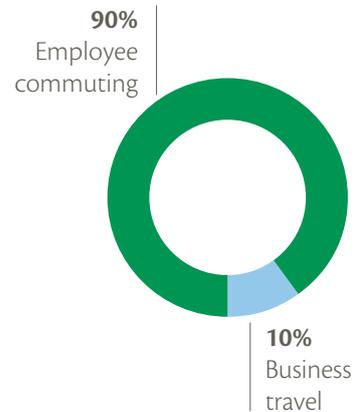
We have already cut our emissions by nearly 31% since 2019, which is the baseline year for measuring progress toward our 2030 target.

### Breakdown of emissions by source

Transportation (employee commuting and business travel) accounts for around 48% of our GHG emissions. Two other sources – buildings (heating and electricity) and consumables (paper, printed materials, computer hardware, and waste) – make up 37% and 15%, respectively.

The results of our GHG inventory as measured by Swiss Climate are given on the following pages, along with details of the steps we took to reduce our footprint in 2022.

### Transportation



The majority (90%) of our transportation-related emissions comes from employee commuting, which is the largest single contributor (44%) to our total carbon footprint.

Commuting emissions were just over 3% lower last year than in 2021. This change reflects the more precise data we gathered in the employee travel survey conducted early last year, which showed an 8% increase in green commuting (up 1,087,182 kilometers) and a 38% drop in total commuting distance relative to 2019, owing in part to the introduction of remote working arrangements.

In keeping with our policy of encouraging our employees to travel more sustainably, we give all employees who don't have an on-site parking space for their car CHF 30 a month toward transportation costs. Some 1,370 staff members received this allowance in 2022.

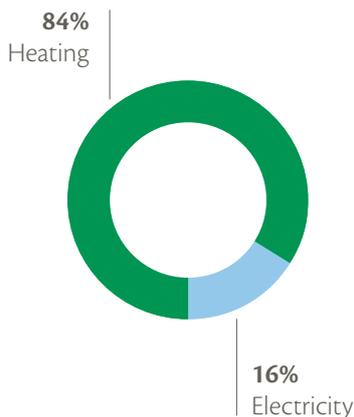
Also last year, we started work on an employee commuting and business travel plan, with support from specialized consulting firm mobilidée, in order to further promote greener

commuting. We want to make it easier for BCV staff to use low-carbon transport (e.g., carpooling, park and ride, walking, biking, and public transportation) while respecting employees' freedom of choice. As part of this process, we asked all BCV staff how they currently travel to and from work as well as what their needs and expectations are going forward. The surveys and workshops we ran with mobilid e generated numerous ideas for reducing commuting-related CO<sub>2</sub> emissions. Having already installed electric vehicle charging points at our administrative center in Prilly, we will assess the need to install more charging points under the commuting and business travel plan. The Bank's CSR Committee will review our green mobility measures in 2023 with a view to gradually rolling them out this year and beyond, starting with the upgrading of bike parks at our main sites.

Business travel – journeys specifically taken for work purposes, such as meeting customers or traveling between two places of work – accounts for 10% of transportation-related CO<sub>2</sub> emissions. Following two years of low numbers in 2020 and 2021 on account of the pandemic, the resumption of business travel pushed emissions in this subcategory up by 85% last year, although the overall figure remained below 2019 levels.

**Buildings**

This category captures emissions from the energy used to heat and power the Bank's buildings.



Heating represents 84% of our building-related emissions. Our branch offices have either oil or natural-gas heating systems (41% and 59%, respectively). Heating-related emissions were 14% lower last year than in 2021, reflecting the energy-saving renovations we have undertaken in recent years. For instance, we have pressed ahead with work to install new windows at our branch office at Place Chauderon, and we have upgraded systems and equipment at our other sites. In 2021, we also drew up plans to connect three of our buildings to district heating networks, with the long-term goal of phasing our gas-fired boilers at these sites. And in October 2022, we lowered the temperature in our offices to 20°C, which helped further cut emissions in this subcategory.



**31%**  
reduction in electricity  
consumption since 2019

Computer hardware accounts for the bulk of our electricity consumption, which represents 16% of carbon emissions from our buildings. Our two biggest sites are powered exclusively by renewable energy from Swiss hydroelectric plants, and we've reduced energy consumption across our business by 31% in three years – from 10,941 MWh in 2019 to 7,512 MWh in 2022.

