



2019 Sustainability Report



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Sustainability: the heart of our mission as Vaud's cantonal bank



Jacques de Watteville
and Pascal Kiener

BCV was founded 175 years ago on a simple premise: to provide useful financial services to the people, companies, and public-sector entities of Vaud. We've remained true to that core mission ever since, and committed to working for the sustainable development of our home region.

Today, that commitment is widely recognized by the people of Vaud. A recent survey showed that the people of Vaud see BCV as a bank that plays a useful role in the local economy – precisely what we set out to be 175 years ago. Our long-term commitment to that mission, and our long-term approach in general, are at the heart of who we are.

And in fact, our commitment to a long-term, sustainable approach is written into the law of the Canton of Vaud. Our mission under the Cantonal Act Governing BCV is to contribute, as a full-service bank with strong local roots, to



the development of all branches of the Vaud economy, in both the public and private sectors, by providing financing, banking services, and mortgage loans. Since 2007, our mission has also included a particular focus on the principles of economically, environmentally, and socially sustainable development.

In line with this outlook, for more than a decade our business model has targeted sustainable growth, a moderate risk profile, and strong, long-

term profitability. The results speak for themselves. We're considered to be one of the safest banks in the world based on our credit ratings while at the same time making a substantial contribution to our Canton's public finances. In fact, since 2008, we have paid out CHF 3bn in taxes and dividends to the Canton of Vaud and to Vaud municipalities.

But our involvement in the local community goes beyond the economy. BCV supports hundreds of cultural

events, sports activities, and outreach initiatives across Vaud through donations and sponsoring.

We are also a responsible employer. To help each and every one of our more than 1,900 employees achieve their full potential, our human resources policy ensures equal opportunity, fosters diversity, and emphasizes training as a way to build employees' skills.

As an eco-conscious bank, we have been measuring our environmental footprint since 2008 and taking steps to reduce our energy use and impact on the environment. We recently renovated our branches in Nyon and Vevey to make them more energy efficient. We've also put in place a ten-year plan to cut our electricity consumption at our headquarters and our Administrative Center.

To help us take stock of our progress, we participate in the annual CDP¹ survey. And because we fully offset our CO₂ emissions, we have been named a "climate neutral company" by myclimate, a Swiss non-profit organization. In addition, starting this year, we are preparing our Sustainability Report in line with the Global Reporting Initiative (GRI) Standards, which are the worldwide reference for reporting on sustainable development issues.

But we don't intend to stop there. We're committed to keeping in step with sustainable development issues as they evolve, and more broadly with the changing expectations of our customers and the global community as a whole.

One way we intend to keep pace is by accelerating our efforts in the area of socially responsible investing (SRI). For example, BCV has signed the United Nations Principles for Responsible Investment (UNPRI) and become a member of the Swiss Sustainable Finance platform.

We are likewise expanding our range of sustainable products and services. We have already integrated environmental, social, and governance (ESG) criteria into the portfolios of our institutional clients and are now making these investments available to our personal banking customers as well.

In 2019, we set up a partnership with the University of Lausanne to pool our research capabilities. That venture will focus on finding ways we can incorporate ESG criteria into investment processes, especially for real-estate investments. Sustainability is – and will continue to be – very important to us at BCV, and we intend to keep building out our sustainable product range.

Our strategy takes a responsible, long-term approach to lending. As part of that strategic approach, we keep in mind the social and environmental risks and impacts of the financing we provide, and we're adapting and extending our line of loans to promote energy efficiency and renewable-energy projects.

At the time of writing, the Covid-19 pandemic is in full swing. We're doing whatever it takes to keep our staff and customers safe while remaining active in support of our local economy and the community. We're proud to have played a crucial role in providing much-needed cash to thousands of SMEs, startups, and self-employed individuals across the Canton to help them ride out the crisis.

All these actions reflect the central role that sustainability plays in our corporate identity here at BCV – 175 years ago, today, and for a long time to come.



Jacques de Watteville
Chairman of the Board
of Directors



Pascal Kiener
CEO

¹ CDP (formerly the Carbon Disclosure Project) is an organization that encourages companies and other organizations to disclose and reduce their greenhouse gas emissions and other environmental impacts.

Who we are

BCV is the regional bank of Vaud Canton in Switzerland. Founded 175 years ago, we've grown into the Canton's leading bank – today, half the people and businesses in Vaud bank with BCV. We're also one of the five largest universal banks in Switzerland by total assets. We offer a comprehensive range of financial products and services through our Retail Banking, Private Banking, Corporate Banking, and Asset Management & Trading businesses.

As a cantonal bank, our focus is on the Canton of Vaud. We are headquartered in Lausanne and have a dense network of over 60 branches throughout the Canton, using our unrivaled local presence and deep knowledge of our home region to best meet the needs and expectations of the Vaudois. BCV is majority owned by the Canton of Vaud, so our consistently strong financial results serve to bolster our Canton's public finances. In 2019, we reported revenues of CHF 1.0bn and net profit of CHF 363m.

Our vision is long term and holistic. In line with our corporate mandate, we integrate the principles of sustainability into the way we run our business. Our holistic vision also means that our connection with Vaud is about more than just banking – we sponsor over 650 events and associations throughout our Canton every year, earmarking the equivalent of roughly 2% of our annual net profit for community-building via support for the social, cultural, and sports scene in Vaud.



About this report

Our Sustainability Report details how we have embedded corporate social responsibility (CSR) into our 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 have published a Sustainability Report in French every two years since 2007. As of this 2019 report, we will be publishing it every year, in both French and English. This report has been prepared in accordance with the GRI Standards: Core option.² The Global Reporting Initiative 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 2019. Our Sustainability Reports are available on our website at www.bcv.ch. Additional information on BCV can be found in our annual report, which is also available on our website at www.bcv.ch. It contains an overview of the Bank as well as its mission, business sectors, corporate governance, and financial statements.

For more information about corporate social responsibility at BCV, email us at info.rse@bcv.ch.

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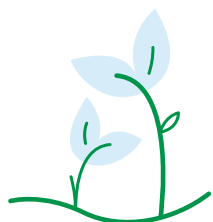
² The Core option means that the report contains the information needed to understand the nature of the organization, its material topics and related impacts, and how these are managed.

2019 highlights



Serving the people and businesses of our Canton

BCV is the leading bank in Vaud Canton, our home region. Half of the people and businesses in the Canton bank with us. So do many Vaud public-sector entities such as municipalities. Seven of ten Vaud pension funds turn to us to manage their assets. Our universal-bank range of products and services means that we're there for our customers at all the key moments in their lives. For instance, in 2019, we helped 92 businesses get off the ground, for a total of 200 new jobs, and we also financed 63 business successions for more mature local firms.



Delivering on our commitment to socially responsible investing (SRI)

Our investment approach is responsible and sustainable. We are guided by key principles such as not investing our clients' funds in companies linked to major controversies or in the shares of firms that generate at least 30% of their income from thermal coal. We also weight our equity portfolios so as to prioritize companies that implement environmental, social, and governance (ESG) best practices. In 2019, we integrated this approach into all of the investment solutions we offer our institutional clients. Our next step is to offer ESG-based solutions to personal banking customers starting in 2020.



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

BCV has been an active member of the Vaud community for 175 years. We allocate around 2% of the Bank's net profit to sponsorships and donations every year, supporting over 650 sports, cultural, community, and environmental organizations and events across the Canton.



Providing unique training opportunities in the banking industry

We encourage our employees to further develop their skills through an array of continuing education opportunities. Our training center – the only one of its kind in Vaud Canton – delivered the equivalent of 7,900 employee training days in 2019, a quarter of which were distance learning. We also provided job training for 98 trainees, including apprentices and high school graduates.



Prioritizing our employees' work-life balance

We are aware that as our employees' lives change, they may need to adjust how they work. That's why we make it possible for staff, including those in management and other senior positions, to work part time if they need to at some point in their career. We also help people transition back to the working world after taking a break in their career, most notably via our "Rejoignez-nous" program and a daycare center that can take in up to 35 children.



Reducing our carbon footprint

We offset the greenhouse gas emissions from our operations by financing carbon reduction and sequestration projects with myclimate, a Swiss non-profit organization. In 2019, BCV earned a B grade – the third highest – on the CDP Global survey, which assesses companies' carbon footprints.



Staying close to our customers across multiple channels

In 2019, we remained the most widely accessible bank in Vaud thanks to our dense retail network. At the same time, we continued to enhance customers' access to our products and services across a number of digital channels. BCV customers can now choose to bank online, visit one of our branches, and even speak with an advisor remotely.



Maintaining our financial solidity over the long term

Our strategy is designed to create value sustainably over the long term, and we have paid out CHF 3bn in taxes and dividends to the Canton and municipalities of Vaud since 2008. In 2019, our solid financial position was recognized once again by the two leading credit rating agencies, Standard & Poor's and Moody's, which reaffirmed our ratings of AA and Aa2, respectively. On the basis of those ratings, we are considered to be one of the world's safest banks.

CSR at BCV

The dimensions of corporate social responsibility

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. The United

Nations cites three interdependent dimensions of sustainable development that are all equally crucial for the well-being of individuals and societies: economic growth, social inclusion, and environmental protection.

In 2015, the 193 Member States of the United Nations adopted the 2030 Agenda for Sustainable Development. While not legally binding, the Agenda serves as a call to action and roadmap for all stakeholders to address the global challenges we face by achieving 17 Sustainable Development Goals by 2030. The 17 interconnected goals together form a holistic approach to creating a sustainable future and must therefore be worked on as a group rather than individually.

To be socially responsible, companies must consider the impacts they have on their community, environment, and economy, and whether their actions are aligned with the expectations of their stakeholders.

For banks, there are two types of CSR-related impacts. The first are direct impacts from their day-to-day operations – such as the amount of energy they use – and from the work carried out by their employees. The second are indirect impacts that result from their banking products and services as well as from the companies and projects they finance.

Sustainable Development Goals (SDG)

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



CSR as a cornerstone of BCV's mission

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

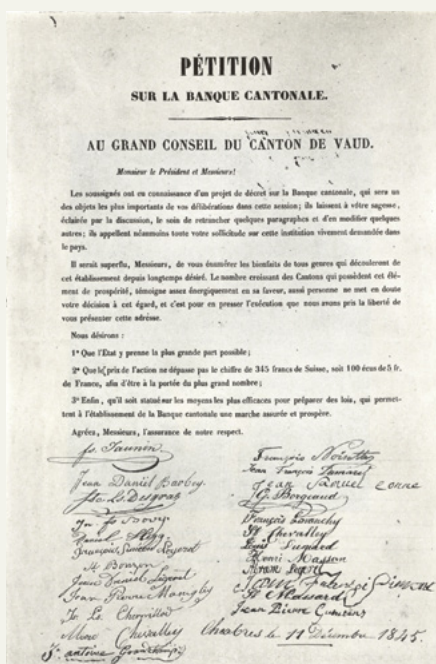
and entities, and to provide mortgage financing in Vaud.

Since 2007, the LBCV has also specified that our Bank is to be guided by the principles of economically, environmentally, and socially sustainable development. More generally, our mission is to create value for our shareholders and customers, to be a benchmark employer, and to be a good corporate citizen.

