

BCV's Sustainability Policy

May 2024



1. Introduction

1.1 Purpose

This document describes the sustainability-related guidelines and principles that Banque Cantonale Vaudoise¹ (“BCV” or “the Bank”) has adopted in its business lines and operations.

1.2 Document governance

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

1.3 Scope of this policy

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

The following documents supplement the policy and provide additional information:

- Our risk management policy and strategy (internal document) describes the Bank’s risk appetite and our risk-management framework. It includes climate-related risks.
- Our socially responsible investment (SRI) policy (public document²) presents BCV’s principles in incorporating ESG criteria into our asset management practices.
- Our lending policy (internal document) sets out the principles that BCV follows in granting and managing loans, i.e., for all commitments that involve credit risk. This relates in part to our sector exclusion list, to make sure we only finance projects that are consistent with our sustainability strategy and our ethical principles.
- Our Code of Professional Conduct (public document³) sets out the behavior that is expected of our company as a whole, its governing bodies, and each and every staff member. This key document for BCV discusses ethics and governance at the Bank and our efforts to fight corruption.

¹ BCV Group parent company

² [Socially Responsible Investment \(SRI\) Policy, January 2023](#)

³ [Code of Professional Conduct](#)

2. Sustainability at BCV

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

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

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

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

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

⁴ UN Development Programme, *Sustainable Development Goals*

⁵ Paris Agreement, Article 2

⁶ UN, *Guiding Principles on Business and Human Rights*, 2011

⁷ *International Bill of Human Rights*, 1966; *International Labour Organization Declaration on Fundamental Principles and Rights at Work*, 1998

⁸ *Articles of Association of Banque Cantonale Vaudoise*, Article 4

⁹ The Cantonal Act Governing BCV (LBCV)



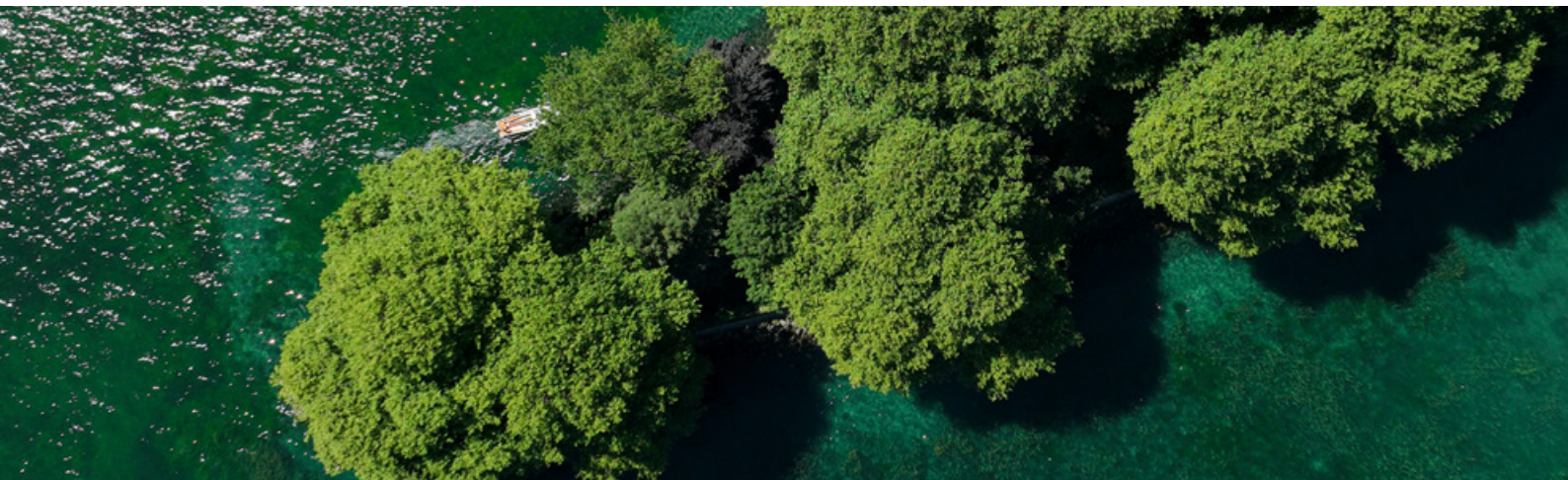
3. Ambitions and strategy

Our ambitions and strategy when it comes to CSR are a direct product of our 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:

- guiding our customers towards investments that incorporate ESG criteria and progressively gearing portfolios towards the goals of the Paris Agreement, the Swiss government's commitments, and the Vaud climate plan
- 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
- as a benchmark employer, working to achieve equity in the workplace and fostering diversity and equal opportunity.

We have built our stakeholders' expectations into our CSR strategy, taking into account the means at our disposal. We also set quantitative objectives, subject to the approval of our Board of Directors. Current objectives are shown in section 7 of this document. The climate targets we are currently developing in the areas of mortgage lending and asset management are in line with Switzerland's targets.