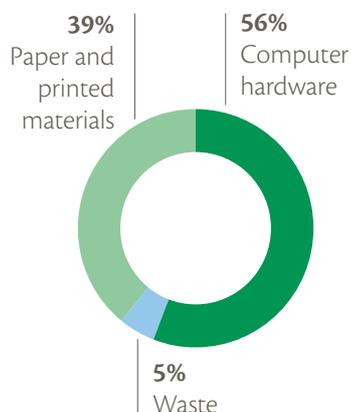
Under the terms of the energy-efficiency agreement we signed with the Canton of Vaud and the federal government, we are taking steps to meet energy reduction targets for our two flagship sites: by 2027, we are aiming to cut power consumption by 9% from 2017 levels at our head office and by 20% at our administrative center. We've already taken a number of steps on this front in recent years, with a particular focus on our ventilation and cooling systems. In 2022, we further upgraded our systems and installed more LED lighting. And in October last year, we voluntarily introduced energy-saving measures under the plan created by OSTRAL, the Swiss federal government's emergency power-shortage organization. This includes using dimmer lighting in certain areas, reducing the use of in-branch

display screens, installing more LED bulbs, and automatically switching off office lighting at the end of the workday.

In 2022, total water consumption at our three biggest sites stood at 20,000 cubic meters. For comparison, that's about the same amount of water used in one year by 134 Swiss households. We are currently exploring system and equipment upgrades – such as switching to water-free cooling systems – to help us further cut water use.

### Consumables

Consumables (computer hardware, printed materials, paper, and waste) represent 15% of BGV's total GHG emissions.



The periodic replacement of IT equipment (computers and monitors) accounts for about 56% of the Bank's emissions in this category – mostly from the manufacture and end-of-life disposal phases. The 1% increase in

hardware-related emissions recorded last year stems mainly from the replacement of desktop computers with laptops.

Paper and printed materials account for 39% of BGV's emissions from consumables. Last year, we achieved a 21% year-on-year reduction in paper-related GHG emissions by decreasing the amount of paper we use, as more customers switch to online banking and as we shift to electronic versions of documents for use inside the Bank. On top of this, we have a system in place that lets employees monitor their paper use, and we've run an awareness campaign focused on responsible printing practices.

In 2021, we decided to stop buying non-recycled paper. That change showed up in our results for 2022, when recycled paper represented 45% of our paper consumption.

Waste accounts for just 5% of the Bank's GHG emissions in this category, and we sort and recycle the majority (56%) of the waste we produce.



**56%** of waste sorted and recycled

### Climate-change mitigation projects

Working in conjunction with Swiss Climate, we finance projects in Vaud and outside Switzerland that offset the equivalent amount of CO<sub>2</sub> emissions associated with our direct impacts. Below are examples of the projects we supported last year.



**4,455** metric tons of CO<sub>2</sub> emissions avoided through climate-change mitigation projects

### On-farm biogas plant, Vaud

Farms generate vast quantities of manure which, as it ferments, releases methane – a greenhouse gas 25 times more potent than carbon dioxide. With an on-farm biogas plant of the type installed in this project, the fermentation process is carefully controlled. The resulting methane is collected and piped to a cogeneration plant to produce both heat and electricity.

The 1.1 million kilowatt-hours (kWh) of electricity generated annually by this Vaud-based project – enough to power 280 households for a year – is fed into the grid. Around 360,000 kWh of residual heat per

year is used on the farm and in apartments. Annually, this project saves around 750 metric tons of CO<sub>2</sub> emissions. Because on-farm biogas plants provide a year-round source of renewable energy, they help reduce the dependency of Swiss farmers on imported fossil fuels while actively supporting sustainable development in the region.

### Wind farms, India

This project, based in the southwestern Indian state of Karnataka, promotes the use of wind turbines as a way to generate renewable electricity and partially replace fossil fuels in the local energy mix, thereby helping reduce carbon emissions while at the same time supporting sustainable economic growth in the region. The project has already delivered tangible social and environmental benefits by creating many new jobs, improving people's livelihoods, and saving 128,410 metric tons of CO<sub>2</sub> emissions each year.