The economic dimension of sustainable development is at the core of BCV's role in the Canton, given that half of Vaud's residents and businesses bank with us. Our business model focuses on the local economy, with prudent risk management and long-term growth in order to deliver steady profitability. Although the

economic dimension is central at BCV, 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. ■

175 years as Vaud's cantonal bank



1845

Banque Cantonale Vaudoise is founded

"The people of Vaud petitioned the Cantonal Parliament to create a financial establishment capable of providing the households and businesses of the Canton with the funding they needed. [...] This initiative to create a cantonal bank immediately gained traction within the political sphere. The Vaud Cantonal Government approved the idea of creating an establishment that would lend money and thereby make access to credit easier. As was the case for Switzerland's first cantonal banks, including those in Bern and Zurich, establishing a cantonal bank in Vaud was seen by the Canton's government, dominated by the *Parti Radical*, as a way of making loans more widely available to individuals and small businesses and of implementing an active economic policy. Banque Cantonale Vaudoise thus became a symbol of government intervention in the economy. BCV was given legal status on 19 December 1845."

André-Maurice Briand, "La création de la BCV," in: *Reflets, revue bimestrielle de la BCV*, 3, May-June 1995, pp. 7–8.

Identifying and addressing the issues

The evolving local and international context

In 2016, UN Member States committed to achieving 17 United Nations Sustainable Development Goals (SDGs) by 2030. In addition, with the Paris Climate Agreement, the issue of climate change continued to gain importance. That Agreement was signed by 173 UN Member States, including Switzerland, that 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; and
- making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

These agreements have provided a framework for international organizations, NGOs, and other non-profit organizations to formally set out their expectations concerning the private sector, including the finance industry. A number of international initiatives to guide the finance industry have also been introduced, such as the Principles for Responsible Banking published in September 2019.

Within the finance industry there is increasing awareness of the risks facing the global economy and financial markets. The Task Force on Climate-related Financial Disclosures has drawn

up recommendations for companies and financial-sector organizations to provide greater transparency about the risks and opportunities presented by climate change and the transition to a lower-carbon economy. In December 2019, 930 companies had expressed their support for the recommendations (up from 513 in September 2018), representing a combined market capitalization of USD 11 trillion.

In April 2019, the Swiss National Bank (SNB) and the Swiss Financial Market Supervisory Authority (FINMA) joined the Network for Greening the Financial System. The Network's purpose is to help strengthen the global response to meet the goals of the Paris Agreement and to establish principles for managing environmental risks and mobilizing capital.

The Swiss Federal Government created a working group on sustainable finance to discuss "the issue of whether and how the financial market should be regulated."³ The Swiss Bankers Association likewise published a position paper on the subject.⁴ And across Switzerland – and especially here in Vaud – policy makers, NGOs, companies, and individuals have been taking a stand on environmental issues in general and on climate change in particular. In 2019, Swiss citizens voiced their needs to businesses and politicians through protests and at the ballot box.

Stepping up our CSR measures

As part of our mission, we've integrated the principles of sustainable development into the way we run our business. In 2019, we reworked and strengthened our CSR strategy for the next five years, taking into account the needs and expectations of all our stakeholders, including with regard to climate change. We will continue to implement concrete processes and measures to manage the direct impacts of our operations. We are also integrating sustainability criteria across our range of investment products and financing solutions for customers. We took concrete steps in this direction in 2019 and will continue to do so going forward.

We put in place a new, dedicated CSR organizational structure to enhance CSR governance and management and drive sustainability across BCV.

Also, as of this year, we are publishing our Sustainability Report annually in both French and English, with a format and content that meet GRI reporting standards. This will give stakeholders a more structured view of the measures we've been taking, with metrics that can be compared from one year to the next.

³ Swiss Federal Council press release, "Federal Council discusses sustainable finance and sets out next steps," June 2019.

⁴ SwissBanking, "Sustainable Finance, SBA position paper," September 2019.

CSR governance and organizational structures at BCV

BCV'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 BCV's Board of Directors. For more information about the members of that Committee, see page 81 of our 2019 Annual Report.

In 2019, we decided to put in place a new, dedicated CSR organizational structure to enhance CSR governance and management and drive sustainability across BCV. We have made the following specific organizational enhancements, effective as of 1 January 2020:

- We created a CSR committee to determine what measures we need to adopt in our Bank's various businesses. The committee is chaired by the CEO and includes the heads of our Credit Management and Asset Management & Trading Divisions, as well as the head

of Corporate Social Responsibility, along with representatives from our business lines.

- We appointed a new Head of Corporate Social Responsibility, who reports directly to the CEO.
- Each of the Bank's divisions designated a CSR representative in charge of coordinating projects and tasks within their division.

International initiatives and local partnerships



BCV signed the United Nations 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, providing training, and encouraging a forward-thinking approach to growth.



BCV participates in the annual CDP Global survey, which collects data on companies' greenhouse gas emissions to incentivize them to reduce their carbon footprint.



BCV was recognized by Swiss Olympic as a training institution that promotes elite sports for the 2019–2020 season.



BCV commissions Swiss Climate to measure the Bank's carbon footprint using the methodology set out in ISO 14064-1 and in the GHG Protocol Corporate Standard.



BCV partners with myclimate to offset the Bank's greenhouse gas emissions. This Swiss organization works to offset CO₂ emissions by financing certified carbon reduction and sequestration projects that have positive environmental, economic, and social impacts.

Stakeholder expectations

We continually adapt our CSR approach to meet the evolving expectations of our stakeholders.

In accordance with the GRI Standards, this chapter lists the stakeholder groups that have a significant influence on BCV's activities.

Our stakeholder groups and how we engage with them

Vaud Cantonal Government and Cantonal Parliament

- Regular contact with the Vaud Cantonal Government as part of our information-exchange agreement
- Responsiveness by the Bank towards BCV-related questions and requests that Vaud's Cantonal Parliament submits to the Cantonal Government (e.g., motions that ask or require the government to legislate)

Employees

- Employee engagement surveys

Customers

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

Sustainable development interest groups

- Responding to questions, requests, and comments

Shareholders (apart from the Canton of Vaud)

- Annual Shareholders' Meeting
- Regular meetings with professional investors

Supervisory and federal authorities

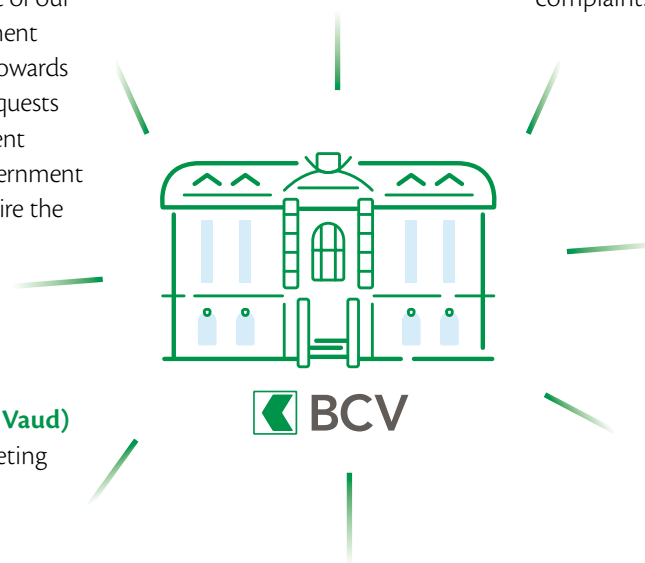
- Regular meetings with the Swiss Financial Market Supervisory Authority (FINMA) and the Swiss National Bank (SNB)

Suppliers and partners

- Formalized processes for managing relationships with main suppliers

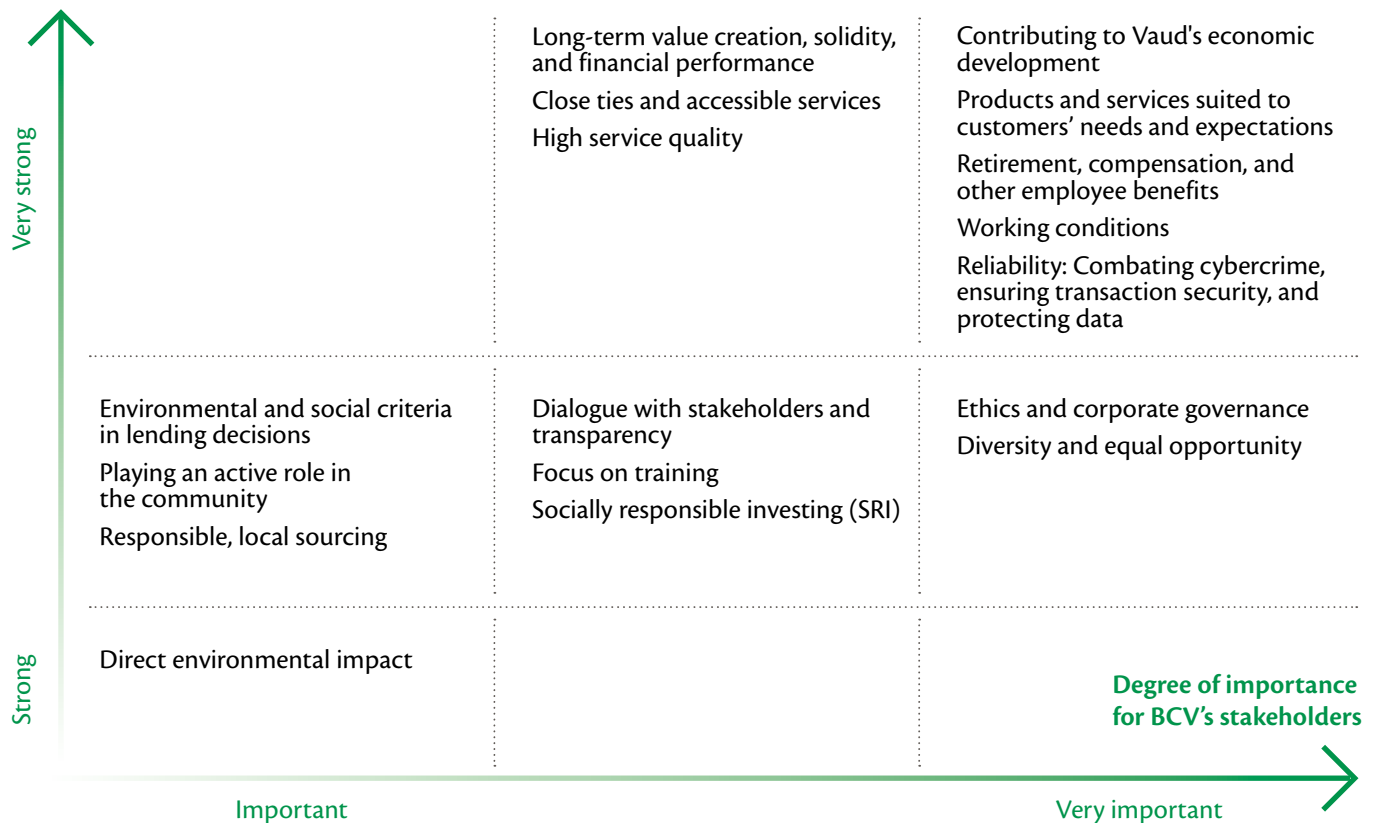
Cultural and sports associations

- Responding to questions, requests, and comments
- Numerous exchanges about sponsoring and donations



BCV's materiality matrix

Degree of BCV's impact



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 earlier, and who are therefore most aware of what our stakeholders need from us. The findings are then reviewed by the Bank's Executive Board and Compensation, Promotions, and Appointments Committee (see page 11 of this report for more information).