We transparently report on the measures we take and our progress towards our goals, in accordance with the Global Reporting Initiative (GRI) Standards and with Article 964a, b, and c of the Swiss Code of Obligations. Starting with the 2024 financial year, we will publish a climate report that incorporates the concept of double materiality and follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



4. Initiatives and organizations

BCV is a member of the Swiss Bankers Association (SBA) and the Association of Swiss Cantonal Banks (ASCB), and our CEO sits on both of their boards of directors. Our position on climate, energy, and other sustainability matters is in alignment with the approach taken by these industry organizations.



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



We are a signatory to the United Nations Principles for Responsible Investment (UNPRI), which seek to promote a sustainable financial system. We are also a signatory to the Partnership for Carbon Accounting Financials (PCAF), a global partnership that brings together businesses (mainly financial institutions) to implement a harmonized approach for accounting for the greenhouse gas (GHG) emissions associated with their operations. This approach to accounting and reporting is designed to help financial institutions measure and assess the GHG emissions associated with their lending and investments. Lastly, we are a signatory to Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.



5. Sustainability governance

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

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

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

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

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



6. Organizational structure

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

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

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

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



7. Sustainability topics and principles

7.1 Environment

CO₂ emissions and energy consumption

Emissions linked to BCV's lending and investment activities will be reported starting with the 2024 financial year.

CO₂ emissions associated with our operations (i.e., excluding lending and investment activities) fall within scopes 1, 2, and 3 under the Greenhouse Gas Protocol. They stem mainly from building management, business travel and commuting, and procurement. We assess our carbon footprint every year. This information gives us a broad picture of how we are impacting the environment, how our impact is changing, and what we can do to reduce it.

Quantitative objective: We aim to lower our scope 1, 2, and 3 emissions (excluding in our lending and investment activities) at a pace consistent with the Swiss federal government's goal of reaching net-zero by 2050. We have also set an interim target of shrinking our carbon footprint by 35% from 2019 levels between 2021 and 2030. We arrived at this figure after reviewing all our emissions sources to see where we could reduce our footprint, taking benchmark CO₂ scenarios into account.

Alongside this, we developed an action plan that sets out the measures needed for our buildings and creates a framework for setting up an employee commuting and business travel plan. We are also moving ahead with measures to cut back on printing and reduce our IT-related impacts.

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

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

Procurement

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

7. Sustainability topics and principles

7.2 Society

Supply chains and human rights

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

The overwhelming majority of the Bank's procurement spend goes to service providers in Switzerland, reflecting our position as a Swiss company active in the tertiary sector. In accordance with Switzerland's Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTRo),¹⁰ every year we review and document our eligibility for the exemption from enhanced due-diligence and disclosure requirements in connection with child labor.

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

Playing an active role in our community

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

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

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

¹⁰ Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour

7. Sustainability topics and principles

Being a benchmark employer

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

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

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

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

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

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

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

7. Sustainability topics and principles

7.3 Governance

BCV's Code of Professional Conduct 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. All employees must confirm that they have read the Code.

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

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

No political contributions

BCV has a policy to not provide any type of formal support to any political party or organization.

Compliance with laws and regulations

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

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

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

And when it comes to managing our clients' assets and providing them with investment advice, we ensure that our investment decisions and advice align with our clients' financial situation, investment objectives and knowledge, in accordance with the Swiss Financial Services Act (FinSA).

7. Sustainability topics and principles

Data protection

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

Cybersecurity

We have assessed potential threats to our businesses – including cyberattacks, fraud, and other security risks – and taken appropriate measures to protect our IT systems, data, and operations. We monitor these threats around the clock, working closely with specialized local and international partner firms and with Swiss government agencies in charge of combating cybercrime, such as the National Cyber Security Center (NCSC).

7.4 Products and services

Socially responsible investing (SRI)

a. Proprietary investments

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

b. BCV pension fund

The BCV pension fund has a responsible investment charter that sets out its SRI policy. The charter states that the fund aims to fulfill its fiduciary and social responsibility by working toward a more just and sustainable society. SRI efforts undertaken by the BCV pension fund are overseen by the fund's ten-member board, which consists of five employer representatives and five employee representatives. Pension board elections are held every four years.

c. Investment solutions for our clients

We aim to offer our clients a wide range of responsible investment solutions in line with best market practice while generating competitive returns over the long term. Our ambition is to be a leading provider of socially responsible investments not only in Vaud Canton but across Switzerland as a whole. One way we are accomplishing this is by working with local and national entities through research conducted in collaboration with the University of Lausanne (UNIL) and through our partnership with SRI specialist Ethos Foundation.

7. Sustainability topics and principles

To best serve the interests of our clients in line with our fiduciary duty, we incorporate ESG approaches into our investment policy. By doing this, we can decrease our clients' exposure to ESG risks and improve their portfolios' risk-return profiles over the long term.