### Energy-efficient stoves, Mozambique

Providing low-income families in Mozambique with energy-efficient stoves dramatically reduces the amount of wood people burn, helping to slow the pace of deforestation and prevent various respiratory diseases. Unlike traditional models, these improved stoves feature a ceramic-insulated combustion chamber that cooks food faster and reduces fuel consumption by 60%. What's more, the combustion process produces less smoke, reducing families' exposure to toxic fumes.

As well as supporting sustainable development in the region, this project also saves 24,000 metric tons of CO<sub>2</sub> emissions each year.

## Responsible, local sourcing

The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work expresses a commitment by governments and employers' and workers' organizations to uphold basic human values. It affirms the obligations and commitments set out in the various ILO Conventions, namely:

- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced or compulsory labor
- the effective abolition of child labor
- the elimination of discrimination in respect of employment and occupation
- a safe and healthy working environment.

In keeping with these principles, BCV is especially mindful of internationally recognized human rights standards<sup>58</sup> and of employment law. We also pay close attention to the environmental impact of the goods and services we source.

Our approach to sourcing is guided by the following three principles:

- In principle, we source from suppliers in Vaud or, if necessary, elsewhere in Switzerland. That's because we recognize that being close to our suppliers gives us better insight into those companies and their business practices. In addition, Swiss employment and environmental law sets out standards that are aligned with international law, and compliance with these standards can be monitored via inspections by the supervisory and judicial authorities. Our locally focused procurement approach significantly reduces the risk that BCV could source from suppliers whose practices violate the ILO's fundamental labor standards, which cover issues such as discrimination, forced and child labor, workplace health and safety, and the right to free association and collective bargaining.
- Every supplier we work with – in areas such as IT, construction, and training – signs a statement attesting that they fully comply with their obligations to pay social security contributions and to hold accident and civil liability insurance. We also have formal requirements regarding occupational health and safety and waste management.

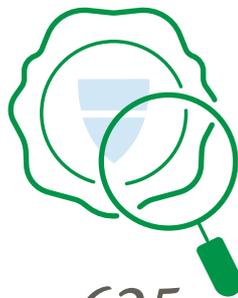
<sup>58</sup> International Bill of Human Rights, 1966; International Labour Organization Declaration on Fundamental Principles and Rights at Work, 1998

- Our sourcing policy is based on recommendations issued by recognized bodies including the *Guide to Responsible Professional Purchasing*,<sup>59</sup> which provides practical advice for companies looking to incorporate sustainable principles into their procurement practices and reduce the social and environmental impacts of their operations.

The Bank works with a large pool of facilities management contractors and we regularly switch between suppliers. Each year, we source supplies and services from over 600 businesses based in our Canton.

We source locally as a matter of policy. We choose whenever possible to work with companies in our Canton – which is both good for the local economy and limits our impact on the environment. For instance, the

catering suppliers for our two biggest sites both have responsible sourcing policies.



We work with **635** suppliers based in Vaud Canton

Novae Restauration, which runs the cafeteria at our head office at Place Saint-François in Lausanne, has a policy of working with trusted local suppliers and producers. Rather than operating a central procurement system, it sources directly from a network of over 130 artisans, growers, and farmers, all of whom are based in Switzerland or are part of carefully selected supply chains. The company prioritizes partnerships with small-scale producers within 50 kilometers of each of its restaurants.

Novae is also working to remove potentially harmful additives and products containing palm oil from

	2020	2021	2022
Swiss companies as a share of the Bank's procurement spend (supplies and services)	91%	91%	<b>90%</b>

### Due diligence and transparency in relation to minerals and metals from conflict-affected areas and child labor

Last year, 98.3% of the Bank's procurement spend went to service providers in countries rated as "low risk" for child labor<sup>60</sup> (with 90.1% going to companies headquartered in Switzerland). The remaining 1.7% consisted largely of interbank fees, as well as spending on software licenses and training with companies based in the United States.

As a result, BCV is considered a "low risk" company under applicable regulations and is exempt from reporting on this topic.

All the physical gold we offer is supplied by refineries based in Switzerland. Details of our gold traceability measures can be found in the "Socially responsible investing" section of this report.