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

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

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

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

However, regardless of their weighting, all of these issues are important to us. We will continue to re-evaluate them annually, reprioritize where necessary, and adapt our measures accordingly. ■

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 as Vaud's cantonal bank, we must ensure that our foundation is 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. We do not engage in proprietary trading.

Our solid financial position has been recognized by the two leading credit rating agencies, Standard & Poor's and Moody's, which rate BCV AA and Aa2, respectively. On the basis of those ratings, we are considered to be one of the world's safest banks. Moreover, our strong financial position means we can take a long-term approach, running the Bank with a calm sense of purpose.

In 2019, we distributed CHF 301m to shareholders and paid out CHF 262m in taxes and dividends to the Canton of Vaud and Vaud municipalities – that works out to CHF 739 for every household in Vaud. Our risk management practices comply with the very highest standards and, at 17.3%, our total capital ratio is well above the regulatory requirement.

Standard & Poor's
rating



Standard & Poor's and Moody's rate BCV AA and AA2, respectively – and on that basis we are considered one of the world's safest banks.

One of the many ways we create value is through the strength of our share, which is one of the best performing in the Swiss banking industry. The BCV share generated an 11% total return for our shareholders in 2019. That amounts to a total return of 186% in five years, far exceeding the 7% sector-wide average. The bulk of this value flows to the Canton of Vaud, our majority shareholder, with 66.95% of our share capital.

Contributing to Vaud's economic development

We are the leading bank in Vaud. Half of the Canton's people bank with us, and we are a key provider of banking services to businesses and public-sector entities in our home region.

As part of our role to meet 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, mindful of our role to prevent the emergence of a housing bubble in this naturally cyclical market.

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



We take a responsible approach, mindful of our role to prevent the emergence of a housing bubble in this naturally cyclical market.

Backing local businesses

Half of the Canton's businesses – over 25,000 in total – turn to BCV for their banking needs, with one in three companies in Vaud banking mainly or exclusively with us. We welcomed 2,400 new corporate clients in 2019. 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 11.2bn.

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 43% 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. We also granted over 250 loans guaranteed by the regional cooperative or Vaud's Cantonal Office for Economic Affairs and Innovation in 2019, totaling CHF 23m.

175 years as Vaud's cantonal bank



© Detail from M. L. Bonnet, *Gare du chemin de fer du canton de Vaud*, wood engraving, 1856, courtesy of Lausanne History Museum.

1850

BCV helps finance Switzerland's railways

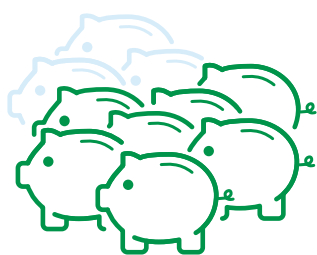
Railways arrived in the Canton of Vaud in 1852. The first line, connecting Vaud to other parts of western Switzerland, was soon followed by other mainlines and branch lines. In 1856, work was completed on a line running from Yverdon-les-Bains to Morges, with an offshoot serving Lausanne. BCV helped finance these major infrastructure projects.

“In May 1857, the Compagnie de l'Ouest des Chemins de Fer Suisses decided that the time had come to seek funding for the construction of a new rail line between Jougne and Villeneuve. [...] It was only right that BCV, as a cantonal bank, should want to play its part in financing the project and lending its support to an extension to which the Canton of Vaud attaches such great importance.”

Banque Cantonale Vaudoise, 1857 Annual Report, Lausanne, 1858, p. 2.

Serving the region's pension funds

We are the partner of choice for our region's pension funds. Seven out of ten 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 15,200 members from 1,033 companies. And we handle all administrative, accounting, and technical tasks for 16 independent occupational funds, representing 14,800 members.



7 out of 10
pension funds in Vaud
are clients of BCV

The Bank also offers two training sessions for pension board members: a full-day introductory course and a half-day refresher course. Some 65 people attended one of these sessions in 2019.

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. We have integrated environmental, social, and governance (ESG) criteria into the portfolios of our institutional clients, without this negatively impacting expected risks or returns. All our clients

were individually consulted, and every one of them approved the socially responsible investment measures we proposed for their portfolio (see page 29 for more details).

Promoting innovation in Vaud

BCV has committed CHF 5m over 10 years to the Foundation for Technological Innovation (FIT), which provides grants and interest-free loans to help startups get off the ground. We also have a representative serving as Vice Chairman of the FIT board and on the FIT selection committees.

In 2019, we teamed up with the Vaud Chamber of Commerce and Industry (CVCI) and Innovaud, the Vaud Cantonal Government's innovation agency, to carry out an in-depth review of the innovation ecosystem in the Lake Geneva region. The findings of the study, known as Vaud Innove, have been published online at vaudinnove.ch.

Another way we promote innovation is through the Silicon Valley Startup Camp (SVSC), which gives students from local higher-education institutions the chance to spend a week soaking up the spirit of innovation in Silicon Valley. The program ran for the seventh year in a row in 2019. We also support the Venture Leaders program, a joint initiative of the Swiss Federal Institutes of Technology (EPFL in Lausanne and ETH Zurich).

Helping stakeholders better understand the Canton's economy

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

- BCV's Observatoire économique most recently published *Commerce vaudois – le point sur le "e-"*, a study that takes an in-depth look at trends in e-commerce and their ramifications for the retail industry.



- Twice a year we release *BCV Immobilier*, an overview of the real-estate sector in Vaud, including the latest renovation projects and property prices for each Vaud municipality and district.



- We contribute to economic updates and indicators of business conditions prepared by the Commission Conjoncture Vaudoise (CCV), including a quarterly report on Vaud's GDP and an annual report on the GDP of French-speaking Switzerland.
- We hold various events covering key business and market trends, including Conjoncture & Perspectives, Les Rendez-vous de la Finance, Professionnels de l'Immobilier, 5 à 7 de la Finance, and Les Rendez-vous des Entrepreneurs.



- We send out newsletters to our clients and local businesses, including:
 - *BCV Finance*, our quarterly financial market newsletter
 - Weekly, monthly, and quarterly client newsletters
- We publish financial analyses from our experts, business advice, and the latest developments in the Vaud economy at pointsforts.ch – including over 150 articles last year alone. ■

Nicolas Brunner, CEO, Batiplus

“With the Bank’s backing, we can approach the future with confidence”



Batiplus marked 30 years in business in 2019. It was a moment to celebrate – but also a time to look ahead. The current CEO, Nicolas Brunner, joined the contemporary furniture store in 2007. When one of the three founders decided to leave the firm, they took the opportunity to re-evaluate their long-term vision for the company, leading to what Brunner calls a “smooth transition.”

With Brunner and Urs Lüscher at the helm, the three business partners approached BCV with a business plan and a road map for the coming years. A conversation with their advisor about the planned business succession helped put their minds at ease. “We know that with the Bank’s backing, we can approach the future with confidence,” says Brunner. “People tend not to realize that this is more than just a transaction. You’re turning a new page, so it’s an emotional moment.”

Ethics and corporate governance

Living our values

We believe that one of the keys to our long-term success is having a common culture shared by all employees and 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, as well as 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, setting 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.

Close ties

As Vaud's cantonal bank, BCV maintains a deep connection with the local community. Our employees build strong, long-term relationships with customers to fully understand their needs and deliver the right solutions. And thanks to our unrivaled branch footprint, no matter where our customers are in Vaud, a BCV advisor is never far away.

Professionalism

We are committed to providing excellent customer service and systematically following through on our promises. We stay on top of changing trends and are responsive to our customers' changing needs across all our touchpoints. And we foster continuing education among our already highly qualified staff.

Performance

At BCV, we strive to excel in everything we do and to implement best practices across the board. Our people are encouraged to innovate; they draw on their skills and experience to seek pragmatic, effective solutions. We set ambitious targets for the Bank's financial results and intend to sustain them over the long term, in line with our mission as Vaud's cantonal bank.

Responsibility

At BCV, we are mindful of our responsibilities – to our customers, employees, and shareholders, as well as to the local economy and community. We are guided by the principles of sustainability in both our strategic decision-making and our operations, and we adhere to the strictest ethical standards at all times. Within the Bank, that same sense of responsibility informs our management style, which is based on resolute leadership within a corporate culture that is open to dialogue and encourages entrepreneurship and equal opportunity.

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 67 of our 2019 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.

Members of the Board of Directors

The BCV 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.

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.

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.

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.

Due diligence and tax compliance

At BCV, we have invested considerable resources to combat money laundering and the financing of terrorism, and we only do business with clients who are tax compliant.

Money laundering and terrorist financing

To combat money laundering and the financing of terrorism, we carefully monitor our client relationships and transactions. Each client relationship is categorized in accordance with money-laundering and terrorist-financing risk factors. These categories are then used to determine the level of monitoring and the decision-making authority applied to each client relationship. We also monitor client transactions based on their size and in accordance with money-laundering and terrorist-financing risk factors, pursuant to the Swiss Federal Anti-Money Laundering Act (AMLA). The Bank's front-line businesses take initial responsibility

for identifying money-laundering and terrorist-financing risks relating to both client relationships and transactions. The Compliance Department assists the front-line businesses in assessing points of risk, determines the appropriate course of action in cases that are potentially problematic, and provides constant oversight.

We only enter into a business relationship once we have established the source of the client's funds and the purpose of the transactions that the client wishes to conduct. We apply a Know Your Customer (KYC) policy throughout the entire business relationship, especially when their personal or financial circumstances change.

Tax compliance

Our policy is designed to prevent undeclared funds from entering our bank. We require wealthy individuals and non-residents to supply a certificate of tax compliance issued by the authorities in their tax jurisdiction(s).

Clients can request a tax statement from the Bank to complete their tax returns. We updated these documents last year to help clients fill out their Swiss tax returns, and are planning further improvements to make it easier to obtain documents digitally.

We only enter into a business relationship once we have established the source of the client's funds and the purpose of the transactions that the client wishes to conduct.

Responsible selling

At BCV, we recognize that our clients rely on us to provide financial advice they can count on. This section describes some of the ways we fulfill that duty.

Investment advice

Before recommending an investment product, our wealth managers sit down with clients to determine their investor profile, taking into account their financial circumstances (income and wealth), financial literacy, investment horizon, risk appetite, and base currency. This information allows us to tailor our advice, and the products and services we offer, to the client's unique situation. We give clients access to a broad range of investment vehicles and products from BCV and third parties. 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.

Similarly, our new 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 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.

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.

In 2019, our experts and corporate banking advisors made over 500 client visits. Also last year, we held four workshops on interest-rate risk. Attendees learned what interest-rate risk is and how it can affect their business, as well as how interest-rate hedging products work and when and how to use them. A total of 300 clients attended across the four sessions. ■

175 years as Vaud's cantonal bank



© Anonymous, laboratory at the Centre anticancéreux romand (CACR), Rue du Bugnon 27, Lausanne, circa 1960, courtesy of Lausanne History Museum.

1945

BCV makes donations to mark its 100th anniversary

“At the proposal of the Executive Board, the Bank's governing bodies decided to mark this important milestone with a show of gratitude to the Canton of Vaud and the wider community for their unwavering support. Under a resolution adopted by the Board of Directors on 2 October 1945, the Bank therefore donated the sum of 100,000 francs to the Vaud Cantonal Government, to be allocated as follows:

- 50,000 francs to the Cantonal Support Fund for Poor Apprentices
- 50,000 francs to the CACR Cancer Research Center Construction Fund.”