We guide our customers towards investments that incorporate ESG criteria and progressively gear portfolios toward the goals of the Paris Agreement, the Swiss government's commitments, and the Vaud climate plan.

To avoid the risk of greenwashing, we place a premium on transparency, access to information, and training. We also pay close attention to our clients' SRI expectations to be sure we make appropriate recommendations.

More information can be found in our SRI policy.¹¹

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

When sourcing physical gold, BCV only uses suppliers that have their registered office in Switzerland and participate in the London Bullion Market Association's Responsible Sourcing Programme. In line with the OECD due diligence framework,¹² participants must demonstrate their efforts to safeguard the environment and combat money laundering, the financing of terrorism, and human rights abuses.¹³

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

Responsible lending

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

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

¹¹ [SRI Policy](#)

¹² OECD, *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, April 2016

¹³ LBMA, *Responsible Sourcing*

7. Sustainability topics and principles

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

The Bank's approach to managing climate-related risks in its lending business is fully aligned with its overall risk-assessment principles. When assessing credit risk, we examine the proportion of our exposure that could be put at an increased risk of default by transition-related risk factors. We also monitor our mortgage and corporate exposures.

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

a. Mortgage loans

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

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

- a comprehensive legal framework with rules and requirements on energy efficiency, construction standards, land-use planning, and built-heritage conservation
- climate¹⁴ and biodiversity¹⁵ action plans
- a building permit system that gives interested parties the opportunity to express their views on any proposed new build or remodel, as well as on the associated social, environmental, and other impacts.

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

We also look at 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.

We work to align our mortgage lending strategy with the commitments made by the Swiss government and the Vaud Cantonal Government to combat global warming. We give 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. We also enter into partnerships with energy-related businesses to secure advantages for our clients.

¹⁴ Canton of Vaud, *Vaud Canton Climate Plan* (French only)

¹⁵ Canton of Vaud, *Biodiversity Action Plan* (French only)

7. Sustainability topics and principles

Our advisors routinely address the question of energy efficiency in the mortgage advisory process for clients whose properties meet certain criteria. We provide our advisors with training, and our clients with written documents, on this topic.

We also hold regular talks and events and publish studies to raise awareness among both our clients and the broader public about energy-saving renovations and the trends in this area.

b. Lending to local businesses

BCV provides financing to every sector of Vaud's economy, in keeping with our mission as a cantonal bank.¹⁶ As a matter of policy, we do not lend to organizations whose practices could harm our image or reputation. We are equally mindful of the social and environmental risks and impacts of the projects we finance. Our approach is inspired by the United Nations Guiding Principles on Business and Human Rights, by International Labour Organization Conventions Nos. 138 and 182 on child labor, by the DDTRo, and by applicable legislation in the Canton of Vaud.

To ensure our internal regulations are in step with the latest developments, we revise our sector exclusion list every year to make sure we only finance projects that are consistent with our ethical principles and our CSR strategy, in light of identified risks.

We also consider sustainability with regard to our corporate counterparties. When considering a potential financing arrangement, we look at the structure, purpose, and size of the loan and review it against ESG metrics. All relevant information is collected in a structured, methodical process and made available to the individual or committee responsible for making the lending decision.

Environment

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

- nuclear power plants
- unsustainable fishing and logging activities
- coal mines and coal-fired power plants
- oil and gas extraction.

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

And as part of our trade finance activity, we apply a series of restrictions on materials – such as palm oil and coal – whose extraction could harm biodiversity, forests, or the climate (see page 17 for details).

¹⁶ The Cantonal Act Governing BCV (LBCV)

7. Sustainability topics and principles

Society

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

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

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

- firms that manufacture or deal in controversial weapons and munitions
- companies in the pornography industry
- organizations associated with violations of internationally recognized human rights standards¹⁷
- entities that breach Swiss employment law
- gambling companies in other countries and unlicensed gambling operators in Switzerland.

Moreover, the restrictions in our trade finance activity include materials – such as cobalt and tin – whose mining could lead to human rights abuses (see page 17 for details).

Governance

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

c. Trade Finance

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

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

¹⁷ International Bill of Human Rights, 1966; International Labour Organization Declaration on Fundamental Principles and Rights at Work, 1998

7. Sustainability topics and principles

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

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

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

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

- crude oil
- oil residues
- shale gas.

Quantitative objective: In our trade finance business, we aim to reduce our transaction-based exposure to coal faster than in the Paris Agreement-compatible scenario (as defined by the International Energy Agency).¹⁸ Our target is to reduce our exposure to coal – both steam coal and metallurgical coal – by 58.5% from 2021 levels by 2030, which implies a 6.5% reduction per year.

We are now focusing on transactions supplying coal to countries in the developing world that are at a disadvantage in the energy transition.

¹⁸ International Energy Agency, Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach, September 2023



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