<sup>59</sup> Geneva Cantonal Office of Sustainable Development, "Guide des achats professionnels responsables" (short version), 2015

<sup>60</sup> Under the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour, a country is considered "low risk" if it is rated as "basic" in UNICEF's Children's Rights in the Workplace Index ([www.childrensrighsatlas.org](http://www.childrensrighsatlas.org)).



beverages. Together, we agreed to introduce the reCIRCLE system of washable, sealable, and recyclable containers in our cafeterias.



Novae's total score increased by five points, largely as a result of its performance under the "sustainable procurement" theme. Novae's triple ISO certification (ISO 9001, 14001, and 45001) was also renewed in summer 2022.

SV Group, the catering supplier for our administrative center in Prilly, has a policy covering all material aspects of sustainability. The company uses short supply chains: air-freight imports represent just 0.4% of its sourcing. SV Group follows the "planetary health diet," which draws on the principles of balanced nutrition, natural-resource preservation, and ethical food production. Seasonal fruits and vegetables – and plant-based foods more generally – account for a large share of the meals it serves, although the company continues to include animal proteins in its menus. SV Group is also committed to using water and energy efficiently and to wasting as little food as possible.

We are working with our catering suppliers to identify ways to reduce waste from takeout food and

its menus, and 51% of the ingredients and produce (by weight) used are of Swiss origin. And in its drive to cut its emissions, over 85% of its fresh fruits and vegetables are seasonal and grown without heated greenhouses. For coffee and similar products that are not available locally, Novae buys Fairtrade or organic produce wherever possible. For instance, 100% of the bananas served in its restaurants are certified Fairtrade, organic, or both.

In 2021, the company received a gold medal from EcoVadis, which assesses the sustainability performance of suppliers. When this distinction was renewed in September last year,



We have teamed up with BE WTR to gradually replace the bottled water in some of our customer areas with chilled, ultra-filtered, still and sparkling tap water. Through its business practices and products, the Lausanne-based company is helping to preserve precious natural resources while sharply reducing carbon emissions, plastics, and waste. BE WTR is in the final stages of becoming a certified B Corp, reflecting its commitment to upholding the highest environmental standards and adhering to transparent, responsible practices.

**BE WTR™**

# GRI content index

Statement of use: BCV has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.  
GRI 1 used: GRI 1: Foundation 2021

GRI Standard		Location, commentary, and explanation for omissions
<b>General disclosures (GRI 2)</b>		
<b>The organization and its reporting practices</b>		
2-1	Organizational details	SR22, p. 4 AR22, pp. 10–12
2-2	Entities included in the organization's sustainability reporting	The SR22 provides information on BCV as the parent company of BCV Group (see "About this report," p. 5). The AR22 contains financial statements for both the parent company and the Group. The approach used for preparing the consolidated financial statements is set out in the AR22, pp. 124–130.
2-3	Reporting period, frequency, and contact point	SR22, p. 5 The annual report and sustainability report cover the same reporting period.
2-4	Restatements of information	-Mortgage loans, G4-FS8, "Mortgage lending under the Green Bonus program" (2021 Sustainability Report, p. 66): 2021 data were corrected. -Focus on training, 404-2 (2021 Sustainability Report, p. 76): 2019 data on SAQ certification and post-secondary qualifications from outside institutions were adjusted to yield a total of 100%. -Focus on training, 404-1 (2021 Sustainability Report, p. 75): data for 2019 to 2021 were recalculated for the SR22 for the purposes of comparison following a change in method in 2022. -Working conditions, 403-9 (2021 Sustainability Report, p. 85): 2020 data were corrected.
2-5	External assurance	With the exception of the Bank's CO <sub>2</sub> footprint, the information contained in the SR22 has not been externally audited (see "Direct environmental impact," p. 103).
<b>Activities and employees</b>		
2-6	Activities, value chain, and other business relationships	SR22, pp. 4, 26–27, and 51 AR22, pp. 1, 10–12, 50–57, and 79
2-7	Employees	SR22, pp. 4 and 89–90
2-8	Workers who are not employees	SR22, p. 89
<b>Governance</b>		
2-9	Governance structure and composition	SR22, pp. 21–22 and 35 AR22, pp. 82–93
2-10	Nomination and selection of the highest governance body	AR22, pp. 82 and 88
2-11	Chair of the highest governance body	SR22, p. 35
2-12	Role of the highest governance body in overseeing the management of impacts	SR22, pp. 21–22 LBCV, Art. 4 BCV's strategy, and in particular its values and CSR approach, are under the Board of Directors' responsibility.
2-13	Delegation of responsibility for managing impacts	SR22, pp. 21–22 and 15–16
2-14	Role of the highest governance body in sustainability reporting	The sustainability report is reviewed and approved by the Executive Board and by the Compensation, Promotions and Appointments Committee on behalf of the Board of Directors.
2-15	Conflicts of interest	SR22, pp. 35 and 38–39 AR22, pp. 82–100 Code of Professional Conduct, p. 6
2-16	Communication of critical concerns	SR22, pp. 21–22
2-17	Collective knowledge of the highest governance body	SR22, p. 22
2-18	Evaluation of the performance of the highest governance body	SR22, pp. 21–22
2-19	Remuneration policies	AR22, pp. 100–108 SR22, pp. 92–93
2-20	Process to determine remuneration	AR22, pp. 91 and 100–108 The results of votes taken at the Annual Shareholders' Meeting are published at <a href="https://www.bcv.ch/en/home/la-bcv/investor-relations/for-shareholders.html">https://www.bcv.ch/en/home/la-bcv/investor-relations/for-shareholders.html</a> .
2-21	Annual total compensation ratio	SR22, pp. 92–93