Banque Cantonale Vaudoise, 1945 Annual Report, p. 9.

Meeting our customers' needs

Close ties with our customers

Building and sustaining close ties is at the heart of our business model. This is underpinned by our physical presence throughout Vaud. Our branch network aligns closely with the needs of the community and economy that we serve.

But we know that being close to our customers also means being increasingly accessible and in step with changing lifestyles. As well as coming into a branch for day-to-day banking and financial advice, customers can 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, 63 branch offices, and over 220 ATMs in more than 120 locations. Last year, 60 of our 63 branches met accessibility standards for people with reduced mobility, and we will be bringing the remaining three up to standard in the near future.

A multichannel bank

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 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; and
- rolling out new digital banking services and features.

Our retail network



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 620,000 calls in 2019. In addition to getting day-to-day banking advice by telephone, customers can make a videoconference appointment with an advisor to discuss their loan or investment needs. Last year, our team of three advisors specially trained in videoconferencing ran over 500 of these sessions.

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 90,000 inquiries in 2019.

Our customers are increasingly taking advantage of the 24/7 access provided by our online banking platform, which is accessible via BCV-net on a computer and BCV Mobile on a smartphone or tablet. Some 200,000 customers banked online with us in 2019 – 10% more than in 2018 – and BCV Mobile is among the top-three-rated banking apps in Switzerland. We added a number of new features to our digital-banking proposition last year. More details can be found on pages 20–21 of our 2019 Annual Report.

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 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. We also offer insurance products through our partner, Retraites Populaires.

Support for 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 in collaboration with GENILEM, an organization that helps firms hit the ground running. The sessions, which cover feasibility analysis and financing, drew 170 attendees last year.

In 2019, we provided CHF 50 million in financing to get 92 businesses off the ground in Vaud Canton, supporting 200 new jobs in the process. Also last year, around 650 businesses took advantage of our free services for companies less than two years old.



BCV helped make 63 business successions happen in 2019, thereby ensuring 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 that run them.



By financing business successions, BCV is helping keep companies, expertise, and jobs in the Canton.

Antoine Cau

“The service industry is a people business”



© DR

Few people understand the importance of service quality better than Antoine Cau.

He has held senior executive roles at various multinationals – including Hertz, Forte, and Compass – and with experience comes strength of conviction. “Service quality is paramount in all areas of banking,” says Cau, who believes that for banks looking to stand out, raising service standards should be a daily endeavor.

“Banks should use a set of clear KPIs* to measure service quality and then benchmark their performance against that of their competitors,” explains Cau, adding that those in senior positions should set the example for the rest of the organization. “When customers see the spark in their advisor’s eyes, they’ll quickly realize that there’s something different – something special – about this particular bank. Technology may have advanced by leaps and bounds, but the service industry is still a people business.”

*Key performance indicators

Our special focus on service quality

Market research has shown that service quality is one of the first things that customers look for when choosing a bank.

Putting customers first

Continually improving customer satisfaction is a strategic priority at BCV, 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. In 2019, BCV was named the most recommended bank in the Canton for the second year running by LINK Institut, an independent market research firm.



Source: LINK Institut, 2019, recommendation to a friend
Survey of 1,646 Vaud residents, representative of the population

Steps we’ve taken

The Bank has set up a cross-functional team dedicated to service quality. We have also taken various steps as part of our **sm:je** program, which we launched in 2015. All BCV employees have completed training at the École hôtelière de Lausanne (EHL), the world’s top-rated hospitality management

school, and we have implemented over 200 specific measures to improve customer service, delivery, and operations across our business lines.

Our far-reaching service quality management system, which includes customer surveys, operational performance measures, and observations, has produced tangible results. For instance, we have improved the way we handle complaints and made our documents clearer and easier for customers to understand.

We have also introduced a new “gold standard” to improve and standardize the way we welcome visitors to our branches, especially during busy periods. As part of this initiative, customers are immediately greeted by an advisor and then pointed in the right direction for the purpose of their visit. As a result, complaints related to the way we welcome our customers and to the overall warmth of their customer experience have fallen by 60%.

We have reduced the time it takes to complete our new-customer verification processes – to 48 hours in 98% of cases – and customers now receive a text message notifying them when their accounts are activated.

We handle complaints quickly – within the stated time frame in 95% of cases – and we learn from what our customers tell us. One example is our new alert service. Customers can now receive a notification once they have reached an account or card limit. That way, there are no unpleasant surprises when they receive their monthly statement.

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 2019, our average NPS across our main business lines was +27. Our ambition is to achieve a one-point increase each year between now and 2022, while retaining our position as the most recommended bank in Vaud.

Security practices and customer privacy

Tackling cybercrime

The growth of digital banking services means that cybercrime is an increasingly pressing concern, especially 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. And because the methods used by cybercriminals are changing constantly, we regularly upgrade our practices and test our capacity to withstand cyberattacks. We work closely with specialized partner firms and Swiss government agencies in charge of combating cybercrime, such as the Reporting and Analysis Centre for Information Assurance (MELANI). The Bank’s business continuity plans are also tested at regular intervals.



100%
of BCV employees
and
156
customers trained

BCV carried out a cybersecurity awareness campaign to help customers and employees prevent cyberattacks.

Keeping data secure

We take every precaution to prevent the disclosure of non-public information relating to BCV, our customers, and our employees. Both customers and employees must be guaranteed full confidentiality in accordance with the law and established practices.

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

data protection requirements. And whenever we share data with authorized third parties, we adhere to the law and BCV's General Conditions.

Appropriate organizational and technical measures are in place to prevent documents and records from being viewed, used, modified, or destroyed by unauthorized persons.

In 2019, no legal action was taken against BCV for breach of confidentiality or customer data loss. ■

Priority cybersecurity threats for BCV

We have identified a number of cyber and other security threats, grouped into five categories:

- Identity theft, whereby a fraudster steals a customer's identity or poses as their bank
- Malware attacks, in which malicious software infects a bank's or customer's systems
- Denial-of-service attacks, which typically target banks' systems
- Penetration attacks, which exploit a weakness in system configuration
- Customer data breaches, including breaches by someone inside the bank concerned

Of these, identity theft is the fastest-growing threat to our customers and our business. We believe that one of the best

ways to stem the tide of cases is by educating users. That's why we run a free seminar where customers can learn about the threats they face and how to keep themselves safe. In total, 156 people attended the two sessions we held last year.

We also recognize that our systems may become vulnerable to cyberattacks if our employees are not careful. We have responded to this threat with a comprehensive employee awareness campaign. Measures include:

- cybersecurity-themed desktop wallpaper on employees' computers designed to build awareness of cybercrime;
- social engineering tests, where we check how alert employees are to phishing attacks; and
- additional training for staff who fall victim to these simulated attacks.

Responsible lending and investing

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, businesses, and public-sector entities (e.g., nursing homes, schools, and municipalities) 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.

Our lending activities are guided by a set of key principles. In processing credit operations, BCV separates its customer-facing divisions, which are responsible for advising, selling, selecting, and pre-analyzing, from its 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 and loan-renewal procedures are based on a detailed analysis of credit risk, including strict affordability checks to ensure our customers can keep up with loan payments in the medium to long term.

BCV itself does not provide consumer loans or other unsecured loans directly to private individuals, and credit card limits are set according to the applicant's financial circumstances.

We decline to lend to firms that manufacture or deal in controversial weapons and munitions, or to borrowers from the pornography industry. And as a matter of policy, we do not finance organizations associated with human rights violations or whose practices could harm our image or reputation.

We are mindful of the social and environmental risks and impacts of the projects we finance. For this reason, our lending policy excludes the financing of projects relating to coal mines or nuclear and coal-fired power plants.

We do not finance transactions involving crude oil, residual fuel oil, and shale gas. More broadly, we seek to do business with clients who demonstrate financial transparency and good environmental, social, and governance (ESG) practices.

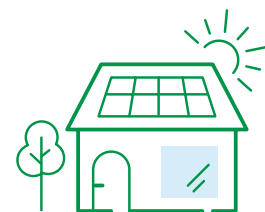
Reducing our exposure to coal at a faster pace than the Paris Agreement compatible scenario

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 systematically monitor all of our trade finance transactions.

We follow, and regularly review, a set of guidelines for our trade finance business that align with the key principles of our lending activities. In 2019, we assessed our coal-related activities and decided to reduce our coal exposure in line with international climate agreements and various scenarios for the energy sector.

Mortgage loans

Mortgage loans accounted for 82% of BCV's total lending last year. In 2008, we introduced a Green Bonus for energy-efficient properties and environmentally oriented renovations. Customers who wish to purchase a Minergie® certified home or renovate their property to this exacting energy-efficient building standard are rewarded with a 0.25 percentage-point reduction on the interest rate of their loan. In 2020, we plan to review the eligibility criteria and extend our line of green loans to promote energy efficiency and renewable-energy projects.



0.25 percentage-point reduction on mortgage interest rates for Minergie® certified purchases and renovations

Under the Sustainable Development Scenario,⁵ global coal use needs to be reduced by 4.2% each year in order to meet the emissions target set out in the Paris Agreement. We have set a slightly more ambitious phase-out rate, as this year we will begin decreasing our coal exposure by 4.5% per year.

As part of this process, we have changed how we finance transactions involving thermal coal, which is used in energy production. We are now focused on countries in the developing world that are at a disadvantage in the energy transition. That's because in 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.

This year, we are looking into the environmental and social implications of financing transactions involving other commodities and will then adjust our business policy accordingly.

Socially responsible investing

Our vision

When it comes to managing our clients' investments, we take a responsible and sustainable approach that factors in environmental, social, and governance criteria.

We believe that by taking account of the non-financial risks a company is exposed to, as well as how the company manages

them, we can make our portfolios more resilient to ESG risks over the long term. This approach also incentivizes companies to improve their ESG practices, thereby creating a virtuous circle.

We take a comprehensive approach to socially responsible investing (SRI) – one that considers all aspects of sustainable development. To achieve this, we use a combination of measures, including screening out companies that are involved in serious controversies or are heavily dependent on coal, and weighting our portfolios to prioritize companies that implement ESG best practices.

And for our clients who wish to be more actively involved in promoting sustain-

able development, we plan to develop a range of thematic investment solutions geared towards the Sustainable Development Goals.

We want to make sure that our clients have access to the best solutions out there, which is why we offer a broad selection of both in-house and third-party products based on our open-architecture investment concept.

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

Examples of environmental, social, and governance (ESG) criteria

Environmental

- Climate change
- Biodiversity
- Natural resources
- Pollution & waste
- 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 & executive compensation
- Dividend policy
- Compliance
- Tax transparency
- Financial sustainability & long-term focus
- Business ethics (bribery & corruption and business practices)

⁵ Source: Sustainable Development Scenario (SDS) of the International Energy Agency, updated in 2019.

Responsible investing for our institutional clients

In 2019, we introduced a number of core measures for our institutional asset management agreements, our equity and bond funds, and our BCV Pension 25 and Pension 40 funds.

We adopted a negative screening policy based on the list of companies drawn up by the Swiss Association for Responsible Investments (SVVK-ASIR). This means that we exclude controversial business activities from all our client portfolio positions in Swiss equities, bonds, and real estate, as well as companies involved in unconventional weapons – including those that do not comply with the Treaty on the Non-Proliferation of Nuclear Weapons – or cluster munitions.

In addition, we systematically exclude from our portfolios all stocks of companies involved in serious controversies, such as corruption and child labor, based on the criteria and research provided by MSCI ESG Research.

We have also begun reweighting the global equities in our portfolios to prioritize companies that implement ESG best practices, overweighting companies with the highest ESG scores and underweighting those with the lowest. To do this, we draw on the analyses and ratings produced by MSCI Research, as well as ESG indices.

And to reduce the carbon footprint of our equity funds, we systematically screen out all companies that generate more than 30% of their income from thermal coal.

René Lauckner, Head of Group Treasury, Romande Energie

“We appreciate having been consulted about BCV’s new ESG investment approach”



“We identified seven issues that are central to our CSR policy, including energy efficiency, economic sustainability, and good corporate governance. We also know that what applies to our business applies to our pension fund as well,” says René Lauckner, Head of Group Treasury at Romande Energie, based in Morges. “We need to look after our employees’ retirement savings and strike the right balance between risk, return, and our social and environmental responsibilities.”

Lauckner appreciated that BCV informed him about “the Bank’s new socially responsible investment policy and how that would affect our investment portfolios.” Lauckner was particularly positive about BCV’s decision to weight institutional portfolios based on companies’ ESG practices and to implement AGM voting guidelines for Swiss companies.

With regard to active ownership, this year 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 foundation that promotes socially responsible investing.

Finally, as part of our efforts to further integrate ESG criteria into our investment processes, in 2019 we set up a partnership with the University of Lausanne to conduct research on sustainable investments.

Key figures and measures at 31 December 2019

Negative screening and coal exclusion

- All of our Swiss equity, bond, and real-estate funds (CHF 5.844 billion in AuM) screen out the companies listed by SVVK-ASIR.
- All of our non-Swiss equity funds (CHF 1.545 billion in AuM) exclude the companies listed by MSCI as being involved in serious controversies and companies that generate more than 30% of their income from thermal coal.

Active ownership

- We adopted guidelines on how to vote at the AGMs of Swiss companies whose stocks are held by our investment funds (CHF 714 million in AuM).

ESG integration

- All of our non-Swiss equity funds (CHF 1.545 billion in AuM) are weighted to prioritize companies that integrate ESG criteria into their investment processes.



100%

of our non-Swiss equity funds integrate ESG criteria

When investing in global equities, these funds exclude companies involved in serious controversies and companies that generate more than 30% of their income from thermal coal. We weight our portfolios to prioritize companies that integrate ESG criteria into their operations.

Responsible investing for our personal banking customers

In 2019, we began the process of integrating ESG criteria into all of our discretionary management agreements and advisory services.

Since we have an open-architecture approach at BCV, the management agreements and asset allocation funds available to our personal banking customers include both BCV's own and third-party investment products. Given how important product selection is in implementing ESG criteria in investment portfolios, our team in charge of analyzing and selecting products has received specific training on socially responsible investing.

To facilitate that product-selection process, we've developed standardized ESG questionnaires for fund promoters so that we can classify their products based on the degree to which they factor in ESG considerations.

We will be finishing up this ESG integration process in 2020.⁶ And for clients looking to make an even greater impact, we are developing specific, thematic solutions geared towards sustainable development, and particularly the issue of climate change.

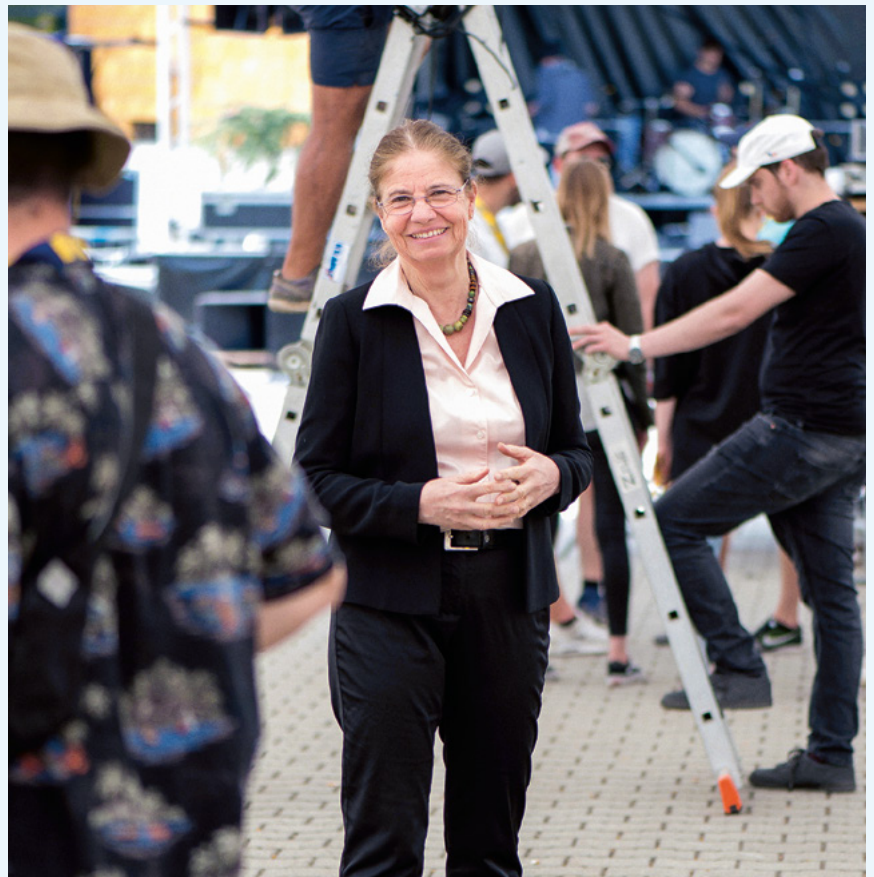
The key figures on the previous page show what we've already done to incorporate ESG criteria into our own BCV investment funds, in which our institutional client portfolios as well as Pension 25 and Pension 40 funds are largely invested.

However, as the asset allocation funds and discretionary management agreements we provide for our personal banking clients also invest in a number of third-party funds, only 19% of investments relating to those products took account of ESG criteria at end-2019. Our aim is to increase that figure to 66% in 2020. ■

⁶ For technical and financial reasons, the process will take longer for individual discretionary agreements already in place.

Nouria Hernandez, Rector, University of Lausanne (UNIL)

UNIL and BCV team up on ESG research



Félix Imhof © UNIL

In October 2019, BCV and the University of Lausanne (UNIL) announced a new jointly funded research position. The researcher, based at the university's Center for Risk Management at Lausanne, will explore ways to integrate ESG criteria into portfolio-management processes, especially for real-estate investments. The partnership follows an initial study that looked at the incorporation of ESG factors into equity investment strategies. "Sustainability has been part of our culture here at the University for many years," says Nouria Hernandez, Rector of UNIL. "It influences everything from how we develop our campus to what we research and teach. To take just one example, the Swiss Federal Office of Energy has awarded UNIL the 2000-Watt Site label. We're the only specialized higher-education institution in the country – and the biggest campus in French-speaking Switzerland – to have obtained that label." For Hernandez, working with the Bank has been a worthwhile experience. "The practical insights we've gained are interesting from a research standpoint. BCV also helped us develop a Responsible Investment Charter, which will inform our own investment strategies."

Being a benchmark employer

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 people 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 fostering 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 18 of this report, are also integral to our ethical principles and our Code of Professional Conduct.

The tables in this chapter include references to the corresponding GRI disclosures (102-8, 404-1, etc.). Full details can be found in the GRI index on pages 48–51 of this report.

102-8 Information on employees and other workers (excluding trainees), 2019

	Women	Men	Total
Number of employees	748	1,069	1,817
- of which workers on fixed-term contracts	8	5	13
Percentage of employees with part-time status	53%	11%	28%

Focus on training

BCV is one of the Canton's main providers of professional training. In 2019, our employees received 3.5 days of training on average. We have our own training center, which focuses on skills development for all of the Bank's employees. 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 a 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). Some 189 client advisors had received their certification by end-2019.

Last year, our training center delivered 7,900 days' worth of training, including 2,000 days of distance learning. We provided job training for 98 trainees, including 37 apprentices, 32 high school graduates, 18 university interns, and 11 participants in our "Rejoignez-nous" training program (see page 35 for more details).

404-1 Average days of training (including distance learning) per employee, 2019

	Women	Men
Managers	3.9	4.5
Other employees	3.4	3

Note: Average days of training per employee = Total number of training days provided to employees (excluding trainees), divided by total number of employees (average over the year, excluding trainees)

404-2 Programs for upgrading employee skills (programs completed), 2019

	Women	Men	Total
Internal job training	57	66	123
Micro MBA program	6	14	20
SAQ certifications	14	39	53
Post-secondary degrees from outside institutions	4	10	14

404-2 Sabbatical leave, 2019

	Women	Men	Total
	3	5	8

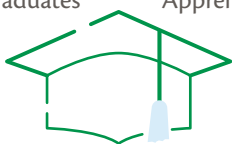
The seventh edition of BCV's Micro MBA program – developed in conjunction with the director of the Entrepreneurial Leadership specialization within the University of Geneva's Executive MBA program – kicked off in March last year. As in previous years, members of the 2019–2020 cohort developed interdisciplinary and project-management skills. 14 BCV employees also received post-secondary degrees from outside institutions in 2019 with the Bank's support.

Also last year, over a third of all the young people in Vaud who chose to get training in a bank (i.e., banking apprentices and high school graduates) did their training with us.



Average days of training per employee

32 High school graduates 37 Apprentices



18 University interns

Jayson Ren, first-year apprentice

“I’m constantly on the go, but I wouldn’t have it any other way”



BCV has been named an elite-sport-friendly training provider by Swiss Olympic, Switzerland's National Olympic Committee, for the 2019–2020 season. An example of this is the Bank's support for 16-year-old Jayson Ren, a first-year apprentice at our Prilly branch office and a member of Lausanne Hockey Club's U-17 Elites squad.

“Going to college never really appealed to me,” says Ren. “But I’ve always had my heart set on a career in banking.” After completing his compulsory schooling, he began searching for an apprenticeship position at a bank. He secured a flexible contract at BCV with the help of Lausanne’s Centre Sports-Études, a foundation that works with and provides housing to promising young athletes.

Ren’s special working-time arrangements mean he can fit hockey practice and matches around his duties at the Bank – although he’s still expected to meet the same high standards as any other trainee. “It’s the best of both worlds. I get to train on the job while still playing hockey at a high level.”

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 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. Employees also complete a self-assessment, which they discuss with their line manager at the review meeting. Any points of disagreement can be escalated for a second opinion.

Diversity and equal opportunity

In line with our Code of Professional Conduct, we aim to foster a working environment in which differences are respected and qualifications, skills, and achievements are valued.

We're dedicated to fostering workplace equality, promoting diversity, and offering the same opportunities to all staff.

In terms of gender equality, the parent company had 805 female employees (42% of the workforce) at the end of 2019. Women accounted for 28% of employees with signing authority (277 positions) and 10% of all senior managers (32 positions). Women also play a prominent role in running our retail network, managing 38% of our branches (16 positions) last year – an encouraging figure achieved in no small part thanks to several in-house initiatives to build a more diverse workforce.