GRI Standard		Location, commentary, and explanation for omissions
<b>Strategy, policies, and practices</b>		
2-22	Statement on sustainable development strategy	SR22, pp. 2–3
2-23	Policy commitments	SR22, pp. 34, 36–37, 39, 43–44, 59–60, 68–69, 72, 75–76, 78–81, 91, and 109–110
2-24	Embedding policy commitments	SR22, pp. 21–22
2-25	Processes to remediate negative impacts	SR22, pp. 19, 29, and 42–44
2-26	Mechanisms for seeking advice and raising concerns	SR22, p. 37
2-27	Compliance with laws and regulations	No cases of non-compliance were identified in 2022.
2-28	Membership associations	SR22, pp. 35–36
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	SR22, pp. 14–16 and 19–20
2-30	Collective bargaining agreements	SR22, pp. 91–92
<b>Material topics (GRI 3)</b>		
3-1	Process to determine material topics	SR22, pp. 15–17
3-2	List of material topics	SR22, p. 15
<b>Dialogue with stakeholders and transparency</b>		
3-3	Management of material topics	SR22, pp. 14, 19–20, 51–52, and 92
<b>Long-term value creation, solidity, and financial performance</b>		
3-3	Management of material topics	SR22, pp. 26–27
201-1	Direct economic value generated and distributed	AR22, parent company financial statements, p. 176, and SR22, p. 26 Direct economic value generated (parent company): CHF 752.4m (operating profit, personnel costs, and extraordinary income and expenses) Direct economic value distributed (parent company): CHF 692.5m (personnel costs, taxes, and dividends) Economic value allocated to reserves (parent company): CHF 59.9m (allocation to optional retained earnings)
201-3	Defined benefit plan obligations and other retirement plans	SR22, p. 93
201-4	Financial assistance received from government	BCV does not receive financial assistance from the government. AR22, p. 10 (The Canton of Vaud holds 66.95% of BCV's share capital.)
<b>Contributing to Vaud's economic development</b>		
3-3	Management of material topics	SR22, pp. 27–29, 49, 73, and 77
203-2	Significant indirect economic impacts	SR22, p. 27
<b>Ethics and corporate governance</b>		
3-3	Management of material topics	SR22, pp. 34–36, 39, 84, and 87
415-1	Political contributions	SR22, p. 35
<b>Responsible selling</b>		
417-2	Incidents of non-compliance concerning product and service information and labeling	No legal proceedings or complaints of a legal nature were identified in this regard in 2022.
417-3	Incidents of non-compliance concerning marketing communications	No legal proceedings or complaints of a legal nature were identified in this regard in 2022.
<b>Climate-related risks</b>		
3-3	Management of material topics	SR22, pp. 21–22 and 42–43 We intend to begin publishing a climate report in 2024 that will align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
201-2	Financial implications and other risks and opportunities due to climate change	SR22, pp. 21–22, 41–42, 66–68, and 77
<b>Reliability: Combating cybercrime, ensuring transaction security, and protecting data</b>		
3-3	Management of material topics	SR22, pp. 40–42
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR22, p. 40
<b>Close ties and accessible services</b>		
3-3	Management of material topics	SR22, p. 48
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	SR22, pp. 4 and 48 Our customers have access to a dense network of branches and ATMs, as well as remote and self-service solutions.
<b>Products and services suited to customers' needs and expectations</b>		
3-3	Management of material topics	SR22, pp. 49–51
Individual indicator	Set of indicators	SR22, pp. 49–50
<b>High service quality</b>		
3-3	Management of material topics	SR22, pp. 51–53
Individual indicator	Customer satisfaction, Net Promoter Score	SR22, p. 53
<b>Socially responsible investing (SRI)</b>		
3-3	Management of material topics	SR22, pp. 56–68
G4-FS8	Monetary value of investments with an environmental benefit	SR22, p. 64
G4-FS10	Number of companies in BCV's portfolio with which it has consulted on environmental or social issues	SR22, p. 60
G4-FS11	Percentage of products integrating ESG criteria	SR22, pp. 65–66