401-1 New employee hires (excluding trainees and temporary employees) by gender and age group, 2019

	Women	Men	Total
Under 30 years old	29	47	76
30–50 years old	29	42	71
Over 50 years old	5	12	17
Total	63	101	164

401-1 Employee turnover (excluding trainees, temporary employees, and employees leaving for retirement) by gender and age group, 2019

	Women	Men	Total
Under 30 years old	11.4%	12.9%	12.2%
30–50 years old	10.3%	7.1%	8.5%
Over 50 years old	1.8%	1.3%	1.5%
Total	7.9%	5.7%	6.6%

175 years as Vaud's cantonal bank



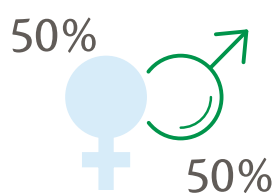
1970

The BCV training center opens

In 1970, the Bank opened a training center at Rue du Maupas 2 in Lausanne. The center was created with three aims in mind: to train the Bank's employees, to promote new career paths, and to deliver continuing education programs.

The BCV training center has since been moved from its original location in Lausanne (see photo) to the Bank's Administrative Center in Prilly.

One example is “Rejoignez-nous,” a one-year training program intended first and foremost for women who are looking to return to work after a career break, or who want to change direction and pursue a career in banking.



Personal banking advisors

We hire people from a variety of educational programs. Our workforce comprises 45% apprentices and high school graduates, 35% university graduates, and 20% staff with a vocational background. We also maintain a balanced age structure, with under-35s and over-50s each accounting for around 30% of our employees.

405-1 Diversity of governance bodies and employees, percentage of women per governance body and employee category, 2019

Board of Directors	29%*
Executive Board	0%
Managers	29%
Other employees	56%

*43% from 30 April 2020

Florence Falleur, Branch Manager, Aubonne

“I enjoy what I do every day”



Florence Falleur joined BCV’s “Rejoignez-nous” program in 2011. After a career in insurance, Falleur took a break to raise her four children. She was in no rush to return to work, preferring instead to wait for the right opportunity to come along. When she heard about the BCV initiative, she decided to take the plunge and apply. Following an intensive introduction to banking, she spent several months learning the ropes in one of BCV’s branch offices. And with exams to take along the way, the program wasn’t always easy. “Failing an exam is a tough blow to take,” says Falleur. “I was lucky to have such a supportive team around me. They helped me dust myself off and bounce back.”

Falleur graduated from the program in early 2013. At the time, she was working as a personal banking advisor at BCV’s Morges branch. Then, in 2016, she was offered the branch manager position at Aubonne. “I’m certain I’ve found my calling,” she says. “I’m extremely thankful for this opportunity. BCV trained me up, and in return I’ve brought my hard and soft skills, experience, and strong work ethic to the table. So in that sense, it’s been a win-win for everyone.”

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 2019, 28% of all BCV staff and 23% of employees with signing authority worked part-time.

We also help our employees fit work around their busy lives in other ways. For instance, staff have the option to take their long-service bonus as additional 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.

401-3 Parental leave, 2019

Female employees who took parental leave in 2019	39
Female employees who returned to work after parental leave ended in 2019	100%
Female employees who returned to work after parental leave ended in 2018 and were still employed 12 months after their return to work	89%
Male employees who took parental leave (5 days) in 2019	47

Supporting working parents

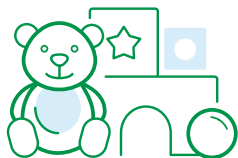
The Bank's flexible parental leave policy lets employees with young children choose the arrangement that's right for their circumstances. Women with fewer than five years of service can take 16 weeks of maternity leave on full pay, or they can take 14 weeks on full pay and then return to work part-time (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 new mothers must take at least 14 weeks of leave after giving birth.

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 offer daycare services for up to 35 children, and parents are entitled to five days of leave (per child, per year) to care for a sick child under the age of 16 living in the same household.

Working conditions

Every BCV employee receives a benefits package that equals, and in many cases exceeds, the requirements of the Agreement on Conditions of Employment for Bank Employees (CPB), which is the minimum standard for working conditions in the Swiss banking industry. For instance, we offer a daycare center, adoption leave, part-time working, sabbatical leave, unpaid leave, and support for sports and fitness activities.

The Bank has also signed the Agreement on the Recording of Working Time (CSTT), an industry-wide agreement on how working hours should be recorded, in accordance with the measures set out in the Swiss Ordinance to the Employment Act.



35 children
looked after at the
daycare center

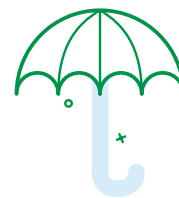
Pension fund

BCV Group provides its employees with comprehensive pension cover 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 2019, pension fund members comprised 2,051 employees, 1,848 of whom were working at the parent company, and 1,309 pension recipients, including 1,025 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 118%, 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 21.7% of gross salary, shared one-third to two-thirds between the employee and the Bank. As a result, members build up pension benefits 3.7 times larger than the minimum requirement under the Swiss Occupational Pensions Act.



118%

BCV pension fund
coverage ratio

**Our fully funded pension fund
gives employees the flexibility
to choose when to retire.**

High employee buy-in

BCV regularly commissions Qualintra, a third-party polling service, to conduct 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 evaluate employee buy-in and commitment. 84% of employees took part in the most recent survey in 2018. The findings showed that employee buy-in remains high. Once again, the results were considered very good in comparison with those at other companies in almost all areas studied, but especially in terms of support for the Bank's strategy and confidence in senior management.

Compensation

BCV's compensation system is designed to promote individual and team performance, skills development, and professionalism.

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

More details of our compensation system can be found on pages 92–97 of our 2019 Annual Report.

102-39 Percentage change in annual total compensation ratio, 2018–2019

Percentage change in the highest-paid individual's compensation	-0.55%
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Percentage change in the median annual total compensation	+1.3%
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Note:

- Annual total compensation includes base salary, annual performance-based compensation, and long-term performance-based compensation.

- Median annual total compensation is calculated on a full-time basis.

Health and safety in the workplace

At BCV, we promote workplace health and safety with a focus on prevention. In addition to providing flu shots, we finance an in-house sports association. Employees can choose between 19 different sports as a way to keep fit and build friendships with colleagues outside of work.

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 for employees who wish to exercise during their breaks.

175 years as Vaud's cantonal bank



1886

BCV sets up a staff pension fund

“In another notable development, the Board has approved the articles of incorporation for a pension fund for the employees at our head office. Contributions to the fund will come from two sources: half from compensation paid to employees in accordance with the Bank's articles of incorporation, and half from a yearly contribution by the Bank itself. This new fund will provide financial security for employees who are no longer able to work due to age or ill-health, and sets standard rules for the treatment of such cases.”

Banque Cantonale Vaudoise, 1886 Annual Report, p. 3.

Ernest Ruchonnet, Director, 1881–1892

© Banque Cantonale Vaudoise 1845–1945, p. 159.

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.

We advise our staff, especially the 15-or-so members of our workforce who experience pain and other health conditions each year, on ways they can make their workstations more ergonomic. We likewise offer an external, independent, professional counseling service for employees who need help and support with financial worries, addiction, marital problems, bereavement, or other personal issues, and we've set up a harassment and bullying task force. ■

Volunteer firefighters

The Bank has its own team of volunteer firefighters and first responders specially trained to attend emergencies. We also run annual evacuation drills at our three main sites.

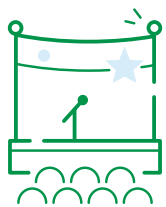
403-9 Work-related injuries and sick leave, 2019

No. of work-related injuries requiring time off work	5
No. of work-related injuries not requiring time off work	14
Days of sick leave per person (Bank-wide average)	6.3

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. Cultural, social, environmental, and sports activities are a key component of our sponsorship policy, and we actively encourage employees to get involved in community projects.



650
associations
and events
sponsored

Sponsoring community spaces and events

Each year, we allocate around 2% of the Bank's net profit to sponsoring, donations, and other community support. We back over 650 activities

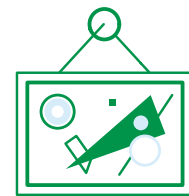
and organizations, as well as local events in areas including business and the economy but also sports, the arts, community-building, and the environment.

As in the past, BCV was an official sponsor of the Fête des Vignerons in 2019 – a once-in-a-generation celebration of Vaud wines and winegrowers. Also last year, we supported various other important organizations and events in the Canton, including the Musée cantonal des Beaux-Arts (MCBA), 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 International Hot Air Balloon Festival in Château-d'Œx.

The BCV art collection is made up of over 2,200 works by up-and-coming artists with ties to Vaud. We acquire around a dozen new pieces every year, and some 700 works from the collection are currently on long-term loan to more than 50 foundations and nursing homes across the Canton.

Since its creation in 1995, the BCV Foundation has awarded CHF 9.8 million to outreach and charitable organizations, cultural projects, and academic research programs, including CHF 365,000 last year alone.

As the custodian of some of Vaud Canton's most iconic and recognizable buildings – including listed properties like the Château de Montagny in Lutry – we're mindful of our responsibility to preserve this heritage for future generations. In 2001–2002, for instance, we restored our branch office at Place Chauderon in Lausanne. And in 2013, we refurbished the lobby at our head office at Place Saint-François.



The BCV art collection
is made up of over **2,200**
works by local artists

175 years as Vaud's
cantonal bank

FONDATION BCV

créée à Lausanne en 1995

1995

The BCV Foundation is created

“The BCV Foundation, established to commemorate the Bank's 150th anniversary with an initial CHF 10 million in funds, has awarded its first donations to community, cultural, and research projects.”

Banque Cantonale Vaudoise, 1995 Annual Report, p. 21.

Over the past 24 years, the Foundation has sponsored dozens of projects in science and the arts, as well as community-building and charitable organizations – and always with the same focus: championing initiatives that bring out the best in our community.

Supporting good causes

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. And through our BCV Solidarity initiative, set up in 2012, we make an annual donation of CHF 150,000 to a humanitarian project chosen by employees selected from a pool of volunteers. In 2019, that group decided to finance a project to rebuild a school for 120 children in Nepal that had been damaged by an earthquake.

Our charitable giving extends beyond these two programs. Last year, for instance, we supported Don du Sang (a blood-donation program run by the Swiss Red Cross), the sale of oranges 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 Étoile Filante each time someone opens a Custodial Savings account. In 2019, these donations totaled CHF 15,000.

FinanceMission

FinanceMission is a Swiss-wide initiative supported by educators and backed by BCV and other cantonal banks. The educational app is designed to promote financial literacy and teach adolescents how to manage their money and keep track of their spending.

Ludivine Dufour

“The race is more about fun and community spirit than winners and losers”



Ludivine Dufour is no stranger to the Lausanne 20k, having taken first place in the 10 km course no fewer than 10 times. “Those days are behind me now,” but Dufour is still proud of her achievements. “My first victory was in the 4 km race. I was just 15 at the time. It’s perhaps my fondest memory.”

Dufour, who is from the Vallée de Joux, has run numerous races, but the BCV-sponsored event organized by the City of Lausanne still holds a special place in her heart. “This race pits elite athletes against amateur runners, so it’s a good test of ability,” she says. “And anyone can participate. It’s a popular event for families because the entry fee is affordable, and you can choose whether you want to run a short or long distance. Plus, you can’t beat the feeling of running through Lausanne with the roads closed to traffic.”

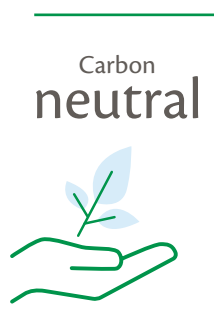
Sports have always been a big part of Dufour’s life. She works as a trainer at the University of Lausanne’s Sports and Health Center (CSS), which was built with financial backing from BCV. “It’s an amazing facility with state-of-the-art equipment, a prime location, and strong ties to the University’s research.”

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. Last year, we teamed up with myclimate, a Swiss climate protection organization, to help us offset our greenhouse gas (GHG) emissions by supporting projects that take a holistic, long-term view of sustainability (see page 11 for more details).



Our 2019 carbon footprint assessment showed that we emitted an estimated 6,442 metric tons of CO₂ equivalent (tCO₂e). That's equal to the average annual emissions of 1,110 people in Switzerland – or the population of Ballaigues, a municipality in the Canton of Vaud.



Assessing our carbon footprint in line with ISO 14064-1

Every year since 2008, we have measured our greenhouse gas (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:

- Buildings (electricity, heating, refrigerants, and water)
- Transportation (employee commuting and business travel)
- Consumables (paper, printed materials, and computer hardware)

We have also commissioned a second expert opinion on our GHG inventory from true&fair.expert, an independent sustainability auditing firm that works to the internationally recognized and CDP-approved AA1000 AccountAbility Assurance Standard.

CO₂ emissions by source

Emissions (tCO ₂ e)	2017	2018	2019	Change (vs. 2018)
Employee commuting	2,727	2,699	2,718	+1%
Heating	2,304	2,272	2,218	-2%
Electricity	420	415	409	-1%
Business travel	490	485	386	-20%
Paper and printed materials	368	358	349	-3%
Computer hardware	338	348	322	-7%
Waste	38	39	40	+3%
Refrigerants	0	0	0	-
Total	6,686	6,618	6,442	-3%
Employees (FTE)	1,771	1,753	1,776	+1%
Emissions/employee (FTE)	3.8	3.8	3.6	-4%

Our GHG emissions were 244 tCO₂e lower in 2019 than in 2017 – equivalent to a 4% reduction per employee on a full-time equivalent (FTE) basis. There were two main reasons for this:

- We reduced the amount we're flying for business travel.
- We implemented energy-saving measures when renovating several of our buildings, helping cut the amount of energy we need to heat our premises.



reduction in CO₂ emissions per employee (FTE)

Breakdown of emissions by source

Transportation (employee commuting and business travel) accounts for around 48% of our GHG emissions. Two other sources – buildings (heating, electricity, and water) and consumables (paper, printed materials, computer hardware, and waste) – make up 41% and 11% of the total, respectively.

The results of our GHG inventory as measured by Swiss Climate are given on the next page, along with details of the steps we took to reduce our footprint in 2019.

Dr. Jean-François Rubin, Director of La Maison de la Rivière

“I’m interested in local, real-world solutions”

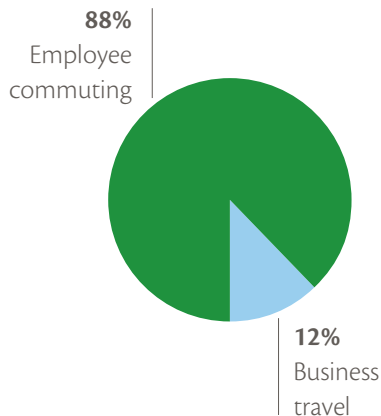


La Maison de la Rivière is an environmental education and research center in Tolochenaz, Vaud Canton. Operated as a non-profit organization, the center hosts interactive exhibits and educational activities to teach visitors about Vaud’s natural and cultural heritage. It also runs river conservation and rewilding research programs.

In 2019, the BCV Foundation donated CHF 120,000 to the center to help it produce new educational materials and cover part of the cost of Clim-Expo, a touring climate-change exhibition developed in partnership with the University of Lausanne (UNIL) and the Geneva School of Engineering, Architecture, and Landscape (HEPIA).

Part of BCV’s donation will also cover the cost of the next Rencontres de l’Eau, an annual forum held jointly with UNIL that brings together organizations and individuals interested in water-related issues. “It’s an event that means a lot to me,” says Dr. Rubin, a biologist and professor at UNIL and HEPIA. “BCV’s generous donation means we’ll be able to run it again in 2020.”

Transportation (approx. 48% of total emissions)



The majority (88%) of our transportation-related emissions comes from employee commuting. Some 48% of trips to and from work at BCV are made on foot or by bike, which is roughly in line with the nationwide average of 47%.

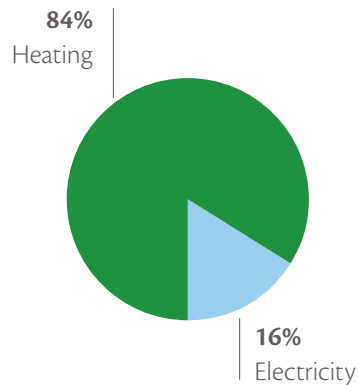
Business travel – journeys specifically taken for work purposes, such as meeting customers or traveling between two places of work – accounts for the remaining 12% of emissions in this category.

Steps we took last year

In 2019, we worked to reduce our transportation-related emissions by:

- giving all employees CHF 30/month toward public transportation costs (an initiative we introduced in 2006);
- installing a secure bike park at our head office at Place Saint-François in Lausanne; and
- installing four electric vehicle charging points at our Administrative Center in Prilly.

Buildings (approx. 41% of total emissions)



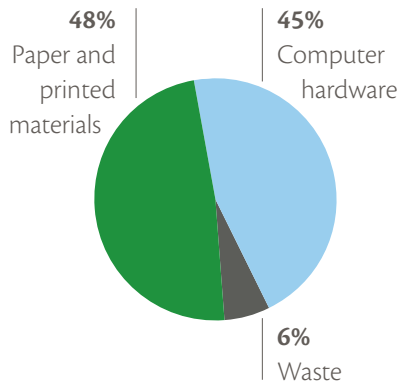
We have made energy-saving upgrades to a number of our sites in recent years, such as installing new windows at our branch office at Place Chauderon and our head office at Place Saint-François, and fitting energy-efficient cladding to our Nyon branch office. These measures are part of a wider drive to cut energy use across the Bank's branches, including moving our Avenches and Bussigny branches to modern, energy-efficient buildings.

Lighting, computer hardware, and other electrical devices account for the bulk of our electricity consumption. Our two biggest sites – our head office at Place Saint-François and our Administrative Center in Prilly – are powered exclusively by renewable energy from Swiss hydroelectric plants. And thanks to measures we've taken, we have reduced electricity consumption across our business by 14% in five years – 10,941 MWh in 2019, down from 12,684 MWh in 2014.

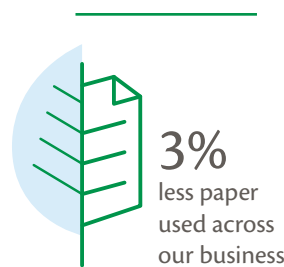
Under the terms of the agreement we signed with the Canton of Vaud within a larger framework agreement for major energy consumers, we are investing CHF 2.6 million over 10 years to meet energy reduction targets for our two flagship sites: by 2028, we are aiming to cut power consumption by 9% at our head office and by 20% at our Administrative Center.

In 2019, our total water consumption stood at 30,000 cubic meters, with washroom facilities accounting for 80% of that amount. For comparison, that's about the same amount of water as 200 Swiss households. System and equipment upgrades helped us cut water use by 43% between 2009 and 2018, and we are exploring other ways to reduce our consumption even further.

Consumables (approx. 11% of total emissions)



to online banking and as we shift to electronic versions of documents for use inside the Bank. What's more, all the paper we do use is Ecolabel or Forest Stewardship Council (FSC) certified.



Paper and printed materials account for almost half (48%) of our emissions in this category. Last year, we achieved a 3% reduction in paper-related GHG emissions by decreasing the amount of paper we use, as more customers switch

The periodic replacement of IT equipment (computers and monitors) accounts for about 45% of the Bank's emissions in this category – mostly from the manufacture and end-of-life disposal phases.

BCV earns a B grade in the CDP survey

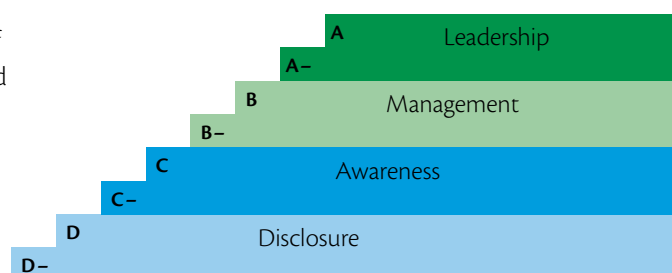
Since 2011, the Bank has taken part in the CDP (formerly Carbon Disclosure Project) survey, an international initiative to encourage companies to disclose and reduce their carbon footprint. At BCV, we share the findings of our annual GHG inventory with the CDP for assessment.

Last year, we earned a B grade for our performance in 2018 – a significant improvement on our 2016 score, when we received a D.

Companies that take part in the survey are awarded one of eight grades ranging from A to D-. These grades are banded

into four categories that reflect the maturity of companies' climate-related disclosure practices:

- Leadership
- Management
- Awareness
- Disclosure



Waste accounts for just 6% of the Bank's GHG emissions in this category, in part because we sort and recycle around two-thirds of the waste we produce.



In 2019, we worked with our catering suppliers to identify ways to further reduce waste from takeout food and beverages. Together, we agreed to introduce the reCIRCLE system of washable, sealable, microwavable, and recyclable containers. We have brought in a deposit system for takeout beverage cups, and both the cups and plates come with biodegradable lids.

Responsible, local sourcing

At BCV, we source locally as a matter of policy. We choose whenever possible to work with companies in our Canton, sourcing from our own customers wherever we can – that's both good for Vaud businesses and limits our impact on the environment. We have also incorporated CSR criteria into our supplier selection procedures and tender specifications. For instance, we look at criteria such as ISO-certification, a documented sustainability policy, and compliance with collective bargaining agreements. We review our criteria regularly to make sure we are following best practices, particularly the guidance published by the Canton of Vaud.

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, and Swiss companies account for 91% of our procurement spend. ■



We work
with over **600**
suppliers based
in Vaud Canton

GRI index

The following table provides the disclosures, references, and commentary required for the Core option of the Global Reporting Initiative (GRI) Standards. We also include some additional indicators, as part of our efforts to continuously improve our sustainability reporting, although we do not yet meet the requirements for the Comprehensive option.