**GRI Standard**
**Location, commentary, and explanation for omissions**

Environmental and social criteria in lending decisions		
3-3	Management of material topics	SR22, pp. 72–81
G4-FS8	Monetary value of loans with an environmental benefit	SR22, p. 74
Focus on training		
3-3	Management of material topics	SR22, pp. 84–86
404-1	Average days of training per year per employee	SR22, p. 85
404-2	Programs for upgrading employee skills and transition assistance programs	SR22, p. 86
404-3	Percentage of employees receiving regular performance and career development reviews	100%, excluding cases such as employees who join or leave the Bank during the year
Diversity and equal opportunity		
3-3	Management of material topics	SR22, pp. 87–89
401-1	New employee hires and employee turnover	SR22, p. 87
405-1	Diversity of governance bodies and employees	SR22, p. 89
405-2	Ratio of basic salary and remuneration of women to men	SR22, p. 93
Retirement, compensation, and other employee benefits		
3-3	Management of material topics	SR22, pp. 92–93
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR22, p. 92 Employees on a permanent contract (working at least half time) receive all standard employee benefits. Employees outside this scope receive benefits according to their status. Employees who work half time or less cannot work from home.
Working conditions		
3-3	Management of material topics	SR22, pp. 22 and 91–95
401-3	Parental leave	SR22, p. 90
403-1	Occupational health and safety management system	SR22, pp. 93–95 BCV's occupational health and safety management system is in keeping with Switzerland's current legal requirements (see p. 91). In some areas, the system goes above and beyond the legal requirements.
403-2	Hazard identification, risk assessment and incident investigation	SR22, pp. 93–95
403-9	Work-related injuries	SR22, p. 95
Playing an active role in the community and supporting local projects and organizations		
3-3	Management of material topics	SR22, pp. 98–102
203-1	Infrastructure investments and services supported	SR22, pp. 30–31 and 98
413-1	Operations with local community engagement, impact assessments, and development programs	SR22, pp. 30–31 and 98–102
Direct environmental impact		
3-3	Management of material topics	SR22, pp. 103–109
305-1	Direct (Scope 1) GHG emissions <sup>1</sup>	1,248 t CO <sub>2</sub> e - 1,243 t CO <sub>2</sub> e heating - 4 t CO <sub>2</sub> e gas vehicles - 0 t CO <sub>2</sub> e refrigerants
305-2	Energy indirect (Scope 2) GHG emissions <sup>2</sup>	165 t CO <sub>2</sub> e - 158 t CO <sub>2</sub> e electricity - 7 t CO <sub>2</sub> e district heating
305-3	Other indirect (Scope 3) GHG emissions <sup>3</sup>	3,249 t CO <sub>2</sub> e - 454 t CO <sub>2</sub> e energy supply - 198 t CO <sub>2</sub> e business travel - 1,940 t CO <sub>2</sub> e employee commuting - 366 t CO <sub>2</sub> e computer hardware - 254 t CO <sub>2</sub> e paper and printed materials - 37 t CO <sub>2</sub> e waste
305-4	GHG emissions intensity	2.5 t CO <sub>2</sub> e per employee (FTE)
305-5	Reduction of GHG emissions	SR22, pp. 103–106
305-6	Emissions of ozone-depleting substances (ODS)	N/A: BCV does not have any factories or manufacturing facilities.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A: BCV does not have any factories or manufacturing facilities.
302-1	Energy consumption within the organization	46,302,923 MJ (electricity and heating) - 18,841,519 MJ heating - 324,864 MJ district heating - 6,826,014 MJ hybrid electricity - 20,252,061 MJ hydroelectricity - 58,464 MJ gas vehicles
302-3	Energy intensity	25,724 MJ per employee (FTE)
306-2	Management of significant waste-related impact	165,666 kg - 93,137 kg recycled waste - 48,657 kg incinerated waste
301-1	Materials used by weight or volume	231,084 kg paper and printed materials (for BCV, this mainly concerns paper consumption)