GRI Standard		Location, commentary, and explanation for omissions
General disclosures (GRI 101)		
Organizational profile		
102-1	Name of the organization	SR19, p. 4
102-2	Activities, brands, products, and services	SR19, p. 4 and AR19, pp. 10–12
102-3	Location of headquarters	SR19, p. 4
102-4	Location of operations	SR19, pp. 4 and 22
102-5	Ownership and legal form	AR19, pp. 71–72
102-6	Markets served	AR19, pp. 10–12, 48–55 (products and services, business lines, types of customers)
102-7	Scale of the organization	AR19, pp. 1 and 71
102-8	Information on employees and other workers	SR19, p. 32 All data are from BCV's bank-wide employee management system.
102-9	Supply chain	SR19, p. 46
102-10	Significant changes to the organization and its supply chain	No significant changes in 2019
102-11	Precautionary Principle or approach	SR19, pp. 11, 19, and 27
102-12	External initiatives	SR19, p. 11
102-13	Membership of associations	SR19, pp. 11 and 19
Strategy		
102-14	Statement from senior decision-maker	SR19, pp. 2–3
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	SR19, p. 18
Governance		
102-18	Governance structure	SR19, pp. 11 and 19
102-19	Delegating authority	SR19, p. 11
102-20	Executive-level responsibility for economic, environmental, and social topics	SR19, p. 11 The Executive Board is responsible for economic, environmental, and social topics.
102-21	Consulting stakeholders on economic, environmental, and social topics	SR19, p. 12
102-22	Composition of the highest governance body and its committees	AR19, pp. 74–85
102-23	Chair of the highest governance body	SR19, p. 19
102-24	Nominating and selecting the highest governance body	AR19, pp. 74 and 80
102-25	Conflicts of interest	AR19, pp. 74–97 and Code of Professional Conduct, p. 6
102-26	Role of highest governance body in setting purpose, values, and strategy	LBCV, Article 4 AR19, p. 85 and SR19, p. 11 BCV's strategy, and specifically its values and CSR approach, are under the Board of Directors' responsibility.
102-30	Effectiveness of risk management processes	AR19, pp. 59–60 and 65–67
102-31	Review of economic, environmental, and social topics	AR19, p. 82
102-32	Highest governance body's role in sustainability reporting	The Sustainability Report is reviewed and approved by the Executive Board and by the Compensation, Promotions, and Appointments Committee for the Board of Directors.
102-35	Remuneration policies	AR19, pp. 92–97
102-36	Process for determining remuneration	AR19, pp. 92–93
102-37	Stakeholders' involvement in remuneration	AR19, pp. 93–97. The outcomes of the Annual Shareholders' Meeting are published on bcv.ch/en/ag .
102-39	Percentage increase in annual total compensation ratio	SR19, p. 38

GRI Standard		Location, commentary, and explanation for omissions
Stakeholder engagement		
102–40	List of stakeholder groups	SR19, p. 12
102–41	Collective bargaining agreements	SR19, p. 37
102–42	Identifying and selecting stakeholders	SR19, p. 12
102–43	Approach to stakeholder engagement	SR19, p. 13
102–44	Key topics and concerns raised	SR19, p. 10
102–45	Entities included in the consolidated financial statements	SR19 disclosures are limited to BCV as the parent company (see page 5 in the "About this report" chapter). AR19 contains the financial statements of the parent company and group. See page 133 of AR19 for more details on parent company holdings.
102–46	Defining report content and topic boundaries	SR19, p. 5
102–47	List of material topics	SR19, p. 13
102–48	Restatements of information	None
102–49	Changes in reporting	None
102–50	Reporting period	SR19, p. 5
102–51	Date of most recent report	SR19, p. 5
102–52	Reporting cycle	SR19, p. 5
102–53	Contact point for questions regarding the report	SR19, p. 5
102–54	Claims of reporting in accordance with the GRI Standards	SR19, p. 5
102–55	GRI content index	SR19, pp. 48–51
102–56	External assurance	In SR19, only the data relating to the Bank's environmental impact were externally audited (see the Environmental impact section for more details).
Management approach (GRI 103) and specific indicators for material topics		
Dialogue with stakeholders and transparency		
103–1	Explanation of the material topic and its boundary	SR19, p. 12
103–2	The management approach and its components	SR19, p. 13
103–3	Evaluation of the management approach	SR19, p. 13
Long-term value creation, solidity, and financial performance		
103–1	Explanation of the material topic and its boundary	SR19, p. 14
103–2	The management approach and its components	SR19, p. 14
103–3	Evaluation of the management approach	SR19, p. 14
201–1	Direct economic value generated and distributed (parent company)	AR19, parent company financial statements, p. 164 - Direct economic value generated: CHF 725.1m (total income from ordinary banking operations after other operating expenses, extraordinary income and expenses, depreciation and amortization of fixed assets and impairment on equity investments, and other provisions and losses) - Direct economic value distributed: CHF 662.6m (including personnel expenses, taxes, and dividends) - Economic value allocated to reserves: CHF 62.5m (allocation to optional retained earnings)
201–3	Defined benefit plan obligations and other retirement plans	SR19, p. 37
201–4	Financial assistance received from government	BCV does not receive financial assistance from the government. AR19, p. 10 (The Canton of Vaud holds 66.95% of BCV's share capital.)
Contributing to Vaud's economic development		
103–1	Explanation of the material topic and its boundary	SR19, pp. 14–16
103–2	The management approach and its components	SR19, pp. 14–16
103–3	Evaluation of the management approach	SR19, pp. 14–16
203–2	Significant indirect economic impacts	SR19, pp. 14–17
Ethics and corporate governance		
103–1	Explanation of the material topic and its boundary	SR19, pp. 18–19
103–2	The management approach and its components	SR19, pp. 18–21
103–3	Evaluation of the management approach	SR19, pp. 18–21
415–1	Political contributions	SR19, p. 19
419–1	Non-compliance with laws and regulations in the social and economic area	None identified in 2019
Responsible selling		
417–2	Incidents of non-compliance concerning product and service information and labeling	None identified in 2019
417–3	Incidents of non-compliance concerning marketing communications	None identified in 2019

GRI Standard**Location, commentary, and explanation for omissions****Close ties and accessible services**

103-1	Explanation of the material topic and its boundary	SR19, p. 22
103-2	The management approach and its components	SR19, pp. 22-23
103-3	Evaluation of the management approach	SR19, pp. 22-23
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	SR19, p. 23 Our customers have access to a dense network of branches and ATMs, as well as remote and self-service solutions.

Products and services suited to customers' needs and expectations

103-1	Explanation of the material topic and its boundary	SR19, p. 23
103-2	The management approach and its components	SR19, p. 23
103-3	Evaluation of the management approach	SR19, p. 23
Individual indicator	Customer satisfaction, Net Promoter Score	SR19, p. 25

High service quality

103-1	Explanation of the material topic and its boundary	SR19, p. 24
103-2	The management approach and its components	SR19, pp. 24-25
103-3	Evaluation of the management approach	SR19, p. 25
Individual indicator	Customer satisfaction, Net Promoter Score	SR19, p. 25

Reliability: Combating cybercrime, ensuring transaction security, and protecting data

103-1	Explanation of the material topic and its boundary	SR19, p. 25
103-2	The management approach and its components	SR19, pp. 25-26
103-3	Evaluation of the management approach	SR19, p. 26
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR19, p. 26

Environmental and social criteria in lending decisions

103-1	Explanation of the material topic and its boundary	SR19, p. 27
103-2	The management approach and its components	SR19, pp. 27-28
103-3	Evaluation of the management approach	SR19, pp. 14-15

Socially responsible investing

103-1	Explanation of the material topic and its boundary	SR19, p. 28
103-2	The management approach and its components	SR19, pp. 28-31
103-3	Evaluation of the management approach	SR19, pp. 29-31
G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	SR19, pp. 30-31

Focus on training

103-1	Explanation of the material topic and its boundary	SR19, p. 32
103-2	The management approach and its components	SR19, pp. 32 and 34
103-3	Evaluation of the management approach	SR19, pp. 32-33
404-1	Average hours of training per year per employee	SR19, p. 32
404-2	Programs for upgrading employee skills and transition assistance programs	SR19, p. 32
404-3	Percentage of employees receiving regular performance and career development reviews	100%

Diversity and equal opportunity

103-1	Explanation of the material topic and its boundary	SR19, p. 34
103-2	The management approach and its components	SR19, p. 34
103-3	Evaluation of the management approach	SR19, p. 35
401-1	New employee hires and employee turnover	SR19, p. 34
405-1	Diversity of governance bodies and employees	SR19, p. 35

Work-life balance

103-1	Explanation of the material topic and its boundary	SR19, p. 36
103-2	The management approach and its components	SR19, p. 36
103-3	Evaluation of the management approach	SR19, p. 37 (employee buy-in)
401-3	Parental leave	SR19, p. 36

Working conditions

103-1	Explanation of the material topic and its boundary	SR19, pp. 37-38
103-2	The management approach and its components	SR19, pp. 37-38
103-3	Evaluation of the management approach	SR19, p. 37

GRI Standard		Location, commentary, and explanation for omissions
Working conditions – continued		
401–2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees on a permanent contract receive all standard employee benefits. The regulations are the same for full-time and part-time staff members; only a few benefits are not provided in full to employees working less than half time. The benefits provided to employees on a fixed-term contract vary depending on their status.
403–1	Occupational health and safety management system	BCV's occupational health and safety management system is in keeping with legal requirements. In some areas, the system goes above and beyond the legal requirements (SR19, pp. 38–39).
403–9	Work-related injuries	SR19, p. 39
Playing an active role in the community		
103–1	Explanation of the material topic and its boundary	SR19, p. 40
103–2	The management approach and its components	SR19, pp. 40–41
103–3	Evaluation of the management approach	SR19, pp. 40–41
203–1	Infrastructure investments and services supported	SR19, pp. 40–41
413–1	Operations with local community engagement, impact assessments, and development programs	SR19, pp. 40–41
Environmental impact		
103–1	Explanation of the material topic and its boundary	SR19, p. 42
103–2	The management approach and its components	SR19, pp. 42–46
103–3	Evaluation of the management approach	SR19, pp. 42–46
305–1	Direct (Scope 1) GHG emissions ⁽¹⁾	1,716 t CO ₂ e - 1,710 t CO ₂ e heating - 6 t CO ₂ e gas vehicles - 0 t CO ₂ e refrigerants
305–2	Energy indirect (Scope 2) GHG emissions ⁽²⁾	285 t CO ₂ e - 283 t CO ₂ e electricity - 1.5 t CO ₂ e district heating
305–3	Other indirect (Scope 3) GHG emissions ⁽³⁾	4,441 t CO ₂ e - 634 t CO ₂ e energy supply - 379 t CO ₂ e business travel - 2,718 t CO ₂ e employee commuting - 322 t CO ₂ e computer hardware - 349 t CO ₂ e paper and printed materials - 40 t CO ₂ e waste
305–4	GHG emissions intensity per employee	3.6 t CO ₂ e/FTE
302–1	Energy consumption within the organization: electricity (including sources) and heating	68,717,333 MJ - 29,069,341 MJ heating - 184,266 MJ district heating - 39,387,744 MJ electricity - 75,982 MJ gas vehicles
302–3	Energy intensity per employee	38,683 MJ/FTE
306–2	Waste by type and disposal method	226,216 kg - Recycled waste: 148,367 kg - Incinerated waste: 77,849 kg
301–1	Materials used by weight or volume	Paper and printed materials: 294,809 kg
307–1	Non-compliance with environmental laws and regulations	None
Responsible, local sourcing		
103–1	Explanation of the material topic and its boundary	SR19, p. 46
103–2	The management approach and its components	SR19, p. 46
103–3	Evaluation of the management approach	SR19, p. 46
204–1	Proportion of spending on local suppliers	SR19, p. 46

List of abbreviations

AR19: 2019 Annual Report

SR19: 2019 Sustainability Report

CO₂e: CO₂ equivalent

⁽¹⁾ Scope 1: Ecoinvent (V3.3)

⁽²⁾ Scope 2: Messmer, Frischknecht, Treeze (2016), Umweltbilanz Strommix Schweiz; Frischknecht, Itten, Treeze (2014), Primärenergiefaktoren von Energiesystemen

⁽³⁾ Scope 3: mobitool (V2.0, 2016); Ecoinvent (V3.3, V3.4, V3.5); Climatop (2013), Factsheet Toilettenpapier; La Poste France (2017): La Poste eco-calculator

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