GRI Standard		Location, commentary, and explanation for omissions
<b>Responsible, local sourcing</b>		
3-3	Management of material topics	SR22, pp. 109–111
204-1	Proportion of spending on local suppliers	SR22, p. 110
408-1	Operations and suppliers at significant risk for incidents of child labor	SR22, p. 110 In addition, BCV does not grant loans to companies or for projects that violate human rights or lead to forced labor or child labor (SR22, pp. 69, 72, 75, 76, and 78–81).
414-1	New suppliers that were screened using social criteria	SR22, pp. 109–111 The exact figure is not provided in this report because the method for calculating it must be reviewed (planned for 2023).
414-2	Negative social impacts in the supply chain and actions taken	SR22, pp. 109–111 The exact figure is not provided in this report because a method for calculating it must be established (planned for 2023).

#### List of abbreviations

AR22: 2022 Annual Report

SR22: 2022 Sustainability Report

CO<sub>2</sub>e: CO<sub>2</sub> equivalent

LBCV: Cantonal Act Governing BCV

<sup>1</sup> Scope 1: Ecoinvent (V3.7); BAFU/BFE (2019), Faktenblatt CO<sub>2</sub>-Emissionsfaktoren des Treibhausgasinventars der Schweiz

<sup>2</sup> Scope 2: Messmer, Frischknecht, Treeze (2021), Umweltbilanz Strommix Schweiz 2018; Frischknecht, Itten, Treeze (2014), Primärenergiefaktoren von Energiesystemen

<sup>3</sup> Scope 3: mobitool (V2.0, 2016; V2.0.2: 2017); Ecoinvent (V3.7.1, V3.8); Climatop (2013), Factsheet Toilettenpapier; La Poste France (2017)

## Impressum

### Project management

BCV (CSR and Corporate Communications teams)

### Design and creation

[www.taz-communication.ch](http://www.taz-communication.ch)

### Photographs

Christian Genton (Maison de la Rivière)

Aurélie Rubin (Maison de la Rivière)

Blaise Schalbetter (BCV; cover, pp. 5, 98, 99, 101, 102, and 111)

Jean-Bernard Sieber (p. 2)

istockphoto (p. 29)

### English translations and adaptations

BCV Translations Team, with the collaboration of the following freelance translators:

Hollie Adcock

Martin Hemmings

Christopher Scala

Sylvia Smith

Rosie Wells

**BCV would like to thank everyone involved in preparing this report.**

**Special thanks go to Aurélie Rubin, an expert at Maison de la Rivière (Tolochenaz), who wrote the captions on the Venoge River that appear at the beginning of each chapter.**

This document is an English translation of the original French text entitled "Rapport de responsabilité sociale d'entreprise 2022." Only the French text is authoritative.

This report is available on BCV's website:

[www.bcv.ch/en](http://www.bcv.ch/en)



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**Head Office**

Place Saint-François 14  
Case postale 300  
1001 Lausanne  
Switzerland

Phone: 0844 228 228  
Swift code: BCVLCH2L  
Clearing: 767  
[www.bcv.ch/en](http://www.bcv.ch/en)  
[info@bcv.ch](mailto:info@bcv.ch)

